

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

2403177 ONTARIO INC.

Applicant

- and -

BENDING LAKE IRON GROUP LIMITED

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

SUPPLEMENTAL REPORT TO THE THIRD REPORT TO THE COURT OF A. FARBER & PARTNERS INC. IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF BENDING LAKE IRON GROUP LIMITED

DECEMBER 21, 2015

INTRODUCTION

1. This report (the “**Supplemental Report**”) is supplemental to the Third Report to the Court of A. Farber & Partners Inc., in its capacity as court appointed receiver (the “**Receiver**”) of Bending Lake Iron Group Limited, dated November 30, 2015 (the “**Third Report**”).
2. All capitalized terms used in this Supplemental Report but not otherwise defined have the meanings set out in the Third Report.

PURPOSE OF THE REPORT

3. The purpose of this Supplemental Report is to:
 - a) provide the Court with a summary of the Debtor's requests for a copy of the unredacted Sale Agreement and the Receiver's response to same
 - b) respond to:
 - i) the Affidavit of Henry Wetelainen, sworn December 9, 2015 (the "**December 9, 2015 Affidavit**");
 - ii) the Notice of Motion of the Debtor, dated December 16, 2015;
 - iii) the Affidavit of Henry Wetelainen, sworn December 17, 2015 (the "**December 17, 2015 Affidavit**"); and
 - c) provide the Court with an update with respect to an alternative offer in respect of the Property received by the Receiver from a third party.

DEBTOR'S REQUESTS FOR THE UNREDACTED SALE AGREEMENT

4. The Receiver has endeavored to be responsive to the requests of the Debtor in respect of its motion originally returnable December 10, 2015 (now returnable December 29, 2015). The Receiver, through its counsel, responded to the Debtor's concerns, as communicated by its counsel, in a timely manner. Below is an account of the correspondence between counsel to the Receiver and the Debtor in respect of the Debtor's request for a copy of the unredacted Sale Agreement.
5. By email dated Thursday, November 26, 2015, counsel to the Receiver advised the service list that the Receiver would be bringing a motion returnable Thursday, December 10, 2015 seeking an order approving the Sale Agreement, vesting the Purchased Assets in and to the Purchaser and approving the Receiver's fees and those of its counsel. A copy of the email dated November 26, 2015 is attached hereto as Appendix "A".

6. By letter dated November 27, 2015 (received at 5:12 p.m.), counsel to the Debtor, Robert MacRae, requested information with respect to the Receiver's motion, and advised that he intended to cross-examine the Receiver on any affidavit filed in support of its motion. A copy of the letter from Mr. MacRae, dated November 27, 2015, is attached hereto as Appendix "B".
7. Over the course of Saturday, November 28, 2015, Sunday, November 29, 2015, and the morning of Monday, November 30, 2015, Mr. MacRae wrote to the Receiver's counsel requesting information on the Transaction. Attached to Mr. MacRae's correspondence, dated November 29, 2015, was a notice of motion, returnable on December 3, 2015, seeking various disclosure from the Receiver. A copy of the emails from Mr. MacRae along with the draft notice of motion, dated November 29, 2015, are attached hereto as Appendix "C".
8. At 9:57 a.m., on Monday, November 30, 2015, counsel to the Receiver provided to Mr. MacRae a redacted version of the Sale Agreement and advised that the attached version would be included in the Receiver's motion materials to be served later that day. A copy of the email from John Salmas, dated November 30, 2015, is attached hereto as Appendix "D".
9. Mr. MacRae responded to Mr. Salmas' email and requested an unredacted copy of the Sale Agreement. Counsel to the Receiver responded that same day advising that he was prepared to seek instructions in order to provide an unredacted version of the Sale Agreement subject to certain pre-conditions, including the agreement of Mr. MacRae and his clients to keep the Sale Agreement's sensitive information confidential and not disclose any such information to any other parties who are not bound by the same confidentiality provisions. A copy of the email from Mr. MacRae and a copy of the email from Mr. Salmas, each dated November 30, 2015, are attached hereto as Appendix "E".
10. By reply email, Mr. MacRae confirmed that the condition of keeping the unredacted Sale Agreement confidential was acceptable and that the provision of the unredacted Sale Agreement would respond to the matters raised in his client's notice of motion. A copy of

the email from Robert MacRae, dated November 30, 2015, received at 2:32 p.m., is attached hereto as Appendix “F”.

11. On November 30, 2015, the Receiver served its motion materials for its motion returnable December 10, 2015, which materials included a redacted copy of the Sale Agreement.
12. On Tuesday, December 1, 2015, the Receiver’s counsel provided to Mr. MacRae a form of confidentiality agreement to be executed by his client(s) prior to the provision of the unredacted Sale Agreement. The confidentiality agreement provided to Mr. MacRae was truncated and less onerous than typical confidentiality agreements. A copy of the email dated December 1, 2015, and the form of confidentiality agreement are attached hereto as Appendix “G”.
13. Receiver’s counsel did not receive a response, and, on Wednesday, December 2, 2015, Mr. Salmas sent a follow up email to Mr. MacRae advising him that if his client(s) had questions with respect to the Third Report, they could forward same as soon as possible and the Receiver would endeavor to answer such questions within two (2) business days of receipt. A copy of the email from Mr. Salmas, dated December 2, 2015, is attached hereto as Appendix “H”.
14. By letter dated December 2, 2015, Mr. MacRae responded indicating that the form of confidentiality agreement was not acceptable. His letter requested that the Receiver provide him with the proposed Purchase Price for the Property which he indicated would be shared with the principals and shareholders of the Debtor. Mr. MacRae’s letter did not indicate that such individuals would be bound by any confidentiality obligations and did not enumerate any concerns with respect to specific provisions of the confidentiality agreement. A copy of the letter from Mr. MacRae, dated December 2, 2015, is attached hereto as Appendix “I”.
15. By letter dated December 4, 2015, counsel to the Receiver responded to Mr. MacRae advising that the Purchase Price could not be disclosed to him or any of his clients without the execution of a confidentiality agreement in order to protect the integrity of the sales process and ensure that the confidential information contained in the unredacted Sale

Agreement is not widely or publicly disclosed. Mr. Salmas reiterated that if Mr. MacRae's clients had questions of the Receiver with respect to its Third Report, they could forward such questions to the attention of the Receiver's counsel and the Receiver would endeavor to respond within two (2) business days. A copy of the letter, dated December 4, 2015, is attached hereto as Appendix "J".

16. By email dated December 6, 2015, Mr. MacRae requested a revised and truncated form of confidentiality agreement for execution by his clients. By reply email dated December 7, 2015, Mr. Salmas confirmed that the form of confidentiality agreement previously provided was, in fact, truncated and much less onerous than most other confidentiality agreements. Mr. Salmas' email further details the importance and purpose of each provision in the agreement. A copy of the email from Mr. MacRae dated December 6, 2015 and Mr. Salmas' reply email dated December 7, 2015, are attached hereto as Appendix "K".
17. Mr. MacRae replied to Mr. Salmas advising that his client, Mr. Wetelainen, was prepared to sign the confidentiality agreement, with the deletion of paragraph 8, which prohibited disclosure of the fact that the unredacted Sale Agreement was provided to Debtor/recipients. Receiver's counsel agreed to the revision. On December 8, 2015, the parties executed the revised confidentiality agreement and an unredacted Sale Agreement was provided to Mr. MacRae.

DECEMBER 9, 2015 AFFIDAVIT

18. On December 8, 2015, Mr. Salmas was served with a Notice of Motion, dated December 9, 2015, and the December 9, 2015 Affidavit, unsworn, seeking an adjournment of the Receiver's motion to approve the Sale Agreement. After consultation with counsel to the Applicant and counsel to the Purchaser, the Receiver agreed to the adjournment and a new return date of December 29, 2015.
19. BLIG continues to rely upon the December 9, 2015 Affidavit in support of its opposition to the Receiver's motion
20. The December 9, 2015 Affidavit is, in substance, a collateral attack on the receivership proceedings, which were commenced fourteen (14) months ago, and the SISP Order and,

accordingly, the Receiver requests that this Court give the evidence contained therein little weight.

21. Importantly, the December 9, 2015 Affidavit does not state that the Debtor can redeem the Secured Lenders' Loans. In addition, there is over \$8 million in unsecured debt that remains owing by the Debtor.
22. Furthermore, the Debtor had ample opportunity to enter into refinancing in respect of the Mine. Despite its attempts to do so in the years leading up the receivership, the Debtor was unable to secure such financing. The Debtor's failed attempts at securing additional financing are detailed in the Third Report and the Affidavit of Stuart Livingston, sworn July 22, 2014. These efforts are also detailed at length in the December 9, 2015 Affidavit.
23. The December 9, 2015 Affidavit makes various references to the local Aboriginal communities. Based on the Receiver's review of the BLIG creditors listing, no Aboriginal groups are creditors of BLIG.
24. In response to the December 9, 2015 Affidavit, the Receiver received from counsel to the Purchaser a letter dated December 14, 2015, which states, among other things, that Legacy Hill was only ever considering an asset only transaction. A copy of the December 14, 2015 letter is attached hereto as Appendix "L".

DEBTOR'S NOTICE OF MOTION AND DECEMBER 17, 2015 AFFIDAVIT

25. With respect to the request in paragraph (h) of the Debtor's Notice of Motion, December 16, 2015, Canada Revenue Agency ("CRA") conducted an audit of the Debtor. The Receiver provided a copy of CRA's audit to the Debtor and invited it to respond. However it failed to do so.

(a) Receiver Not Informed of BLIG Marketing Process and Data Room

26. According to the December 17, 2015 Affidavit, the discussions between Wetelainen and Legacy Hill commenced in February, 2015. This is subsequent to the Receivership Order and the SISP Order, and well in advance of the SISP initial Bid Deadline.

27. However, the Receiver only became aware of the discussions between Legacy Hill and Wetelainen on March 23, 2015, during a telephone call between the Receiver and Wetelainen. At this time, the Receiver informed Wetelainen that the negotiations with Legacy Hill should properly be under the Receiver's purview as part of the SISP.
28. The Receiver promptly reached out to Legacy Hill as the Extended Bid Deadline was fast approaching. Unfortunately, the Receiver was not able to connect with Legacy Hill for a live discussion until April 1, 2015, at which time it provided the Teaser to Legacy Hill. Discussions between the Receiver and Legacy Hill ensued and Legacy Hill signed a confidentiality agreement with the Receiver on April 7, 2015.
29. Once the confidentiality agreement between the Receiver and Legacy Hill was executed, as detailed in the Third Report, the Receiver spent considerable time and effort in discussions with Legacy Hill and addressing Legacy Hill's due diligence requests. As per the SISP, the Receiver set up a virtual data room, and the Receiver understands that Legacy Hill spent a great deal of time reviewing the documents contained in the Receiver's data room as part of their due diligence process.

(b) Wetelainen and BLIG acted in contravention of Receivership Order

30. The December 17, 2015 Affidavit, in particular paragraphs 4-88, describes at length: (a) the discussions between Wetelainen and Legacy Hill, (b) the entering into of a confidentiality agreement, dated March 12, 2015, between Legacy Hill and BLIG, at the behest of Wetelainen, and (c) the provision by BLIG and Wetelainen of substantial amounts of confidential documents and information to Legacy Hill.
31. Prior to its receipt of the December 17, 2015 Affidavit, the Receiver had no knowledge of, (a) the confidentiality agreement between BLIG and Legacy Hill, and (b) that BLIG provided, by way to virtual data room, various confidential documents and confidential information to Legacy Hill. In fact, the Receiver had no knowledge of the existence of many of the confidential documents described in the December 17, 2015 Affidavit.
32. Paragraphs 42-51 of the December 17, 2015 Affidavit describe in detail numerous documents and business records that were not disclosed to the Receiver. Furthermore,

paragraphs 80-81 of the December 17, 2015 Affidavit sets out the few documents that BLIG actually provided to the Receiver.

33. The actions of Wetelainen and BLIG in undertaking a parallel sales process, failing to provide confidential business records, documents and other information to the Receiver and negotiating and entering into agreements with Legacy Hill without the Receiver's knowledge, appear to directly contravene the Receivership Order.
34. Paragraph 5 of the Receivership Order clearly states that all Persons "shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control..."
35. In addition, Paragraph 6 of the Receivership Order provides:

...all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto...

36. Paragraph 7 of the Receivership Order provides:

...if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein...

37. As detailed in paragraphs 4-88 of the December 17, 2015 Affidavit, BLIG and Wetelainen clearly failed to inform the Receiver of the existence of various pertinent documents and other confidential business information within their possession and control, and to deliver such documents to the Receiver, all in contravention of the Receivership Order.
38. Furthermore, the December 17, 2015 Affidavit repeatedly makes reference to how Wetelainen alone negotiated with Legacy Hill, to the exclusion of the Receiver (see for example, paragraphs 57 and 66). Undertaking a marketing process, without the Receiver's knowledge and certainly without its consent, when Wetelainen and BLIG had full knowledge of the SISP Order and the Receiver's own marketing process, is in direct violation of paragraph 3(g) of the Receivership Order.
39. Paragraph 3(g) of the Receivership Order provides that the Receiver is expressly empowered and authorized to market the Property, including advertising and soliciting offers in respect of the Property or any part of parts thereof and negotiate such terms and conditions of sale as the Receiver in its discretion may deem appropriate. Paragraph 3 continues providing that "...in each as where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all of other Persons...including the Debtor, and without interference with any other Person."
40. Upon the issuance of the SISP Order, it was the Receiver alone who could market and sell the Property. The secret efforts of Wetelainen in conducting his own sale process were in direct contravention of both the SISP Order and the Receivership Order.
41. By letter dated December 21, 2015, counsel to the Receiver advised BLIG's counsel of his clients' apparent violations of the Receivership Order and the SISP Order. A copy of the letter, dated December 21, 2015, is attached hereto as Appendix "M".

(c) Secured Lenders expected to suffer substantial shortfall

42. As detailed in the Third Report, the Secured Lenders are owed in excess of \$3.5 million and there are certain priority claims owed to CRA.

