



COURT FILE NUMBER 2020 01G 2883

COURT SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE ST. JOHN'S

APPLICANT SPROTT PRIVATE RESOURCE LENDING (COLLECTOR), LP

RESPONDENTS THE KAMI MINE LIMITED PARTNERSHIP, KAMI GENERAL
PARTNER LIMITED, AND ALDERON IRON ORE CORP.

DOCUMENT **SECOND REPORT OF THE COURT APPOINTED RECEIVER
OF THE KAMI MINE LIMITED PARTNERSHIP, KAMI
GENERAL PARTNER LIMITED, AND ALDERON IRON ORE
CORP.**

DATED JULY 16, 2021

PREPARED BY DELOITTE RESTRUCTURING INC.

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

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File No.: 188381

Receiver

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Introduction and background

1. On June 17, 2020 (the "**Date of Receivership**") Deloitte Restructuring Inc. ("**Deloitte**") was appointed by Order of the Supreme Court of Newfoundland and Labrador in Bankruptcy and Insolvency (the "**Receivership Order**") as the receiver (the "**Receiver**"), without security, of all assets, undertakings, and property (the "**Property**") of Alderon Iron Ore Corp. ("**Alderon**"), The Kami Mine Limited Partnership ("**Kami LP**"), and Kami General Partner Limited ("**Kami GP**") (collectively the "**Debtors**" or the "**Kami Group of Companies**") acquired for, or used in relation to the business carried on by the Debtors, including any bank accounts/trust accounts in the name of the Debtors or in the name of the Receiver on behalf of the Debtors and including all proceeds of any of the Property. The Receivership Order was filed on June 22, 2020 and provided to the Receiver on June 23, 2020.
2. Alderon is a public company listed on the Toronto Stock Exchange ("**TSX**"), under the symbol "IRON" that was incorporated in the Province of British Columbia on March 21, 1978. Alderon is a development-stage company conducting iron ore evaluation activities related to Canadian properties located in western Labrador in the Province of Newfoundland and Labrador, collectively referred to as the Kamistatusset property (the "**Kami Property**"). All activities associated with the Kami Property are referred to as the Kami Project. Alderon transferred the Kami Property and its related assets into Kami LP in 2013 in connection with a strategic investment from HBIS Group in the amount of \$119.9 million for a 25% interest in the Kami Project.
3. Kami LP is a limited partnership pursuant to the laws of Ontario owned by Alderon (75%) and HBIS International Holdings (Canada) Co., Ltd, a subsidiary of HBIS Group (25%).
4. Kami GP is a private corporation incorporated in the Province of Ontario on August 30, 2018 and is owned by Alderon (75%) and HBIS International Holdings (Canada) Co., Ltd, a subsidiary of HBIS Group (25%).
5. The Alderon, Kami LP, and Kami GP head office is located at Suite 1240-1140 West Pender St. Vancouver, British Columbia. The Kami Group of Companies outsourced the majority, if not all, of their administrative, management, legal and regulatory, finance, corporate development, information technology support and corporate communication functions to King & Bay West Management Corp. ("**King & Bay**").
6. King & Bay is owned and operated by certain former Directors of the Kami Group of Companies and is also located at Suite 1240-1140 West Pender St. Vancouver, British Columbia.
7. The Kami Group of Companies' primary secured lender is Sprott Private Resource Lending (Collector), LP ("**Sprott**") which was owed approximately \$19.4 million from the Debtors (the "**Sprott Indebtedness**") at the Date of Receivership. Sprott holds security over all of the Debtors' present and after acquired personal property (the "**Sprott Security**").
8. On or around October 31, 2018, Alderon began pursuing a financing strategy to provide for the repayment of its outstanding loan facilities at that time and to secure sources of additional working capital to complete the development and construction of the Kami Project. On January 24, 2019, the Kami Group of Companies retained Scotiabank Capital Inc. ("**Scotia Capital**") to assist with its financing strategy and engaged in extensive efforts to market and sell the Kami Project, as further described herein.
9. On February 18, 2020, Alderon announced that it entered into a letter of intent ("**LOI**") with the Tunghsu Group Co., Ltd. (the "**Investor**") with respect to an investment transaction pursuant to which the Investor would acquire a 26% to 38% interest in Kami LP for consideration of between USD\$15 million and USD\$23 million. Funds received would, among other things, repay the Sprott Indebtedness. As a result of the LOI, Sprott extended the maturity date of its loan facility to March 31, 2020.

