



**Eighth Report of
KSV Kofman Inc. as CCAA Monitor of
Labrador Iron Mines Holdings Limited,
Labrador Iron Mines Limited and
Schefferville Mines Inc.**

November 4, 2016

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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.

EIGHTH REPORT OF
KSV KOFMAN INC.
AS CCAA MONITOR

NOVEMBER 4, 2016

1.0 Introduction

1. Pursuant to an order (“Initial Order”) of the Ontario Superior Court of Justice (Commercial List) (“Court”) made on April 2, 2015, Labrador Iron Mines Holdings Limited (“LIMH”), Labrador Iron Mines Limited (“LIM”) and Schefferville Mines Inc. (“SMI”) (together, the “Company”) were granted protection under the *Companies’ Creditors Arrangement Act* (the “CCAA”) and Duff & Phelps Canada Restructuring Inc. (“D&P”) was appointed the monitor (“Monitor”).
2. On June 30, 2015, D&P was acquired by KSV Kofman Inc. (“KSV”). Pursuant to an Order of the Court made on July 10, 2015, the name of the firm handling D&P’s mandates was changed from D&P to KSV, including acting as Monitor in these proceedings. The licensed trustees/restructuring professionals overseeing this mandate prior to June 30, 2015 remain unchanged.
3. On April 18, 2016, the Court made an Order approving a claims process (“Claims Procedure Order”) with a claims bar date of May 31, 2016.
4. On September 30, 2016, the Court made an Order extending the Stay Period (as defined in the Initial Order) to January 27, 2017.
5. The Affidavit of John Kearney, the Company’s Chairman and Chief Executive Officer, sworn March 31, 2015 (the “Initial Affidavit”) and filed in support of the Company’s application for CCAA protection, describes, *inter alia*, the Company’s background, including the reasons for the commencement of these proceedings. The Initial Affidavit together with all other materials filed in these proceedings can be found on the Monitor’s website at www.ksvadvisory.com.

6. The principal purpose of these restructuring proceedings is to create a stabilized environment in order to allow the Company the opportunity to restructure its key contracts and to refinance its business such that it will be in a position to resume its mining activities when iron ore prices recover from their current multi-year lows.
7. The price of iron ore has continued at historic lows and only improved slightly from the levels traded when these proceedings commenced. It remains uncertain when the Company will resume operations. Notwithstanding the continued low price of iron ore, the Company has worked diligently and in good faith with all of its stakeholders to advance a plan of arrangement which focuses on restructuring its balance sheet. The Company is optimistic that these efforts, together with reducing its operating costs, will allow it to be viable in the long-term.

1.1 Purposes of this Report

1. The purposes of this report (“Report”) are to:
 - a) Provide background information about the Company and these proceedings;
 - b) Summarize the claims filed pursuant to the Claims Procedure Order;
 - c) Provide an overview of the key terms and conditions of the Company’s Plan of Compromise and Arrangement (“Plan”);
 - d) Provide information regarding the meetings of creditors to consider and vote on the Plan (“Meetings”);
 - e) Recommend that creditors vote in favour of acceptance of the Plan;
 - f) Recommend that this Court make an order:
 - accepting the filing of the Plan;
 - authorizing the Company, with the assistance of the Monitor, to call, hold and conduct the Meetings; and
 - approving this Report and the Monitor’s conduct and activities, as described in this Report.

1.2 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial and other information prepared by the Company, the Company's books and records, discussions with management and discussions with the Company's legal counsel. The Monitor has not performed an audit or other verification of such information. An examination of the Company's cash flows and/or financial forecasts as outlined in the CPA Handbook has not been performed. Future oriented financial information relied upon in this Report is based on the Company's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.
2. Any party that wishes to use or rely on any of the Company's financial forecasts is encouraged to perform its own due diligence. The Monitor has no responsibility for any reliance placed by any individual or entity on any financial information discussed in, or relied upon in preparing, this Report.

2.0 Executive Summary

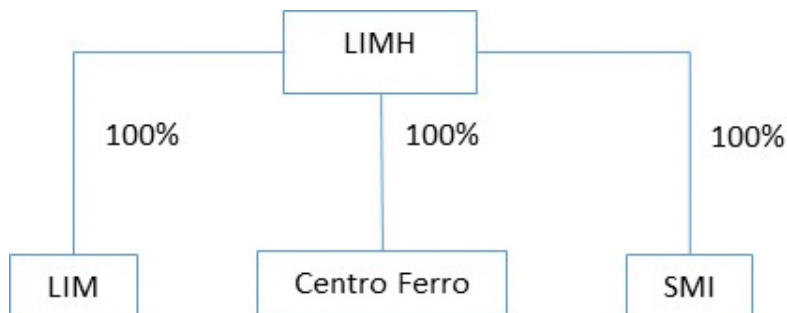
1. For the purposes of this Report, the Company includes LIMH, LIM and SMI. LIMH also owns Centre Ferro Ltd. ("Centre Ferro"), which is not an applicant in these proceedings.
2. LIMH is the parent company of the group and is the sole shareholder of LIM and SMI. LIM owns mineral interests in Newfoundland and Labrador and SMI owns mineral interests in Quebec. The Company's most significant deposits are known as Houston (owned by LIM) and Malcolm (which is adjacent to Houston and is owned by SMI) (together, Houston and Malcolm are defined as the "Houston Project").
3. The shares of LIMH were listed on the Toronto Stock Exchange ("TSX") under the symbol "LIM" until February 23, 2015.
4. On April 2, 2015, the Company instituted proceedings in the Court to commence restructuring of its balance sheet and key contracts by means of implementing a plan of compromise or arrangement under the CCAA. The filing was necessitated largely by the decline in the price of iron ore, which caused many of the Company's key projects to become uneconomic. The price of iron ore remains at or near historic lows.
5. There have been five extensions of the stay of proceedings. The present stay extension expires on January 27, 2017.
6. Since the commencement of these proceedings, the Company has been working diligently and in good faith to reduce costs and advance a Plan.
7. LIMH has funded LIM's and SMI's operations from funds raised in the capital markets. Total net advances as at the CCAA commencement date were approximately \$290 million. LIMH has continued to fund its subsidiaries since that time.

8. In addition to LIMH's intercompany claims against its subsidiaries, key stakeholders in these proceedings include: a) RBRG Trading (UK) Limited ("RBRG"), which made an advance payment to LIM in May, 2013 for future delivery of iron ore and also has claims against LIMH and SMI pursuant to guarantees; b) Sept-Îles Port Authority ("SIPA"), which reserved annual ship loading capacity for LIMH pursuant to a long term contract, and has a claim against LIMH and a claim against LIM, each as further described below; and c) Quebec North Shore and Labrador Railway Company, Inc. ("QNS&L") and Tshiuetin Rail Transportation Inc. and Tshiuetin Limited Partnership (together, "TSH"), both railways, each of which has key contracts with LIM for the transport of iron ore and has agreed to suspend these contracts, and not to assert claims against LIM for its ongoing obligations thereunder, pending resumption of LIM's mining operations.
9. These key stakeholders (including LIMH in respect of its intercompany claims) have each agreed, or the Company has advised that it expects will agree (in the case of RBRG), to compromise their debt or suspend their contracts and support the Plan in order to facilitate completion of these proceedings. Absent the support of these stakeholders, there would be substantially less value available to the Company's other creditors.
10. The Company also has impact and benefit or economic development agreements with five First Nations groups. The Company has suspended those contracts pending its resumption of operations. The existing claims of these parties are being addressed under the Plan.
11. The Company has filed a Plan which, if implemented, would: a) convert the debts of each of LIMH, LIM and SMI to equity in LIMH or LIM; and b) give creditors of LIM and SMI shares in Houston Iron Royalties Limited ("RoyaltyCo"), being a corporation which will hold the right to receive from LIM and SMI a royalty equal to two percent (2%) of the Gross Revenue (as defined in the Royalty Agreements) from the sale of iron ore ("Royalty") from the Houston Project. Convenience Creditors, being creditors with claims of less than or equal to \$5,000 or those who elect to receive such treatment, will receive the lesser of \$5,000 or the amount of their claim.
12. The Company has developed and provided the Monitor with a financial projection that reflects that it will be able to maintain all its mineral properties and continue to fund its operations until at least March, 2019.
13. The Plan divides creditors of the Company into two classes: Affected Unsecured Creditors (as defined in the Plan) of LIMH and Affected Unsecured Creditors of LIM and SMI, which have been combined for purposes of the Plan, as discussed further in Section 5.3 of this Report. Convenience Creditors are deemed to vote in favour of the Plan.
14. In order for the Plan to be approved pursuant to the CCAA, a majority in number and at least two thirds in value of the creditor claims, voting in person or by proxy at the meeting, must vote in favour of its acceptance. Based on discussions with its stakeholders, the Company believes that it will have the requisite support from Affected Unsecured Creditors, both in number and dollar value, to approve the Plan.

15. The Monitor recommends that creditors vote in favour of the Plan. Absent acceptance of the Plan, the Company is likely to fail, which will either result in almost all value accruing to a limited number of the key stakeholders noted in paragraph 8 above or potentially an abandonment of the mineral properties to government agencies, including the possible commencement of reclamation processes, and in such situation, no recoveries for any stakeholders.

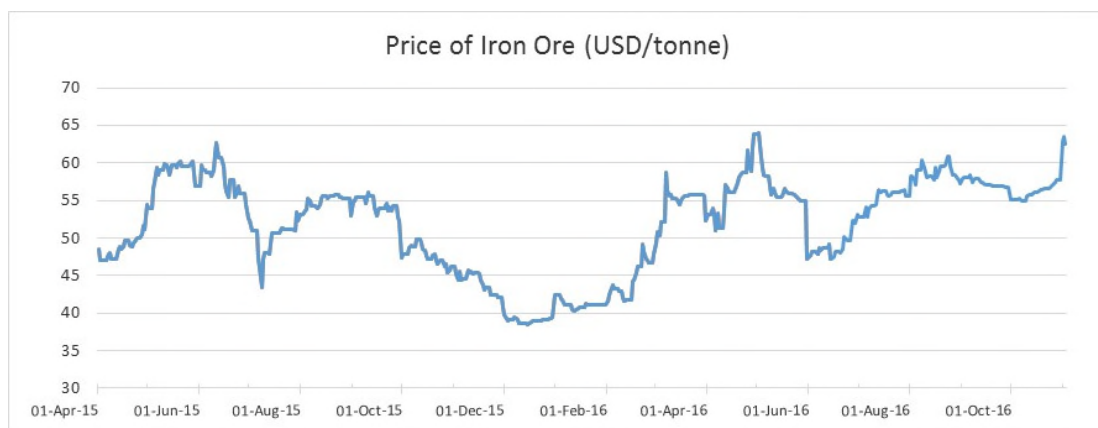
3.0 Background

1. LIMH is the sole shareholder of LIM and SMI. The shares of LIMH were listed on the TSX. In contemplation of its potential CCAA proceedings, LIMH submitted a voluntary delisting application to the TSX, which became effective at the close of markets on February 23, 2015.
2. The Company develops and mines iron ore projects in the central part of the Labrador Trough iron ore region, between the Province of Newfoundland and Labrador and the Province of Quebec. The Labrador Trough is one of the major iron producing regions in the world and has a history of mining dating to the early 1950s.
3. The Company's corporate chart is as follows:



4. LIM and SMI own extensive iron ore resources, processing plants, equipment, rail infrastructure and facilities at their mine sites located near Schefferville, Quebec, approximately 600 kilometres north of the Port of Sept-Îles, from which iron ore is sold and shipped to China.
5. LIM owns mineral interests in Newfoundland and Labrador and SMI owns mineral interests in Quebec. Centre Ferro, a subsidiary of LIMH, owns a railcar maintenance facility in Quebec and is not an applicant in these proceedings.
6. LIM commenced mining operations in 2011. During 2011 to 2013, inclusive, LIM produced 3.6 million dry metric tonnes of iron ore, all of which was sold in 23 Capesize shipments into the China spot market. LIM did not undertake any mining operations subsequent to 2013 primarily due to prevailing low iron ore prices and a continuing need for working capital and development financing for the Houston Project. The Company's mineral properties and mining interests have been maintained on a standby basis since the end of 2013.

