

**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 LABRADOR IRON MINES HOLDINGS LIMITED, LABRADOR IRON MINES  
LIMITED and SCHEFFERVILLE MINES INC. (the "Applicants")**

**AFFIDAVIT OF RICHARD PINKERTON  
(Sworn September 28, 2016)**

I, Richard Pinkerton, of the City of Toronto, in the Province of Ontario, Canada,  
MAKE OATH AND SAY:

1. I am the Chief Financial Officer of each of the Applicants in this proceeding, and, as such, I have personal knowledge of the matters set out below except where otherwise stated. Where I do not have personal knowledge, I have stated the source of my information and I believe such information to be true.
2. I make this affidavit as a supplement to my affidavit sworn on September 23, 2016 (the "**September 23<sup>rd</sup> Affidavit**") in support of the Applicants' motion for an Order:
  - (a) approving the sale of 99 railcars (the "**Railcars**") to SLM Recycling of Welland, Ontario, (the "**Buyer**") and vesting all of the Applicants' right, title and interest in and to such railcars in the Buyer free and clear of all liens charges or encumbrances (the "**Transaction**");

- (b) directing that the net proceeds from the Transaction be paid into an escrow account to be maintained by the Monitor pending an agreement with the Sept-Îles Port Authority ("**SIPA**") as detailed below; and
- (c) extending the Stay Period (as defined in paragraph 15 of the Initial Order, defined below) until and including January 27, 2017.

3. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the September 23<sup>rd</sup> Affidavit.

4. As noted in the September 23<sup>rd</sup> Affidavit, LIMH had entered into certain agreements with SIPA for the use of a multi-user loading and docking facility to be constructed by SIPA (the "**2012 Agreements**"), and LIM had executed a security agreement granting SIPA an interest in the Railcars, as security for certain obligations arising pursuant to the 2012 Agreements.

5. As a result of certain disagreements between them, prevailing economic circumstances, the insolvency of LIMH and LIM, and these CCAA proceedings, LIMH, LIM and SIPA have been attempting to negotiate an agreed resolution of all matters between them. They have now done so.

6. Today, LIMH, LIM and SIPA signed a settlement agreement (the "**SIPA Settlement Agreement**"), resolving all issues arising out of their agreements and these proceedings. Among other things, the SIPA Settlement Agreement calls for the remittance of the net proceeds arising from the sale of the Railcars to SIPA within two days of the closing of that transaction


7. I believe that the SIPA Agreement represents a favourable resolution of issues between the Applicants and SIPA and is in the best interests of all other creditors and stakeholders of the Applicants. It avoids significant litigation costs, and it will provide certainty with respect to the treatment of creditors and enhance recoveries under the Plan to be filed by the Applicants.

8. I am informed by the Monitor that it supports the SIPA Agreement.

SWORN BEFORE ME, at the City of  
Toronto, in the Province of Ontario, this  
28<sup>th</sup> day of September, 2016

  
A Commissioner for taking Affidavits

)  
)  
)  
)  
)  
)  
)

  
RICHARD PINKERTON

Court File No. CV-15-10926-00CL

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 LABRADOR IRON MINES HOLDINGS LIMITED, LABRADOR IRON MINES LIMITED and SCHEFFERVILLE MINES INC.

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
  
PROCEEDING COMMENCED AT  
TORONTO

**AFFIDAVIT OF RICHARD PINKERTON**

**PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**  
Barristers  
155 Wellington St. W., 35<sup>th</sup> floor  
Toronto ON M5V 3H1  
Tel: 416.646.4300  
Fax: 416.646.4301

**Kenneth T. Rosenberg (LSUC #21102H)**  
Email: ken.rosenberg@paliareroland.com

**Massimo Starnino (LSUC #41048G)**  
Email: max.starnino@paliareroland.com

Lawyers for the Applicants