10. On March 26, 2020 Alderon announced that the Investor had terminated the investment transaction due to the volatility and uncertainty created by the COVID-19 pandemic. At this time, two Directors of the Kami Group of Companies resigned.
11. On April 24, 2020, Sprott sent a letter to Kami LP and Kami GP to notify the Kami Group of Companies that they were in default of their obligations pursuant to the lending and subsequent forbearance agreements, demanded repayment of the loans and issued a notice of intention to enforce security pursuant to Section 244(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended. On April 28, 2020, Sprott issued a similar default notice, demands and a notice of intention to enforce security to Alderon (collectively the "**Demand Letters**").
12. On April 28, 2020, the remaining Directors and Officers of the Kami Group of Companies resigned, and the Kami Group of Companies ceased operating.
13. On May 12, 2020 Sprott directly received an offer to purchase the Kami Mine from an interested purchaser and such offer was supported by Sprott prior to the Court granting the Receivership Order.
14. On October 29, 2020, the First Report of the Receiver (the "**First Report**") along with the confidential supplement of the First Report (the "**Confidential Supplement**") was filed in support of the Sale Approval and Vesting Order (the "**Sale and Vesting Order**") which was issued on November 13, 2020, approving the sale of the Kami Property to Quebec Iron Ore Inc. and 12364042 Canada Inc. (collectively the "**Purchaser**"). The Sale and Vesting Order is attached hereto as **Appendix "A"**.
15. The Receivership Order, together with related Court documents, the Notice to Creditors, the First Report, and this second report (the "**Second Report**") have been posted on the Receiver's website (the "**Receiver's Website**") at www.insolvencies.deloitte.ca/en-ca/Kami.
16. Unless otherwise provided, all other capitalized terms not defined in this Second Report are as defined in the Receivership Order and the First Report.

Purpose

17. The purpose of this Second Report is to:
 - a) Provide an update on the administration of the receivership since the First Report; and
 - b) Respectfully recommend that this Honourable Court make orders:
 - i. Approving the activities, fees, and disbursements of the Receiver as described in this Second Report, including, without limitation, the steps taken by the Receiver pursuant to the Receivership Order, and the fees of the Receiver's legal counsel;
 - ii. Approving the Claims Process (defined later in this Second Report);
 - iii. Approving the Receiver's Statement of Receipts and Disbursements for the period from January 23, 2019 to June 30, 2021 (the "**SRD**") attached hereto as **Appendix "B"**; and
 - iv. Providing such further or other relief that the Court considers just and warranted in the circumstances.

Terms of reference

18. In preparing this Second Report, the Receiver has relied upon unaudited financial information prepared by the Debtors' management ("**Management**"), the Debtors' books and records, and discussions with Management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information. The Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of this Second Report.
19. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this Second Report. Any use, which any party makes of this Second Report, or any reliance or decision to be made based on this Second Report, is the sole responsibility of such party.
20. All dollar amounts in this Second Report are in Canadian dollars, unless otherwise indicated.

Receiver's Activities

21. Since the First Report, the Receiver has undertaken and performed the following activities:
 - a) Correspondence with various creditors, stakeholders, and interested parties with respect to the receivership proceedings;
 - b) Continued to monitor and maintain the Property until the sale of the Property to the Purchaser closed;
 - c) Completed the transition of the Property to the Purchaser and closed the sale of the Property effective April 1, 2021;
 - d) Addressed insurance matters, including policy renewals and terminating certain policies upon the closing of the sale of the Property;
 - e) Corresponded with Metso Minerals Canada Inc. ("**Metso**"), with respect to the Kami Group of Companies' assets in Metso's possession;
 - f) Correspondence with the Province of Newfoundland and Labrador with respect to the transfer of various mining licenses issued to the Kami Group of Companies to the Purchaser;
 - g) Correspondence with the Toronto Stock Exchange Trust (the "**TSX Trust**" or "**Trustee**") with respect to Alderon's share register to assist in the solicitation of shareholder claims;
 - h) Prepared and executed an affidavit to obtain Alderon's share register from TSX Trust pursuant to section 49(2) of the BC Corporations Act;
 - i) Correspondence with CDS Clearing and Depository Services Inc. ("**CDS**") with respect to Alderon's shareholders of record to assist in the solicitation of shareholder claims;
 - j) Responded to queries from the Canada Revenue Agency ("**CRA**") regarding the Kami Group of Companies' Goods and Services Tax ("**GST**");
 - k) Addressed post-receivership GST matters;

- l) Prepared interim statutory reports and filed same with the Office of the Superintendent of Bankruptcy in accordance with subsection 246(2) of the *Bankruptcy and Insolvency Act*;
- m) Corresponded with McInnes Cooper, the Receiver's legal counsel, from time to time on various legal matters relating to the receivership administration, including concluding the sale of the Property;
- n) Drafted, reviewed and finalized this Second Report; and
- o) Addressed additional matters of a general and specific nature as they arose from time to time not referred to above.

