



Court File No.
CV-15-10926-OCC L

**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 SCHEFFERVILE MINES INC. (the "Applicants")**

**APPLICATION UNDER THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing on **April 2, 2015, at 8:30 a.m.**, at 361 University Avenue, Room 170, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date April 2nd 2015

Issued by: _____



Natasha Brown
Registrar

Local registrar

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Monitor

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Lawyers for the Monitor

APPLICATION

1. Labrador Iron Mines Holdings Limited ("LIMH"), Labrador Iron Mines Limited ("LIM") and Schefferville Mines Inc. ("SMI", and together with LIMH and LIM, the "Applicants") make this application for:

- (a) an Initial Order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") substantially in the form attached at Tab 3 of the Applicants' application record (the "**Application Record**"), among other things:
 - (i) abridging the time for service of this Notice of Application and the materials filed in support of the application and dispensing with further service thereof;
 - (ii) declaring that the Applicants are companies to which the CCAA applies;
 - (iii) directing the Applicants to continue to carry on business and deal with their assets, including businesses and assets of other entities, partnerships and joint ventures in which they have a direct or indirect ownership interest (collectively with the Applicants, the "**LIM Group**"), in a manner consistent with the preservation of their business and property and to make certain payments in connection with their business and the proceedings herein;
 - (iv) granting a stay of proceedings in respect of the Applicants and their property and in respect of their former, present and future directors and officers (the "**Directors and Officers**");
 - (v) authorizing the Applicants to continue to use their existing cash management system;
 - (vi) appointing Duff & Phelps Canada Restructuring Inc. ("**Duff & Phelps**") as an officer of this Court to monitor the assets, businesses and affairs of the Applicant (in such capacity,

the "**Monitor**") and directing and empowering the Monitor to, among other things, review and monitor business and affairs of the Applicants;

- (vii) granting a first ranking charge over the property, assets and undertakings of the Applicants (the "**Property**") to secure amounts owing to the Applicants' professional advisors, the Monitor and its professional advisors (the "**Administration Charge**");
 - (viii) indemnifying the Directors and Officers from any liability that they may incur after the date of this application and granting a second ranking charge over the Property, limited to the amount of \$300,000, to secure that indemnity (the "**Directors' Charge**");
 - (ix) directing a methodology for service of materials in these CCAA proceedings; and,
 - (x) granting such other relief as counsel may request and this Honourable Court may allow;
- (b) further orders providing for:
- (i) the determination of claims against some or all of the Applicants;
 - (ii) the filing of a plan of compromise or arrangement (the "**Plan**"), and notices of meetings of creditors to consider and, if deemed advisable, approve the Plan;
 - (iii) notices to creditors as to the approval and sanctioning of a Plan, together with such other steps and relief as counsel may request and this Honourable Court may allow; and,
 - (iv) if and when approval of the creditors has been obtained and all other conditions for sanctioning the Plan have been satisfied, an order approving and sanctioning the Plan; and
- (c) such further and other relief as counsel may request and this Honourable Court may allow.

2. The grounds for the application are as follows:
- (a) This court has jurisdiction in that the Applicants' registered and executive offices are located at 220 Bay Street, Suite 700, Toronto, Ontario M5J 2W4.
 - (b) The Applicants are companies to which the CCAA applies:
 - (i) LIMH is a holding company incorporated in the Province of Ontario pursuant to articles of incorporation dated May 17, 2007 under the Business Corporations Act (Ontario), R.S.O. 1990 c.B.16 (the "OBCA");
 - (ii) LIM is a company constituted under the laws of the Province of Ontario pursuant to the articles of amalgamation dated November 30, 2007 under the OBCA, formed by LIMH to be the operating company in respect of iron ore properties located within the Province of Newfoundland and Labrador and previously held or controlled by LIMH;
 - (iii) SMI is a company incorporated under the laws of Canada pursuant to articles of incorporation dated May 17, 2007 under the Canada Business Corporations Act (Ontario), R.S.C. 1985 c.C.44 (the "CBCA"), formed by LIMH to be the operating company in respect of iron ore properties located within the Province of Québec and previously held or controlled by LIMH;

- (iv) The total claims against each of the Applicants exceed \$5 million;
and,
 - (v) The Applicants are insolvent in that their liabilities exceed the value of their assets, and their operations, including ongoing environmental remediation activities, are not sustainable in light of high operating costs and the prevailing low price of iron ore.
- (c) The circumstances of the Applicants makes the relief sought appropriate, and, in particular, the relief sought is needed to permit the Applicants to restructure their affairs in a way that will provide reasonable recoveries to creditors while also providing economic and other benefits to the Applicants' social stakeholders. In particular, the relief sought herein is necessary to enable the Applicants to:
- (i) protect their assets from erosion due to unilateral actions by unpaid creditors;
 - (ii) continue their efforts to secure the funding needed to carry out their current and longer term operating plans;
 - (iii) attempt to restructure their key operating contracts; and,
 - (iv) if necessary and advisable, pursue a contemporaneous going-concern sale of the Applicants' property, assets and undertakings.

- (d) Duff & Phelps is a trustee within the meaning of s. 2(1) of the *Bankruptcy and Insolvency Act*, is otherwise qualified to act as the monitor of the Applicants (the "Monitor"), and has consented to so act.
- (e) The Applicants' professional advisors, the Monitor and its professional advisors, and the professional advisors to the Directors and Officers, require that amounts due to them by the Applicants on account of services rendered in respect of these proceedings be secured by a first ranking charge over the Applicants' Property.
- (f) The Directors and Officers require that they be indemnified in respect of obligations and liabilities that they may incur after the commencement of these proceedings, and the Applicants are unable to obtain adequate insurance, at reasonable cost, to indemnify the Directors and Officers.
- (g) The Applicants cannot restructure without the assistance of their existing directors and officers, the Monitor and the professional advisors to the Applicants and the Monitor.
- (h) The Applicant also relies on:
 - (i) the provisions of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, including, without limitation, ss. 3, 9, 10, 11, 11.02, 11.03, 11.51 and 11.52;
 - (ii) Rules 2.03, 3.02, 14.02(2) and 38 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended;

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PROCEEDING COMMENCED AT
TORONTO

NOTICE OF APPLICATION

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