7. As at the date of the Initial Order, the price of iron ore was approximately US\$48/tonne. A chart reflecting the iron ore price (in US dollars) since that time is provided below¹. The Company cannot operate profitably at the prices reflected in the chart below.



8. The prevailing market conditions have also caused numerous other iron ore mining companies, and many of the Company's competitors, to suspend their mining activities and/or to file for creditor protection, including The Bloom Lake Iron Ore Mine Limited Partnership and Wabush Mines (Labrador Trough), and Magnetation LLC (Minnesota, USA).
9. The Company believes that, in time, when the price of iron ore recovers it will be able to generate profits and refinance its operations assuming its major operating contracts are renegotiated on terms more favourable to the Company.

4.0 Claims Procedure

1. The Company, with the assistance of the Monitor, carried out the claims procedure in accordance with the Claims Procedure Order. The claims bar date was May 31, 2016 ("Claims Bar Date"). Capitalized terms not otherwise defined in this section are as defined in the Claims Procedure Order.

¹ Data obtained from S&P Capital IQ.

2. A total of 106 Claims were received or scheduled. The chart below summarizes the Claims received prior to the Claims Bar Date.²

(\$000s)	LIMH	LIM	SMI	Total
Number of Claims/Creditors	8	87	11	106
Scheduled Creditor Claims				
Notices of Claim	676	62,504	45	63,225
Increase Claimed in Notices of Dispute	-	15,373	-	15,373
Total Potential Scheduled Creditor Claims	676	77,877	45	78,598
Unscheduled Creditor Claims ³	6,843	7,727	198	14,768
Potential Claims before Intercompany Claims	7,519	85,604	243	93,366
Intercompany Claims	-	268,955 ⁴	23,721	292,676
Total potential Claims	7,519	354,559	23,964	386,042

3. All of the Company's obligations are unsecured, with the exception of security interests granted over certain iron ore stockpiles of LIM and SMI (in favour of RBRG), LIM's fleet of rail cars (in favour of SIPA) and in respect of certain capital leases, including a camp at one of the mine sites⁵. The iron ore stockpiles have limited value, if any, in today's iron ore environment. The secured claims of RBRG and SIPA, respectively, are addressed in a draft support agreement with RBRG (which has not yet been finalized) and the SIPA Settlement Agreement, each as further described below. LIM has also executed a lease amending agreement with Labrador Catering Limited Partnership ("Catering"), its mine camp lessor.
4. The Intercompany Claims are largely the result of LIMH funding LIM's and SMI's operations, as well as LIM funding SMI's operations.
5. No Claims were filed against the Company's directors and officers.
6. Of the total Claims, 44 Claims are \$5,000 or less (representing \$75,600), including 39 Claims against LIM (being 45% of the Claims filed against LIM).
7. The Company is in discussions with RBRG with respect to the amount of its Claim. Other than the Claim of RBRG, there are no Disputed Claims in respect of LIMH or SMI and only two Disputed Claims remaining against LIM.

² The amounts presented in the chart exclude claims filed against more than one entity. For example, RBRG has a claim against LIM which is guaranteed by SMI and LIMH – the amount of such claim is only shown as against LIM. Similarly, three other Creditors have Claims against each of LIMH, LIM and SMI – their claims are also only shown as against LIM.

³ Includes Restructuring Period Claims of approximately \$186,000. Also includes a claim of \$2.8 million which is excluded under the Plan, as described in Section 5.7 b) below.

⁴ Includes a Restructuring Period Claim of \$2.4 million.

⁵ An additional Claim was filed as secured. LIM issued a Notice of Revision or Disallowance with respect to that Claim, including the existence or validity of the alleged security. Discussions are ongoing between LIM and the creditor.

8. Subsequent to the Claims Bar Date, SIPA filed a Restructuring Period Proof of Claim (discussed in Section 5.10) and Catering's Claim increased as a result of the lease amending agreement.
9. As of the date of this Report, six Notices of Revision or Disallowance were issued in respect of Proofs of Claim filed against LIM. LIM was proposing to disallow Claims totalling \$3.7 million. LIM is in discussions with two Creditors to resolve their Claims. These two claims account for \$3.6 million of the \$3.7 million in disputed claims.

5.0 The Plan

1. The following section provides an overview of the Plan. A copy of the Plan is attached to the Affidavit of Mr. Kearney, sworn November 3, 2016 ("Kearney Affidavit"), filed in connection with this motion. **Review of this section is not a substitute for reading the Plan. Creditors are strongly encouraged to read the Plan in its entirety prior to voting on it. Creditors are also encouraged to discuss the terms of the Plan with their legal counsel.**
2. Capitalized terms not otherwise defined in this section are as defined in the Plan.

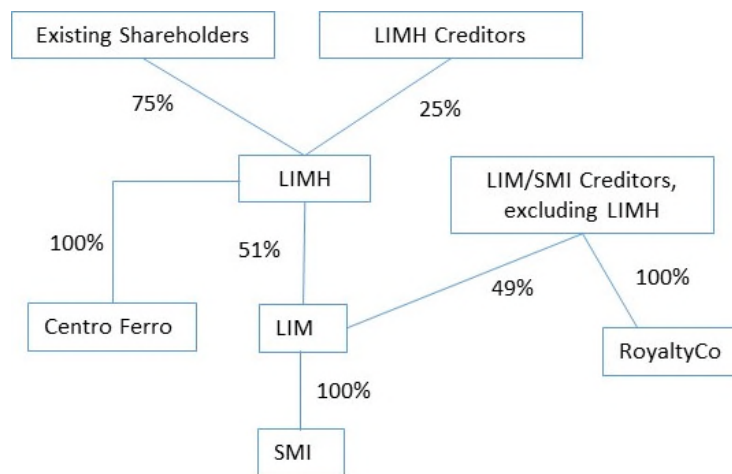
5.1 Purposes of the Plan

1. The principal purposes of the Plan are to convert the debts of LIMH into equity in LIMH and the debts of LIM and SMI into equity in LIM and RoyaltyCo such that creditors (other than those with Convenience Claims) will have an equity interest in the respective debtor (either LIMH or LIM).
2. Implementation of the Plan will:
 - a) significantly reduce the Company's indebtedness such that it will be in a position to raise financing when the iron ore market recovers;
 - b) preserve LIM's and SMI's mineral claims, mining leases and surface leases in Newfoundland and Labrador and in Quebec;
 - c) provide the Company the opportunity to resume its mining activities when iron ore prices stabilize;
 - d) preserve a significant portion of the Company's tax losses;
 - e) provide a settlement of, and consideration for, all Affected Claims;
 - f) effect a release and discharge of all Affected Claims; and
 - g) avoid a liquidation or reclamation of the Company's assets, which could result in no return to stakeholders.

3. For the purposes of facilitating the restructuring, the largest creditors, being LIMH, RBRG and SIPA, have agreed, or in the case of RBRG, are expected by the Company to agree, to compromise their claims and support the Plan. LIMH is also allowing creditors of LIM and SMI to participate in distributions to which LIMH would otherwise be entitled as a result of the Intercompany Claims.

5.2 Summary of the Plan

1. The following diagram summarizes the Company's organizational structure after Plan implementation:



2. A summary of the material terms of the Plan follows:
 - a) The Claims of each Affected Unsecured Creditor of LIM and SMI will be released and discharged and in exchange, all Affected Unsecured Creditors of LIM and SMI (other than LIMH and Convenience Creditors) will receive their Pro Rata Share of the following:
 - common shares of LIM representing approximately 49% of LIM's issued, post-Plan Implementation shares; and
 - 100% of the shares of RoyaltyCo;
 - b) Through a series of steps set out in the Plan, LIMH's ownership of SMI will be transferred to LIM and LIM will become the 100% shareholder of SMI;

- c) In consideration for its Intercompany Claims (which total approximately \$293 million and any additional amounts secured by the Intercompany Charge⁶), LIMH will have its existing shares of LIM diluted and reduced to approximately 51% of LIM's issued, post-Plan Implementation shares⁷ and the Intercompany Claims will be extinguished. Absent LIMH's agreement in this regard, LIMH would otherwise be entitled to recover significantly more than 51% of the Plan consideration. LIMH has also elected not to receive any shares of RoyaltyCo. The effect of these agreements is to materially increase recoveries for arms' length creditors;
- d) Each Affected Unsecured Creditor of LIMH (of which there are eight), excluding Convenience Creditors (of which there are four, including SIPA), will release and discharge LIMH in exchange for a Pro Rata Share of 25% of the post-Plan Implementation issued shares of LIMH, with no creditor receiving more than 19.9% of the shares;
- e) The two largest creditors of LIMH, being RBRG and SIPA, have Claims in excess of 95% in value of LIMH's creditors. SIPA, LIMH's largest creditor, has executed a settlement agreement with LIMH ("SIPA Settlement Agreement") pursuant to which, among other things, SIPA has compromised its debt and elected to participate as a Convenience Creditor in the Plan. Additionally, the Company has advised the Monitor that it is in advanced discussions with RBRG, LIMH's second largest creditor pursuant to a LIMH guarantee, to complete a settlement agreement which, among other things, would result in RBRG agreeing to compromise its debt and support the Plan for, among other things, an agreed equity interest in LIMH ("RBRG Support Agreement"); and
- f) Convenience Creditors, being Creditors with Affected Unsecured Claims that, in the aggregate: i) are less than or equal to \$5,000; or ii) exceed \$5,000, but elect to value their claims at \$5,000 for both voting and distribution purposes under the Plan, are to receive a cash distribution of the lesser of their claim amount or \$5,000 ("Cash Elected Amount").