43. BLIG is hopelessly insolvent. The efforts of BLIG to secure new financing or otherwise restructure the Debtor are detailed at length in the Third Report, the December 9, 2015 Affidavit and the December 17, 2015 Affidavit. These efforts were wholly unsuccessful. As a result, the Secured Lenders are in support of the sale to the Purchaser, even though the net proceeds from the Transaction are currently expected to be insufficient to pay the Secured Lenders in full.
44. The insolvent circumstances of BLIG are unfortunate for its many and varied stakeholders. However, this is especially the case for the Debtor's Secured Lenders as they are currently expected to suffer a significant shortfall. These individuals have advanced over \$3.5 million, and are expected to see very little of that money repaid to them.
45. In such circumstances, the Receiver recommends that the view of those with an economic interest in the Transaction, being the Secured Lenders, and their support for the sale of the Purchased Assets to the Purchaser, should carry the most weight.

(d) Competing bid from BLIG shareholders would destroy integrity of sales process

46. The Notice of Motion, dated December 16, 2015 and the December 17, 2015 Affidavit describe in detail the intention of Wetelainen and possibly other shareholders to put forward a competing bid for the Property.
47. Permitting the submission of any such competing bid at this stage of the sales process, especially from an individual who has knowledge of the amount of the Purchase Price, would destroy the integrity of the SISP and be highly unfair and prejudicial to Legacy Hill.
48. The Debtor and Wetelainen had ample opportunity to submit a bid during the course of the SISP. It would completely undermine the sales process if a party who receives, on a confidential basis, the proposed purchase price for the assets subject to sale could then try to usurp the sale process by submitting a competing offer.
49. Accordingly, the Receiver continues to recommend the approval of the Sale Agreement and the Transaction with the Purchaser contemplated therein.

50. The closing of the Transaction contemplated by the Sale Agreement is in the interests of all stakeholders, including the Secured Lenders, and the local communities. It will allow the Mine, which has been dormant for many years, to develop at a future date.

RECEIPT OF ALTERNATIVE OFFERS

51. Subsequent to the execution of the Letter of Intent, the Receiver was contacted by a third party providing, by way of email, an offer to purchase the Property. That same party subsequently revised its offer by follow-up email.
52. The Receiver executed the Letter of Intent and the Sale Agreement in good faith. The Receiver does not believe it is in a position to consider offers from other parties at this point in the sales process, even if such offers could ultimately provide a higher value for the Property, unless such offer could generate proceeds beyond the amounts owed to the Secured Lenders with substantial upfront cash consideration. Accordingly, the Receiver continues to recommend the approval of the Sale Agreement, as entered into with Legacy Hill, by this Honourable Court.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED
THIS 21st DAY OF DECEMBER, 2015.**

**A. Farber & Partners Inc. in its capacity as Court
Appointed Receiver of Bending Lake Iron Group Limited
and not in its personal or corporate capacity**

A. Farber & Partners Inc.,

APPENDIX "A"

Van Allen, Sara-Ann

From: Van Allen, Sara-Ann
Sent: 26-Nov-15 4:17 PM
To: 'mstrickland@buset-partners.com'; 'rmacrae@saultlawyers.com';
'tushara.weerasooriya@mcmillan.ca'
Cc: Kraft, Kenneth; Salmas, John; 'pdenton@farberfinancial.com';
'pcrawley@farberfinancial.com'
Subject: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

To the Service List,

We are counsel to A. Farber & Partners Inc., in its capacity as court-appointed receiver (the "Receiver") of Bending Lake Iron Group Limited ("BLIG").

We advise that the Receiver will be bringing a motion returnable December 10, 2015, seeking an order of the Thunder Bay Court approving an Agreement of Purchase and Sale in respect of the property of BLIG, vesting the Purchased Assets in and to the Purchaser, approving the Receiver's fees and those of its counsel, and granting other relief.

Motion materials to follow.

 DENTONS

Sara-Ann Van Allen
Associate

D +1 416 863 4402
sara.vanallen@dentons.com
Bio | Website

Dentons Canada LLP
77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada

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APPENDIX “B”

VIA EMAIL

November 27, 2015

Robert MacRae
Law Clerk (Laura MacRae)
e-mail rmacrae@saultlawyers.com

Ext. 203
Ext. 207

WITHOUT PREJUDICE

ATT: Ms. Sara-Ann Van Allen
Dentons Canada LLP
Barristers and Solicitors
77 King Street West
Suite 400
Toronto-Dominion Centre
Toronto ON M5K 0A1

Your Client:
(A. Farber & Partners Inc.)

Dear Ms. Van Allen:

**RE: Bending Lake Iron Group Limited ats
2403177 Ontario Inc.
Our File No.: 20140518**

I acknowledge receipt of your email of November 26, 2015 forwarded to my office at 4:17 p.m..

As a result of discussions with my clients on today's date, I wish to make you aware of the following.

Given that there has been no material filed or information provided to my office with respect to the motion that you suggest will be returnable on December 10, 2015, your notice is of no value or benefit to my clients.

December 10, 2015 is not an acceptable date with respect to the return of a motion in any event.

A TRADITION OF EXCELLENCE SINCE 1969

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**Certified by the Law Society of Upper Canada as a Specialist in Civil Litigation*

By way of this correspondence, I put you on notice that my clients specifically do not consent to the return date set for the motion and further, as above, the information you provided to me on yesterday's date cannot pass as notice.

Pursuant to the Order of the Honourable Mr. Justice D.C. Shaw dated September 11, 2014, my clients have co-operated fully with the Receiver. Specifically, my clients have complied with paragraph 5, 6 and 7 of the Honourable Mr. Justice D.C. Shaw's Order.

I note that the Order of the Honourable Mr. Justice W.D. Newton dated February 26, 2015 makes clear that

I suggest that it has been incumbent upon the Receiver and his counsel to keep the debtor properly informed of the status of the Receivership at all times. Clearly given that you suggest that there will be a disposition of assets and that I am being only now advised of any of this activity is not in keeping with this requirement.

I also wish to make very clear that my clients intend to review all of the documents that you will be filing on the suggested motion and utilize the same in this proceeding. An affidavit will be required to be filed in support of the Motion.


I provide you with notice at this time that I will require an opportunity to cross-examine the affiant. I provide you with this notice presumably in advance of the affidavit in support of the motion being completed in order to ensure that the affiant is aware that they will be required to attend for cross-examination on their affidavit in Thunder Bay prior to the hearing of the motion.

The manner in which this activity has been conducted is clearly not transparent. If in fact there is information that will assist my client with respect to the proposed motion it should be provided forthwith. I also suggest by way of this correspondence that a duty exists to the debtor with respect to full disclosure in advance of this transaction.

I confirm by way of this correspondence as well, that I am assuming from the incredibly vague information contained within your e-mail that the shareholders may lose all of the value of their shares as a result of this transaction. I provide you with formal notice that the shareholders will be seeking an Order from the Court permitting them to match the offer that is being made by Legacy Hill Resources Ltd.. This will ensure that maximum value is provided to all shareholders.

I look forward to hearing from you and I remain,

Yours very truly,



Robert MacRae

RM:lm

cc: Mr. Wetelainen, President & CEO, Bending Lake Iron Group Limited

A TRADITION OF EXCELLENCE SINCE 1969

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APPENDIX "C"

Van Allen, Sara-Ann

From: Rob MacRae <RMacRae@saultlawyers.com>
Sent: 28-Nov-15 12:01 PM
To: Van Allen, Sara-Ann; mstrickland@buset-partners.com;
tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; Salmas, John; pdenton@farberfinancial.com;
pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

I am writing to once again request the information on this proposed transaction. From what I have received it appears that the proposed transaction will adversely affect all shareholders. I require the information forthwith. My request is a reasonable one. This is especially so in that the receiver has not been at all forthcoming with respect to this process. I am at my office working on a Motion and I need this information. I understand that it is Saturday but this information is available and must be disclosed as a component of the Motion that you intend to bring.

The continued delay in providing the information is extremely prejudicial to my client and I intend to rely upon this correspondence in opposing the date for your Motion.

I require the info and it could have been provided by you Ms. Van Allen in your email of November 26th.

Thank you all for your assistance.

In closing my request if fair and reasonable. Please provide the information today.

Rob MacRae

From: Van Allen, Sara-Ann [<mailto:sara.vanallen@dentons.com>]
Sent: Thursday, November 26, 2015 4:17 PM
To: mstrickland@buset-partners.com; Rob MacRae; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; Salmas, John; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

To the Service List,

We are counsel to A. Farber & Partners Inc., in its capacity as court-appointed receiver (the "Receiver") of Bending Lake Iron Group Limited ("BLIG").

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Sara-Ann Van Allen
Associate

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Van Allen, Sara-Ann

From: Rob MacRae <RMacRae@saultlawyers.com>
Sent: 29-Nov-15 5:16 PM
To: Van Allen, Sara-Ann; 'mstrickland@buset-partners.com'; 'tushara.weerasooriya@mcmillan.ca'
Cc: Kraft, Kenneth; Salmas, John; 'pdenton@farberfinancial.com'; 'pcrawley@farberfinancial.com'
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc. NOTICE OF MOTION OF THE RESPONDENT
Attachments: 00045238.docx

I have been at my office today working on this matter. As a result of the Applicant's failure to provide the requested information I serve you with a Notice of Motion returnable on December the 3rd in Thunder Bay.

Rob MacRae

Counsel for the Respondent.

From: Rob MacRae
Sent: Saturday, November 28, 2015 12:01 PM
To: 'Van Allen, Sara-Ann'; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; Salmas, John; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

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Sent: Thursday, November 26, 2015 4:17 PM
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Motion materials to follow.



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Van Allen, Sara-Ann

From: Rob MacRae <RMacRae@saultlawyers.com>
Sent: 30-Nov-15 9:51 AM
To: Van Allen, Sara-Ann; 'mstrickland@buset-partners.com'; 'tushara.weerasooriya@mcmillan.ca'
Cc: Kraft, Kenneth; Salmas, John; 'pdenton@farberfinancial.com'; 'pcrawley@farberfinancial.com'
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc. NOTICE OF MOTION OF THE RESPONDENT

Good Morning. It is now Monday November the 30th. I write once again for this information. The prejudice to my client caused by this delay is substantial.

May I please have the information requested?

Rob MacRae

From: Rob MacRae
Sent: Sunday, November 29, 2015 5:16 PM
To: 'Van Allen, Sara-Ann'; 'mstrickland@buset-partners.com'; 'tushara.weerasooriya@mcmillan.ca'
Cc: 'Kraft, Kenneth'; 'Salmas, John'; 'pdenton@farberfinancial.com'; 'pcrawley@farberfinancial.com'
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc. NOTICE OF MOTION OF THE RESPONDENT

I have been at my office today working on this matter. As a result of the Applicant's failure to provide the requested information I serve you with a Notice of Motion returnable on December the 3rd in Thunder Bay.

Rob MacRae

Counsel for the Respondent.

From: Rob MacRae
Sent: Saturday, November 28, 2015 12:01 PM
To: 'Van Allen, Sara-Ann'; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; Salmas, John; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

I am writing to once again request the information on this proposed transaction. From what I have received it appears that the proposed transaction will adversely affect all shareholders. I require the information forthwith. My request is a reasonable one. This is especially so in that the receiver has not been at all forthcoming with respect to this process.

I am at my office working on a Motion and I need this information. I understand that it is Saturday but this information is available and must be disclosed as a component of the Motion that you intend to bring.

The continued delay in providing the information is extremely prejudicial to my client and I intend to rely upon this correspondence in opposing the date for your Motion.

I require the info and it could have been provided by you Ms. Van Allen in your email of November 26th.

Thank you all for your assistance.

In closing my request if fair and reasonable. Please provide the information today.

Rob MacRae

From: Van Allen, Sara-Ann [<mailto:sara.vanallen@dentons.com>]
Sent: Thursday, November 26, 2015 4:17 PM
To: mstrickland@buset-partners.com; Rob MacRae; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; Salmas, John; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

To the Service List,

We are counsel to A. Farber & Partners Inc., in its capacity as court-appointed receiver (the "Receiver") of Bending Lake Iron Group Limited ("BLIG").

We advise that the Receiver will be bringing a motion returnable December 10, 2015, seeking an order of the Thunder Bay Court approving an Agreement of Purchase and Sale in respect of the property of BLIG, vesting the Purchased Assets in and to the Purchaser, approving the Receiver's fees and those of its counsel, and granting other relief.

Motion materials to follow.



Sara-Ann Van Allen
Associate

D +1 416 863 4402
sara.vanallen@dentons.com
Bio | Website

Dentons Canada LLP
77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Can

大成 Salans FMC SNR Denton McKenna Long

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**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

IN THE MATTER OF the Bankruptcy of **BENDING LAKE IRON GROUP LIMITED**
having a head office in the City of Thunder Bay,
in the District of Thunder Bay,
Province of Ontario

B E T W E E N:
APPLICATION UNDER

NOTICE OF MOTION

The Respondent will make a Motion to a Judge on Thursday, December 3, 2015 at 10:00 a.m., or as soon after that time as the Motion can be heard at the court house, 125 Brodie Street North, Thunder Bay, Ontario, P7C 0A3.

PROPOSED METHOD OF HEARING: The Motion is to be heard

☒ orally.

THE MOTION IS FOR :

- (a) An order of this Honourable Court that the Applicant provide immediate disclosure to the Respondent's legal representative of the following:
 - i) all legal and financial information that is in the possession of the Applicant with respect to the proposed sale of the Respondent's only tangible asset. Subject only to documents covered by Solicitor Privilege as determined by this Honourable Court.

- ii) Copies of all offers and acceptance documents concerning the proposed transaction referenced by counsel for the Applicant in the email of November 26th 2015
- (b) An Order of this Court that the time for the service of the Motion Record is abridges and validated so that the Motion will be properly returnable on December the 3rd.
- (c) And further that the service of this Motion Record by way of email is effected.
- (d) Costs on a Substantial Indemnity basis in favour of the Respondent
- (e) Such further and other Relief as to this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

- (a) The Applicant has just disclosed to the Respondent that they intend to sell the only real property asset of the Respondents.
- (a) The respondent has not received any prior notice of the intentions of the Receiver regarding the sale of the subject property.
- (b) All shareholders will be affected by this sale and the Receiver has a fiduciary duty to all a stakeholders in Bending Lake Iron Group Limited.