Closing of the Sales Process

- 22. The Receiver and the Purchaser entered into an asset purchase agreement dated October 29, 2020 (the "**APA**"), and this Honourable Court granted the Sale and Vesting Order on November 13, 2020.
- 23. The APA set an outside date to conclude the sale (the "**Outside Date**") of December 31, 2020; however, due to a delay in obtaining the consent of the Minister of Industry, Energy and Technology with respect to the transfer of the Mining Rights, the Receiver and Purchaser executed four (4) amendments to extend the Outside Date on December 29, 2020 to January 29, 2021, on January 27, 2021 to February 27, 2021, on February 26, 2021 to March 26, 2021 and on March 26, 2021 to April 16, 2021.
- 24. The delays encountered were with respect to required consultations with certain indigenous groups. the Newfoundland and Labrador provincial election taking place at that time, and the various COVID-19 restrictions impacting the ability of the Minister of Industry, Energy and Technology to consent to the transfer of the Mining Rights.
- 25. On April 1, 2021, all terms and conditions of the purchase agreement made between the Receiver and the Purchaser, as amended (the "**Purchase Agreement**") were completed to the satisfaction of the Receiver. A copy of the Receiver's Certificate is attached hereto as **Appendix "C"**.
- 26. The transaction contemplated in the Purchase Agreement is as follows:
 - a) The extinguishment of the Sprott Indebtedness of \$19.4 million;
 - b) \$15 million in cash; and
 - c) An undertaking in favour of the Receiver to make a finite production payment on a fixed amount of future iron ore concentrate production from the Kami Project.
- 27. As a result of the quantum of sale proceeds realized (the "**Sales Proceeds**"), and based on the information currently available to the Receiver in respect of outstanding amounts owed to creditors, there are sufficient Sales Proceeds to fully address Kami LP's creditor claims such that after payment of the creditor claims the remaining Sales Proceeds will be distributed: i) approximately 25% to HBIS International Holding (Canada) Co., Ltd. that owns approximately 25% of Kami LP; ii) approximately 75% to Alderon that owns approximately 75% of Kami LP; and iii) approximately .001% to Kami GP that owns approximately .001% of Kami LP such that there will be a partial recovery for Kami LP's shareholders through the Claims Process to be established (as defined later in this Second Report).
- 28. It should be noted that the Receiver is of the view that there is one claim against Kami LP where the creditor may have to mitigate its claim. That matter is ongoing. Moreover, there are certain assets in storage in Quebec that the Receiver has recently become aware of that may be saleable. Both of these matters may result in additional funds being available for distribution to Kami LP's shareholders.

Claims Process

29. The Receiver is seeking Court approval to commence a claims process to assess claims against the Kami Group of Companies and their relative priority. Such claims processes are required to qualify/quantify stakeholder debt/equity and to allow for a fair and equitable distribution of the Sales Proceeds (collectively the "**Claims Process**"). The proposed stakeholders are as follows:
- a) A claims procedure to identify all shareholders in respect of Alderon (the "**Shares**" and "**Shareholders**") as of June 17, 2020 (the "**Record Date**") who have a claim as a Shareholder in respect of Alderon (a "**Share Claim**"), including the determination of such Share Claim (the "**Shareholder Claims Procedure**"); and
 - b) A claims procedure to identify all creditors (the "**Creditors**") with claims in respect of Kami LP, Kami GP and Alderon, including the determination of such Creditor Claims (as defined herein) (the "**Creditors Claim Procedure**").

Shareholder Claims Procedure

30. The Receiver shall on or before August 31, 2021, or such other date as the Receiver may determine, send notice by regular mail, email, courier services or facsimile to each known Shareholder as of the Record Date which in Alderon's case is the Date of Receivership, based on the share register provided by TX Trust and the Holders of Record provided by CDS, that a liquidation of shares has commenced (the "**Liquidation Notice**").
31. The Receiver understands that certain shares in Alderon may have been publicly traded in the United States subsequent to the Date of Receivership in what is known as Over the Counter trading. As a result of trading post the Date of Receivership, the Receiver shall, on or before September 7, 2021, or such other dates as the Receiver shall determine, publish an advertisement on two different days in a widely read nationally distributed newspaper in the United States seeking the claims of Alderon Shareholders.
32. The Receiver shall also post electronic copies of the Liquidation Notice on the Receiver's website at www.insolvencies.deloitte.ca/en-ca/Kami as soon as practically possible after August 15, 2021.
33. The Liquidation Notice shall include the following, and such other information as deemed necessary by the Receiver:
- a) An assertion of the share claim such Shareholder has in respect of Alderon (the "**Share Claim**"), based on the information recorded in the share register provided by TX Trust and the Holders of Record provided by CDS in respect of such Shareholder;
 - b) A blank proof of claim and related instruction letter, substantially in the form attached hereto as **Schedule A** of the Claims Process Order (the "**Shareholder Proof of Claim**")
 - c) Notice of the date at which the share register shall be closed;
 - d) Notice of the designated time and date on which the Shareholders may surrender the share certificates representing their Shares(s) for cancellation to the Receiver (the "**Deadline**"); and
 - e) Notice that the Receiver may from time to time apply to the Court for direction in respect of the Claims Process and that it may apply to the Court for a final Order for relief identified in paragraph 17(b) herein, and setting forth a method for the Shareholders to advise the Receiver whether they want to be given notice of either:
 - i. All applications made by the Receiver in respect of the share liquidation, if any, including the application of the final Order; or
 - ii. Only the application for the final Order, if any;which notice will be given by the Receiver if so requested, by electronic mail in accordance with instructions received from the Shareholders requesting notice.