5.3 Classification of Creditors

1. The Plan contemplates that there will be two classes of Affected Unsecured Creditors for purposes of voting and distributions: a) LIMH creditors; and b) LIM and SMI creditors, combined.

⁶ This represents funding provided by LIMH to LIM and SMI during these proceedings. As at September 30, 2016, LIMH funded \$3.7 million to LIM and SMI.

⁷ The Plan provides for LIMH to retain a 51% interest in LIM if any shares are subsequently issued to Creditors with Disputed Claims.

2. As referenced in Section 4, there are nine Claims against SMI which total \$243,000 (“SMI Only Claims”), excluding Intercompany Claims (\$23.7 million). SMI is also subject to Claims of three creditors arising from contracts where each of LIMH, LIM and SMI are counterparties (\$2.8 million). The SMI Only Claims as a percentage of SMI’s total claims represent 0.9%. Under the Plan, SMI will become a subsidiary of LIM and creditors of LIM and SMI will each receive, on a pro rata basis, shares of LIM and RoyaltyCo in consideration for their Distribution Claims. Given the low value of the SMI Only Claims and the provisions of the Plan described above, the Plan provides for a consolidated class of Creditors in respect of LIM and SMI as a fair balancing of interests.
3. With respect to Affected Secured Claims, the Plan provides that, absent a Court Order or an agreement in writing between the Company and the Affected Secured Creditor, the Affected Secured Creditor must take possession of the collateral by a certain deadline set out in the Plan (at a value agreed with the Company or as determined by the Court) and participate as an Affected Unsecured Creditor for the balance of the claim. If an Affected Secured Creditor fails to take possession, it shall be deemed to participate as an Affected Unsecured Creditor. As set out above, there is a very small number of Secured Creditors (principally RBRG, SIPA and Catering) and written agreements have been or are expected to be entered into with these parties that supersede this provision.
4. The Plan does not affect holders of Unaffected Claims (discussed further in Section 5.7 below), such as the parties who have the benefit of the charges in the Initial Order and post-filing claims of vendors that provided goods and services to the Company following the commencement date of these proceedings.

5.4 Releases Contemplated by the Plan

1. The Plan contemplates that, on the Plan Implementation Date, each Creditor will be deemed to forever release the Company, the Monitor and each of their present and former shareholders, officers, directors, employees, auditors, financial advisors, legal counsel and agents from any claims, obligations and the like that arose prior to the Plan Implementation Date.
2. The Monitor is not aware of any Claims against the parties referenced above other than those filed against the Company pursuant to the Claims Procedure Order.

5.5 Treatment of Affected Claims

1. Generally, the Plan provides for treatment of Claims for voting purposes as follows:
 - a) Affected Unsecured Creditors with Convenience Claims (including those who have elected to receive such treatment by filing a Convenience Claim Election by 5:00 p.m. at least one Business Day prior to any Meeting or adjourned Meeting, or deposit such Convenience Claim Election with the Chair at the Meeting before the vote (the "Election/Proxy Deadline")) shall be deemed to vote in favour of the Plan. In accordance with Article 4 of the Plan, those creditors shall be entitled to receive only cash distributions equivalent to the lesser of: (i) the aggregate amount of their Voting Claims; and (ii) \$5,000, being the Cash Elected Amount;
 - b) Affected Unsecured Creditors who are not Convenience Creditors shall be entitled to vote their Voting Claims at the Meetings, within their respective class, and shall be entitled to receive distributions in respect of their Distribution Claims pursuant to the Plan;
 - c) As a related party, LIMH shall not be entitled to vote in favour of the Plan, including in respect of its Intercompany Claims;
 - d) Any votes cast in respect of Disputed Voting Claims will not be counted for any purpose, pending further Order of the Court. As referenced above, other than the Claim of RBRG (which the Company expects to be agreed as part of the Plan support arrangements with RBRG), the only Disputed Voting Claims relate to LIM, of which there are only two as at the date of this Report; and
 - e) Of the \$3.6 million in Disputed Claims (excluding RBRG), \$565,000 represents an unresolved sales tax claim from TSH. TSH has agreed to support the Plan in respect of the balance of its accepted Claim. The amount of the only other remaining Disputed Claim is not material enough on its own to affect the outcome of the vote.

5.6 Disputed Claims

1. Pursuant to Section 4.8 of the Plan, once a Disputed Distribution Claim against LIM or SMI becomes a Distribution Claim, the applicable Affected Unsecured Creditor is to receive the consideration provided for under the Plan.
2. Other than the Claim of RBRG, there are no Disputed Claims against LIMH. Accordingly, the provisions in Section 4.4 of the Plan regarding the treatment of any Disputed Claims may not be applicable.

5.7 Unaffected Claims

1. Pursuant to the Plan, Excluded Claims are any Claim:
 - a) secured by any of:
 - the Administration Charge; and
 - the Directors' Charge;
 - b) in respect of the Company's site reclamation obligations to the Government of Newfoundland and Labrador;
 - c) of the Toronto-Dominion Bank ("TD") in connection with letters of credit deposited with the environmental authorities of Newfoundland and Labrador as security for the Company's site reclamation obligations thereto, to the extent that TD holds cash collateral in respect of such letters of credit;
 - d) of:
 - QNS&L in connection with Confidential Transportation Contract No. 001 between QNS&L and LIM executed on March 8, 2011, as amended; and
 - TSH in connection with an agreement entitled "The Transportation by Rail of DSO Project Iron Ore on TSH Railway", as amended, other than TSH's Pre-Filing Claims.
2. Unaffected Claims also include: a) the Claims as set out in Schedule "E" of the Plan, including, *inter alia*, post-filing claims for goods and services provided to the Company subsequent to the Initial Order and certain claims and post-filing claims of Her Majesty the Queen in Right of Canada or of any province or territory (e.g. for any source deductions); and b) the post-filing claims of Mr. Kearney for the portion of his salary that he deferred during these proceedings to assist the Company's liquidity (approximately \$110,000 per year). Mr. Kearney's pre-filing Claims are being compromised under the Plan.

5.8 Amendments to the Plan

1. Pursuant to Section 7.4 of the Plan, the Company may, with the consent of the Monitor, both prior to and during the Meeting or after the Meeting, amend the Plan, provided: (i) if made prior to or at the Meeting, such amendments are communicated to Affected Unsecured Creditors in the manner required by the Meetings Order (i.e. notice by mail, email or posting on the Monitor's website); and (ii) if made following the Meeting, such amendments are to be approved by the Court following notice to the Affected Unsecured Creditors.

2. A Plan modification may be made by the Company with the consent of the Monitor where it concerns a matter which is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction Order or to cure any errors, omissions or ambiguities, in either case which is not materially adverse to the financial or economic interests of the Affected Unsecured Creditors.

5.9 RBRG Support Agreement

1. RBRG made an advance payment of US\$35 million to LIM in May, 2013 for future delivery of iron ore. LIMH and SMI are guarantors under the financing agreement.
2. The Company has advised the Monitor that it and RBRG are in advanced discussions to complete a settlement and Plan support agreement. Excluding the Intercompany Claims, RBRG is the largest creditor of LIM and SMI (representing in excess of 51% of the Claims against LIM/SMI, excluding Disputed Claims) and the second largest creditor of LIMH (representing in excess of 42% of the Claims against LIMH)⁸. Accordingly, RBRG is one of the Company's most significant arm's length stakeholders/creditors.
3. As discussed in the Kearney Affidavit, the proposed RBRG Support Agreement, if concluded, contemplates that the amount of RBRG's claim would be settled and RBRG would agree to support the Company's restructuring efforts and to vote in favour of the Plan in consideration for, among other things:
 - a) its Pro Rata entitlement to the shares of LIM and RoyaltyCo in proportion to its claim against LIM;
 - b) an agreed interest of 19.9% in the post-Plan implementation shares of LIMH in respect of the guarantee by LIMH;
 - c) 50% of the net profit resulting from the processing of two iron ore stockpiles owned by LIM and SMI, respectively, against which RBRG currently holds security, subject to RBRG releasing its security over same;
 - d) representation on the board of directors of LIMH, LIM and SMI; and
 - e) a right of first refusal for off-take and purchase of iron ore in the event that LIM resumes its mining operations, at which time and subject to market conditions, RBRG is to consider providing working capital financing to support LIM's operations.

5.10 SIPA Settlement Agreement

1. SIPA operates one of the largest port facilities in Canada.

⁸ This includes SIPA's claims as filed against LIMH.

2. Pursuant to a contract between LIMH and SIPA dated July 13, 2012 (“SIPA Agreement”), LIMH made a first advance payment of \$6.4 million to SIPA and agreed to make a further advance payment of \$6.4 million (“Second Installment”) to be used towards the construction by SIPA of a new multi-user dedicated iron ore dock at the Port of Sept-Îles and reserved an annual ship loading capacity of 5 million tonnes per year. As discussed in the Initial Affidavit, LIMH deferred payment of the Second Installment pending resolution by SIPA of land access and terminal facilities at the new dock.
3. Pursuant to the SIPA Agreement and related documents, SIPA has a security interest in LIM’s rolling stock, consisting of 501 railcars (“Railcars”), as security for the Second Installment under the SIPA Agreement. The interests of SIPA rank subordinate to the charges created by the Initial Order, being the Administration Charge and the Directors’ Charge (as defined therein).
4. On May 24, 2016, SIPA filed a \$6.4 million claim against LIM and LIMH in respect of amounts owed by LIMH under the SIPA Agreement as at the date of the Initial Order (“SIPA POC”).
5. On September 28, 2016, LIMH disclaimed the SIPA Agreement, resulting in SIPA filing a Restructuring Period Proof of Claim against LIMH (“Restructuring Period POC”, and together with the SIPA POC the “SIPA Claims”). The SIPA Claims represent up to 54% in value of the Claims against LIMH. On the same date, the Company completed a settlement agreement with SIPA (“SIPA Settlement Agreement”).
6. Pursuant to the SIPA Settlement Agreement, SIPA has agreed to support the Plan and participate in the Plan as a Convenience Creditor, rather than to receive shares of LIMH. As consideration for settling the SIPA Claims and releasing the Company from the security agreements held by SIPA over the Railcars, the Company has agreed to, among other things, pay to SIPA:
 - a) the net proceeds resulting from sales of the Railcars, including the proceeds from the sale of 99 of the Railcars which was approved by the Court pursuant to an Order dated September 30, 2016⁹;
 - b) a lump sum of \$60,000 in partial payment of SIPA’s secured claim upon Plan Implementation; and
 - c) \$5,000 in consideration for SIPA electing to receive the Cash Elected Amount pursuant to the Plan.

⁹ The security agreements will not be released until all of the railcars have been sold and the net proceeds remitted to SIPA.

