



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

DATED OCTOBER 29, 2020
PREPARED BY DELOITTE RESTRUCTURING INC.

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT Counsel
McInnes Cooper
10 Fort William Place
St. John's, NL A1C 5X4
Attention: Geoffrey Spencer
Telephone/Facsimile: 709-724-5675 / 709-722-1763
Email: geoffrey.spencer@mcinnescooper.com
File No.: 188381
Receiver
Deloitte Restructuring Inc.
700, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Attention: Robert J. Taylor
Telephone/Facsimile: 403-267-0501 / 403-718-3681
Email: bobbtaylor@deloitte.ca

Table of Contents

Introduction and background	1
Purpose	2
Terms of reference	3
Receiver's Activities	3
Primary Assets	4
Accounts Receivable	4
Mineral properties	5
Property, plant and equipment	5
Multiuser wharf contract	5
Primary Liabilities	5
Marketing and sales process	6
Fees and disbursements of the Receiver	8
Fees and disbursements of legal counsel	8
Interim Statement of Receipts and Disbursements	8
Conclusions and Recommendations	9

Appendices

Appendix "A"	Receivership Order dated June 17, 2020
Appendix "B"	Notice and Statement of the Receiver
Appendix "C"	Summary of Receiver's Fees
Appendix "D"	Summary of Receiver's Legal Counsel's Fees

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. A copy of the Receivership Order is attached hereto as **Appendix "A"**.
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 Kamistiatusset property (the "**Kami Property**"). All activities associated with the Kami Property is 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 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 received directly an offer to purchase the Kami Mine from an interested purchaser (the "**Proposed Purchaser**") and such offer was supported by Sprott prior to the Court granting the Receivership Order.
14. The Receivership Order, together with related Court documents, the Notice to Creditors and this first report (the "**First Report**") have been posted on the Receiver's website (the "**Receiver's Website**") at www.insolvencies.deloitte.ca/en-ca/Kami.
15. Unless otherwise provided, all other capitalized terms not defined in this First Report are as defined in the Receivership Order.

Purpose

16. The purpose of this First Report is to:
 - a) Provide the Court with additional information in respect of the Kami Property;
 - b) Provide an update on the administration of the receivership since the Date of Receivership; and
 - c) Respectfully recommend that this Honourable Court make orders:
 - i. Approving the activities, fees, and disbursements of the Receiver as described in this First 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 Sales Process (defined later in this First Report);
 - iii. Approving and directing the Receiver to carry out the terms of the asset purchase agreement (the "**APA**") dated October 29, 2020, together with any amendments thereto, including continuing certain operations of the Kami Group of Companies, completing the sale of certain of the Property as described in the APA (the "**Sold Assets**") and vesting title of the Sold Assets free and clear of all liens, charges, security interests and other encumbrances in and to affiliated companies of a public company (collectively the "**Purchaser**") as identified in the confidential supplement report to this First Report (the "**Confidential Supplement**"). A copy of the Purchaser's APA is attached as **Appendix "B"** to the Confidential Supplement;
 - iv. Directing that the Confidential Supplement be sealed with the Court unless otherwise ordered by the Court, until such time as the sale of the Sold Assets has been completed by the Receiver; and
 - v. Providing such further or other relief that the Court considers just and warranted in the circumstances.

Terms of reference

17. In preparing this First 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 First Report.
18. 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 the First Report. Any use, which any party makes of the First Report, or any reliance or decision to be made based on the First Report, is the sole responsibility of such party.
19. All dollar amounts in this First Report are in Canadian dollars, unless otherwise indicated.