34. Any shares not surrendered for cancellation by the Deadline shall be deemed to be cancelled without prejudice to the rights of the holders of such Shares to receive their pro-rata share of any distribution from the Sale Proceeds.
35. All Shareholders that:
- a) Do not submit a Shareholder Proof of Claim; or
 - b) Agree with the Share Claim set forth in the Liquidation Notice;
- shall have that Share Claim deemed accepted on November 30, 2021 at 5:00 p.m. (Mountain Time) (the "**Shareholder Claims Bar Date**"). For greater certainty, those Shareholders that agree with the Share Claim set forth in the Liquidation Notice shall not be required to file any forms with the Receiver (other than the surrendering of the shares representing their shares for cancellation).
36. All Shareholders that dispute the Share Claim set forth in the Liquidation Notice shall be required to file a Shareholder Proof of Claim with the Receiver on or before the Shareholder Claims Bar Date. The Receiver will review each Shareholder Proof of Claim submitted on or before the Shareholder Claims Bar Date. The Receiver will either:
- a) Accept the Shareholder Proof of Claim in its entirety;
 - b) Revise the amount; or
 - c) Disallow the Shareholder Proof of Claim.
37. If the Receiver disputes the amount set out in a Shareholder Proof of Claim, the Receiver may:
- a) Attempt to consensually resolve such Share Claim; or
 - b) Send a notice of revision or disallowance, substantially in the form attached hereto as **Schedule B** of the Claims Process Order (the "**Shareholder Notice of Revision or Disallowance**"), by courier, facsimile, or electronic mail, as soon as is reasonably practicable in these proceedings. Such Shareholder Notice of Revision or Disallowance will be deemed to have been received on the following business day.
38. If the Shareholder intends to dispute the Shareholder Notice of Revision or Disallowance, the Shareholder must deliver a dispute notice, substantially in the form attached hereto as **Schedule C** of the Claims Process Order (the "**Shareholder Dispute Notice**"), by courier, facsimile or electronic mail, to the Receiver no later than 14 days from the date the Shareholder Notice of Revision or Disallowance was received or such later date as the Receiver may agree in writing or as ordered by this Court.
39. If the Shareholder does not deliver a Shareholder Dispute Notice in accordance with the preceding paragraph, then the Share Claim shall be deemed accepted at the amount set forth in the Shareholder Notice of Revision or Disallowance and the Shareholder:
- a) will not be entitled to receive a distribution where the entire Share Claim is disallowed; or
 - b) will only be entitled to receive a distribution in the amount proportional to the revised amount of the Share Claim.
40. The Receiver may attempt to consensually resolve any Shareholder Dispute Notice with the Shareholder. If same cannot be resolved, the Shareholder shall file with this Court an application in the within proceedings within 15 days of delivery of the Shareholder Dispute Notice, for the determination of the value of the Share Claim.

41. The Receiver anticipates there may be a total of three distributions to Shareholders based on the terms of the APA, as a portion of the Sales Proceeds will be paid to the Receiver over time, following the completion of the Creditor Claims Procedure as defined later in this Second Report. Pursuant to Directive 18 – Unclaimed Dividends and Undistributed Funds issued by the Office of the Superintendent of Bankruptcy Canada, a Licensed Insolvency Trustee is not expected to distribute immaterial amounts available for distribution to a large number of creditors if the cost of the distribution would appreciably exceed the amounts to be distributed. As a guideline to what constitutes materiality, Directive 18 notes such materiality at paragraph 6 (c) “if there are more than five (5) creditors, the funds are to be paid to the creditors where the average dividend to ordinary creditors in the estate will exceed \$10”. As the information available to the Receiver at the time of this Report indicates there are approximately 136 shareholders holding a total of 412 shares (with many shareholders holding only one (1) share) where the Receiver estimates any distribution will be under \$10 per shareholder (or estimated to be less than \$0.10 cents in respect of those shareholders holding only one (1) share), the Receiver proposes to adopt the materiality guideline set out in Directive 18 with respect to those 136 shareholders and not make any distribution of less than \$10. The Receiver will seek further direction from the Court with respect to any distributions of estate funds to the Shareholders.

