

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36 AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
NUNAVUT IRON ORE, INC., BAFFINLAND IRON MINES CORPORATION
AND 12334992 CANADA INC.**

Applicants

**REPLY SUBMISSIONS OF THE ENERGY & MINERALS GROUP LP
(Motion Returnable October 9, 2026)**

October 5, 2026

LAX O'SULLIVAN LISUS GOTTLIEB LLP

Counsel

Suite 2750, 145 King Street West

Toronto ON M5H 1J8

Matthew P. Gottlieb LSO#: 32268B

mgottlieb@lolg.ca

Tel: 416 644 5353

John Carlo Mastrangelo LSO#: 76002P

jmastrangelo@lolg.ca

Tel: 416 956 0101

Lawyers for The Energy & Minerals Group LP

REPLY SUBMISSIONS OF THE ENERGY AND MINERALS GROUP

1. EMG makes this brief reply to the factums of EDC, the Ad Hoc Committee, and Oaktree/Hartree on the following three points.

A. EDC's Attempt to Engineer a Default is Reckless and Not in Good Faith

2. At paragraph 9 of its factum, EDC asserts that its objection to the Debtors' proposed SISP creates an "event of default" under the DIP Facility Agreement. The Ad Hoc Committee accuses the Debtors of "playing chicken" with EDC, "betting that the DIP Lender will not cause a default" (para. 6). These cynical submissions expose the absence of good faith underlying the responding parties' position.

3. EDC does not have, and has never had, a veto over the SISP's terms. Section 27 of the DIP Facility Agreement makes clear that EDC's opposition to the Debtors' SISP must be reasonable. EDC may not exercise its discretion arbitrarily or in a manner unconnected to the purpose for which the discretion was granted. No party disputes this.

4. The reasonableness of EDC's opposition to the Debtors' SISP is a core issue this Court will decide at the hearing. If the Court accepts the Debtors' SISP and rejects EDC's position as unreasonable, the Debtors cannot possibly be offside s. 27 of the DIP Facility Agreement, and EDC will not be permitted to withhold advances or take other enforcement steps on that basis. Conversely, if the Court accepts EDC's preferred SISP (and it should not), there is no default. The Ad Hoc Committee's concern that this motion "put[s] the stability of the Debtors' business at risk" (para. 16) is a red herring. Nor is there any game of "chicken" to play before the Court.

5. It is deeply concerning, however, that EDC is threatening to hold the Debtors in default, and put their financial viability at serious risk, to get its way on this motion. EDC knows full well that refusing to make advances will destroy value, stifle capital formation at this crucial juncture, and harm all stakeholders. It is entirely inappropriate for any CCAA participant—much less an agency of the federal government—to hold a debtor hostage while attempting to impose significant, unnegotiated changes to its corporate governance structure at perhaps the most critical point of its existence.

B. There is Already Robust “Independent Oversight” Under the Debtors’ SISP

6. All three responding parties assert the need for “independent oversight” over the SISP, claiming it will not exist if the Operating Committee retains decision-making power. This is wrong. The Debtors’ proposed SISP gives the CRO and the Monitor significant consultation rights throughout the process, including in the selection of a “Successful Bid”. More importantly, any transaction emerging from the SISP requires Court approval. Neither the Operating Committee nor any stakeholder will have unilateral, unconstrained discretion. The Debtors’ proposed SISP guarantees a “fair, transparent, and even-handed” SISP process.

7. The responding parties have still not identified a single instance of the Operating Committee acting contrary to the Debtors’ interests or in violation of their duties. And any risk of conflicts or other conduct the creditors may take issue with is fully mitigated by this Court’s supervisory authority over the entire process. That alone will discipline all parties to pursue a SISP outcome that maximizes value and serves the purposes of the CCAA.

C. No Precedent for Imposing CRO Decision-Making Against Debtors' Opposition

8. EDC's reliance on this Court's decision in *Re Ivaco* (at para. 37 of its factum) is misplaced.

In that case, the applicant proposed a SISP order providing for a CRO's participation in the process (as here), due to concerns about interference by one of the unsecured debtors. The SISP order in *Re Ivaco* did not give the CRO ultimate decision-making authority over the entire SISP.¹

9. EDC also cites a number of SISP orders which it says demonstrate that courts "routinely" exercise their discretion "to order that decision-making authority over a SISP rest with someone other than the debtor's board of directors".² However, it appears each of those SISP orders were approved on unopposed motions and should not have any precedential weight on this motion. They stand for the proposition that a CRO or Monitor can assume decision-making control in a proposed SISP when the parties do not oppose that structure, which is not the case here.

D. Responding Parties' SISP Strips Operating Committee of Critical SISP Input

10. At paragraph 48 of its factum, EDC downplays the implications of its position on the Debtors' corporate governance structure, saying it is not seeking to "usurp" the Operating Committee's powers, but simply to manage decision-making under the SISP. Similarly, the Ad Hoc Committee says it "supports the CRO assuming a specific function in the restructuring, and not seeking the replacement of the board or Operating Committee" (para. 30).

11. These submissions ignore the extraordinary effect of the responding parties' preferred SISP: removing the Operating Committee's ability to make decisions in the most critical process of this debtor-led CCAA proceeding. The Debtors are not in receivership. None of the secured

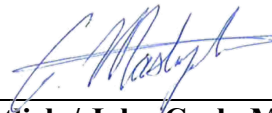
¹ *Re Ivaco Inc.*, [2004 CanLII 34434](#) (Ont. S.C.).

² EDC Factum, dated October 2, 2026, para. 33 and fn. 20.

lenders have asked the Court to appoint a super-monitor with the power to override the Debtors' governance structures. It is improper for them to seek that outcome now through the backdoor, attempting to strip the Operating Committee of its power to make decisions on the disposition of a major business in which EMG and other shareholders have invested billions of dollars.

12. The responding parties' submissions should be rejected and the Debtors' proposed SISP should be approved.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 5th day of October, 2026.



Matthew P. Gottlieb / John Carlo Mastrangelo
Lawyers for The Energy & Minerals Group LP

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Court File No. CL-26-00000219-0000

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PROCEEDING COMMENCED AT TORONTO

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