- (c) The representatives of the Applicant have refused to provide disclosure despite repeated request from the Respondent's counsel to do so.
- (d) The Respondents will suffer irreparable harm if the Order is not granted.
- (e) Such further information and evidence as the Court will permit recognizing that this Motion is being completed on a Sunday when the office of the respondent's lawyer is always closed
- (f) The urgency of the issue and the extreme prejudice to the Respondent require that this Notice of Motion be served on a Sunday.
- (g) Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion: (List the affidavits or other documentary evidence to be relied on)

- (a) Affidavit of Law Clerk Laura MacRae to be sworn on November 30th.
- (b) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

November 29, 2015

O'NEILL DELORENZI MENDES
Barristers & Solicitors
116 Spring Street
Sault Ste. Marie ON P6A 3A1

Robert MacRae (329661)
rmacrae@saultlawyers.com
Tel: (705) 949-6901
Fax: (705) 949-0618

Lawyers for the Respondent

TO: Buset & Partners LLP
Barristers and Solicitors
1121 Barton Street
Thunder Bay ON P7B 5N3

Michael Strickland
Tel: (807) 623-2500
Fax: (807) 622-7808

Lawyers for the Applicant

AND TO: A. Farber & Partners Inc.
150 York Street, Suite 1600
Toronto ON M5H 3S5

Tel: 1 (416) 496-3773
Fax: 1 (416) 496-3839

Receiver

AND TO: Dentons Canada LLP
Barristers and Solicitors
77 King Street West
Suite 400
Toronto-Dominion Centre
Toronto ON M5K 0A1

John Salmas
Tel: (416) 863-4511
Fax: (416) 863-4592

Lawyers for the

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

**PROCEEDING COMMENCED AT
THUNDER BAY**

NOTICE OF MOTION

O'NEILL DELORENZI MENDES
Barristers & Solicitors
116 Spring Street
Sault Ste. Marie ON P6A 3A1

Robert MacRae (329661)
rmacrae@saultlawyers.com
Tel: (705) 949-6901
Fax: (705) 949-0618

Lawyers for the Respondent

APPENDIX "D"

Van Allen, Sara-Ann

From: Salmas, John
Sent: 30-Nov-15 9:57 AM
To: Rob MacRae; Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.
Attachments: Asset Purchase Agreement dated November 27, 2015.pdf

Attached please find a redacted version of the purchase agreement. The attached version will be included in the Receiver's motion materials to be served later today.

We are prepared to seek instructions in order to provide you with an unredacted version, subject to a solicitor's undertaking from you not to disclose any portions of the unredacted version to anyone outside of your firm. This would mean that you would not be able to disclose the unredacted provisions of the agreement to your client(s). Please advise.

Regards,

John



John Salmas
Partner

D +1 416 863 4737
john.salmas@dentons.com
Bio | Website

Dentons Canada LLP
77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada

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From: Rob MacRae [<mailto:RMacRae@saultlawyers.com>]
Sent: 28-Nov-15 12:01 PM
To: Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; Salmas, John; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

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Sent: Thursday, November 26, 2015 4:17 PM
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Subject: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

To the Service List,

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Motion materials to follow.



Sara-Ann Van Allen
Associate

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sara.vanallen@dentons.com
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APPENDIX "E"

Van Allen, Sara-Ann

From: Rob MacRae <RMacRae@saultlawyers.com>
Sent: 30-Nov-15 10:57 AM
To: Salmas, John; Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

Thank you John for the material. I require an unredacted copy for my Clients. Is it possible to obtain this today?
Rob

From: Salmas, John [mailto:john.salmas@dentons.com]
Sent: Monday, November 30, 2015 9:57 AM
To: Rob MacRae; Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

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Regards,

John



John Salmas
Partner

D +1 416 863 4737
john.salmas@dentons.com
Bio | Website

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From: Rob MacRae [mailto:RMacRae@saultlawyers.com]
Sent: 28-Nov-15 12:01 PM
To: Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; Salmas, John; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

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Thank you all for your assistance.

In closing my request if fair and reasonable. Please provide the information today.

Rob MacRae

From: Van Allen, Sara-Ann [<mailto:sara.vanallen@dentons.com>]

Sent: Thursday, November 26, 2015 4:17 PM

To: mstrickland@busey-partners.com; Rob MacRae; tushara.weerasooriya@mcmillan.ca

Cc: Kraft, Kenneth; Salmas, John; pdenton@farberfinancial.com; pcrawley@farberfinancial.com

Subject: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

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Motion materials to follow.



Sara-Ann Van Allen
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sara.vanallen@dentons.com
Bio | Website

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Van Allen, Sara-Ann

From: Salmas, John
Sent: 30-Nov-15 12:04 PM
To: Rob MacRae; Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

As I am sure you are aware from your prior experiences in insolvency proceedings, it is customary for the vendor (in this case the Receiver) to ensure that the purchase price, the payment of purchase price and other sensitive aspects of a purchase agreement not be widely disclosed – and in fact in most circumstances such information is redacted from the materials served upon the service list and only viewed by the presiding judge.

However, in this circumstance, we are prepared to seek instructions from the Receiver in order to provide you and your client(s) with an unredacted version of the agreement on the following basis:

- (a) We are provided with a list of the recipient individuals/entities and the capacities in which they are receiving such disclosure;
- (b) You and the other recipients expressly agree to (i) keep the agreement's sensitive information confidential (including in respect of any court filings); and (ii) not disclose such information to any other party who/which has not agreed to be bound by the same confidentiality provisions; and
- (c) Any motion or objection your client(s) may have in respect of the approval of the sale agreement (inclusive of the adequacy of the consideration therein) is to be dealt with at the upcoming December 10th court date and that you won't be seeking any relief on December 3rd.

Please advise.

Regards,

John

ANDERSON

John Salmas
Partner

D +1 416 863 4737
john.salmas@dentons.com
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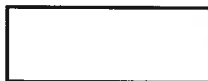
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Regards,

John



John Salmas
Partner

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Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

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Subject: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

To the Service List,

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APPENDIX “F”

Van Allen, Sara-Ann

From: Rob MacRae <RMacRae@saultlawyers.com>
Sent: 30-Nov-15 2:32 PM
To: Salmas, John; Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

Thank you John for the offer set out below. Both paragraphs 1 and 2 are acceptable.

With respect to paragraph three I confirm that an unredacted version of the offer will respond to the Motion by the respondent. I unable to agree to the term with respect to the December 10th date. The opportunity to respond to your anticipated Motion cannot be truncated or removed.

Given our agreement with most of the conditions and your understanding of why we cannot agree to all of paragraph three I trust that you will seek instructions to respond that reflect our concerns.

I look forward to hearing from you.

Rob

From: Salmas, John [mailto:john.salmas@dentons.com]
Sent: Monday, November 30, 2015 12:04 PM
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Please advise.

Regards,

John



John Salmas
Partner

D +1 416 863 4737
john.salmas@dentons.com
Bio | Website

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Sent: 30-Nov-15 10:57 AM

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tushara.weerasooriya@mcmillan.ca

Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com

Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

Attached please find a redacted version of the purchase agreement. The attached version will be included in the Receiver's motion materials to be served later today.

We are prepared to seek instructions in order to provide you with an unredacted version, subject to a solicitor's undertaking from you not to disclose any portions of the unredacted version to anyone outside of your firm. This would mean that you would not be able to disclose the unredacted provisions of the agreement to your client(s). Please advise.

Regards,

John



John Salmas
Partner

D +1 416 863 4737
john.salmas@dentons.com
Bio | Website

Dentons Canada LLP
77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada

大成 Salans FMC SNR Denton McKenna Long

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From: Rob MacRae [<mailto:RMacRae@saultlawyers.com>]
Sent: 28-Nov-15 12:01 PM
To: Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; Salmas, John; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

I am writing to once again request the information on this proposed transaction. From what I have received it appears that the proposed transaction will adversely affect all shareholders. I require the information forthwith. My request is a reasonable one. This is especially so in that the receiver has not been at all forthcoming with respect to this process.

I am at my office working on a Motion and I need this information. I understand that it is Saturday but this information is available and must be disclosed as a component of the Motion that you intend to bring.

The continued delay in providing the information is extremely prejudicial to my client and I intend to rely upon this correspondence in opposing the date for your Motion.

I require the info and it could have been provided by you Ms. Van Allen in your email of November 26th. Thank you all for your assistance.

In closing my request if fair and reasonable. Please provide the information today.

Rob MacRae

From: Van Allen, Sara-Ann [<mailto:sara.vanallen@dentons.com>]
Sent: Thursday, November 26, 2015 4:17 PM
To: mstrickland@buset-partners.com; Rob MacRae; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; Salmas, John; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

To the Service List,

We are counsel to A. Farber & Partners Inc., in its capacity as court-appointed receiver (the "Receiver") of Bending Lake Iron Group Limited ("BLIG").

We advise that the Receiver will be bringing a motion returnable December 10, 2015, seeking an order of the Thunder Bay Court approving an Agreement of Purchase and Sale in respect of the property of BLIG, vesting the Purchased Assets in and to the Purchaser, approving the Receiver's fees and those of its counsel, and granting other relief.

Motion materials to follow.



Sara-Ann Van Allen
Associate

D +1 416 863 4402
sara.vanallen@dentons.com
Bio | Website

Dentons Canada LLP
77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Can

大成 Salans FMC SNR Denton McKenna Long

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APPENDIX "G"

Van Allen, Sara-Ann

From: Van Allen, Sara-Ann
Sent: 1-Dec-15 1:06 PM
To: 'Rob MacRae'; Salmas, John; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.
Attachments: Confidentiality Agreement (re Sale Agreement).doc

Attached please find the Confidentiality Agreement for execution. Please return same to my attention, along with a list of those individuals who will be receiving a copy of the Unredacted Sale Agreement and the capacities in which they are receiving such disclosure.

Regards,



Sara-Ann Van Allen
Associate

D +1 416 863 4402
sara.vanallen@dentons.com
Bio | Website

Dentons Canada LLP
77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada

大成 Salans FMC SNR Denton McKenna Long

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From: Rob MacRae [<mailto:RMacRae@saultlawyers.com>]
Sent: 30-Nov-15 2:32 PM
To: Salmas, John; Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

Thank you John for the offer set out below. Both paragraphs 1 and 2 are acceptable.

With respect to paragraph three I confirm that an unredacted version of the offer will respond to the Motion by the respondent. I unable to agree to the term with respect to the December 10th date. The opportunity to respond to your anticipated Motion cannot be truncated or removed.

Given our agreement with most of the conditions and your understanding of why we cannot agree to all of paragraph three I trust that you will seek instructions to respond that reflect our concerns.

I look forward to hearing from you.

Rob

From: Salmas, John [<mailto:john.salmas@dentons.com>]
Sent: Monday, November 30, 2015 12:04 PM
To: Rob MacRae; Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca

Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

As I am sure you are aware from your prior experiences in insolvency proceedings, it is customary for the vendor (in this case the Receiver) to ensure that the purchase price, the payment of purchase price and other sensitive aspects of a purchase agreement not be widely disclosed – and in fact in most circumstances such information is redacted from the materials served upon the service list and only viewed by the presiding judge.

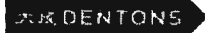
However, in this circumstance, we are prepared to seek instructions from the Receiver in order to provide you and your client(s) with an unredacted version of the agreement on the following basis:

- (a) We are provided with a list of the recipient individuals/entities and the capacities in which they are receiving such disclosure;
- (b) You and the other recipients expressly agree to (i) keep the agreement's sensitive information confidential (including in respect of any court filings); and (ii) not disclose such information to any other party who/which has not agreed to be bound by the same confidentiality provisions; and
- (c) Any motion or objection your client(s) may have in respect of the approval of the sale agreement (inclusive of the adequacy of the consideration therein) is to be dealt with at the upcoming December 10th court date and that you won't be seeking any relief on December 3rd.

Please advise.

Regards,

John



John Salmas
Partner

D +1 416 863 4737
john.salmas@dentons.com
Bio | Website

Dentons Canada LLP
77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada

大成 Salans FMC SNR Denton McKenna Long

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From: Rob MacRae [<mailto:RMacRae@saultlawyers.com>]
Sent: 30-Nov-15 10:57 AM
To: Salmas, John; Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

Thank you John for the material. I require an unredacted copy for my Clients. Is it possible to obtain this today?
Rob

From: Salmas, John [<mailto:john.salmas@dentons.com>]
Sent: Monday, November 30, 2015 9:57 AM
To: Rob MacRae; Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

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Regards,

John



John Salmas
Partner

D +1 416 863 4737
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From: Rob MacRae [<mailto:RMacRae@saultlawyers.com>]

Sent: 28-Nov-15 12:01 PM

To: Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca

Cc: Kraft, Kenneth; Salmas, John; pdenton@farberfinancial.com; pcrawley@farberfinancial.com

Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

I am writing to once again request the information on this proposed transaction. From what I have received it appears that the proposed transaction will adversely affect all shareholders. I require the information forthwith. My request is a reasonable one. This is especially so in that the receiver has not been at all forthcoming with respect to this process.

I am at my office working on a Motion and I need this information. I understand that it is Saturday but this information is available and must be disclosed as a component of the Motion that you intend to bring.

The continued delay in providing the information is extremely prejudicial to my client and I intend to rely upon this correspondence in opposing the date for your Motion.

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In closing my request is fair and reasonable. Please provide the information today.

Rob MacRae

From: Van Allen, Sara-Ann [<mailto:sara.vanallen@dentons.com>]

Sent: Thursday, November 26, 2015 4:17 PM

To: mstrickland@buset-partners.com; Rob MacRae; tushara.weerasooriya@mcmillan.ca

Cc: Kraft, Kenneth; Salmas, John; pdenton@farberfinancial.com; pcrawley@farberfinancial.com

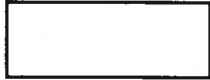
Subject: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

To the Service List,

We are counsel to A. Farber & Partners Inc., in its capacity as court-appointed receiver (the "Receiver") of Bending Lake Iron Group Limited ("BLIG").

We advise that the Receiver will be bringing a motion returnable December 10, 2015, seeking an order of the Thunder Bay Court approving an Agreement of Purchase and Sale in respect of the property of BLIG, vesting the Purchased Assets in and to the Purchaser, approving the Receiver's fees and those of its counsel, and granting other relief.