Creditor Claims Procedure

42. The Receiver shall administer the following Creditor Claims Procedure:

- a) On or before August 31, 2021, or such other date as the Receiver may determine, a claims package and proof of claim (the “**Creditor Proof of Claim**”), substantially in the form attached hereto as **Schedule D** of the Claims Process Order, will be sent by regular mail to each known creditor of Kami LP, Kami GP and Alderon (the “**Creditor Claims Package**”);
- b) The Receiver shall also post electronic copies of the Creditor Claims Package on the Receiver’s website at www.insolvencies.deloitte.ca/en-ca/Kami as soon as practically possible after August 15, 2021.
- c) The Creditor Claims Package shall include notice that the Receiver may from time to time apply to the Court for direction in respect of the Claims Process and that it may apply to the Court for a final Order for the relief identified in paragraph 17(b) herein, and setting forth a method for the Creditors to advise the Receiver whether they want to be given notice of either:
 - i. all applications made by the Receiver in respect of these receivership proceedings, if any, including the application for the final Order; or
 - ii. only the application for the final Order, if any;which notice will be given by the Receiver if so requested, by electronic mail in accordance with instructions received from the Creditors requesting notice.
- d) On or before September 7, 2021, or such other dates as the Receiver shall determine, an advertisement shall be published on two different days in newspapers in the jurisdictions in which Kami LP, Kami GP and Alderon operated, seeking the claims of Creditors that have any right or claim in respect of Kami LP, Kami GP and Alderon, whether or not asserted, in connection with any indebtedness, liability, or obligation of any kind whatsoever (a “**Creditor Claim**”);
- e) Any person who may have a Creditor Claim shall prepare and submit the Creditor Proof of Claim, and serve it on the Receiver by either courier, facsimile or electronic mail, on or before 5:00 p.m. (Mountain Time) November 30, 2021 (the “**Creditor Claims Bar Date**”);
- f) The Receiver shall have until December 14, 2021 to review the Creditor Proof(s) of Claim and the Receiver may allow or disallow all or any portion of a Creditor Claim, and communicate any

disallowance of a Creditor Claim to the claimant, by delivering a notice of revision or disallowance, substantially in the form attached hereto as **Schedule E** of the Claims Process Order (the "**Creditor Notice of Revision or Disallowance**"). The Creditor Notice of Revision or Disallowance will be deemed to have been received on the following business day;

- g) Any claimant will have 14 business days from the day of receipt of a Creditor Notice of Revision or Disallowance to deliver a notice of dispute, substantially in the form attached hereto as **Schedule F** of the Claims Process Order (the "**Creditor Notice of Dispute**"), to the Receiver;
- h) The Receiver may attempt to consensually resolve any Creditor Notice of Dispute. If same cannot be resolved, the claimant shall file with this Court an application in the within proceedings within 15 days following delivery of the Creditor Notice of Dispute, for the determination of the value of the Creditor Claim; and
- i) Where a Creditor Claim has been allowed by the Receiver in accordance with this Order, such Creditor Claim shall constitute such claimant's proven Creditor Claim for the purposes of these proceedings.

Fees and disbursements of the Receiver

- 43. The Receiver's professional fees are calculated based on hours spent at rates established by each professional based on their qualifications and experience.
- 44. The Receiver's fees and disbursements in relation to the administration of the Receivership up to and including June 30, 2021 total approximately \$238,400 (excluding GST). This total comprises three (3) interim invoices totalling approximately \$225,900 (excluding GST) and work-in-progress of approximately \$12,500 (excluding GST).
- 45. In the Receiver's opinion, the services rendered in respect of these fees and disbursements have been duly rendered in response to required and necessary duties of the Receiver hereunder and are reasonable in the circumstances. A summary of the invoices is attached hereto as **Appendix "D"**.

Fees and disbursements of legal counsel

- 46. The Receiver's legal counsel's cumulative fees and disbursements on this matter total approximately \$156,600 (excluding GST) to June 30, 2021. The accounts of the Receiver's legal counsel are calculated based on hours spent at rates established by each professional based on their qualifications and experience. The Receiver is of the opinion that legal counsel's fees are reasonable and appropriate in the circumstances. A summary of the invoices is attached hereto as **Appendix "E"**.

Interim Statement of Receipts and Disbursements

- 47. The interim Statement of Receipts and Disbursements reflecting the administration of the receivership for the period from June 17, 2020 to June 30, 2021, attached hereto as **Appendix "B"**, is summarized below.