Receiver's Activities

20. Since the Date of Receivership, the Receiver has undertaken and performed the following activities:
 - a) Arranged to maintain the insurance coverage over the Kami Group of Companies' assets and had the Receiver added as a loss payee on the existing insurance policy of the Kami Group of Companies which expires October 31, 2020;
 - b) Issued a statutory Notice and Statement of the Receiver to all known creditors of the Kami Group of Companies (the "**Notice to Creditors**") pursuant to subsections 245(1) and 246(1) of the Bankruptcy and Insolvency Act (Canada). A copy of the Notice to Creditors is attached hereto as **Appendix "B"**;
 - c) Opened new trust accounts in the name of the receivership estate to facilitate future receipts and disbursements;
 - d) Contacted the Port Authority of Sept-Iles (the "**Port Authority**") with respect to the multiuser wharf contract held between the Port Authority and the Kami Group of Companies;
 - e) Contacted Metso Minerals Canada Inc. ("**Metso**"), with respect to the Kami Group of Companies' assets in Metso's possession;
 - f) Contacted Houseman Limited ("**Houseman**") with respect to the warehouse lease held between Kami LP and Houseman (the "**Houseman Lease**"). The Houseman Lease was assigned to Sprott prior to the Date of Receivership;
 - g) Contacted the Province of Newfoundland and Labrador with respect to the various mining licenses issued to the Kami Group of Companies;
 - h) Informed Canada Revenue Agency ("**CRA**") of the receivership and requested confirmation of account balances and established new tax accounts for the post-receivership period;
 - i) Informed Quebec Finance of the receivership and requested confirmation of account balances;
 - j) Conducted a review of the Prior Sales Process undertaken by Scotia Capital and as described in more detail later in this First Report;

- k) Undertook extensive discussions with the Proposed Purchaser and its legal counsel to negotiate terms of the proposed APA;
 - l) Corresponded with McInnes Cooper, the Receiver's legal counsel, on various legal matters relating to the receivership including an independent review of the validity and enforceability of Sprott's Security;
 - m) Corresponded with several creditors and other stakeholders;
 - n) Corresponded with other interested parties with respect to the assets of the Kami Group of Companies;
 - o) Drafted, reviewed and finalized this First Report; and
 - p) Addressed additional matters of a general and specific nature as they arose from time to time.
21. The Receiver requested the books and records of the Companies from King & Bay pursuant to paragraphs 4, 5, and 6 of the Receivership Order. King & Bay acknowledged the request and provided the Receiver with copies of the insurance policies and an inventory of records in storage at Iron Mountain; King & Bay then requested \$50,000 from the Receiver to release the books and records of the Kami Group of Companies, which the Receiver will not pay.
22. The Receiver contacted Iron Mountain on numerous occasions to obtain certain records; however, Iron Mountain will not provide the Receiver access to the records as the Iron Mountain account is held in King & Bay's name, and King & Bay has not authorized Iron Mountain to release the records to the Receiver.
23. On October 2, 2020, 10 boxes arrived at Deloitte's Vancouver office from King & Bay. Based on the Receiver's preliminary review of the contents, the majority if not all of the information is outdated and irrelevant for the Receiver's purposes. The Receiver will undertake a full inventory of the contents of the 10 boxes as circumstances permit.
24. As a result of the lack of cooperation from King & Bay, the Receiver is unable to access all of the Kami Group of Companies' records and consequently has been unable to fulfil certain of its duties and obligations under the Receivership Order (i.e. identify unsecured creditors, notify customers and vendors of the receivership proceedings, facilitate CRA audits, etc.).
25. Based on information available to the Receiver and on discussions with King & Bay, the Receiver understands that King & Bay executed all business functions on behalf of the Kami Group of Companies and therefore no amounts are owed to CRA in respect of payroll source deductions. The Receiver has confirmed with CRA that the Kami Group of Companies do not have registered payroll accounts.

Primary Assets

26. Sprott provided the Receiver with the Kami Group of Companies' most recent internally prepared unaudited financial statements dated January 31, 2020. The financial statements are prepared on a consolidated basis. Based on those financial statements the Kami Group of Companies' primary assets are noted below.

Accounts Receivable

27. Accounts receivable totalling approximately \$26,000 comprise sales and other tax credits and accrued interest receivables. The Receiver does not anticipate recovering any accounts receivable.