5.11 Creditor Approval of Plan

1. In order for the Plan to be approved pursuant to the CCAA, the Plan must be approved by a majority in number of Affected Unsecured Creditors in each of the two classes, representing at least two thirds in value of the Voting Claims of Affected Unsecured Creditors, in each case present and voting in person or by proxy on the resolution approving the Plan at the Meeting. Based on discussions with its key stakeholders, the Company believes that it will have the requisite support from Affected Unsecured Creditors, both in number and dollar value, to approve the Plan.

5.12 Conditions Precedent to Plan Implementation

1. The conditions precedent to the Plan are set out in Section 7.6 of the Plan. The main conditions are:
 - a) approval of the Plan by the requisite majorities of each class of Affected Unsecured Creditors;
 - b) an Order of the Court sanctioning the Plan shall have been made and shall have become a Final Order;
 - c) completion of a series of corporate transactions, including an assignment by LIMH of the Intercompany Claims to subsidiaries of LIM and SMI, followed by an amalgamation of those entities, in order to preserve the Company's tax losses to the extent possible;
 - d) execution of management services agreements between LIMH and LIM and between LIM and RoyaltyCo to provide management services and personnel as the parties deem necessary or advisable at actual cost (including for management compensation), plus taxes. The Company has advised the Monitor that management compensation is to be largely consistent with their historical compensation;
 - e) execution of a Royalty Agreement between RoyaltyCo and each of LIM and SMI pursuant to which LIM and SMI grant to RoyaltyCo the Royalty in respect of all Mineral Products (as defined therein) that may be produced from the Houston Project;
 - f) constitution of the board of directors of LIM to be fixed at six directors, including three directors who are officers or directors of LIMH and three directors (initially nominated by LIMH) who are independent of LIMH and constitution of the board of directors of RoyaltyCo, to be fixed at four directors, including two directors who are officers or directors of LIMH and two directors (initially nominated by LIMH) who are independent of LIMH; and
 - g) all amounts owing to the Monitor, the Monitor's counsel and counsel to the Company shall have been paid.

5.13 Implications of Plan Failure

1. In the event that the Plan is not implemented, recoveries to creditors are likely to be insignificant based on the liquidation value of the Company's mineral properties, or the potential commencement of reclamation processes by the relevant environmental regulatory authorities.
2. A possible, and perhaps likely outcome if the Plan is not implemented, includes the following:
 - a) The Company's Board of Directors and management team would resign;
 - b) The stay of proceedings would be terminated; however, there is no certainty that a bankruptcy or other form of liquidation proceeding would necessarily follow as a Trustee in Bankruptcy or other Court officer may not be prepared to assume the environmental and other risks associated with taking possession of the Company's assets;
 - c) The amount of the claims against each of LIMH, LIM and SMI would increase substantially:
 - i) LIMH's claims against LIM and SMI would exceed \$293 million (all other claims presently total approximately \$65 million, excluding Disputed Claims);
 - ii) QNS&L and TSH, the two railways, may assert take-or-pay and other claims against LIM as their settlements as referenced above in Section 5.7 1. d) would not be completed (their settlements preserve their rights to do so if a Plan is not implemented). These claims, particularly those of QNS&L, could exceed \$100 million based on the duration and other terms of its contract;
 - iii) SIPA may assert claims against LIMH pursuant to the SIPA Agreement;
 - iv) Regulatory authorities could make claims for closure and rehabilitation costs;
 - v) RBRG could assert claims of \$48 million or more (the amount of the Notice of Dispute it submitted) against each of LIMH, LIM and SMI;
 - d) There is a significant possibility that LIM's and SMI's mining claims and leases would be forfeited to the provinces of Newfoundland and Labrador and of Quebec as the Company would be unable to meet its regulatory and statutory obligations. In the alternative, those interests would be monetized, if saleable, with the majority of the proceeds being distributed to the largest creditors (likely LIMH, QNS&L, SIPA and RBRG);

- e) A further claims process would be necessary before proceeds, if any, could be distributed to creditors; and
- f) Remaining cash on hand, if any, net of professional and administrative costs, would be distributed to creditors according to priorities. Any further recoveries are likely to be negligible.

6.0 Projection

1. The Company is of the view that the Houston Project is its most attractive development property. Accordingly, during these proceedings it has advanced the planning of the development and sought to obtain and/or secure operating permits, in order to be in a position to resume mining operations when the iron ore market recovers.
2. The Company has prepared a comprehensive financial model which reflects the development of the Houston Project and the Company's projected results over a 15-year period ("Model"), including a start-up phase, 10-year life of mine, and a closure and rehabilitation period.
3. The Model includes numerous assumptions and estimates for each variable that impacts the Company's operations, including the price of iron ore; quality and grade of iron ore; capital expenditures, including road development and other costs to access the Houston Project; equity and debt financing; annual production volumes; rail transportation costs; ocean freight costs; labour rates; currency; interest rates; discount rates; and corporate expenses.
4. Based on the Model and the assumptions used therein, the Company estimates that, over the 15-year period, RoyaltyCo would receive royalties of \$30 million and the Company would generate \$218 million of positive cash flow, before income taxes payable, if any.
5. If the results estimated above by the Company are realized, the benefits would accrue to the Affected Unsecured Creditors as a result of the Plan.
6. Based on the Company's pro forma balance sheet, Affected Unsecured Creditors would be receiving their share of the Houston Project mineral property interests, which LIM and SMI intend to record with a book value of \$20 million, and a share of the 2% royalty interest to be held by RoyaltyCo, which will be recorded at a book value of \$7 million. The Company advises that these valuations are supported by the market valuations of comparable public junior iron ore companies in the Labrador Trough. The Monitor has not performed a valuation of the Company and therefore provides no opinion on the Company's pro forma balance sheet, nor its prospects of achieving the results in the Model.

7. The Company does not plan to develop the Houston Project until market conditions improve. The Company is cognizant that its operations will need to be funded on a care and maintenance basis until that time. In that regard, the Company prepared a cash flow projection detailing its estimated costs to March 31, 2019 and identified assets to be sold on an orderly basis in order to cover its stand-by and operating costs during that period.
8. The following table summarizes the Company's projected cash flow for the fiscal years ending March 31, 2017, 2018 and 2019 ("3-year Cash Flow").

(\$000s)	For the 6 months ended March 31, 2017	For the 12 months ended March 31, 2018	For the 12 months ended March 31, 2019
Estimated opening cash balance, beginning of year	1,665	650	4,903
Asset sales	398	5,750	25
Release of restricted cash	428	2,040	280
Other cash inflows	93	-	-
Total cash inflows	919	7,790	305
Payroll costs	879	1,616	1,497
Professional fees	365	75	75
Plan payment	300	-	-
Care and maintenance activities	216	450	280
Other operational expenses	144	306	231
Reclamation work	30	1,090	250
Total cash outflows	1,934	3,537	2,333
Estimated ending cash balance	650	4,903	2,875

9. The asset sales contemplated in the 3-year Cash Flow include:
- a) the maintenance facilities and other real property located in Schefferville and Sept-Îles;
 - b) interests in various iron ore deposits; and
 - c) miscellaneous production equipment, rail sidings and non-core capital assets located at the Company's mine sites.
10. The Company is of the view that, for the most part, any sales will require an extended period of time to complete. Many of the assets are currently being marketed. The Company is of the view that in a liquidation, the recoveries from these assets would be significantly less than the values estimated in the table.

7.0 Recommendation to Creditors

1. The Monitor recommends that the creditors vote in favour of the Plan for the following reasons:
 - a) The Plan provides for the prospect of continued operation of the business and a deleveraging of the Company's balance sheet, thereby allowing stakeholders to have the opportunity to generate recoveries when the iron ore market improves;
 - b) The Plan is the product of extensive negotiations between the Company and its stakeholders. Based on the Monitor's discussions with the Company's representatives, the Monitor understands that a significant number and value of creditors are supportive of the Company's restructuring efforts and recognize that the Company's success will ultimately be a function of the market's recovery;
 - c) The Plan is expected to be supported by the Company's largest creditors (together representing at least 95% of the Claims against LIMH and 91% of the Claims against LIM/SMI), as a result of LIMH's treatment of the Intercompany Claims, the SIPA Agreement and the proposed agreement with RBRG;
 - d) The Plan is a balance of the Company's interests and those of its stakeholders. Certain compromises and concessions, including the treatment of Intercompany Claims and settlements with respect to the claims of SIPA, QNS&L and TSH (and expected settlement with RBRG), would not be effective if the Plan is not implemented and would give rise to significant claims against each of LIMH, LIM and SMI;
 - e) The Plan provides for a greater recovery to creditors than in a liquidation or bankruptcy scenario. Given the depressed state of the iron ore industry and the Company's tenuous position, the Plan represents the best opportunity for creditors to recover a portion of the indebtedness due to them. If the Plan is not approved, there is a significant probability that no distributions would be available to the general body of creditors or that any distributions would be insignificant; and
 - f) In the Monitor's view, the Plan is fair and reasonable.

8.0 Creditors' Meetings

1. The Meetings shall be held in accordance with the Plan and the Meeting Order. Capitalized terms not defined in this section shall have the same meaning ascribed to them in the Meeting Order. A copy of the proposed Meeting Order, as submitted to the Court, is provided in Appendix "A". A summary is provided below.
 - a) The meetings of Affected Unsecured Creditors of LIMH and of LIM/SMI are to be held at 10:00 a.m. EDT and 11:00 a.m. EDT, respectively, on December 6, 2016 at the offices of the Company's counsel, Paliare Roland Rosenberg Rothstein LLP, 155 Wellington Street West, 35th floor, Toronto Ontario;
 - b) An officer of the Monitor or a person designated by the Monitor shall preside as the chairperson of the Meetings;
 - c) The only Persons entitled to attend the Meetings are those persons, including the holders of proxies, entitled to vote at the Meetings and their legal counsel and financial advisors, as well as representatives of the Company, the Monitor and their legal counsel. Any other Person may be admitted to the Meetings on invitation of the chairperson or the Company;
 - d) For purposes of voting at the Meetings, each Affected Unsecured Creditor of each class shall be entitled to one vote as a member of that class equal to the dollar value of its respective Voting Claim. Convenience Creditors shall be deemed to vote in favour of the Plan. LIMH shall not be entitled to vote in favour of the Plan in respect of the Intercompany Claims;
 - e) To vote at the Meetings, one must be an Affected Unsecured Creditor with a Voting Claim or a Disputed Voting Claim, or such Affected Unsecured Creditor's representative. Any votes cast in respect of Disputed Voting Claims will not be counted for any purpose, pending further Order of the Court. The Monitor is to keep a separate record of votes cast by Affected Unsecured Creditors holding Disputed Voting Claims and shall report to the Court with respect thereto at the motion for the Sanction Order;
 - f) Any creditor who wishes to appoint a proxy shall do so by the Election/Proxy Deadline; and
 - g) The Meetings may be adjourned to such date, time and place as may be designated by the Monitor, if, among other things, prior to or during the Meetings, the Monitor, in consultation with the Company, decides to adjourn such Meeting.
2. The Monitor will send to all known creditors the materials provided in Schedules "A" to "C" of the Meeting Order, including the Notice of Meeting, form of Proxy for Affected Unsecured Creditors and Convenience Claim Election Form. The Monitor will also provide creditors with a copy of the Plan, the Meeting Order, the Plan Affidavit and this Report.