**IN THE MATTER OF THE RECEIVERSHIP OF KAMI LIMITED PARTNERSHIP,
KAMI GENERAL PARTNER LIMITED, AND ALDERON IRON ORE CORP.
COMBINED INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JUNE 17, 2020 TO JUNE 30, 2021**

| | Kami Limited Partnership | Kami General Partner Limited | Alderon Iron Ore Corp. | Total |
|---|--------------------------|------------------------------|------------------------|-------------------|
| Receipts | 145 | 145 | 15,007,710 | 15,008,000 |
| Disbursements | (145) | (145) | (477,920) | (478,211) |
| Estate balance as at June 28, 2021 | (0) | (0) | 14,529,790 | 14,529,789 |

48. Pursuant to the Receivership Order, the Receiver may borrow up to \$50,000 in aggregate without further Court approval. As at the date of this Second Report, the Receiver’s repaid borrowings total \$25,000 that were previously advanced to fund the receivership proceedings.

Conclusions and Recommendations

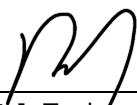
49. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court grant the relief detailed in Section 17 (b) of this Second Report and such further and other relief as this Honourable Court deems appropriate in the circumstances.

* * *

All of which is respectfully submitted at Calgary, Alberta this 16th day of July 2021.

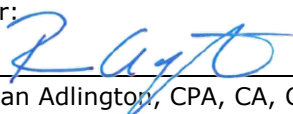
DELOITTE RESTRUCTURING INC.,
solely in its capacity as Court-appointed Receiver
of Alderon, Kami LP, and Kami GP (as defined herein)
and not in its personal or corporate capacity

Per:



Robert J. Taylor, FCPA, FCA, CIRP, LIT

Per:



Ryan Adlington, CPA, CA, CIRP, LIT

Appendix "A"

2020 01G 2883

IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
GENERAL DIVISION

IN BANKRUPTCY AND INSOLVENCY

BETWEEN

SPROTT PRIVATE RESOURCE LENDING (COLLECTOR), LP
APPLICANT

AND: THE KAMI MINE LIMITED PARTNERSHIP
FIRST RESPONDENT

AND: KAMI GENERAL PARTNER LIMITED
SECOND RESPONDENT

AND: ALDERON IRON ORE CORP.
THIRD RESPONDENT

SALE APPROVAL AND VESTING ORDER

UPON READING the Application of Deloitte Restructuring Inc. (the "Receiver"), in its capacity as the court-appointed receiver of all of the assets, undertakings and property of the Respondents (the "Debtors") for an Order:

- (i) Approving the activities, fees and disbursements of the Receiver as set out in the First Report of the Receiver (the "Receiver's Report");
- (ii) Approving the sale transaction of certain property contemplated by an Asset Purchase Agreement dated the 29th day of October, 2020 (the "Purchase Agreement") between, the Receiver and Quebec Iron Ore Inc. and 12364042 Canada Inc. (collectively, the "Purchasers"), and transferring to the Purchasers all of the Debtors' and the Receiver's right, title and interest in the Debtors' property described within the Purchase Agreement (the "Purchased Assets");
- (iii) Vesting and transferring all of the Debtors' and the Receiver's right, title and interest in the Purchased Assets in and to the Purchasers free and clear of all Claims (as defined below);and
- (iv) Directing that the Confidential Supplement to the Receiver's Report be sealed with the Court unless otherwise ordered by the Court, until such time as the sale has been completed by the Receiver.

AND UPON READING the Receiver's Report, and the material filed by counsel;

Filed Nov 13, 20 20
20 20

AND UPON HEARING Geoffrey Spencer on behalf of the Receiver,

IT IS THIS DAY ORDERED THAT:

Validation of Service

1. The time for service of the Application is hereby abridged, service of the Application is validated and further service of the Application is dispensed with.

Approval of Sale

2. The activities, fees and disbursements of the Receiver as described in the Receiver's Report be and are hereby approved;
3. The Receiver be and is hereby authorized to complete the transaction between the Receiver and the Purchasers contemplated by the Purchase Agreement in relation to the Purchased Assets.
4. The Purchase Agreement be and is hereby approved.
5. The Receiver is authorized and empowered to do all things and execute and deliver all such documents as it deems necessary in order to complete the transactions contemplated by the Purchase Agreement.

Vesting of Assets

6. Effective immediately upon the filing with this Court of a Receiver's Certificate substantially in the form attached hereto as Schedule "A" (the "Receiver's Certificate") signed by the Receiver confirming that all terms and conditions under the Purchase Agreement have been either satisfied or waived and that the transactions contemplated by the Purchase Agreement have been completed to the satisfaction of the Receiver, all right, title and interest of the Debtors and the Receiver in the Purchased Assets shall vest and are hereby vested in and to the Purchasers, absolutely and forever, without limitation, free and clear of and from any and all security interests (whether contractual, statutory or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise) liens, executions, levies, charges or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including but not limited to any claims arising from the Receiver's termination of the Iron Ore Off Take Agreement between The Kami Mine Limited Partnership and Hebei Iron & Steel Group Co., Ltd. dated August 31, 2012 (collectively, the "Claims") provided however that from or after the filing of the Receiver's Certificate with this Court, any and all Claims of or by any persons in or to the Purchased Assets shall attach to the proceeds derived from the completion of the transactions contemplated by the Purchase Agreement with the same priority as they had with respect to the Purchased Assets immediately prior to the completion of the transactions contemplated by the Purchase Agreement.
7. The purchase price set out in the Purchase Agreement is fair and commercially reasonable and was arrived at in a commercially reasonable manner.