Motion materials to follow.



Sara-Ann Van Allen
Associate

D +1 416 863 4402
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CONFIDENTIALITY AGREEMENT

MADE THIS ____ DAY OF DECEMBER, 2015

BETWEEN:

A. FARBER & PARTNERS INC., solely in its capacity as court-appointed receiver of the assets, undertakings and properties of Bending Lake Iron Group Limited, and not in its personal or corporate capacity

(the “Receiver”)

– and –

BENDING LAKE IRON GROUP LIMITED

(the “Debtor”)

WHEREAS:

- A. Pursuant to an Order of the Ontario Superior Court of Justice (the “Court”) dated September 11, 2014 (as such order may be amended or restated from time to time, the “**Receivership Order**”) A. Farber & Partners Inc. was appointed as the receiver (the “**Receiver**”) of all of the assets, undertakings and properties of the Debtor;
- B. At the request of the Debtor, the Receiver has agreed to provide the Debtor with a copy of the unredacted Asset Purchase Agreement dated November 27, 2015, between the Receiver and Legacy Hill Resources Ltd. (the “**Unredacted Sale Agreement**”);
- C. The Unredacted Sale Agreement contains commercially sensitive information that is confidential, including, but not limited to, the Purchase Price (as defined in the Unredacted Sale Agreement) (collectively, the “**Confidential Information**”).
- D. The purpose of this agreement (the “**Agreement**”) is to set out the provisions which are to apply with respect to the Unredacted Sale Agreement and Confidential Information contained therein furnished to the Debtor or any Recipients (a “**Recipient**” is defined herein as any of the Debtor’s directors, officers, shareholders, employees, partners, affiliates, agents or representatives, including without limitation, attorneys, accountants, consultants and financial advisors who are in receipt of the Unredacted Sale Agreement and/or the Confidential Information).

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties hereby agree as follows:

1. Except as specifically permitted or contemplated by this Agreement, the Unredacted Sale Agreement and all Confidential Information will be kept strictly confidential and will not, without the prior written consent of the Receiver, be disclosed by the Debtor or the Recipients, in any manner whatsoever, in whole or in part. Moreover, the Debtor agrees to transmit the Unredacted Sale Agreement and the Confidential Information only to those Recipients whose names, titles and relationship to the Debtor are provided to the Receiver in writing and who are informed by the Debtor prior to disclosing the Unredacted Sale Agreement and the Confidential Information of the confidential nature of the Unredacted Sale Agreement and the Confidential Information and who agree to be bound by the terms of this Agreement.
2. The Debtor will be responsible for any breach of this Agreement by the Debtor or the Recipients, and the Debtor hereby agrees to indemnify and hold harmless the Receiver and its Representatives (a **"Representative"** is defined herein as including, without limitation, the Receiver's directors, officers, employees, partners, affiliates, agents, lawyers, accountants, consultants and financial advisors) for any and all losses, claims, damages, charges, liabilities, obligations, costs, fees or expenses (including reasonable legal fees and expenses) that may be suffered or incurred, whether directly or indirectly, by the Receiver, or its respective Representatives arising out of or resulting from such breach.
3. The Unredacted Sale Agreement and the Confidential Information will not be copied, reproduced in any form or stored in a retrieval system or database by any of the Debtor or the Recipients without the prior written consent of the Receiver.
4. Upon the written request of the Receiver for any reason, the Debtor shall promptly return, or cause to be returned, to the Receiver or, at the Debtor's election, destroy promptly and confidentially (but in any event within two (2) business days of the Receiver's request) the Unredacted Sale Agreement and all Confidential Information, together with all copies and other reproductions thereof wherever located, including without limitation, copies of the Unredacted Sale Agreement and Confidential Information contained on computer databases. Such return and/or destruction shall be promptly confirmed to the Receiver in writing.
5. If the Debtor, or any party to which the Debtor has transmitted the Unredacted Sale Agreement or the Confidential Information pursuant to this Agreement, becomes legally compelled or if steps are taken to legally compel (by oral questions, interrogatories, request for information or documents, subpoena, criminal or civil investigative demand or similar process) (collectively, **"Legal Process"**) the disclosure of the Unredacted Sale Agreement or any Confidential Information, (a) the Debtor or the Recipient, as the case may be, shall promptly provide the Receiver with written notice thereof (including the circumstances relating to such obligation and the information sought to be disclosed) so as to permit the Receiver to seek a protective order or other appropriate remedy at the Receiver's sole cost and expense, and the Debtor and/or the Recipient shall reasonably cooperate with the Receiver in the Receiver's efforts in connection therewith; and (b) such Person shall be permitted under this Agreement to disclose only that portion of the Unredacted Sale Agreement or the Confidential Information that

the Debtor and/or the Recipient is legally required to disclose pursuant to such Legal Process, and the Debtor and/or the Recipient will exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Unredacted Sale Agreement and the Confidential Information.

6. Confidential Information shall not include information which (a) is or becomes generally known by the public, other than as a result of a disclosure by the Debtor or a Recipient in breach of this Agreement, (b) was in the possession of the Debtor or the Recipients prior to the date hereof and was obtained on a non-confidential basis from sources that are not known by the Debtor or the Recipients, after reasonable investigation, to be in violation of any legal, contractual or fiduciary obligation to the Receiver or any other Person with respect thereto or otherwise restricted by law, contract or fiduciary duty from disclosing such information (a **"Permitted Source"**), (c) becomes available to the Debtor or the Recipients on a non-confidential basis from a source, other than a Representative of the Receiver that is a Permitted Source, or (d) the Debtor or the Recipients establish such information has been independently developed without derivation from, reference to or reliance upon the Unredacted Sale Agreement or any Confidential Information.

7. Without the Receiver's prior written consent, the Debtor and the Recipients shall not disclose the Unredacted Sale Agreement or the Confidential Information or use the Unredacted Sale Agreement or the Confidential Information as evidentiary support in any motion, action, proceeding or process whether in the receivership proceedings, or any other proceedings before the Court or any other Court (collectively, an **"Action"**) without seeking a protective order or other appropriate remedy permitting any such item to be filed under seal.

8. Without the prior written consent of the Receiver, the Debtor and the Recipients will not disclose to any other person the fact that the Unredacted Sale Agreement and the Confidential Information has been made available, except as required by law and then only with prior written notice to the Receiver as contemplated by section 6 hereof.

9. The Debtor acknowledges that the value of any Confidential Information is unique and substantial and acknowledges that a breach of this Agreement may cause the Receiver to suffer loss for which monetary damages would be insufficient to remedy. In the event of an actual or threatened violation of this Agreement, the Debtor expressly consents to the enforcement of this Agreement by injunctive relief and/or specific performance, without proof of actual damages or any requirement to post a bond. Such remedies will not be deemed to be the exclusive remedies for a breach or threatened breach of this Agreement but will be in addition to any and all other remedies available at law or equity to the Receiver.

10. No failure or delay by either party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any right, power or privilege.

11. Neither party may assign this Agreement or any part hereof without the prior written consent of the other party, and any purported assignment without such consent shall be null and void, it being understood that a merger involving either party shall not be deemed to give rise to an assignment of this Agreement.

12. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

13. This Agreement sets forth the entire agreement between the parties with respect to the subject matter hereof. This Agreement may not be amended or modified in any respect except by a written instrument signed by all of the parties hereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement. This Agreement may be executed in counterparts and by electronic signatures. Except as otherwise expressly provided herein, all expenses incurred by a party shall be borne by such party.

14. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada as applicable. The parties hereto irrevocably submit to the exclusive jurisdiction the Court in respect of any action or proceeding for the enforcement of this Agreement.

15. In the event that any term or provision of this Agreement is determined by the Court to be invalid or unenforceable for any reason, in whole or in part, the remaining terms and provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by applicable law, and such invalid or unenforceable term or provision shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the parties with respect to such invalid or unenforceable term or provision.

16. Unless otherwise specified herein, any notice or other communication to be given in connection with this Agreement to either the Receiver or the Debtor must be given in writing by personal delivery, or by email or transmittal by fax addressed to the recipient as follows, (a) if to the Receiver, to:

Address: A. Farber & Partners Inc.
150 York Street, Suite 1600
Toronto, ON M5H 3S5

Fax: (416) 496-3839
Email: pcrawley@farberfinancial.com

Attention: Peter Crawley

with a copy to the Receiver's legal counsel:

Address: Dentons Canada LLP
77 King Street West, Suite 400
Toronto, ON M5K 0A1

Fax: (416) 863-4592
Email: john.salmas@dentons.com

Attention: John Salmas

or to such other addresses as shall be designated by the Receiver in a written notice to the Debtor from time to time; and (b) if to the Debtor, to:

Address:

Fax:

Email:

Attention: Henry Wetelainen

with a copy to the Debtor's legal counsel:

Address: O'Neill DeLorenzi Mendes
116 Spring Street
Sault St. Marie, ON P6A 3A1

Fax: (705) 949-0618

Email: rmacrae@saultlawyers.com

Attention: Robert MacRae

Any communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery and, if given by email or fax, on the day of transmittal if transmitted prior to 5:00 p.m. (local time in the city of the recipient noted above) on a business day, or the next business day if transmitted after 5:00 p.m.

17. For purposes of this Agreement: (a) "affiliate" shall mean, as to any Person, any other Person which, directly or indirectly, controls, or is controlled by, or is under common control with, such Person (for this purpose, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise); (b) "including" shall mean "including without limitation"; (c) "Person" shall be broadly interpreted to include the media and any individual, corporation, partnership, limited liability company, trust or other entity (including any court or government (including any agency, commission, board or authority thereof), federal, state or local, domestic, foreign or multinational); (d) for the avoidance of doubt, "securities" shall include debt securities; and (e) "Representatives" of a Person shall mean such Person's attorneys, accountants, financial advisors, consultants, commercial bank lenders, agents and other advisors.

[Remainder of the page intentionally left blank]

DATED this _____ day of December, 2015.

The Receiver:

A. FARBER & PARTNERS INC., solely in its capacity as court-appointed receiver of the assets, undertakings and properties of Bending Lake Iron Group Limited, and not in its personal or corporate capacity

Name:

Title:

The Debtor:

BENDING LAKE IRON GROUP LIMITED

Name:

Title:

Acknowledged and agreed to as of the date set above:

Robert MacRae

Henry Wetelainen

APPENDIX "H"

Van Allen, Sara-Ann

From: Salmas, John
Sent: 2-Dec-15 1:38 PM
To: Rob MacRae
Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com; Van Allen, Sara-Ann
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

Rob,

I circle back on the below email regarding the NDA in order to ensure that you have received same. You will note that it is a market document. In fact, we utilized a substantially similar NDA in another matter (unrelated to BLIG) just yesterday and have already reached agreement with the other counter party on the terms of that agreement. Please advise whether the NDA is acceptable to your client(s) and advise as to its execution as we stand ready to share the unredacted version of the purchase agreement with you.

I also ask whether you now have had an opportunity to review the materials we served on Monday afternoon in respect of next Thursday's motion? As I am sure you are aware, while stakeholders do not have the right to examine a court-appointed receiver in respect of its court report, stakeholders are able to ask questions of the receiver. It may be the case that the served materials have answered any questions your client(s) might have. However, should your client(s) happen to have any questions in respect of the materials served in connection with next Thursday's motion please forward same as soon as possible and the Receiver will endeavor to answer such questions within 2 Business Days of receipt of same.

Regards,

John

JD DENTONS

John Salmas
Partner

D +1 416 863 4737
john.salmas@dentons.com
Bio | Website

Dentons Canada LLP
77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada

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From: Van Allen, Sara-Ann
Sent: 1-Dec-15 2:45 PM
To: Rob MacRae; Salmas, John; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

We have made a slight revision to the confidentiality agreement previously circulated, please see attached clean and blackline.

DA DENTONS

Sara-Ann Van Allen
Associate

D +1 416 863 4402
sara.vanallen@dentons.com
Bio | Website

Dentons Canada LLP
77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada

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From: Van Allen, Sara-Ann

Sent: 1-Dec-15 1:06 PM

To: 'Rob MacRae'; Salmas, John; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca

Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com

Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

Attached please find the Confidentiality Agreement for execution. Please return same to my attention, along with a list of those individuals who will be receiving a copy of the Unredacted Sale Agreement and the capacities in which they are receiving such disclosure.

Regards,

DA DENTONS

Sara-Ann Van Allen
Associate

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77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada

大成 Salans FMC SNR Denton McKenna Long

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From: Rob MacRae [<mailto:RMacRae@saultlawyers.com>]

Sent: 30-Nov-15 2:32 PM

To: Salmas, John; Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca

Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com

Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

Thank you John for the offer set out below. Both paragraphs 1 and 2 are acceptable.

With respect to paragraph three I confirm that an unredacted version of the offer will respond to the Motion by the respondent. I unable to agree to the term with respect to the December 10th date. The opportunity to respond to your anticipated Motion cannot be truncated or removed.

Given our agreement with most of the conditions and your understanding of why we cannot agree to all of paragraph three I trust that you will seek instructions to respond that reflect our concerns.

I look forward to hearing from you.

Rob

From: Salmas, John [<mailto:john.salmas@dentons.com>]

Sent: Monday, November 30, 2015 12:04 PM

To: Rob MacRae; Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca

Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com

Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

As I am sure you aware from your prior experiences in insolvency proceedings, it is customary for the vendor (in this case the Receiver) to ensure that the purchase price, the payment of purchase price and other sensitive aspects of a purchase agreement not be widely disclosed – and in fact in most circumstances such information is redacted from the materials served upon the service list and only viewed by the presiding judge.

However, in this circumstance, we are prepared to seek instructions from the Receiver in order to provide you and your client(s) with an unredacted version of the agreement on the following basis:

- (a) We are provided with a list of the recipient individuals/entities and the capacities in which they are receiving such disclosure;
- (b) You and the other recipients expressly agree to (i) keep the agreement's sensitive information confidential (including in respect of any court filings); and (ii) not disclose such information to any other party who/which has not agreed to be bound by the same confidentiality provisions; and
- (c) Any motion or objection your client(s) may have in respect of the approval of the sale agreement (inclusive of the adequacy of the consideration therein) is to be dealt with at the upcoming December 10th court date and that you won't be seeking any relief on December 3rd.