Mineral properties

28. Mineral properties comprise capitalized development costs incurred with respect to the Kami Project since February 1, 2013 and the ongoing renewal costs for the mining and surface rights leases. As of November 14, 2015, the Kami Group of Companies ceased incurring development costs eligible for capitalization as they were focused on the advancement of the financing plan rather than the development of the Kami Project. The Receiver has made arrangements to maintain the mining and surface right leases until the sales process is completed.

Property, plant and equipment

29. Property, plant, and equipment consist of construction in progress and related advances paid or accrued in respect of equipment required to extract ore from the Kami Project.

30. Metso is in possession of certain mining equipment and has provided the Receiver the purchase order documents and a statement of account for the Receiver's review. It is Metso's view that title to the equipment has not passed to the Kami Group of Companies as amounts are still owed to Metso which is noted below in the Primary Liabilities section.

31. CK Logistics is also in possession of certain mining equipment parts and has provided the Receiver information with respect to the assets for the Receiver's review. The Receiver understands that these equipment parts are owned by the Kami Group of Companies and CK Logistics is providing storage services.

Multiuser wharf contract

32. The Kami Group of Companies hold a multiuser wharf agreement with the Port Authority (the "**Port Authority Agreement**") located in Sept-Iles, Quebec. The term of the agreement is 20 years from the execution date, July 13, 2012, with the option to renew for a further five-year term for a maximum of four renewals. The initial commitment paid by Alderon was approximately \$20.5 million (the "**Buy-in Payment**"), which constitutes an advance on Alderon's future shipping fees. Alderon has a take or pay obligation based on a discounted rate applied on 50% of the eight (8) million tons minimum annual shipping capacity and is payable even if Alderon does not use the facilities (the "**Take or Pay Tonnage Guarantee**"). The annual Take or Pay Tonnage Guarantee is payable in monthly instalments. The monthly instalments are being set-off against the Buy-in Payment.

Primary Liabilities

33. As at the date of Receivership and as noted previously, Sprott is the principal secured creditor of the Kami Group of Companies and is owed approximately \$19.4 million. The Receiver's independent legal counsel, McInnes Cooper, conducted an independent review of the validity and enforceability of Sprott's Security on the Kami Group of Companies' assets and, subject to normal assumptions and qualifications, determined that Sprott's Security was properly registered and valid.

34. There is one (1) other creditor claiming secured status; Metso with respect to the mining equipment in its possession, which is owed approximately \$5.6 million. The Receiver's legal counsel will review any security agreements in place between the Kami Group of Companies and Metso in order to assess the priority of the claims against the receivership estate.

35. The Receiver has identified approximately nine (9) potential unsecured trade creditors. The amount of any potential unsecured claims is unknown as at the date of this First Report.

36. Alderon has a royalty agreement with Altius Resources Inc. ("**Altius**") dated December 6, 2010 (the "**Altius Royalty**"). The agreement requires a payment of a gross sales royalty to Altius in perpetuity equal to 3% of receipts from refined copper, gold bullion, silver bullion, and other refined products to be produced from the Kami Mine. The Altius Royalty is attached to various parcels of land in Newfoundland and Labrador and Quebec.
37. The Receiver is informed that there are no GST arrears owed to CRA as at the Date of Receivership. However, CRA has not yet conducted a GST audit on the Debtors as at the date of this First Report and additional liabilities may be assessed. The Receiver advised CRA that the Receiver is not in a position to facilitate such an audit as the Receiver has not been provided access to any of the Debtors' books and records. The Receiver understands that CRA will be contacting King & Bay directly to facilitate the audit and the results of such audit will be provided to the Receiver in due course.
38. CRA has not filed a proof of claim with the Receiver as at the date of this First Report.