8. Notwithstanding:

- (i) the pendency of these proceedings;
- (ii) any applications for a bankruptcy order now or in the future issued pursuant to the BIA in respect of the Debtors and any bankruptcy order issued pursuant to any such applications; and
- (iii) any assignment in bankruptcy made in respect of the Debtors

the vesting of the Purchased Assets in and to the Purchasers pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute or be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at under value or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

- 9. Any and all third parties holding Purchased Assets are hereby directed to release such Purchased Assets forthwith upon receiving instructions to that effect from the Receiver, or, after the closing of the transactions contemplated by the Purchase Agreement, from the Receiver, the Purchasers or both.
- 10. This Court hereby requests the aid and recognition of any Court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States in connection with the authority granted hereunder to proceed with and conclude the transactions contemplated by the Purchase Agreement.

Sealing Order

- 11. The Confidential Supplement to the Receiver's Report shall be sealed with the Court unless otherwise ordered by the Court, until such time as the sale of the Purchased Assets has been completed by the Receiver.

Dated at St. John's, in the Province of Newfoundland and Labrador, this 13th day of November, 2020

Court Officer

Schedule "A"



2020 01G 2883

IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

BETWEEN

SPROTT PRIVATE RESOURCE LENDING (COLLECTOR), LP
APPLICANT

AND:
THE KAMI MINE LIMITED PARTNERSHIP
FIRST RESPONDENT

AND:
KAMI GENERAL PARTNER LIMITED
SECOND RESPONDENT

AND:
ALDERON IRON ORE CORP.
THIRD RESPONDENT

RECEIVER'S CERTIFICATE

Deloitte Restructuring Inc. (the "Receiver"), in its capacity as court-appointed receiver of all of the assets, undertaking and property of Alderon Iron Ore Corp., The Kami Mine Limited Partnership, and Kami General Partner Limited, hereby confirms that all terms and conditions under the Asset Purchase Agreement dated October 29, 2020 (the "Purchase Agreement") made between the Receiver and Quebec Iron Ore Inc. and 12364042 Canada Inc. (and/or assignees) have been either satisfied or waived, and that the transactions contemplated by the Purchase Agreement have been completed to the satisfaction of the Receiver.

Dated this ____ day of _____, 2020 at _____.

Deloitte Restructuring Inc., in its capacity as court-appointed receiver of all of the assets, undertaking and property of Alderon Iron Ore Corp., The Kami Mine Limited Partnership, and Kami General Partner Limited

Witness

Per: _____
Name:
Title:

Appendix "B"

**IN THE MATTER OF THE RECEIVERSHIP OF KAMI LIMITED PARTNERSHIP,
KAMI GENERAL PARTNER LIMITED, AND ALDERON IRON ORE CORP.
COMBINED INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JUNE 17, 2020 TO JUNE 30, 2021**

| | Kami Limited Partnership | Kami General Partner Limited | Alderon Iron Ore Corp. | Total |
|--|-----------------------------|---------------------------------|---------------------------|-------------------|
| Receipts | | | | |
| Sale of assets | | | 15,000,000 | 15,000,000 |
| Rental income | | | 6,957 | 6,957 |
| GST/HST collected | | | 1,043 | 1,043 |
| Transfer of funds from related Estates | 145 | 145 | (290) | - |
| Total receipts | 145 | 145 | 15,007,710 | 15,008,000 |
| Disbursements | | | | |
| Receiver's fees and costs | | | 225,892 | 225,892 |
| Legal fees/disbursements | | | 156,612 | 156,612 |
| Storage | | | 50,493 | 50,493 |
| GST Paid | 7 | 7 | 25,219 | 25,233 |
| Insurance | | | 11,603 | 11,603 |
| Operating expenses | | | 6,329 | 6,329 |
| HST/GST remitted | | | 1,043 | 1,043 |
| Lease payments | | | 302 | 302 |
| Licence Fee | | | 200 | 200 |
| Mail Redirection | 139 | 139 | 139 | 416 |
| Filing fees paid to Official Receiver | | | 70 | 70 |
| Bank Charges | | | 18 | 18 |
| Total disbursements | 145 | 145 | 477,920 | 478,211 |
| Excess of receipts over disbursements | (0) | (0) | 14,529,790 | 14,529,789 |

Appendix "C"

2020 01G 2883

IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

BETWEEN

SPROTT PRIVATE RESOURCE LENDING (COLLECTOR), LP

APPLICANT

AND:

THE KAMI MINE LIMITED PARTNERSHIP

FIRST RESPONDENT

AND:

KAMI GENERAL PARTNER LIMITED

SECOND RESPONDENT

AND:

ALDERON IRON ORE CORP.