Please advise.

Regards,

John



John Salmas
Partner

D +1 416 863 4737
john.salmas@dentons.com
Bio | Website

Dentons Canada LLP
77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada

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From: Rob MacRae [<mailto:RMacRae@saultlawyers.com>]

Sent: 30-Nov-15 10:57 AM

To: Salmas, John; Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

Thank you John for the material. I require an unredacted copy for my Clients. Is it possible to obtain this today?
Rob

From: Salmas, John [<mailto:john.salmas@dentons.com>]
Sent: Monday, November 30, 2015 9:57 AM
To: Rob MacRae; Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

Attached please find a redacted version of the purchase agreement. The attached version will be included in the Receiver's motion materials to be served later today.

We are prepared to seek instructions in order to provide you with an unredacted version, subject to a solicitor's undertaking from you not to disclose any portions of the unredacted version to anyone outside of your firm. This would mean that you would not be able to disclose the unredacted provisions of the agreement to your client(s). Please advise.

Regards,

John



John Salmas
Partner

D +1 416 863 4737
john.salmas@dentons.com
Bio | Website

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77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada

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From: Rob MacRae [<mailto:RMacRae@saultlawyers.com>]
Sent: 28-Nov-15 12:01 PM
To: Van Allen, Sara-Ann; mstrickland@buset-partners.com; tushara.weerasooriya@mcmillan.ca
Cc: Kraft, Kenneth; Salmas, John; pdenton@farberfinancial.com; pcrawley@farberfinancial.com
Subject: RE: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

I am writing to once again request the information on this proposed transaction. From what I have received it appears that the proposed transaction will adversely affect all shareholders. I require the information forthwith. My request is a reasonable one. This is especially so in that the receiver has not been at all forthcoming with respect to this process.

I am at my office working on a Motion and I need this information. I understand that it is Saturday but this information is available and must be disclosed as a component of the Motion that you intend to bring.

The continued delay in providing the information is extremely prejudicial to my client and I intend to rely upon this correspondence in opposing the date for your Motion.

I require the info and it could have been provided by you Ms. Van Allen in your email of November 26th.

Thank you all for your assistance.

In closing my request if fair and reasonable. Please provide the information today.

Rob MacRae

From: Van Allen, Sara-Ann [<mailto:sara.vanallen@dentons.com>]

Sent: Thursday, November 26, 2015 4:17 PM

To: mstrickland@buset-partners.com; Rob MacRae; tushara.weerasooriya@mcmillan.ca

Cc: Kraft, Kenneth; Salmas, John; pdenton@farberfinancial.com; pcrawley@farberfinancial.com

Subject: In the Matter of 2403177 Ontario Inc. v. Bending Lake Iron Group Inc.

To the Service List,

We are counsel to A. Farber & Partners Inc., in its capacity as court-appointed receiver (the "Receiver") of Bending Lake Iron Group Limited ("BLIG").

We advise that the Receiver will be bringing a motion returnable December 10, 2015, seeking an order of the Thunder Bay Court approving an Agreement of Purchase and Sale in respect of the property of BLIG, vesting the Purchased Assets in and to the Purchaser, approving the Receiver's fees and those of its counsel, and granting other relief.

Motion materials to follow.



Sara-Ann Van Allen
Associate

D +1 416 863 4402
sara.vanallen@dentons.com
Bio | Website

Dentons Canada LLP
77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada

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APPENDIX "I"

VIA EMAIL

December 2, 2015

**Robert MacRae
Law Clerk (Laura MacRae)
e-mail rmacrae@saultlawyers.com**

**Ext. 203
Ext. 207**

WITHOUT PREJUDICE

ATT: Mr. John Salmas
Dentons Canada LLP
Barristers and Solicitors
77 King Street West
Suite 400
Toronto-Dominion Centre
Toronto ON M5K 0A1

Dear Mr. Salmas:

**RE: Bending Lake Iron Group Limited ats
2403177 Ontario Inc.
Our File No.: 20140518**

Thank you for your e-mail of today's date. I confirm that I did in fact receive the NDA.

I reviewed the Asset Purchase Agreement that is contained in the Motion Record. I note that there are two definitions that have been redacted. Aside from these areas of redactions and not knowing what they are, it appears that the redaction only applies with respect to the purchase price.

Given that the NDA is extremely comprehensive and apparently designed to deal with a rather complication transaction, the undertakings that are required in the NDA are overly onerous for my clients.

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**Certified by the Law Society of Upper Canada as a Specialist in Civil Litigation*

I simply ask that you provide my office with confirmation of the proposed purchase price for the assets of my client's corporation. By way of disclosure, I confirm that I will provide the pricing information to the principals of the respondent corporation.

I anticipate that the purchase price of the assets will be shared with all of the shareholders of the corporation. This will be necessary in order to ensure full participation by the shareholders in "rescuing" this company as compared to permitting only the assets to be sold.

With respect to the motion that is returnable on December 10, 2015 in Thunder Bay, I once again confirm that I will be seeking an adjournment of the motion. Given the nature of the Asset Purchase Agreement dated November 27, 2015, as well as the December 29, 2015 date with respect to due diligence, I respectfully suggest that the motion returnable on December 10, 2015 is premature.

You will recall from your review of the material and quite possibly from your discussion with Mr. Livingston that financing in the amount of 110 million dollars had been arranged for this project in a transaction with Aiwan Limited. This transaction, much as the one as disclosed in the Asset Purchase Agreement, was conditional. The conditions that were required to be met were not those of the borrower but rather of the lender.

This appears to be an identical situation and I respectfully suggest that a Court will not grant approval of this transaction until the due diligence has been waived.

I will have a great deal more to provide to you as my responding Motion Record is completed.

With respect to the question that both my representatives, as well as the shareholders in general, require answers to, I will ensure that they are contained in the motion material.

With respect to notice of your intention, I ask specifically if you have provided notice to the First Nations that are set out in my client's Project Description that was filed with the Federal Government and is presently the subject of a 3 year extension.

These First Nations, as well as the Métis communities, referenced in the Project Description have a direct financial interest in the development of the Josephine Cone Mine. This is especially so given the substantial emphasis placed upon Aboriginal community involvement in both consultations, as well as economic benefit, concurrent with the development of the Josephine Cone Mine.

My clients have informed me that it was their clear understanding that the proposed purchaser of the assets was not in fact interested in purchasing the assets, but rather in purchasing the corporation and continuing to assist the corporation in its development for the benefit of all shareholders.

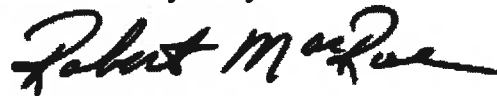
This is certainly the first notice that I have received from the Receiver that there is any intention of selling assets as compared to the Corporation as an ongoing business entity.

As above, I will compile questions that will be relevant to the hearing of the motion, as well as the eventual outcome of the proposed transaction.

By way of this correspondence, I do ask you whether you will consent to an adjournment to a date following the firming up of this offer.

Please let me know. I look forward to hearing from you and I remain,

Yours very truly,



Robert MacRae

RM:lm

cc: Henry Wetelainen, President & CEO,
Bending Lake Iron Group Limited

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APPENDIX "J"

December 4, 2015

File No.: 559458-1

SENT VIA E-MAIL: RMACRAE@SAULTLAWYERS.COM

O'NEILL DELORENZI MENDES
116 Spring Street
Sault St. Marie, ON P6A 3A1

Attention: Rob MacRae

Dear Sir:

RE: Bending Lake Iron Group Limited ("BLIG")

We are in receipt of your letter dated December 2, 2015.

As previously discussed, prior to providing your client(s) with the unredacted Asset Purchase Agreement, dated November 27, 2015 (the "Unredacted Sale Agreement"), the Receiver requires the execution of a confidentiality agreement. A form of market confidentiality agreement, routinely utilized in these types of matters, was provided to you on December 1, 2015. As is standard procedure in these types of situations, the execution of a confidentiality agreement is necessary in order to protect the integrity of the sales process and ensure that the confidential information contained in the Unredacted Sale Agreement is not widely or publicly disclosed. We refer you to the attached decision of *GE Canada Real Estate Financing Business Reporting Co. v. 1262354 Ontario Inc.* wherein the Ontario Superior Court of Justice held that the execution of a confidentiality agreement as a condition to disclosing the commercially sensitive information in the purchase agreement was reasonable.

In your December 2, 2015 letter, you state that you wish to receive the amount of the purchase price, which information you clearly indicate that you will provide to BLIG and all of its shareholders, even though your firm does not represent all such parties. Moreover, nowhere in your letter do you provide for any confidentiality obligation on your part, on the part of any of your client(s) or on the part of the other non-client parties you suggest will receive such disclosure from you. You also fail to enumerate the concerns you might have with the specific provisions of the confidentiality agreement. Please do so, and we will consider same.

None of the entities that you reference in your December 2, 2015 letter as "First Nations" have attended any of the court appearances, filed any type of notices of appearance or contacted the Receiver seeking to obtain information in respect of the BLIG receivership proceedings. As such, we have not served any of them with the materials in respect of the December 10, 2015 motion.

With respect to your statement that neither you nor your clients were aware the Receiver was selling the assets of BLIG, in this respect we refer you to the Receivership Order, dated September 11, 2014 (as amended, the "Receivership Order"), which expressly appoints our client as the receiver of all of the

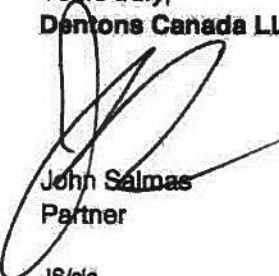
"assets, undertakings and properties" of BLIG. You were served with the application record dated July 24, 2014 seeking the appointment of the Receiver and you were in attendance at each of the court appearances in respect of such application, including, without limitation, on September 11, 2014, the date upon which the Honourable Justice D.C. Shaw granted the Receivership Order. As such, you ought to have known for over a year that the Receiver's purview was over the Property.

As you are likely aware, the "sale of the corporation" you refer to entails the sale of the shares of BLIG – something only the shareholders of BLIG have the ability to do. Considering that the Receivership Order applies only to the Property and not the BLIG shares, it was never open for the Receiver to "sell the corporation". In addition, we also refer you to the Sales and Investor Solicitation Process Order, dated November 27, 2014 (the "SISP Order") and the Receiver's First Report to the Court dated November 18, 2014 (the "First Report") both of which provide that offers in respect of BLIG are to be made using a template form of asset purchase agreement. The First Report and SISP Order were served more than one year ago. In addition, you were in attendance at Court on November 27, 2014 and your client consented to the proposed form of SISP Order.

We take this opportunity to reiterate, as set out in my email dated December 2, 2015, that if your clients have any questions in respect of the Third Report of the Receiver, dated November 30, 2015, (or otherwise) please forward same to our attention and the Receiver will endeavor to answer such questions within 2 Business Days.

The transaction is scheduled to close on January 11, 2016 and the granting of an approval and vesting order is a pre-condition to the closing. As such, we confirm that the Receiver is not prepared to consent to an adjournment of the December 10, 2015 return date for its motion.

Yours truly,
Dentons Canada LLP



John Salmas
Partner

JS/sic

cc Paul Denton, A. Farber & Partners Inc.,
as Receiver of all of the assets, undertakings and properties of Bending Lake Iron Group.

2014 ONSC 1173
Ontario Superior Court of Justice [Commercial List]

GE Canada Real Estate Financing Business Property Co. v. 1262354 Ontario Inc.

2014 CarswellOnt 2113, 2014 ONSC 1173, 238 A.C.W.S. (3d) 101

**GE Canada Real Estate Financing Business Property Company, Applicant and
1262354 Ontario Inc., Respondent**

D.M. Brown J.

Heard: February 18, 2014
Judgment: February 24, 2014
Docket: CV-12-9856-00CL

Counsel: L. Pilon, Y. Katirai, for Receiver

L. Rogers, for Applicant, GECanada Real Estate Financing Business Property Company

C. Reed, for Respondent and Keith Munt, principal of the Respondent, and 800145 Ontario Inc., a related subsequent encumbrancer

A. Grossi, for Proposed purchaser, 5230 Harvester Holdings Corp.

Subject: Civil Practice and Procedure; Contracts; Corporate and Commercial; Insolvency; Property

Related Abridgment Classifications

For all relevant Canadian Abridgment Classifications refer to highest level of case via History.

Headnote

Debtors and creditors --- Executions --- Sale under execution --- General principles

Prior to receivership, debtor had offered primary asset, two manufacturing facilities on some 13 acres of property, for sale for \$10.9 million — Following appointment in November 2012, receiver listed property for sale for \$9.95 million — In January 2013, receiver reduced listing price to \$8.2 million — After five months of marketing, receiver received only one offer which was for far below asking price — In June 2013, noting appraised value less than January listing price, receiver reduced listing price further to \$6.8 million — Prospective purchaser made offer and receiver entered agreement for purchase and sale — Purchaser unable to waive conditions and agreement came to end — After rejecting several other offers due to either price or conditions, receiver accepted offer from new purchaser and executed agreement in December 2013 — Receiver brought motion for court approval of sale, fees and distribution of net proceeds to priority claims and secured creditor — Motion granted — Commercially sensitive information kept confidential in order to protect integrity and fairness of sale process by ensuring that competitors or potential bidders did not obtain unfair advantage — Receiver acted reasonably in refusing to disclose such information without execution of confidentiality agreement — On evidence, no question receiver had exposed property to market in reasonable fashion and for reasonable period of time — Accepted offer below appraised value but superior to others received in last quarter of 2013 — Appraised value, therefore, clearly over-estimated market value of property.