3. Within four business days following the date of the Meeting Order, if issued, the Monitor will arrange for the notice included as Schedule “E” of the Meeting Order to be published once in each of *The Globe and Mail* (National Edition), *The Telegram* (St. John’s, NL; English) and *Le Journal Nord-Côtier* (Sept-Îles, Québec; French), with the latter two publications being in the region close to the Company’s vendors.
4. The Monitor is of the view that the Meetings should allow for the Company’s creditors to fairly express their intention in terms of whether or not to accept the Plan.

9.0 Court Approval of the Plan

1. At the hearing of the motion for the Meeting Order, the Company intends to request a date for a motion for the issuance of a Sanction Order for the sanction and approval of the Plan.
2. The Monitor intends to file a report to Court shortly following the Meetings, which will include the voting results of the Meetings and the Monitor’s recommendation to the Court on the sanctioning of the Plan.
3. If sanctioned by the Court, it is contemplated that the Plan will be implemented immediately thereafter.

10.0 Conclusion

1. Based on the foregoing, the Monitor respectfully recommends that this Court make an Order granting the relief detailed in Section 1.1 of this Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
IN ITS CAPACITY AS CCAA MONITOR OF
LABRADOR IRON MINES HOLDINGS LIMITED,
LABRADOR IRON MINES LIMITED AND SCHEFFERVILLE MINES INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE

JUSTICE Wilton-Siegel

THURSDAY, THE 10TH DAY

OF NOVEMBER, 2016

Adm

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")

MEETING ORDER

THIS MOTION made by the Applicants for an Order *inter alia*:

- a) authorizing the Applicants to file with the Court a plan of compromise and arrangement of the Applicants under the *Companies' Creditors Arrangement Act* (the "**CCAA**"); and
- b) authorizing and directing the Applicants to call a meeting of creditors to consider and vote upon the plan of compromise and arrangement filed by the Applicants,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of John F. Kearney sworn November 3, 2016 (the "**Plan Affidavit**"), the 8th Report of KSV Kofman Inc. in its capacity as Court-appointed monitor of the Applicants (the "**Monitor**") (the "**Plan**

Report") and on hearing from counsel for the Applicants, the Monitor, and such other counsel as were present, no one else appearing although duly served as appears from the affidavit of service, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein be and is hereby abridged, that the manner of service is hereby validated and service upon any interested party other than those parties served is hereby dispensed with, and that the motion is properly returnable today.

DEFINITIONS

2. **THIS COURT ORDERS** that, unless otherwise defined in this Order, capitalized terms shall have the meaning given in the Plan of Compromise and Arrangement in respect of the Applicants, appended to the Plan Affidavit (subject to the minor revisions reflected in **Schedule "F"** to this order, and as it may be further amended in accordance with its terms, the "**Plan**").

PLAN OF COMPROMISE AND ARRANGEMENT

3. **THIS COURT ORDERS** that the Plan be and is hereby accepted for filing with the Court, and that the Applicants are authorized to seek approval of the Plan by Affected Unsecured Creditors in the manner set forth herein.

4. **THIS COURT ORDERS** that the Applicants, with the consent of the Monitor, be and they are hereby authorized to make and to file a modification or restatement of, or amendment or supplement to, the Plan (each a "**Plan Modification**") prior to or at the Meetings, in which case any such Plan Modification shall, for all purposes, be and be deemed to form part of and be incorporated into the Plan. The Applicants shall give notice of any such Plan Modification at the Meetings prior to the vote being taken to approve the Plan. The Applicants may give notice of any such Plan Modification at or before the Meetings by notice which shall be sufficient if, in the case of notice at the Meetings, given to those Affected Creditors present at such meeting in person or by

Proxy and, in the case of notice before the Meetings, provided to those Persons listed on the service list posted on the Monitor's Website (as amended from time to time, the "**Service List**"). The Monitor shall forthwith post on the Monitor's Website any such Plan Modification, with notice of such posting forthwith provided to the Service List.

5. **THIS COURT ORDERS** that after the Meetings (and both prior to and subsequent to the obtaining of any Sanction Order), the Applicants may at any time and from time to time, with the consent of the Monitor, effect a Plan Modification (a) pursuant to an Order of the Court or (b) where such Plan Modification concerns a matter which, in the opinion of the Applicants and the Monitor, is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction Order or to cure any errors, omissions or ambiguities, and in either circumstance is not materially adverse to the financial or economic interests of the Affected Creditors. The Monitor shall forthwith post on the Monitor's Website any such Plan Modification, with notice of such posting forthwith provided to the Service List.

NOTICE OF MEETINGS

6. **THIS COURT ORDERS** that each of the following in substantially the forms attached to this Order as **Schedules "A", "B", "C", and "D"**, respectively, are hereby approved:

- a. the form of notice of the Meetings and Sanction Hearing (the "**Notice of Meeting**");
- b. the form of proxy for Affected Unsecured Creditors (the "**Affected Unsecured Creditors Proxy**");
- c. the form of Convenience Claim Election (the "**Convenience Claim Election**"); and,
- d. the form of resolution to approve the Plan (the "**Resolution**")

(collectively, the "**Notice/Voting Materials**").

7. **THIS COURT ORDERS** that, notwithstanding paragraph 6 above, but subject to paragraphs 4 and 5, the Applicants may from time to time make such minor changes to the documents in the Notice/Voting Materials as the Applicants and the Monitor consider necessary or desirable or to conform the content thereof to the terms of the Plan, this Order or any further Orders of the Court.

8. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall cause a copy of the Notice/Voting Materials (and any amendments made thereto in accordance with paragraph 7 hereof), this Order, the Plan Affidavit and the Plan Report (collectively with the Notice/Voting Materials, the "**Meeting Materials**") to be posted on the Monitor's Website. The Monitor shall ensure that the Meeting Materials (and any amendments made thereto in accordance with paragraph 7 hereof) remain posted on the Monitor's Website until at least one (1) Business Day after the Plan Implementation Date.

9. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall send the Meeting Materials to all Affected Creditors known to the Monitor and the Applicants as of the date of this Order by regular mail (except in the event of a postal strike), facsimile, courier or e-mail at the last known address (including fax number or email address) for such Affected Creditors set out in the books and records of the Applicants.

10. **THIS COURT ORDERS** that, as soon as practicable following the receipt of a request therefor, the Monitor shall send a copy of the Meeting Materials by regular mail (except in the event of a postal strike), facsimile, courier or e-mail, to each Affected Creditor who, no later than three (3) Business Days prior to the applicable Meeting (or any adjournment thereof), makes a written request for it.

11. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order and in any event within four (4) Business Days following the date of this Order, the Monitor shall use reasonable efforts to cause an announcement substantially in the form attached hereto as **Schedule "E"** (the "**Public Announcement**"), to be published for a period of one (1) Business Day in the following newspapers: The Globe & Mail

(National Edition; English), The Telegram (St. John's, NL; English) and Le Journal Nord-Côtier (Sept-Îles, Québec: French).

12. **THIS COURT ORDERS** that the publication of the Public Announcement in accordance with paragraph 11 above, the sending of a copy of the Meeting Materials to Affected Creditors in accordance with paragraph 9 above, the posting of the Meeting Materials on the Monitor's Website, and the provision of notice to others in the manner set out in paragraph 10 above, shall constitute good and sufficient service of this Order, the Plan and the Notice of Meeting on all Persons who may be entitled to receive notice thereof, or who may wish to be present in person or by proxy at the Meetings or in these proceedings, and no other form of notice or service need be made on such Persons.

THE MEETING

13. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to call, hold and conduct a separate meeting for each of the two classes of Affected Unsecured Creditors contemplated by the Plan (each a "**Voting Class**") at the offices of Paliare Roland Rosenberg Rothstein LLP, Barristers, 155 Wellington Street West, 35th floor, Toronto Ontario M5V 3H1, on December 6, 2016,

- a. at 10:00 a.m. EDT, for the Affected Unsecured Creditors of LIMH (the "**LIMH Unsecured Creditors Meeting**"); and,
- b. at 11:00 a.m. EDT or, in the event that the LIMH Unsecured Creditors Meeting is still ongoing at that time, at such later time as the Chair (defined below) may designate, for the Affected Unsecured Creditors of LIM and SMI (the "**LIM/SMI Unsecured Creditors Meeting**" and, together with the LIMH Unsecured Creditors Meeting, the "**Meetings**" and each a "**Meeting**"),

and as adjourned to such places and times as the Chair may determine in accordance with paragraph 18 hereof, for the purposes of considering and voting on the Resolution and transacting such other business as may be properly brought before the applicable Meeting.

PROCEDURE AT THE MEETINGS

14. **THIS COURT ORDERS** that a representative of the Monitor designated by it shall preside as the chair of the Meetings (the "**Chair**") and, subject to this Meeting Order or any further Order of the Court, shall decide all matters relating to the conduct of the Meetings.

15. **THIS COURT ORDERS** that the Chair is authorized to accept and rely on Proxies or such other forms as may be acceptable to the Chair.

16. **THIS COURT ORDERS** that a person designated by the Monitor shall act as secretary at each Meeting (the "**Secretary**") and the Monitor may appoint scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at each Meeting (the "**Scrutineers**"). The Scrutineers shall tabulate the votes in respect of all Voting Claims and Disputed Voting Claims, if any, at each Meeting.

17. **THIS COURT ORDERS** that the quorum required at each Meeting shall be one Affected Unsecured Creditor with a Voting Claim present at such Meeting in person or by proxy. If the requisite quorum is not present at a Meeting, then such Meeting shall be adjourned by the Chair to such time and place as the Chair deems necessary or desirable.

18. **THIS COURT ORDERS** a Meeting shall be adjourned (and may be adjourned on one or more occasions) to such date, time and place as may be designated by the Chair or the Monitor, if:

- a. the requisite quorum is not present at such Meeting;
- b. such Meeting is postponed by a vote of the majority in value of the Affected Unsecured Creditors with Voting Claims present in person or by proxy at such Meeting; or
- c. prior to or during the Meeting, the Chair or the Monitor, following consultation with the Applicants, otherwise decides to adjourn such Meeting,

and the announcement of the adjournment by the Chair at such Meeting (if the adjournment is during a Meeting), the posting of notice of such adjournment on the Monitor's Website, and written notice to the Service List with respect to such adjournment shall constitute sufficient notice of the adjournment and neither the Applicants nor the Monitor shall have any obligation to give any other or further notice to any Person of the adjourned Meeting.