THIRD RESPONDENT

RECEIVER'S CERTIFICATE


Deloitte Restructuring Inc. (the "**Receiver**"), in its capacity as court-appointed receiver of all of the assets, undertaking and property of Alderon Iron Ore Corp., The Kami Mine Limited Partnership, and Kami General Partner Limited, hereby confirms that all terms and conditions under the Asset Purchase Agreement dated October 29, 2020, as amended (the "**Purchase Agreement**") made between the Receiver and Quebec Iron Ore Inc. and 12364042 Canada Inc. (and/or assignees) have been either satisfied or waived, and that the transactions contemplated by the Purchase Agreement have been completed to the satisfaction of the Receiver.

Dated this 15th day of April, 2021 at Calgary, AB.

Deloitte Restructuring Inc., in its capacity as court-appointed receiver of all of the assets, undertaking and property of Alderon Iron Ore Corp., The Kami Mine Limited Partnership, and Kami General Partner Limited



Witness

Per: 
Name: Robert J. Taylor
Title: Senior Vice President

Appendix "D"

**IN THE MATTER OF THE RECEIVERSHIP OF KAMI LIMITED PARTNERSHIP,
KAMI GENERAL PARTNER LIMITED, AND ALDERON IRON ORE CORP.
SUMMARY OF RECEIVER'S FEES
AS AT JUNE 30, 2021
\$CAD**

| Invoice | Period | Fees | Disbursements | Subtotal | GST | Total |
|------------------|-----------------------------------|----------------|----------------------|-----------------|---------------|----------------|
| 8001420092 | June 15, 2020 to July 24, 2020 | 36,460 | 203 | 36,663 | 1,833 | 38,496 |
| 8001420095 | July 25, 2020 to October 16, 2020 | 80,683 | 390 | 81,072 | 4,054 | 85,126 |
| 8001845416 | October 17, 2020 to May 21, 2021 | 108,158 | - | 108,158 | 5,408 | 113,565 |
| | | 225,300 | 592 | 225,892 | 11,295 | 237,187 |
| Work-in-progress | May 22, 2021 to June 30, 2021 | 12,500 | - | 12,500 | 5,408 | 17,908 |
| | | 237,800 | 592 | 238,392 | 16,702 | 255,095 |

Appendix "E"

**IN THE MATTER OF THE RECEIVERSHIP OF KAMI LIMITED PARTNERSHIP,
KAMI GENERAL PARTNER LIMITED, AND ALDERON IRON ORE CORP.
SUMMARY OF LEGAL FEES
AS AT JUNE 30, 2021
\$CAD**

| Invoice | Period | Fees | Disbursements | Subtotal | GST | Total |
|----------------|---------------------------------------|----------------|----------------------|-----------------|--------------|----------------|
| 2020016861 | June 8, 2020 to July 28, 2020 | 8,309 | 10 | 8,319 | 415 | 8,735 |
| 2020020608 | July 29, 2020 to August 30, 2020 | 11,540 | 170 | 11,710 | 577 | 12,287 |
| 2020022915 | August 31, 2020 to September 30, 2020 | 13,452 | | 13,452 | 673 | 14,124 |
| 2020026352 | October 1, 2020 to October 30, 2020 | 39,125 | 73 | 39,198 | 1,956 | 41,154 |
| 1262621 | October 5, 2020 to October 29, 2020 | 1,549 | | 1,549 | 77 | 1,626 |
| 2020029375 | November 1, 2020 to November 30, 2020 | 39,656 | 30 | 39,686 | 1,983 | 41,669 |
| 2020031366 | December 1, 2020 to December 23, 2020 | 3,459 | | 3,459 | 173 | 3,632 |
| 2021002227 | December 23, 2020 to January 31, 2021 | 12,067 | | 12,067 | 603 | 12,670 |
| 2021004450 | February 8, 2021 to February 28, 2021 | 6,224 | | 6,224 | 311 | 6,535 |
| 2021006657 | March 2, 2021 to March 31, 2021 | 4,978 | | 4,978 | 249 | 5,227 |
| 2021010429 | March 31, 2020 to April 30, 2021 | 5,681 | | 5,681 | 284 | 5,965 |
| 2021013156 | May 1, 2021 to May 31, 2021 | 3,789 | | 3,789 | 189 | 3,979 |
| 2021016015 | June 1, 2021 to June 30, 2021 | 6,500 | | 6,500 | 325 | 6,825 |
| | | <u>156,329</u> | <u>283</u> | <u>156,612</u> | <u>7,816</u> | <u>164,428</u> |