Table of Authorities

Cases considered by D.M. Brown J.:

Bank of Montreal v. Dedicated National Pharmacies Inc. (2011), 2011 CarswellOnt 185, 2011 ONSC 346, 73 C.B.R. (5th) 13 (Ont. S.C.J. [Commercial List]) — considered

Combined Air Mechanical Services Inc. v. Flesch (2014), 2014 CarswellOnt 640, 2014 CarswellOnt 641, 2014 SCC 7, 27 C.L.R. (4th) 1, 37 R.P.R. (5th) 1, 46 C.P.C. (7th) 217, (sub nom. *Hryniak v. Mauldin*) 366 D.L.R. (4th) 641 (S.C.C.) — referred to

Royal Bank v. Soundair Corp. (1991), 7 C.B.R. (3d) 1, 83 D.L.R. (4th) 76, 46 O.A.C. 321, 4 O.R. (3d) 1, 1991 CarswellOnt 205 (Ont. C.A.) — followed

Sierra Club of Canada v. Canada (Minister of Finance) (2002), 287 N.R. 203, (sub nom. *Atomic Energy of Canada Ltd. v. Sierra Club of Canada*) 18 C.P.R. (4th) 1, 44 C.E.L.R. (N.S.) 161, (sub nom. *Atomic Energy of Canada Ltd. v. Sierra Club of Canada*) 211 D.L.R. (4th) 193, 223 F.T.R. 137 (note), 20 C.P.C. (5th) 1, 40 Admin. L.R. (3d) 1, 2002 SCC 41, 2002 CarswellNat 822, 2002 CarswellNat 823, (sub nom. *Atomic Energy of Canada Ltd. v. Sierra Club of Canada*) 93 C.R.R. (2d) 219, [2002] 2 S.C.R. 522 (S.C.C.) — followed

887574 Ontario Inc. v. Pizza Pizza Ltd. (1994), 35 C.P.C. (3d) 323, 23 B.L.R. (2d) 239, 1994 CarswellOnt 1214 (Ont. Gen. Div. [Commercial List]) — referred to

MOTION by receiver for court approval of sale, fees and distribution of net proceeds to priority claims and secured creditor.

D.M. Brown J.:

L Debtor's request for disclosure of commercially sensitive information on a receiver's motion to approve the sale of real property

1 PricewaterhouseCoopers Inc., the receiver of all the assets, undertaking and properties of the respondent debtor, 1262354 Ontario Inc., pursuant to an Appointment Order made November 5, 2012, moved for an order approving its execution of an agreement of purchase and sale dated December 27, 2013, with G-3 Holdings Inc., vesting title in the purchased assets in that purchaser, approving the fees and disbursements of the Receiver and authorizing the distribution of some of the net proceeds from the sale to the senior secured creditor, GE Canada Real Estate Financing Business Property Company ("GE").

2 The Receiver's motion was opposed by the Debtor, Keith Munt, the principal of the Debtor, and another of his companies, 800145 Ontario Inc. ("800 Inc."), which holds a subordinate mortgage on the sale property. The Debtor wanted access to the information filed by the Receiver in the confidential appendices to its report, but the Debtor was not prepared to execute the form of confidentiality agreement sought by the Receiver.

3 After adjourning the hearing date once at the request of the Debtor, I granted the orders sought by the Receiver. These are my reasons for so doing.

II. Facts

4 The primary assets of the Debtor were two manufacturing facilities located on close to 13 acres of land at 5230 Harvester Road, Burlington (the "Property"). Prior to the initiation of the receivership the Property had been listed for sale for \$10.9 million. Following its appointment in November, 2012, the Receiver entered into a new listing agreement with Colliers Macaulay Nicolls (Ontario) Inc. at a listing price of \$9.95 million. In January, 2013, the listing price was reduced to \$8.2 million.

5 In its Second Report dated March 14, 2013 and Third Report dated February 5, 2014, the Receiver described in detail its efforts to market and sell the Property. As of the date of the Second Report Colliers had received expressions of interest from 33 parties, conducted 8 site tours and had received 8 executed Non-Disclosure Agreements from parties to which it had provided a confidential information package. From that 5-month marketing effort the Receiver had received one offer, which it rejected because it was significantly below the asking price, and one letter of intent, to which it responded by seeking an increased price.

6 Prior to the appointment of the Receiver the Debtor had begun the process to seek permission to sever the Property into two parcels. Understanding that severing the Property might enhance its realization value, the Receiver continued the services of the Debtor's planning consultant and in July, 2013, filed a severance application with the City of Burlington. In

mid-November, 2013 the City provided the Receiver with its comments and those of affected parties. The City would not support a parking variance request. Based on discussions with its counsel, the Receiver had concerns about the attractiveness of the Property to a potential purchaser should it withdraw the parking variance request. Since the Receiver had issued its notice of a bid deadline in November, it decided to put the severance application on hold and allow the future purchaser to proceed with it as it saw fit.

7 Returning to the marketing process, following its March, 2013 Second Report the Receiver engaged Cushman & Wakefield Ltd. to prepare a narrative report form appraisal for the Property. On June 6, 2013, Cushman & Wakefield transmitted its report stating a value as at March 31, 2013. The Receiver filed that report on a confidential basis. In its Third Report the Receiver noted that the appraised value was less than the January, 2013 listing price, as a result of which on June 4, 2013 the Receiver authorized Colliers to reduce the Property's listing price to \$6.8 million. That same day the Receiver notified the secured creditors of the reduction in the listing price and the expressions of interest for the Property it had received up until that point of time.

8 One such letter was sent to Debtor's counsel. Accordingly, as of June 4, 2013, the Debtor and its principal, Munt: (i) were aware of the history of the listing price for the Property under the receivership; (ii) knew of the marketing history of the Property, including the Receiver's advice that all offers and expressions of interest received up to that time had been rejected "because they were all significantly below the Listing Price and Revised Listing Price for the Property"; (iii) knew that the Receiver had obtained a new appraisal from Cushman which valued the Property at an amount "lower than the Revised Listing Price, which is consistent with the Offers and the feedback from the potential purchasers that have toured the Property"; and, (iv) learned that the listing price had been lowered to \$6.8 million.

9 On June 18 the Receiver received an offer from an interested party (the "Initial Purchaser") and by June 24 had entered into an agreement of purchase and sale with that party. The Receiver notified new counsel for Munt and his companies of that development on July 29, 2013. The Receiver advised that the agreement contemplated a 90-day due diligence period.

10 As the deadline to satisfy the conditions under the agreement approached, the Initial Purchaser informed the Receiver that it would not be able to waive the conditions prior to the deadline and requested an extension of the due diligence period until November 5, 2013, as well as the inclusion of an additional condition in its favour that would make the deal conditional on the negotiation of a lease with a prospective tenant. The Receiver did not agree to extend the deadline. Its reasons for so doing were fully described in paragraphs 50 and 51 of its Third Report. As a result, that deal came to an end, the fact of which the Receiver communicated to the secured parties, including Munt's counsel, on September 27, 2013.

11 The Colliers listing agreement expired on September 30; the Receiver elected not to renew it. Instead, it entered into an exclusive listing agreement with CBRE Limited for three months with the listing price remaining at \$6.8 million. CBRE then conducted the marketing campaign described in paragraph 67 of the Third Report. Between October 7, 2013 and January 21, 2014, CBRE received expressions of interest from 56 parties, conducted 19 site tours and received 12 executed NDAs to whom it sent information packages.

12 In October CBRE received three offers. The Receiver rejected them either because of their price or the conditions attached to them.

13 By November, 2013, the Receiver had marketed the Property for one year, during which time GE had advanced approximately \$593,000 of the \$600,000 in permitted borrowings under the Appointment Order. The Receiver developed concerns about how long the receivership could continue without additional funding. By that point of time the Receiver had begun to accrue its fees to preserve cash.

14 The Receiver decided to instruct CBRE to distribute an email notice to all previous bidders and interested parties announcing a December 2, 2013 offer submission deadline. Emails went out to about 1,200 persons.

15 In response to the bid deadline notice, four offers were received. The Receiver concluded that none were acceptable.

16 The Receiver then received five additional offers. It engaged in negotiations with those parties in an effort to maximize the purchase price. On December 13, 2013, the Receiver accepted an offer from G-3 and on December 27 executed an agreement with G-3, subject to court approval.

17 The Receiver filed, on a confidential basis, charts summarizing the materials terms of the offers received, as well as an un-redacted copy of the G-3 APA. The G-3 offer was superior in terms of price, "clean" - in the sense of not conditional on financing, environmental site assessments, property conditions reports or other investigations — and provided for a reasonably quick closing date of February 25, 2014.

III. The adjournment request

18 The only persons who opposed the proposed sale to G-3 were the Debtor, its principal, Munt, together with the related subsequent mortgagee, 800 Inc. When the motion originally came before the Court on February 13, 2014, the Debtor asked for an adjournment in order to review the Receiver's materials. Although the Receiver had served the Debtor with its motion materials eight days before the hearing date, the Debtor had changed counsel a few days before the hearing. I adjourned the hearing until February 18, 2014 and set a timetable for the Debtor to file responding materials, which it did.

19 At the hearing the Debtor, Munt and 800 Inc. opposed the sale approval order on two grounds. First, they argued that they had been treated unfairly during the sale process because the Receiver would not disclose to them the terms of the G-3 APA, in particular the sales price. Second, they opposed the sale on the basis that the Receiver had used too low a listing price which did not reflect the true value of the land and was proposing an improvident sale. Let me deal with each argument in turn.

IV. Receiver's request for approval of the sale: the disclosure issue

A. The dispute over the disclosure of the purchase price

20 The Debtor submitted that without access to information about the price in the G-3 APA, it could not evaluate the reasonableness of the proposed sale. In order to disclose that information to the Debtor, the Receiver had asked the Debtor to sign a form of confidentiality agreement (the "Receiver's Confidentiality Agreement"). A dispute thereupon arose between

the Receiver and Debtor about the terms of that proposed agreement.

21 By way of background, on January 8, 2014, the Receiver had advised the secured creditors (other than GE) that it had entered into the G-3 APA and would seek court approval of the sale during the week of February 10. In that letter the Receiver wrote:

As you can appreciate, the economic terms of the Agreement, including the purchase price payable, are commercially sensitive. In order to maintain the integrity of the Sale Process, the Receiver is not in a position to disclose this information at this time.

22 On January 10, 2014, counsel for the Debtor requested a copy of the G-3 APA. Receiver's counsel replied on January 13 that it would be seeking a court date during the week of February 10 and "as is normally the custom with insolvency proceedings, we will not be circulating the Agreement in advance".

23 On January 23 Debtor's counsel wrote to the Receiver:

My clients, being both the owner, and secured and unsecured creditors of the owner, and having other interests in the outcome of the sales transaction, have a right to the production of the subject Agreement, and should be afforded a sufficient opportunity to review it and understand its terms in advance of any court hearing to approve the transaction contemplated therein. I once again request a copy of the subject Agreement as soon as possible.

According to the Receiver's Supplemental Report, in response Receiver's counsel explained that the purchase price generally was not disclosed in an insolvency sales transaction prior to the closing of the sale and that the secured claim of GE exceeded the purchase price.

24 The Receiver's motion record served on February 5 contained a full copy of the G-3 APA, save that the Receiver had redacted the references to the purchase price. An affidavit filed on behalf of the Debtor stated that "it has been Mr. Munt's position that his position on the approval motion is largely contingent upon the terms and conditions of the subject Agreement, particularly the purchase price".

25 The Debtor and a construction lien claimant, Centimark Ltd., continued to request disclosure of the G-3 APA. On February 11, 2014, Receiver's counsel wrote to them advising that the Receiver was prepared to disclose the purchase price upon the execution of the Receiver's Confidentiality Agreement which confirmed that (i) they would not be bidding on the Property at any time during the receivership proceedings and (ii) they would maintain the confidentiality of the information provided.

26 Centimark agreed to those terms, signed the Receiver's Confidentiality Agreement and received the sales transaction information. Centimark did not oppose approval of the G-3 sales transaction.

27 On February 12, the day before the initial return of the sales approval motion, counsel for the Receiver and Debtor

discussed the terms of a confidentiality agreement, but were unable to reach an agreement. According to the Receiver's Supplement to the Third Report, "[Munt's counsel] did not inform the Receiver that Munt was prepared to waive its right to bid on the Real Property at some future date".

28 At the initial hearing on February 13 the Debtor expanded its disclosure request to include all the confidential appendices filed by the Receiver - i.e. the June 6, 2013 Cushman & Wakefield appraisal; a chart summarizing the offers/letters of intent received while Colliers was the listing agent; a chart summarizing the offers/letters of intent received while CBRE had been the listing agent; and, the un-redacted G-3 APA. Agreement on the terms of disclosure could not be reached between counsel; the motion was adjourned over the long weekend until February 18.

29 The Receiver's Confidentiality Agreement contained a recital which read:

The undersigned 1262354 Ontario Inc., 800145 Ontario Inc. and Keith Munt have confirmed that it, its affiliates, related parties, directors and officers (collectively the "Recipient"), have no intention of bidding on the Property, located at 5230 Harvester Road, Burlington, Ontario.

The operative portions of the Receiver's Confidentiality Agreement stated:

1. The Recipient shall keep confidential the Confidential Information, and shall not disclose the Confidential Information in any manner whatsoever including in respect of any motion materials to be filed or submissions to be made in the receivership proceedings involving 1262354 Ontario Inc. The Recipient shall use the Confidential Information solely to evaluate the Sale Agreement in connection with the Receiver's motion for an order approving the Sale Agreement and the transaction contemplated therein, and not directly or indirectly for any other purpose.

2. The Recipient will not, in any manner, directly or indirectly, alone or jointly or in concert with any other person (including by providing financing to any other person), effect, seek, offer or propose, or in any way assist, advise or encourage any other person to effect, seek, offer or propose, whether publicly or otherwise, any acquisition of some or all of the Property, during the course of the Receivership proceedings involving 1262354 Ontario Inc.

3. The Recipient may disclose the Confidential Information to his legal counsel and financial advisors (the "Advisors") but only to the extent that the Advisors need to know the Confidential Information for the purposes described in Paragraph 1. hereof, have been informed of the confidential nature of the Confidential Information, are directed by the Recipient to hold the Confidential Information in the strictest confidence, and agree to act in accordance with the terms and conditions of this Agreement. The Recipient shall cause the Advisors to observe the terms of this Agreement and is responsible for any breach by the Advisors of any of the provisions of this Agreement.

4. The obligations set out in this Agreement shall expire on the earlier of: (a) an order of the Ontario Superior Court (Commercial List) (the "Court") unsealing the copy of the Sale Agreement filed with the Court; and (b) the closing of a transaction of purchase and sale by the Receiver in respect of the Property.