19. **THIS COURT ORDERS** that the only Persons entitled to attend or to speak at the Meetings are the Affected Unsecured Creditors (or their respective duly appointed proxyholders), representatives of the Monitor and the Applicants, all such parties' legal counsel and advisors, the Chair, the Secretary and the Scrutineers (defined below), provided that an Affected Unsecured Creditor (or its respective duly appointed proxyholder) and its legal counsel and advisors shall only be entitled to attend or to speak at a Meeting if such Affected Unsecured Creditor is entitled to vote at the applicable Meeting in accordance with this Order. Any other person may be admitted to a Meeting only by invitation of the Chair.

20. **THIS COURT ORDERS** that, for greater certainty, and without limiting the generality of anything in this Order, Persons holding Unaffected Claims are not entitled to vote on the Plan at a Meeting in respect of such Unaffected Claim and, except as otherwise permitted herein, shall not be entitled to attend a Meeting.

21. **THIS COURT ORDERS** that, for greater certainty, Affected Unsecured Creditors shall have no right to, and shall not, vote at the Meeting (or receive any distribution under the Plan) in respect of any Equity Claims.

VOTING AT THE MEETINGS

22. **THIS COURT ORDERS** that the Chair be and is hereby authorized to direct a vote at each Meeting, by confidential written ballot or by such other means as the Chair may consider appropriate, with respect to: (i) the Resolution and any amendments thereto; and (ii) any other resolutions as the Chair may consider appropriate following consultation with the Applicants.

23. **THIS COURT ORDERS** that all proxies ("**Proxies**", each a "**Proxy**") submitted in respect of the Meetings (or any adjournment thereof) must be in substantially the form attached to this Order as Schedule "B" or in such other form acceptable to the Monitor or the Chair. All Proxies must be: (a) submitted to the Monitor by 5:00 pm at least one (1) Business Day prior to the Meetings or any adjourned Meeting; or (b) deposited with the Chair at a Meeting (or any adjournment, postponement or rescheduling thereof) immediately prior to the vote at the time specified by the Chair (the "**Election/Proxy Deadline**"). The Monitor is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any Proxy is completed and executed, and may waive strict compliance with the requirements in connection with the deadlines imposed in connection therewith.

24. **THIS COURT ORDERS** that, in the absence of any instruction to vote for or against the approval of the Resolution in a duly signed and returned Proxy, the Proxy shall be deemed to constitute a vote for the approval of the Resolution provided that the proxyholder does not otherwise exercise its right to vote at the Meeting.

25. **THIS COURT ORDERS** that, for the purposes of voting at the Meetings, each Affected Unsecured Creditor of each Voting Class shall be entitled to one vote as a member of the Voting Class to which such Affected Unsecured Creditor belongs.

26. **THIS COURT ORDERS** that, for the purposes of voting at the Meetings, the Voting Claim of any Affected Unsecured Creditor shall be deemed equal to the dollar amount of his, her or its Voting Claim.

27. **THIS COURT ORDERS** that each Convenience Creditor shall be deemed to have voted in favour of the Plan in respect of its Convenience Claim.

28. **THIS COURT ORDERS** that a holder of Intercompany Claims shall not be entitled to vote on the Plan.

TRANSFERS OR ASSIGNMENTS OF CLAIMS

29. **THIS COURT ORDERS** that an Affected Unsecured Creditor may transfer or assign the whole of its Affected Unsecured Claim prior to the Meetings. If an Affected Unsecured Creditor transfers or assigns the whole of an Affected Unsecured Claim to another Person, such transferee or assignee shall not be entitled to attend and vote the transferred or assigned Affected Unsecured Claim at the applicable Meeting unless (i) the assigned Affected Unsecured Claim is a Voting Claim or Disputed Claim, or a combination thereof, and (ii) satisfactory notice of and proof of transfer or assignment has been delivered to the Monitor in accordance with the Claims Procedure Order no later than seven (7) days prior to the date of the applicable Meeting. Where an Affected Unsecured Claim has been transferred or assigned in part, the transferor or assignor shall retain the right to vote at the applicable Meeting in respect of the full amount of the Voting Claim, and the transferee or assignee shall have no voting rights at the applicable Meeting in respect of such Voting Claim.

DISPUTED VOTING CLAIMS

30. **THIS COURT ORDERS** that notwithstanding anything to the contrary herein, an Affected Unsecured Creditor holding a Disputed Voting Claim (or its duly appointed proxyholder) may attend the Meeting and vote its Disputed Voting Claim at such Meeting in the amount set out in its Proof of Claim or Notice of Dispute of Claim, as applicable, without prejudice to the rights of the Applicants, the Monitor or the holder of the Disputed Voting Claim with respect to the final determination of the Disputed Voting Claim for distribution purposes, provided that votes cast in respect of any Disputed Voting Claim shall not be counted for any purpose, pending further order of this Court.

31. **THIS COURT ORDERS** that the Monitor shall keep a separate record of votes cast by Affected Unsecured Creditors holding Disputed Voting Claims and shall report to the Court with respect thereto at the motion for the Sanction Order.

APPROVAL OF THE PLAN

32. **THIS COURT ORDERS** that in order to be approved, the Plan must receive an affirmative vote of each Voting Class by the majorities required by the CCAA (the "Required Majorities").

33. **THIS COURT ORDERS** that following the votes at the Meetings, the Scrutineers shall tabulate the votes in each Voting Class and the Monitor shall determine whether the Plan has been accepted by the Required Majorities.

34. **THIS COURT ORDERS** that the result of any vote conducted at a Meeting of a Voting Class shall be binding upon all Affected Unsecured Creditors of that Voting Class, whether or not any such Affected Unsecured Creditor was present or voted at the Meeting.

35. **THIS COURT ORDERS** that the Monitor shall file a report with this Court as soon as practicable after the Meetings or any adjournment thereof, as applicable, in respect of the results of the votes, including whether:

- a. the Plan has been accepted by the Required Majorities in each Voting Class; and,
- b. whether the votes cast in respect of Disputed Voting Claims, if applicable, would affect the result of the vote.

36. **THIS COURT ORDERS** that a copy of the Monitor's Report in respect of the Meetings shall be posted on the Monitor's Website prior to the Sanction Hearing.

CONVENIENCE CLAIM ELECTION

37. **THIS COURT ORDERS** that any Affected Unsecured Creditor with one or more Voting Claims in an aggregate amount in excess of \$5,000 shall be entitled to elect to receive only the Cash Elected Amount and be deemed to vote in favour of the Plan in accordance with paragraph 27 hereof by returning an executed Convenience Claim Election to the Monitor prior to the Election/Proxy Deadline.

SANCTION HEARING AND ORDER

38. **THIS COURT ORDERS** that if the Plan has been accepted by the Required Majorities, the Applicants shall bring a motion seeking the Sanction Order on December 14, 20 16, or as soon thereafter as the matter can be heard (the "Sanction Hearing").

Handwritten signature

39. **THIS COURT ORDERS** that service of the Notice of Meeting and the posting of this Order to the Monitor's Website pursuant to paragraphs 8 to 11 hereof shall constitute good and sufficient service of notice of the Sanction Hearing upon all Persons who may be entitled to receive such service and no other form of service or notice need be made on such Persons and no other materials need be served on such Persons in respect of the Sanction Hearing.

40. **THIS COURT ORDERS** that any Person (other than the Applicants and the Monitor) wishing to receive materials and appear at the Sanction Hearing and who has not already served upon the lawyers for each of the Applicants and the Monitor and all other parties on the Service List and filed with this Court a Notice of Appearance conforming with the Ontario *Rules of Civil Procedure* shall do so by no later than 5:00 p.m. (Toronto time) on the date that is 7 days prior to the Sanction Hearing.

41. **THIS COURT ORDERS** that any Person who wishes to oppose the motion for the Sanction Order shall serve upon the lawyers for each of the Applicants and the Monitor and upon all other parties on the Service List, and file with this Court, a copy of the materials to be used to oppose the motion for the Sanction Order by no later than 5:00 p.m. (Toronto time) on the date that is 7 days prior to the Sanction Hearing.

42. **THIS COURT ORDERS** that if the Sanction Hearing is adjourned, only those Persons who are listed on the Service List (including those Persons who have complied with paragraph 40 of this Order) shall be served with notice of the adjourned date of the Sanction Hearing.

43. **THIS COURT ORDERS** that subject to any further Order of this Court, in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the Plan and this Order, the terms, conditions and provisions of the Plan shall govern and be paramount, and any such provision of this Order shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

GENERAL

44. **THIS COURT ORDERS** that the Applicants and the Monitor may, in writing, in their discretion, generally or in individual circumstances, waive the time limits imposed on any Creditor under this Order if each of the Applicants and the Monitor deem it advisable to do so, without prejudice to the requirement that all other Creditors must comply with the terms of this Order.

45. **THIS COURT ORDERS** that any notice or other communication to be given pursuant to this Order by or on behalf of any Person to the Monitor shall be in writing and will be sufficiently given only if by mail, courier, e-mail, fax or hand-delivery addressed to:

KSV Kofman Inc., Court-appointed Monitor of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc.
Suite 2308, 150 King Street West
Toronto, Ontario
M5H 1J9

Attention: Adam Zeldin
Facsimile: 416-932-6266

Email: azeldin@ksvadvisory.com

46. **THIS COURT ORDERS** that if any deadline set out in this Order falls on a day other than a Business Day, the deadline shall be extended to the next Business Day.

47. **THIS COURT ORDERS** that, notwithstanding the terms of this Order, the Applicants or the Monitor may apply to this Court from time to time for such further

Order or Orders as they consider necessary or desirable to amend, modify, supplement or replace this Order.

48. **THIS COURT ORDERS** that the Applicants and the Monitor may, from time to time, apply to this Court for advice and directions concerning the discharge of their respective powers and duties under this Order or the interpretation or application of this Order.

EFFECT, RECOGNITION AND ASSISTANCE

49. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

50. **THIS COURT REQUESTS** the aid and recognition of other Canadian and foreign courts, tribunals, regulatory and administrative bodies, including any court, tribunal, regulatory or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.



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ON / BOOK NO:
LE / DANS LE REGISTRE NO:

NOV 10 2016

PER / PAR: 

SCHEDULE "A"

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")

NOTICE OF MEETING OF AFFECTED UNSECURED CREDITORS

NOTICE IS HEREBY GIVEN that meetings (the "**Meetings**") of Affected Unsecured Creditors of Labrador Iron Mines Holdings Limited ("**LIMH**"), Labrador Iron Mines Limited ("**LIM**") and Schefferville Mines Inc. ("**SMI**" and collectively with LIMH and LIM, the "**Applicants**") entitled to vote on a plan of compromise and arrangement (the "**Plan**") proposed by the Applicants under the *Companies Creditors' Arrangement Act* (the "**CCAA**") will be held to:

- (1) consider and, if deemed advisable, to pass, with or without variation, a resolution to approve the Plan; and
- (2) transact such other business as may properly come before the Meetings or any adjournment thereof.