Marketing and sales process

39. As discussed in paragraph 8 of this First Report, effective January 24, 2019, Scotia Capital was retained as financial advisor to Alderon to evaluate potential strategic transactions and to advance possible equity and debt financing for the construction and commissioning of the Kami Mine (the "**Prior Sales Process**").
40. Scotia Capital prepared an Iron Ore Investment Opportunity presentation (the "**Investment Package**") and in May 2019, provided that Investment Package to a group of targeted potential investors. Any party expressing an interest in the Kami Mine opportunity was required to sign a non-disclosure agreement ("**NDA**") prior to being provided with due diligence materials.
41. Based on the available materials provided to the Receiver, the Prior Sales Process resulted in the following:
 - a) 41 equity/strategic investors were contacted and provided the Investment Package;
 - b) 12 project finance providers were contacted and provided the Investment Package;
 - c) Approximately 15 interested parties negotiated and executed an NDA and were provided with appropriate due diligence materials; and
 - d) As noted previously above in paragraphs 9 and 10 of this First Report, one LOI was received and negotiated; however, was ultimately terminated by the Investor due to the uncertainty created by the COVID-19 pandemic.
42. Subsequent to the Investor's determination not to pursue a transaction and the resignation of all Directors and Officers of the Kami Group of Companies, one of the interested parties initially contacted by Scotia Capital provided Sprott with an offer to purchase the Kami Mine. As at the Date of Receivership a draft APA dated May 12, 2020 had been provided by the Proposed Purchaser to Sprott and Sprott was in support of a sale to the Proposed Purchaser even though Sprott would suffer a shortfall on its loans in excess of \$6.0 million.
43. The Receiver reviewed all available information in connection with the Prior Sales Process. For a period of over 18 months the Kami Group of Companies, with the assistance of both external legal and financial advisors, explored all available alternatives including strategic transactions and equity and debt financings. The Prior Sale Process undertaken by Scotia Capital was, in the Receiver's view, a thorough and broad canvassing of the world-wide market prior to the receivership. Based on its review, the Receiver concluded that to conduct a second sales process, given the significant marketing efforts undertaken by Scotia Capital, was likely not in the economic interests of the receivership estate as there was no certainty that an offer higher than the offer submitted by the Proposed Purchaser could be

obtained. The Receiver would have to generate a substantially higher purchase price in order for there to be any distribution to creditors other than Sprott.

44. Moreover, the Receiver did not have sufficient funding to conduct another sales and solicitation process and, even if the Receiver could have borrowed such funds, there was significant potential to further erode Sprott's security position if a higher sales price was not achieved through a second sales process.
45. Consequently, the Receiver, based on its due diligence, was prepared to support the sale of the Kami Mine to the Proposed Purchaser, and it advised the Proposed Purchaser accordingly.
46. On August 10, 2020 and August 17, 2020, the Receiver was provided with unsolicited expressions of interest to purchase the Kami Mine and other assets from two (2) other interested parties. The Receiver understands that these two (2) parties were aware of and/or involved in the Prior Sales Process.
47. The Receiver participated in several discussions with the interested parties to assess the degree of each party's interest and to determine whether the parties had the wherewithal to conduct a transaction in the magnitude of the expressions of interest. The Receiver also discussed the two unsolicited expressions of interest with Sprott.
48. As a result of the receipt of the two unsolicited expressions of interest and the apparent seriousness of both parties, it appeared to the Receiver that there now existed a competitive sale environment for the Kami Mine and that by the Receiver allowing time for the two new interested parties to complete their due diligence that a higher price for the Kami Mine could be achieved. Accordingly, the Receiver, with the concurrence of Sprott, provided all interested parties with an opportunity to submit unconditional definitive offers to the Receiver by September 25, 2020.
49. The Receiver was provided with three (3) offers all of which were greater than the offer provided to Sprott prior to the Date of Receivership. Two (2) of the offers received were superior offers; however, they were very similar in total consideration. Due to this competitive environment, the Receiver invited all parties to submit their final and best offers (the "**Final Offers**") by no later than Monday, October 5, 2020.
50. A comparison of the three (3) Final Offers submitted to the Receiver are detailed in the Confidential Supplement.
51. The Receiver is of the view that the offer made by the Purchaser, as further described in the Confidential Supplement, is the superior offer and should be approved by the Court for the following reasons:
 - a) The Purchaser's APA is sufficient to satisfy the Sprott Indebtedness;
 - b) The Purchaser's APA will result in full recovery for any other secured creditors, full recovery for all unsecured creditors (subject to the receipt of valid proofs of claim) and substantial recovery for the shareholders of the Kami Group;
 - c) The Purchaser's APA provides the greatest amount of up-front cash;
 - d) The Purchaser's APA provides for a lesser amount of risk and, subject to the issuance of the approval and vesting order and to customary governmental consent for the assignment of mining right, ensures certainly of closing imminently;
 - e) The Purchaser's APA provides for the assignment to the Purchaser of the rights and obligations of the Kami Group of Companies under several agreements, being to the benefit of these contracting parties and reducing the amount of claims or potential claims against the receivership estate;
 - f) The Receiver's fees and those of its legal counsel will be satisfied from the sales proceeds rather than having to be paid by Sprott; and
 - g) The Receiver is advised that Sprott supports the Purchaser's APA.