30 Following the adjourned initial hearing of February 13, Debtor's counsel informed the Receiver that his client would sign the Receiver's Confidentiality Agreement if (i) paragraph 3 was removed and (ii) the last sentence of paragraph 1 was revised to read as follows:

The Recipient shall use the Confidential Information solely in connection with the Receiver's motion for an order approving the Sale Agreement and other relief, and not directly or indirectly for any other purpose.

31 By the time of the February 18 hearing the Debtor had not signed the Receiver's Confidentiality Agreement.

B. Analysis

32 In *Sierra Club of Canada v. Canada (Minister of Finance)*¹ the Supreme Court of Canada sanctioned the making of a sealing order in respect of materials filed with a court when (i) the order was necessary to prevent a serious risk to an important interest, including a commercial interest, because reasonably alternative measures would not prevent the risk and (ii) the salutary effects of the order outweighed its deleterious effects.² As applied in the insolvency context that principle has led this Court to adopt a standard practice of sealing those portions of a report from a court-appointed officer - receiver, monitor or trustee - filed in support of a motion to approve a sale of assets which disclose the valuations of the assets under sale, the details of the bids received by the court-appointed officer and the purchase price contained in the offer for which court approval is sought.

33 The purpose of granting such a sealing order is to protect the integrity and fairness of the sales process by ensuring that competitors or potential bidders do not obtain an unfair advantage by obtaining sensitive commercial information about the asset up for sale while others have to rely on their own resources to place a value on the asset when preparing their bids.³

34 To achieve that purpose a sealing order typically remains in place until the closing of the proposed sales transaction. If the transaction closes, then the need for confidentiality disappears and the sealed materials can become part of the public court file. If the transaction proposed by the receiver does not close for some reason, then the materials remain sealed so that the confidential information about the asset under sale does not become available to potential bidders in the next round of bidding, thereby preventing them from gaining an unfair advantage in their subsequent bids. The integrity of the sales process necessitates keeping all bids confidential until a final sale of the assets has taken place.

35 From that it follows that if an interested party requests disclosure from a receiver of the sensitive commercial information about the sales transaction, the party must agree to refrain from participating in the bidding process. Otherwise, the party would gain an unfair advantage over those bidders who lacked access to such information.

36 Applying those principles to the present case, I concluded that the Receiver had acted in a reasonable fashion in requesting the Debtor to sign the Receiver's Confidentiality Agreement before disclosing information about the transaction price and other bids received. The provisions of the Receiver's Confidentiality Agreement were tailored to address the concerns surrounding the disclosure of sensitive commercial information in the context of an insolvency asset sale:

(i) Paragraph 1 of the agreement specified that the disclosed confidential information could be used "solely to evaluate the Sale Agreement in connection with the Receiver's motion for an order approving the Sale Agreement". In other words, the disclosure would be made solely to enable the Debtor to assess whether the proposed sales transaction had met the criteria set out in *Royal Bank v. Soundair Corp.*,⁴ specifically that (i) the Receiver had obtained the offers through a process characterized by fairness, efficiency and integrity, (ii) the Receiver had made a sufficient effort to get the best price and had not acted improvidently, and (iii) the Receiver had taken into account the interests of all parties. The Debtor was not prepared to agree to that language in the agreement and, instead, proposed more general language. The Debtor did not offer any evidence as to why it was not prepared to accept the tailored language of paragraph 1 of the Receiver's Confidentiality Agreement;

(ii) The recital and paragraphs 2 and 4 of the agreement would prevent the Debtor, its principal and related company, from bidding on the Property during the course of the receivership — a proper request. The Debtor was prepared to

agree to that term;

(iii) However, the Debtor was not prepared to agree with paragraph 3 of the Receiver's Confidentiality Agreement which limited disclosure of the confidential information to the Debtor's financial advisors only for the purpose of evaluating the Receiver's proposed sale transaction. Again, the Debtor did not file any evidence explaining its refusal to agree to this reasonable provision. Although Munt filed an affidavit sworn on February 14, he did not deal with the issue of the form of the confidentiality agreement.

37 In sum, I concluded that the form of confidentiality agreement sought by Receiver from the Debtor as a condition of disclosing the commercially sensitive sales transaction information was reasonable in scope and tailored to the objective of maintaining the integrity of the sales process. I regarded the Debtor's refusal to sign the Receiver's Confidentiality Agreement as unreasonable in the circumstances and therefore I was prepared to proceed to hear and dispose of the sales approval motion in the absence of disclosure of the confidential information to the Debtor.

V. Receiver's request for approval of the sale: The Soundair analysis

38 The Receiver filed detailed evidence describing the lengthy marketing process it had undertaken with the assistance of two listing agents, the offers received, and the bid-deadline process it ultimately adopted which resulted in the proposed G-3 APA. I was satisfied that the process had exposed the Property to the market in a reasonable fashion and for a reasonable period of time. In order to provide an updated benchmark against which to assess received bids the Receiver had obtained the June, 2013 valuation of the Property from Cushman & Wakefield.

39 The offer received from the Initial Purchaser had contained the highest purchase price of all offers received and that price closely approximated the "as is value" estimated by Cushman & Wakefield. That offer did not proceed. The purchase price in the G-3 APA was the second highest received, although it was below the appraised value. However, it was far superior to any of the other 11 offers received through CBRE in the last quarter of 2013. From that circumstance I concluded that the appraised value of the Property did not accurately reflect prevailing market conditions and had over-stated the fair market value of the Property on an "as is" basis. That said, the purchase price in the G-3 APA significantly exceeded the appraised land value and the liquidation value estimated by Cushman & Wakefield.

40 Nevertheless, Munt gave evidence of several reasons why he viewed the Receiver's marketing efforts as inadequate:

(i) Munt deposed that had the Receiver proceeded with the severance application, it could have marketed the Property as one or two separate parcels. As noted above, the Receiver explained why it had concluded that proceeding with the severance application would not likely enhance the realization value, and that business judgment of the Receiver was entitled to deference;

(ii) Munt pointed to appraisals of various sorts obtained in the period 2000 through to January, 2011 in support of his assertion that the ultimate listing price for the Property was too low. As mentioned, the June, 2013 appraisal obtained by the Receiver justified the reduction in the listing price and, in any event, the bids received from the market signaled that the valuation had over-estimated the value of the Property;

(iii) Finally, Munt complained that the MLS listing for the Property was too narrowly limited to the Toronto Real Estate Board, whereas the Property should have been listed on all boards from Windsor to Peterborough. I accepted the explanation of the Receiver that it had marketed the Property drawing on the advice of two real estate professionals as listing agents and was confident that the marketing process had resulted in the adequate exposure of the Property.

41 Consequently, I concluded that the Receiver's marketing of the Property and the proposed sales transaction with G-3 had satisfied the *Soundair* criteria. I approved the sale agreement and granted the requested vesting order.

VI. Request to approve Receiver's activities and fees

42 As part of its motion the Receiver sought approval of its fees and disbursements, together with those of its counsel, for the period up to January 31, 2014, as well as authorization to make distributions from the net sale proceeds for Priority Claims and an initial distribution to the senior secured, GE. The Debtor sought an adjournment of this part of the motion until after any sale had closed and the confidential information had been unsealed. I denied that request.

43 As Marrocco J., as he then was, stated in *Bank of Montreal v. Dedicated National Pharmacies Inc.*,⁵ motions for the approval of a receiver's actions and fees, as well as the fees of its counsel, should occur at a time that makes sense, having regard to the commercial realities of the receivership. For several reasons I concluded that it was appropriate to consider the Receiver's approval request at the present time.

44 First, one had to take into account the economic reality of this receivership - i.e. that given the cash-flow challenges of this receivership, the Receiver had held off seeking approval of its fees and disbursements for a considerable period of time during which it had been accruing its fees.

45 Second, the Receiver filed detailed information concerning the fees it and its legal counsel had incurred from September, 2012 until January 31, 2014, including itemized invoices and supporting dockets. The Receiver had incurred fees and disbursements amounting to \$356,301.40, and its counsel had incurred fees approximating \$188,000.00. That information was available for the Debtor to review prior to the hearing of the motion.

46 Third, with the approval of the G-3 sale, little work remained to be done in this receivership. By its terms the G-3 APA contemplated a closing date prior to February 27, 2014, and the main condition of closing in favour of the purchaser was the securing of the approval and vesting order.

47 Fourth, the Receiver reported that GE's priority secured claim exceeded the purchase price. Accordingly, GE had the primary economic interest in the receivership; it had consented to the Receiver's fees. Also, the next secured in line, Centimark, had not opposed the Receiver's motion.

48 Which leads me to the final point. Like any other civil proceeding, receiverships before a court are subject to the principle of procedural proportionality. That principle requires taking account of the appropriateness of the procedure as a whole, as well as its individual component parts, their cost, timeliness and impact on the litigation given the nature and complexity of the litigation.⁶ In this receivership the Receiver had served this motion over a week in advance of the hearing date and the Debtor had secured an adjournment over a long weekend; the Debtor had adequate time to review, consider and respond to the motion. I considered it unreasonable that the Debtor was not prepared to engage in a review of the Receiver's accounts in advance of the second hearing date, while at the same time the Debtor took advantage of the adjournment to file

evidence in response to the sales approval part of the motion.

49 Debtor's counsel submitted that an adjournment of the fees request was required so that the Debtor could assess the reasonableness of the fees in light of the purchase price. Yet, it was the Debtor's unreasonable refusal to sign the Receiver's Confidentiality Agreement which caused its inability to access the purchase price at this point of time, and such unreasonable behavior should not be rewarded by granting an adjournment of the fees portion of the motion.

50 Further, to adjourn the fees portion of the motion to a later date would increase the litigation costs of this receivership. From the report of the Receiver the Debtor's economic position was "out of the money", so to speak, with the senior secured set to suffer a shortfall. It appeared to me that the Debtor's request to adjourn the fees part of the motion would result in additional costs without any evident benefit. I asked Debtor's counsel whether his client would be prepared to post security for costs as a term of any further adjournment; counsel did not have instructions on the point. In my view, courts should scrutinize with great care requests for adjournments that will increase the litigation costs of a receivership proceeding made by a party whose economic interests are "out of the money", especially where the party is not prepared to post security for the incremental costs it might cause.

51 For those reasons, I refused the Debtor's second adjournment request.

52 Having reviewed the detailed dockets and invoices filed by the Receiver and its counsel, as well as the narrative in the Third Report and its supplement, I was satisfied that its activities were reasonable in the circumstances, as were its fees and those of its counsel. I therefore approved them.

VII. Partial distribution

53 Given that upon the closing of the sale to G-3 the Receiver will have completed most of its work, I considered reasonable its request for authorization to make an interim distribution of funds upon the closing. In its Third Report the Receiver described certain Priority Claims which it had concluded ranked ahead of GE's secured claim, including the amounts secured by the Receiver's Charge, the Receiver's Borrowing Charge and an H.S.T. claim. As well, it reported that it had received an opinion from its counsel about the validity, perfection and priority of the GE security, and it had concluded that GE was the only secured creditor with an economic interest in the receivership. In light of those circumstances, I accepted the Receiver's request that, in order to maximize efficiency and to avoid the need for an additional motion to seek approval for a distribution, authorization should be given at this point in time to the Receiver to pay out of the sale proceeds the priority claims and a distribution to GE, subject to the Receiver maintaining sufficient reserves to complete the administration of the receivership.

VIII. Summary

54 For these reasons I granted the Receiver's motion, including its request to seal the Confidential Appendices until the closing of the sales transaction.

Motion granted.

Footnotes

- ¹ 2002 SCC 41 (S.C.C.)
- ² *Ibid.*, para. 53.
- ³ *887574 Ontario Inc. v. Pizza Pizza Ltd.* (1994), 23 B.L.R. (2d) 239 (Ont. Gen. Div. [Commercial List]).
- ⁴ (1991), 4 O.R. (3d) 1 (Ont. C.A.)
- ⁵ 2011 ONSC 346 (Ont. S.C.J. [Commercial List]), para. 7.
- ⁶ *Combined Air Mechanical Services Inc. v. Flesch*, 2014 SCC 7 (S.C.C.), para. 31.

End of Document

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APPENDIX “K”

Lewandowska, Joanna

From: Van Allen, Sara-Ann
Sent: 9-Dec-15 11:25 AM
To: Lewandowska, Joanna
Subject: FW: BENDING LAKE IRON GROUP

From: Rob MacRae [<mailto:RMacRae@saultlawyers.com>]
Sent: 6-Dec-15 8:03 PM
To: Salmas, John
Subject: BENDING LAKE IRON GROUP

Good Evening Mr. Salmas,

I have your letter of December 04, 2015. I have dictated a response that you will receive on Monday December 07, 2015.

I confirm that my clients have a number of questions with respect to the Third Report of the Receiver. As well, there are generally a number of questions that I require to be answered.

While you are awaiting my correspondence on tomorrow's date, I ask that you forward to me a NDA that reflects only the required concerns of your client with respect to the purchase price. I wish to make absolutely clear that my clients are prepared to sign an appropriate Receiver's Confidentiality Agreement. As I indicated in previous correspondence, my client is awaiting the provision of the purchase price information. Anything that you and my clients can do to expedite the provision of this information and of course, the completion of the Receiver's Confidentiality Agreement will be appreciated.

I confirm by way of this correspondence that an appropriate Confidentiality Agreement that deals specifically with the disclosure of the purchase price will be executed by my clients. Please provide a truncated version of the NDA that reflects this reality.

I think it appropriate that I once again confirm my client's opposition to the matter being dealt with on December 10, 2015. Given the overall value of the assets and my client's efforts with respect to this corporation a timing squeeze is with the greatest of request, not appropriate.

Thank you for attending to these matters and I remain,

Rob MacRae LL.B, LL.M,
Civil Litigation & Alternative Dispute Resolution
O'Neill DeLorenzi Mendes
116 Spring Street
Sault Ste. Marie On
P6A 3A1
Telephone: 705-949-6901 Ext. 203
Mobile: 705-541-8413
Fax: 705-949-0618

Lewandowska, Joanna

From: Van Allen, Sara-Ann
Sent: 9-Dec-15 11:25 AM
To: Lewandowska, Joanna
Subject: FW: BENDING LAKE IRON GROUP

From: Salmas, John
Sent: 7-Dec-15 9:36 AM
To: Rob MacRae
Subject: RE: BENDING LAKE IRON GROUP

Mr. MacRae,

Thanks for the email. I look forward to receiving your letter later today.