The Meetings are being held pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated November 10, 2016 (the "**Meeting Order**").

The Meeting Order established the procedures for the Applicants to call, hold and conduct Meetings of the Affected Unsecured Creditors. For the purpose of voting on and receiving distributions pursuant to the Plan, the holders of Affected Unsecured Claims against the Applicants will be grouped into two classes, being the Affected Unsecured Creditors of LIMH, and the Affected Unsecured Creditors of LIM and SMI.

The Meetings will be held at the following dates, times and location:

Date: December 6, 2016

Time: 10:00 a.m. (Eastern Time) - Affected Unsecured Creditors of LIMH

11:00 a.m. (Eastern Time) or as directed by the Chair of the Meeting—
Affected Unsecured Creditors of LIM and SMI

Location: The offices of Paliare Roland Rosenberg Rothstein LLP, Barristers, 155
Wellington Street West, 35th floor, Toronto ON M5V 3H1

Affected Unsecured Creditors can attend the applicable Meetings and vote on a resolution to approve the Plan with respect to their Voting Claims. The votes of Affected Unsecured Creditors holding Disputed Voting Claims will be separately tabulated and Disputed Voting Claims will not be counted unless there is a further Order of the Court.

An Affected Unsecured Creditor may vote by proxy, subject to the terms of the Meeting Order.

In order for the Plan to become effective:

1. the Plan must be approved by the required majorities of Affected Unsecured Creditors voting on the Plan as required under the CCAA and in accordance with the terms of the Meeting Order;
2. the Plan must be sanctioned by the Court; and
3. the conditions to implementation and effectiveness of the Plan as set out in the Plan must be satisfied or waived.

Deemed Voting in Favour of the Plan

Convenience Creditors will be deemed to vote in favour of the Plan.

Forms and Proxies

Convenience Claim Election

Affected Unsecured Creditors with one or more Voting Claims in an amount in aggregate in excess of \$5,000 may elect to be treated as a Convenience Creditor and receive \$5,000 by completing a Convenience Claim Election and filing it by 5:00 p.m. at least one Business Day before any Meeting or adjourned Meeting, or depositing such Convenience Claim Election with the Chair at the Meeting (or any adjournment thereof) before the vote at the time specified by the Chair (the “**Election/Proxy Deadline**”).

Proxy Form

An Affected Unsecured Creditor may attend at a Meeting in person or may appoint another person as its proxyholder by inserting the name of such person in the space provided in the form of Proxy or by completing another valid form of Proxy.

In order to be effective, proxies must be received by the Monitor, prior to the Election/Proxy Deadline, at:

KSV Kofman Inc., Court-appointed Monitor of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc.
Suite 2308, 150 King Street West
Toronto, Ontario
M5H 1J9

Attention: Adam Zeldin
Facsimile: 416-932-6266

Email: azeldin@ksvadvisory.com.

If an Affected Unsecured Creditor (other than those who are deemed to vote in favour of the Plan) specifies a choice with respect to voting on the resolution on a Proxy, the Proxy will be voted in accordance with the specification so made. **In the absence of such specification, a Proxy will be voted FOR the resolution provided that the proxyholder does not otherwise exercise its right to vote at the Meeting.**

NOTICE IS ALSO HEREBY GIVEN that if the Plan is approved at the Meetings by the required majorities of Creditors and other necessary conditions are met, the Applicants intend to make an application to the Court on ●, 2016 (the "**Sanction Hearing**") seeking an order sanctioning the Plan pursuant to the CCAA (the "**Sanction Order**"). Any person wishing to oppose the application for the Sanction Order must have filed a Notice of Appearance in these proceedings in conformity with the Ontario *Rules of Civil Procedure*, and must serve a copy of its materials setting out the basis for its opposition upon the lawyers for the Applicants and the Monitor and those parties listed on the Service List posted on the Monitor's website. Such materials must be served by 5:00pm (Toronto time) on the date that is 7 days before the Sanction Hearing.

Additional copies of the Meeting Materials may be obtained from the Monitor's Website at www.ksvadvisory.com/insolvency-cases-2/labrador-iron-mines-holdings-limited/ or by contacting the Monitor by telephone at (416) 932-6262 or by email at azeldin@ksvadvisory.com.

All capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Meeting Order.

DATED at Toronto, Ontario, this ____ day of November, 2016.

SCHEDULE "B"

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")

PROXY FOR
(mark all that apply)

- AFFECTED UNSECURED CREDITOR OF LIMH
- AFFECTED UNSECURED CREDITOR OF LIM
- AFFECTED UNSECURED CREDITOR OF SMI

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Plan of Compromise and Arrangement of the Applicants (as may be amended, restated or supplemented from time to time, the "Plan") filed pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") with the Ontario Superior Court of Justice (Commercial List) (the "Court").

This proxy may only be filed by Affected Unsecured Creditors having a Voting Claim or a Disputed Voting Claim.

THE UNDERSIGNED AFFECTED UNSECURED CREDITOR hereby revokes all proxies previously given and nominates, constitutes, and appoints (*mark only one*):

- Robert Kofman of KSV Kofman Inc., in its capacity as Monitor, or such other Person as he, in his sole discretion, may designate;

-OR-

- _____ or such other Person as he/she, in his/her sole discretion, may designate

to attend on behalf of and act for the undersigned at the Meetings to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling of such Meetings, and to vote the amount of the claim(s) of the undersigned as determined by and accepted for voting purposes in accordance with the Meeting Order, Claims Procedure Order and as set out in the Plan, as follows:

- FOR approval of the Plan;
- AGAINST approval of the Plan; or,
- at the nominee's discretion,

and the nominee may otherwise act for and on behalf of the undersigned with respect to any amendments, modifications, variations or supplements to the Plan and any other matters that may come before the Meetings.

Please note that if no specification is made above, the Affected Unsecured Creditor will be deemed to have voted FOR approval of the Plan at the applicable Meetings provided the Affected Unsecured Creditor does not otherwise exercise its right to vote at the Meetings.

Dated this _____ day of _____, 2016.

<p>_____ Print Name of Affected Unsecured Creditor</p> <p>_____ Signature of Affected Unsecured Creditor or authorized signing officer</p> <p>_____ Mailing Address of Affected Unsecured Creditor</p> <p>_____ Print Name of Witness, if Affected Unsecured Creditor is an individual</p>	<p>Per: _____ Name and Title of the authorized signing officer of the corporation, partnership or trust, if applicable,</p> <p>_____ Telephone number of Affected Unsecured Creditor or authorized signing officer</p> <p>_____ E-mail address of Affected Unsecured Creditor or authorized signing officer</p> <p>_____ Signature of Witness, if Affected Unsecured Creditor is an individual</p>
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SCHEDULE "C"

FORM OF CONVENIENCE CLAIM ELECTION

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")

CONVENIENCE CLAIM ELECTION FORM¹

This form is only to be completed by an Affected Unsecured Creditor who holds Affected Unsecured Claims in an aggregate amount in excess of \$5,000, and who wishes to reduce the aggregate amount of such Affected Unsecured Claims to \$5,000 in order to receive cash consideration under the Plan. Any Affected Unsecured Creditor that does not execute and return this form by the Election/Proxy Deadline, as defined in the order of the Court made in these proceedings on November 10, 2016, will be deemed to NOT have made such an election.

TO: KSV Kofman Inc.

RE: The plan of compromise and arrangement of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc. (collectively the "Applicants") pursuant to the *Companies' Creditors Arrangement Act* (the "Plan")

All capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the Plan.

DATED this _____ day of _____, 2016.

The undersigned (i) confirms that it holds Affected Unsecured Claims in an aggregate amount in excess of \$5,000 and irrevocably elects to reduce the aggregate amount of such Affected Unsecured Claims to \$5,000 for both voting and distribution under the Plan.

To be valid, this form must be delivered personally, by registered mail, by email or by facsimile to the following addresses on or before the Election/Proxy Deadline:

¹ Terms not otherwise defined herein shall have the meaning accorded to them in the Applicants' Plan of Compromise and Arrangement dated November 3, 2016, as amended

<p>KSV Kofman Inc. Suite 2308, 150 King Street West Toronto, Ontario M5H 1J9</p> <p>Attention: Mitch Vininsky Facsimile: 416-932-6266 Email: mvininsky@ksvadvisory.com</p>	<p>-and-</p>	<p>Labrador Iron Mines Holdings Limited Labrador Iron Mines Limited Schefferville Mines Inc. Suite 1805, 55 University Avenue Toronto, Ontario M5J 2H7</p> <p>Attention: John F. Kearney Facsimile: 416-368-5344 Email: kearney.j@labradorironmines.ca</p>
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With a copy to each of:

<p>GOODMANS LLP Bay Adelaide Centre 333 Bay Street, Suite 3400 Toronto, Ontario M5H 2S7 Tel: 416.979.2211 Fax: 416.979.1234</p> <p>Melaney Wagner Email: mwagner@goodmans.ca</p>	<p>-and-</p>	<p>PALIARE ROLAND ROSENBERG ROTHSTEIN LLP 155 Wellington St. W., 35th floor Toronto Ontario M5V 3H1 Tel: 416.646.4300 Fax: 416.646.4301</p> <p>Massimo Starnino Email: max.starnino@paliareroland.com</p>
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Name of Affected Unsecured Creditor: _____

Per: _____

Name: _____

Title: _____

Address: _____

Tel: _____

Fax: _____

Email: _____

Aggregate Amount of Affected Unsecured Claims: _____

\$ _____

STRICTLY CONFIDENTIAL

SCHEDULE "D"

FORM OF RESOLUTION

BE IT RESOLVED THAT:

1. the Plan of Compromise and Arrangement of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc. (collectively, the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) dated November 3, 2016 (the "**Plan**"), which Plan has been presented to this meeting and which is substantially in the form attached as an Exhibit to the Affidavit of John F. Kearney sworn November 3, 2016 (as such Plan may be amended, restated, supplemented and/or modified as provided for in the Plan) be and it is hereby accepted, approved, agreed to and authorized; and
2. any director or officer of each of the Applicants be and is hereby authorized and directed, for and on behalf of each of the Applicants, respectively (whether under its respective corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, any and all documents and instruments and to take or cause to be taken such other actions as he or she may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required by the Plan, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such actions.

SCHEDULE "E"
NOTICE OF MEETINGS OF CREDITORS OF
LABRADOR IRON MINES HOLDINGS LIMITED
LABRADOR IRON MINES LIMITED
SCHEFFERVILLE MINES INC

NOTICE IS HEREBY GIVEN that meetings (the "**Meetings**") of Affected Unsecured Creditors of Labrador Iron Mines Holdings Limited ("**LIMH**"), Labrador Iron Mines Limited ("**LIM**") and Schefferville Mines Inc. ("**SMI**" and collectively with LIMH and LIM, the "**Applicants**") entitled to vote on a plan of compromise and arrangement (the "**Plan**") proposed by the Applicants under the *Companies Creditors' Arrangement Act* (the "**CCAA**") will be held to:

- (1) consider and, if deemed advisable, to pass, with or without variation, a resolution to approve the Plan; and
- (2) transact such other business as may properly come before the Meetings or any adjournment thereof.