52. Based on the Receiver's experience, the nature of the Kami Group of Companies, the Prior Sale Process, and the comparison of offers received, the Receiver is of the view that the Purchaser's APA contains commercially reasonable terms and will maximize the available recovery for the receivership estate. Additional reasons and support are included in the Confidential Supplement. Accordingly, the Receiver requests that this Honorable Court approve the Purchaser's APA for the reasons outlined herein.
53. Upon the closing of the sale, the Receiver anticipates that it will undertake a claims solicitation process for unsecured creditors and shareholders to submit claims to the Receiver. The Receiver anticipates making a further application to Court for the approval of a claims process.

Fees and disbursements of the Receiver

54. The Receiver's professional fees are calculated based on hours spent at rates established by each professional based on their qualifications and experience.
55. The Receiver's fees and disbursements in relation to the administration of the Receivership up to and including October 16, 2020 total approximately \$118,000 (excluding GST). This total comprises two (2) interim invoices.
56. 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 "C"**.

Fees and disbursements of legal counsel

57. The Receiver's legal counsel's cumulative fees and disbursements on this matter total approximately \$33,500 (excluding GST) to October 16, 2020. 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 "D"**.

Interim Statement of Receipts and Disbursements

58. The interim Statement of Receipts and Disbursements reflecting the administration of the receivership for the period from June 17, 2020 to October 16, 2020 is 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 OCTOBER 16, 2020**

	Kami Limited Partnership	Kami General Partner Limited	Alderon Iron Ore Corp.	Total
Receipts				
Receiver's Certificate			25,000	25,000
Transfer of funds from related Estates	145	145	(291)	-
Total receipts	145	145	24,709	25,000
Disbursements				
License renewal			5,000	5,000
Legal fees			13,452	13,452
Mail redirection	139	139	139	416
GST	7	7	680	693
Official Receiver filing fees			70	70
Total disbursements	145	145	19,340	19,630
Excess of receipts over disbursements	0	0	5,370	5,370

59. 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 First Report, the Receiver's borrowings total \$25,000 to fund the receivership proceedings.

Conclusions and Recommendations

60. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court grant the relief detailed in Section 16 c) of this First 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 29th day of October 2020.

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:



Bob Taylor, FCPA, FCA, CIRP, LIT
Senior Vice-President

Appendix "A"

2020 01G 2883
SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the
Bankruptcy and Insolvency Act, RSC
1985 c B-3, as amended

AND IN THE MATTER OF The
Kami Mine Limited Partnership,
Kami General Partner Limited, and
Alderon Iron Ore Corp.