The forwarded confidentiality agreement is in fact a truncated version and a much less onerous document than most other confidentiality agreements. The document is 6 pages long. The first page provides the names of the parties and the recitals. The 6th page is the signing lines. Paras 10-17 (spanning pages 4 and 5) are standard form provisions covering items routinely addressed in commercial matters – i.e. clauses covering things such as no waiver of rights, non-assignability, successors and assigns, entire agreement, governing law, invalidity, notice and defined terms. As such, 9 provisions remain on pages 2 and 3 and they cover the following:

Para 1 – the confidentiality obligation

Para 2- the debtor being held responsible for any breach of confidentiality and the debtor and each Recipient agreeing to indemnify for losses etc.

Para 3 – prohibition on copying the sensitive information

Para 4 – Return or destruction of the sensitive information

Para 5 – ability to allow the Receiver to seek a protective order in the event that the Debtor and/or Recipients find it/themselves under an obligation to disclose due to a legal process

Para 6 – information exempted from the confidentiality obligation

Para 7 – prohibition in identifying the information in court filings

Para 8 – not disclosing the fact that the sensitive information has been provided to the Debtor/Recipients

Para 9 – acknowledgement that damages may be insufficient and that specific performance is the appropriate remedy.

I reiterate that the form of confidentiality agreement we have provided is very standard and we would have thought to be non-contentious. However, if you indicate that the remaining provisions are agreeable to your clients, I can seek instructions to strike para 8 – i.e. the provision which prohibits the Debtor/Recipients from disclosing the fact that it/they have received the Unredacted Sale Agreement (without releasing them from the obligation to keep confidential the sensitive information in respect of the Unredacted Sale Agreement). I will not be able to strike any of the other standard or standard form provisions that go to the “heart” of a confidentiality agreement.

Please advise if your clients are willing to execute this reasonable confidentiality agreement on this basis.

You make mention of a “timing squeeze” in respect of the upcoming motion. With respect, I do not understand that contention. The Debtor’s loan has been in default since November, 2012. The Receiver has been appointed since September 2014 with a clear mandate to sell the BLIG assets. That mandate was re-confirmed by the SISP Order of November 27, 2014 and your client consented to that order. We understand that your client has met with the prospective purchaser. The materials in respect of the December 10, 2015 sale approval motion were served on November 30, 2015 – which service constitutes full notice of the sale approval motion under the Rules of Civil Procedure. As such, I respectfully submit that there is no “timing squeeze” in this matter and your clients have had ample opportunity to submit viable proposals regarding BLIG.

Regards,

John



John Salmas
Partner

D +1 416 863 4737
john.salmas@dentons.com
Bio | Website

Dentons Canada LLP
77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada

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From: Rob MacRae [<mailto:RMacRae@saultlawyers.com>]

Sent: 6-Dec-15 8:03 PM

To: Salmas, John

Subject: BENDING LAKE IRON GROUP

Good Evening Mr. Salmas,

I have your letter of December 04, 2015. I have dictated a response that you will receive on Monday December 07, 2015

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Telephone: 705-949-6901 Ext. 203

Mobile: 705-541-8413

Fax: 705-949-0618

Van Allen, Sara-Ann

From: Van Allen, Sara-Ann
Sent: 7-Dec-15 2:26 PM
To: 'Rob MacRae'
Cc: Salmas, John
Subject: RE: BENDING LAKE IRON GROUP
Attachments: Confidentiality Agreement (re Sale Agreement) - Confidentiality Agreemen....pdf;
Confidentiality Agreement (Sale Agreement).pdf

Mr MacRae,

Attached please find the revised confidentiality agreement, with paragraph 8 deleted, for execution by your client. Both a clean and blackline showing the changes are attached.

Regards,



Sara-Ann Van Allen
Associate

D +1 416 863 4402
sara.vanallen@dentons.com
Bio | Website

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77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada

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From: Rob MacRae [<mailto:RMacRae@saultlawyers.com>]
Sent: 7-Dec-15 2:07 PM
To: Salmas, John
Subject: RE: BENDING LAKE IRON GROUP

Dear Mr. Salmas,

Thank you for your email of today's date. I reviewed the content with Mr. Wetelainen and he is prepared to sign the NDA with paragraph 8 struck from the agreement.

Please utilize Mr. Wetelainen's present contact information to complete the NDA for signing.

Once I have received the NDA I will arrange for it to be signed.

In light of this being accomplished I will be revising my correspondence that I referenced yesterday.

I continue to complete responding material and I will serve the same on your office.

I once again request a reasonable adjournment of two weeks to complete the same.

Rob MacRae

From: Salmas, John [mailto:john.salmas@dentons.com]
Sent: Monday, December 07, 2015 9:36 AM
To: Rob MacRae
Subject: RE: BENDING LAKE IRON GROUP

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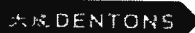
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Partner

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I have your letter of December 04, 2015. I have dictated a response that you will receive on Monday December 07, 2015.

I confirm that my clients have a number of questions with respect to the Third Report of the Receiver. As well, there are generally a number of questions that I require to be answered.

While you are awaiting my correspondence on tomorrow's date, I ask that you forward to me a NDA that reflects only the required concerns of your client with respect to the purchase price. I wish to make absolutely clear that my clients are prepared to sign an appropriate Receiver's Confidentiality Agreement. As I indicated in previous correspondence, my client is awaiting the provision of the purchase price information. Anything that you and my clients can do to expedite the provision of this information and of course, the completion of the Receiver's Confidentiality Agreement will be appreciated.

I confirm by way of this correspondence that an appropriate Confidentiality Agreement that deals specifically with the disclosure of the purchase price will be executed by my clients. Please provide a truncated version of the NDA that reflects this reality.

I think it appropriate that I once again confirm my client's opposition to the matter being dealt with on December 10, 2015. Given the overall value of the assets and my client's efforts with respect to this corporation a timing squeeze is with the greatest of request, not appropriate.

Thank you for attending to these matters and I remain,

Rob MacRae LL.B, LL.M,
Civil Litigation & Alternative Dispute Resolution
O'Neill DeLorenzi Mendes
116 Spring Street
Sault Ste. Marie On
P6A 3A1
Telephone: 705-949-6901 Ext. 203
Mobile: 705-541-8413
Fax: 705-949-0618

APPENDIX "L"

Reply to the Attention of	Tushara Weerasooriya
Direct Line	416.865.7890
Email Address	Tushara.Weerasooriya@mcmillan.ca
Date	December 14, 2015

E-MAIL

A. FARBER & PARTNERS INC.
150 York Street, Suite 1600
Toronto, ON M5H 3SW5
Attention: Mr. Paul Denton

-and-

Dentons Canada LLP
77 King Street West, Suite 400
Toronto, Ontario
M5K 0A1
Attention: Mr. John Salmas

Dear Sirs:

Re: Receivership of Bending Lake Iron Group Limited

As you are aware, we are counsel to Legacy Hill Resources Ltd. ("**Legacy Hill**") in connection with the agreement of purchase and sale between Legacy Hill and A. Farber & Partners Inc., in its capacity as receiver (the "**Receiver**") over the assets, undertaking and property of Bending Lake Iron Group Limited ("**BLIG**"). On December 9, 2015, we were served with responding motion materials of Mr. Henry Wetelainen, who we understand is objecting to the closing sale of BLIG's assets to Legacy Hill. After reviewing the affidavit of Henry Wetelainen, we wish to make you aware of certain factual inconsistencies within Mr. Wetelainen's affidavit.

At no time has Legacy Hill ever pursued, or considered pursuing, a restructuring transaction in respect of BLIG. Legacy Hill understood from the Receiver that the assets of BLIG would be sold pursuant to a sales process approved by the court under the Sales and Investor Solicitation Process Order dated November 27, 2014 (the "**SISP Order**"). Accordingly, Legacy Hill participated in the sales process in good faith, expending significant resources to complete its business diligence throughout the summer and fall of 2015. As part of Legacy Hill's diligence, its representatives met with representatives of the Receiver and with Mr. Wetelainen, who assisted with diligence requests. During this period, my client believes that it was clear that both the Receiver and Legacy Hill were only considering an asset sale transaction

and Legacy Hill simply cannot account for Mr. Wetelainen's faulty view that a restructuring option was ever available.

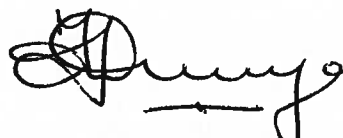
Furthermore, we are very concerned about Mr. Wetelainen's assertion that he should have the right to pursue an alternative transaction within the current receivership proceedings. At the conclusion of the sales process, we understand that Legacy Hill was the only participant to submit a bid for BLIG's assets. Following selection of Legacy Hill's bid by the Receiver, Legacy Hill negotiated and executed an agreement of purchase and sale with the Receiver, incurring further professional and legal diligence costs as a result. It will be a violation of the SISP Order and unfairly prejudicial to our client to allow Mr. Wetelainen to pursue an alternative transaction. If Mr. Wetelainen wished to submit a bid he should have done so pursuant to the court-ordered process. To allow him to interfere with the sales process at this late stage would lead to a wholly unreasonable and unfair result for Legacy Hill and undermine the integrity, reliability and predictability of similar sales processes. Moreover, doing so may cause other foreign direct investors to reconsider engaging in similar investments in Canada.

Legacy Hill has an international portfolio of mining projects and an experienced management team. It remains committed to the Bending Lake project and awaits the opportunity to continue the development activity that ceased entirely in 2013. Legacy Hill has had extensive consultation with the Ministry of Northern Development & Mines and we believe Legacy Hill has gained their support for the purchase of BLIG's assets. Moreover, Legacy Hill intends to consult with local aboriginal and other community members in order to ensure that their reasonable concerns are addressed during the life of the project. Legacy Hill remains open to having a continuing dialogue with the community.

We believe that permitting Mr. Wetelainen to delay or interfere with the completion of the sale of the BLIG assets would not only be prejudicial to our client, but it would prevent the community from benefitting from the continued development of the Bending Lake area.

Legacy Hill remains committed to completing the purchase of the BLIG assets.

Yours truly,



Tushara Weerasooriya

APPENDIX "M"

December 21, 2015

File No.: 559456-1

SENT VIA E-MAIL: RMACRAE@SAULTLAWYERS.COM

O'NEILL DELORENZI MENDES

116 Spring Street
Sault Ste. Marie ON P6A 3A1

Attention: Rob MacRae

Dear Sir:

RE: Bending Lake Iron Group Limited ("BLIG")

As you are aware, we are counsel to A. Farber & Partners Inc., in its capacity as receiver ("**Receiver**") of Bending Lake Iron Group Limited ("**BLIG**"), appointed pursuant to an order of the Ontario Superior Court of Justice on September 11, 2014 ("**Receivership Order**"). We have reviewed with the Receiver the affidavits of Henry Wetelainen, sworn December 9 and 17, 2015 ("**Wetelainen Affidavits**"). We have also received this morning certain correspondence that you delivered last night to McMillan LLP as counsel to Legacy Hill Resources Ltd. ("**Legacy Hill**").

We will respond in the Receiver's Supplement to the Third Report, to the matters raised in the Wetelainen Affidavits in more detail as it relates to the activities of the Receiver and the proposed sale to Legacy Hill. Nevertheless, the course of conduct laid out therein and the materials delivered last night to Legacy Hill's counsel, appears to show such a flagrant disregard for the terms of the Receivership Order that it requires this response as well.

The Receiver was appointed with the power, pursuant to the Receivership Order to deal with "...all of the assets, undertakings and properties of [BLIG] (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor...(collectively, the "**Property**")...."

The Receiver's powers included the authority "to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property"...."to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its sole discretion may deem appropriate"... "and in each such case where the Receiver takes any such action or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined [in the Receivership Order], including the Debtor, and without interference from any other Person.

"Persons" is broadly defined and expressly includes current and former officers, directors, legal counsel. All such Persons were all obliged to forthwith advise the Receiver of the existence of any Property and to deliver the Property to the Receiver.

The Wetelainen Affidavits describe a process that Mr. Wetelainen was embarking on to solicit interest in the Property without involving the Receiver. He goes so far as to enter into a non-disclosure/confidentiality agreement at a time when the sales and investment process pursuant to the order of Madam Justice Pierce was actively underway. Mr. Wetelainen's affidavit affirmatively describes the provision to Legacy Hill of confidential information that was never provided to the Receiver. Such information was Property that your client was obliged to disclose and provide, not withhold, from the Receiver.

Furthermore, the information in respect of the Property was provided pursuant to a confidentiality agreement purported to be entered into by BLIG with Legacy Hill at a time when Mr. Wetelainen knew that the Receiver had the exclusive authority to deal with the Property. Now it appears that Mr. Wetelainen, with your counsel, is attempting to use this very process which he entered into in violation of the express terms of the Receivership Order as the basis for both challenging the Receiver's ability to sell the Property and to attack Legacy Hill if it is successful in acquiring the Property. One cannot use their own wrongdoing in entering into an agreement for which they had no legal capacity to contract and subsequently assert rights arising from that contract.

Your client's active non-compliance and flagrant disregard for the terms of the Receivership Order are unprecedented in my experience in this area. The Receiver intends to hold your client personally responsible, along with any other appropriate individuals, for any costs/damages that may arise from his actions should Legacy Hill choose not to close the transaction as a result of his failing to comply with the terms of the Receivership Order.

Yours truly,
Dentons Canada LLP



Kenneth Kraft

jl

- c. Tushara Weerasooriya, McMillan LLP
- Caitlin Fell, McMillan LLP
- Michael Strickland, Buset & Partners LLP

2403177 ONTARIO INC.
Applicant

-and-

BENDING LAKE IRON GROUP LIMITED
Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at THUNDER BAY

**SUPPLEMENTAL REPORT TO THE THIRD
REPORT TO THE COURT OF A. FARBER &
PARTNERS INC.**

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