The Meetings are being held pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated November 10, 2016 (the "**Meeting Order**").

The Meetings will be held at the following dates, times and location:

Date: December 6, 2016

Time: 10:00 a.m. (Eastern Time) - Affected Unsecured Creditors of LIMH
11:00 a.m. (Eastern Time) or as directed by the Chair of the Meeting—
Affected Unsecured Creditors of LIM and SMI

Location: The offices of Paliare Roland Rosenberg Rothstein LLP, Barristers, 155 Wellington Street West, 35th floor, Toronto ON M5V 3H1

NOTICE IS ALSO HEREBY GIVEN that if the Plan is approved at the Meetings by the required majorities of Affected Unsecured Creditors and other necessary conditions are met, the Applicants intend to make an application to the Court on [INSERT DATE] (the "**Sanction Hearing**") seeking an order sanctioning the Plan pursuant to the CCAA (the "**Sanction Order**"). Any person wishing to oppose the application for the Sanction Order must have filed a Notice of Appearance in these proceedings in conformity with the Ontario *Rules of Civil Procedure*, and must serve a copy of its materials setting out

the basis for its opposition upon the lawyers for the Applicants and the Monitor and those parties listed on the Service List posted on the Monitor's website. Such materials must be served by 5:00pm (Toronto time) on the date that is 7 days before the Sanction Hearing.

A copy of the Meeting Order and the Meeting Materials referenced therein, including details of the voting requirements and procedures, can be obtained from the Monitor's Website at

www.ksvadvisory.com/insolvency-cases-2/labrador-iron-mines-holdings-limited/

or by contacting the Monitor by telephone at (416) 416-932-6262 or by email at azeldin@ksvadvisory.com.

All capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Meeting Order.

SCHEDULE "F"

REVISIONS TO PLAN OF COMPROMISE AND ARRANGEMENT

ATTACHED

“Intercompany Charge” has the meaning given to it in paragraph 6 of the Initial Order;

“Intercompany Claims” means the Claims of LIMH against LIM and SMI, whether arising before or after the Filing Date;

“KSV” means KSV Kofman Inc.;

“Labrador Iron Mines Management Services Agreement” means the agreement, substantially in the form attached as Schedule F, between whereby LIMH shall agree to provide, to both Amalgamated LIM and Amalgamated SMI, management services and personnel, operating personnel, office facilities and such other services and infrastructure as the parties deem necessary or advisable

“LIM” means the Applicant, Labrador Iron Mines Limited;

“LIMH” means the Applicant, Labrador Iron Mines Holdings Limited;

““LIM Royalty Agreement” means the agreement between Amalgamated LIM and RoyaltyCo to be dated as of the Plan Implementation Date in the form attached as Schedule C;

“LIM Subco No. 1” means a wholly owned subsidiary of LIM, to be incorporated pursuant to the laws of Ontario;

“Meetings” and each a **“Meeting”**, means a meeting of the Creditors of the Applicants called for the purpose of considering and voting in respect of this Plan;

“Meeting Order” means an Order of this Court pursuant to the CCAA that, among other things, sets the date for the Meetings, as same may be amended, restated or varied from time to time;

“Monitor” means KSV Kofman Inc., in its capacity as Court-appointed Monitor of the Applicants;

“Monitor’s Plan Implementation Date Certificate” means the certificate substantially in the form to be attached to the Sanction Order to be filed by the Monitor with the Court, declaring that all of the conditions to implementation of the Plan as set forth in Section 7.6 have been satisfied or waived as provided in Section 7.7;

“Notice of Claim” means the notice substantially in the form attached as Schedule C to the Claims Procedure Order, advising each Scheduled Creditor of its Claim against the Applicants as determined by the Applicants based on the books and records of the Applicants;

“Officers” means all current and former officers (or their estates) of the Applicants in such capacity and **“Officer”** means any one of them;

claim against any of the Applicants for indemnification by any Director or Officer in respect of a Director/Officer Claim (but excluding any such claim for indemnification that is covered by the Directors' Charge (as such term is defined in the Initial Order);

"Proof of Claim" means the Proof of Claim referred to in the Claims Procedure Order to be filed by Unsecured Creditors, substantially in the form attached as Schedule "H" to the Claims Procedure Order;

"Pro Rata Share" means: (a) in respect of Distribution Claims against LIM, SMI and their respective Directors or Officers, the fraction that is equal to (i) the amount of such Distribution Claims held by an Affected Unsecured Creditor who is not a Convenience Creditor or LIMH, divided by (ii) the aggregate amount of all such Distribution Claims held by all Affected Unsecured Creditors who are not Convenience Creditors or LIMH; and, (b) in respect of Distribution Claims against LIMH and its respective Directors or Officers, the fraction that is equal to (i) the amount of such Distribution Claims held by an Affected Unsecured Creditor who is not a Convenience Creditor, divided by (ii) the aggregate amount of all such Distribution Claims held by all Affected Unsecured Creditors who are not Convenience Creditors.

"Released Party" means the Applicants, the Monitor, KSV and each of their respective present and former shareholders, officers, directors, employees, auditors, financial advisors, legal counsel and agents;

"Restructuring Period Claim" means any right or claim of any Person against any of the Applicants in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any such Applicant to such Person arising out of the restructuring, disclaimer, rescission, termination or breach by such Applicant on or after the Filing Date of any contract, lease or other agreement whether written or oral;

"Restructuring Period Claims Bar Date" has the meaning given to it in the Claims Procedure Order;

"Required Majority" means, in respect of each class of Creditors contemplated by the Plan, a majority in number of Creditors representing two-thirds in value of the Creditors' Claims (as determined for voting purposes) present and voting in person or by proxy at the Meeting;

"Royalty Agreements" means, collectively, the LIM Royalty Agreement and the SMI Royalty Agreement;

"RoyaltyCo" means Houston Iron Royalties Limited, a corporation constituted and organized under the laws of the Province of Ontario which, on the Plan Implementation Date, will hold the right to receive a royalty equal to two percent (2.0%) of the "Gross Revenue" (as defined in the Royalty Agreements received from the sale of iron ore from the Houston-Malcolm Property as provided in the Royalty Agreement);

- vi. the constitution of the board of directors of RoyaltyCo, to be fixed at six directors, including three directors who are directors or officers of LIMH, and three directors (initially nominated by LIMH) who are independent of LIMH; and,
- (d) all amounts owing to the Monitor, the Monitor's counsel, the Claims Officer, the Disbursing Agent and counsel to the Applicants shall have been paid.

Section 7.7 Waiver of Conditions

Each of the conditions set forth in Section 7.6(c) and (d), above, may be waived in whole or in part by the Applicants, with the consent of the Monitor, and, in the case of 7(6)(d), with the consent of the beneficiaries thereof, without any other notice to parties in interest or the Court and without a hearing. The failure of an Applicant to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

Section 7.8 Monitor's Certificate

Upon delivery of written notice from the Applicants of the fulfillment or waiver of the conditions precedent to implementation of the Plan as set out in Section 7.6 of the Plan, the Monitor shall deliver the Monitor's Plan Implementation Date Certificate to the Applicants. Following the Plan Implementation Date, the Monitor shall file such certificate with the Court and shall post a copy of same on the Monitor's website.

Section 7.9 Binding Effect

On the Plan Implementation Date, or as otherwise provided in the Plan:

- (a) the Plan will become effective at 12:01 a.m. and the transactions set out in Article 4 will be implemented;
- (b) the treatment of Affected Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the Applicants, all Affected Creditors, the Released Parties and all other Persons and parties named or referred to in, or subject to, the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;
- (c) all Affected Claims shall be and shall be deemed to be forever discharged and released, excepting only the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Plan;
- (d) each Person named or referred to in, or subject to, the Plan shall be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety;

- (e) each Person named or referred to in, or subject to, the Plan shall be deemed to have executed and delivered to the Applicants all consents, releases, directions, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety; and
- (f) each Person named or referred to in, or subject to, the Plan shall be deemed to have received from the Applicants all statements, notices, declarations and notifications, statutory or otherwise, required to implement and carry out the Plan in its entirety.

Section 7.10 Claims Bar Date

Nothing in this Plan extends or shall be interpreted as extending or amending the Claims Bar Date or the Restructuring Period Claims Bar Date, or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Procedure Order.

Section 7.11 Deeming Provisions

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

Section 7.12 Responsibilities of the Monitor

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in the CCAA Proceedings with respect to the Applicants and not in its personal or corporate capacity. The Monitor will not be responsible or liable whatsoever for any obligations of the Applicants. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, the Meeting Order, the Sanction Order and any other Order made in the CCAA Proceedings.

The Sanction Order shall declare that, in carrying out the terms of the Sanction Order and the Plan, (i) the Monitor shall benefit from all the protections given to it by the CCAA, the Initial Order and any other Order in the CCAA Proceedings, and as an officer of the Court, including the ~~Stay~~ stay of ~~Proceedings~~ proceedings in its favour; (ii) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of the Sanction Order and/or the Plan; and (iii) the Monitor shall be entitled to rely on the books and records of the Applicants and any information provided by any of the Applicants without independent investigation and shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

SCHEDULE A
FORM OF CONVENIENCE CLAIM ELECTION

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")

CONVENIENCE CLAIM ELECTION FORM¹

This form is only to be completed by an Affected Unsecured Creditor who holds Affected Unsecured Claims in an aggregate amount in excess of \$5,000, and who wishes to reduce the aggregate amount of such Affected Unsecured Claims to \$5,000 in order to receive cash consideration under the Plan. Any Affected Unsecured Creditor that does not execute and return this form by the Election/Proxy Deadline will be deemed to NOT have made such an election.

TO: KSV Kofman Inc.

RE: The plan of compromise and arrangement of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc. (collectively the —"Applicants") pursuant to the *Companies' Creditors Arrangement Act* (the "Plan")

All capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the Plan.

DATED this ____ day of _____, 2016.

The undersigned (i) confirms that it holds Affected Unsecured Claims in an aggregate amount in excess of \$5,000 and irrevocably elects to reduce the aggregate amount of such Affected Unsecured Claims to \$5,000 for both voting and distribution under the Plan.

To be valid, this form must be delivered personally, by registered mail, by email or by facsimile to the following addresses on or before the Election/Proxy Deadline:

¹ Terms not otherwise defined herein shall have the meaning accorded to them in the Applicants' Plan of Compromise and Arrangement dated November 3, 2016, as amended.

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

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

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

MEETING ORDER

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP

Barristers

155 Wellington St. W., 35th 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