AND IN THE MATTER of the
Bankruptcy and Insolvency Act, RSC
1985, c B-3, as amended

Estate No.
Court No. 2020 01G 2883

RECEIVERSHIP ORDER

BEFORE THE HONOURABLE JUSTICE STACK

UPON APPLICATION by Sprott Private Resource Lending (Collector), LP (the “**Applicant**”) for an order pursuant to Section 243 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) to appoint Deloitte Restructuring Inc. as receiver (the “**Receiver**”) without security, of all of the assets, undertakings and property of The Kami Mine Limited Partnership, Kami General Partner Limited, and Alderon Iron Ore Corp. (collectively, the “**Respondents**”, and each a “**Respondent**”);

AND UPON HEARING Darren O’Keefe and John Regush, of counsel for the Applicant, and other counsel appearing;

AND UPON READING the Application and the Affidavits of Narinder Nagra sworn May 26, 2020, June 3, 2020, and June 4, 2020, along with other supporting materials filed herein.

RRS



THIS COURT HEREBY ORDERS AS FOLLOWS:

Service

1. The time for service of the Application is hereby abridged and validated, and the service of the Application on the Respondents is hereby validated, so that this application is properly returnable today and further service of the Application is hereby dispensed with.

Appointment

2. Pursuant to Rule 25(1) of the *Rules of the Supreme Court, 1986* and section 243 of the *BIA*, the Receiver is hereby appointed receiver, without security, of all of the assets, undertakings, and property of the Respondents, acquired for, or used in relation to a business carried on by the Respondents, including any bank accounts/trust accounts in the name of the Respondents (or any of them) or in the name of the Receiver on behalf of the Respondents (or any of them), and including all proceeds thereof (the "**Property**").

Receiver's Powers

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession and control of the Property and any proceeds or receipts arising from the Property but, while the Receiver is in possession of any of the Property, the Receiver must preserve and protect it;
 - (b) to change locks and security codes, relocate the Property to safeguard it, engage independent security personnel, take physical inventories, and place insurance coverage;
 - (c) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel, and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the

RS

Receiver's powers and duties, including without limitation those conferred by this Order;

- (d) to purchase or lease such machinery, equipment, inventories, supplies, premises, or other assets to fulfil its mandate under this Order, or any part or parts thereof;
- (e) to receive and collect all monies and accounts now owed or hereafter owing to any one of the Respondents and to exercise all remedies of the Respondents (or any of them) in collecting such monies, including, without limitation, to enforce any security held by the Respondents (or any of them);
- (f) to settle, extend, or compromise any indebtedness owing to any one of the Respondents;
- (g) to execute, assign, issue, and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Respondents (or any of them), for any purpose pursuant to this Order;
- (h) to undertake environmental or workers' health and safety assessments of the Property and operations of the Respondents (or any of them);
- (i) to initiate, prosecute, and continue the prosecution of any proceedings and to defend proceedings now pending or hereafter instituted with respect to the Property or the Receiver, and to settle or compromise any such proceedings, which authority extends to appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to make payment of any and all costs, expenses, and other amounts that the Receiver determines, in its sole discretion, are necessary or advisable to preserve, protect, or maintain the Property, including, without limitation taxes, municipal taxes, insurance premiums, repair and maintenance costs, costs or

RAJ

charges related to security, management fees, and any costs and disbursements incurred by any manager appointed by the Receiver;

- (k) 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 discretion may deem appropriate;
- (l) to sell, convey, transfer, lease, or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case the notice and sale provisions under the *Conveyancing Act* or under section 60 of the *Personal Property Security Act* shall not be required.

- (m) to sell the right, title, interest, property, and demand of the Respondents (or any of them) in and to the Property at the time the Respondents (or any of them) granted a security interest or at any time since, free of all claims including the claims of subsequent encumbrancers;
- (n) to report to, meet with, and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property;

RMS

- (p) to apply for any permits, licences, approvals, or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Respondents (or any of them);
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Respondents (or any of them) including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by any one of the Respondents (or any of them);
- (r) to exercise any shareholder, partnership, joint venture, or other rights which the Respondents (or any of them) may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps it shall be authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Respondents, and without interference from any other Person.

Duty to Provide Access and Co-Operation to the Receiver

4. The Respondents, all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (collectively, **Persons**, and each a **Person**) shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control or of which they have knowledge of the existence thereof, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.
5. 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,

RM

records and information of any kind related to the business or affairs of the Respondents (or any of them), and any computer programs, tapes, disks, or other data storage media containing any such information (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, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. 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, subject to their right to seek a variation of this Order, 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 whether by way of printing the information onto paper, making copies of computer disks, or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase, or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names, and account numbers that may be required to gain access to the information.

No Proceedings Against the Receiver

7. No proceeding or enforcement process in any court or tribunal (each, a **Proceeding**) shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

No Proceedings Against the Respondents or the Property

8. No Proceeding against or in respect of the Respondents (or any of them) or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Respondents (or any of them) or the Property are hereby stayed and suspended pending further order of this Court.

No Exercise of Rights or Remedies

9. All rights and remedies of any individual, firm, corporation, governmental body or agency or any other entities against the Respondents (or any of them), the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Respondents (or any of them) to carry on any business which the Respondents (or any of them) are not lawfully entitled to carry on; (ii) exempt the Receiver or the Respondents (or any of them) from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien and the related filing of an action to preserve the right of a lien holder, provided that the Applicant shall not be required to file a defence to same as the further prosecution of any such claim is stayed except with the written consent of the Applicant or the Receiver, or leave of this Court.

Personal Property Lessors

10. All rights and remedies of any Person pursuant to any arrangement or agreement to which the Respondents (or any of them) are a party for the lease or other rental of personal property of any nature or kind are hereby restrained except with consent of the Receiver in writing or leave of this Court. The Receiver is authorized to return any Property which is subject to a lease from a third party to such Person on such terms and conditions as the Receiver, acting reasonably, considers appropriate and upon the Receiver being satisfied as to the registered interest of such Person in the applicable Property. The return of any

RS

item by the Receiver to a Person is without prejudice to the rights or claims of any other Person to the property returned or an interest therein.

No Interference with the Receiver

11. Subject to paragraph 16 of this Order related to the Respondents' employees, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Respondents (or any of them), without written consent of the Receiver or leave of this Court.

Continuation of Services

12. All Persons having oral or written agreements with the Respondents (or any of them), or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Respondents (or any of them), are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Respondents' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Respondents or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.
13. The Receiver, in its sole discretion, may, but shall not be obligated to, establish accounts or payment on delivery arrangements with suppliers in its name on behalf of the Respondents (or any of them) for the supply of goods or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility, or other

services to the, if the Receiver determines that the opening of such accounts is appropriate.

14. No creditor of the Respondents (or any of them) shall be under any obligation as a result this Order to advance or re-advance any monies or otherwise extend any credit to the Respondents (or any of them).

Receiver to Hold Funds

15. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from any source whatsoever on behalf of the Respondents, or any one of them (the “**Funds**”), including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts opened by the Receiver or to be opened by the Receiver (the “**Post Receivership Accounts**”) and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court, and all Funds paid into the Post Receivership Accounts shall be recorded and documented by the Receiver as being Funds collected on behalf of each Respondent to ensure that all Funds can be accounted back to the realization of the Property of each Respondent that is the subject of this Order.

Employees

16. All employees of the Respondents (or any of them) shall remain employees until such time as the Receiver, on behalf of the Respondents (or any of them), may terminate the employment of such employees or they resign in accordance with their employment contract. The Receiver shall not be liable as a result of this Order for any employee-related liabilities, including any successor employer liabilities as provided for in subsection 14.06(1.2) of the BIA, wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under subsections 81.4(5) or

RM

81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, such amounts as may be determined by a court or tribunal of competent jurisdiction.

PIPEDA

17. Pursuant to paragraph 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale") as permitted at law. Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. A prospective purchaser or bidder requesting the disclosure of personal information shall execute such documents to confirm the agreement of such Person to maintain the confidentiality of such information on terms acceptable to the Receiver. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Respondents (or any of them), and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

Limitation on Environmental Liabilities

18. Nothing herein contained shall require or obligate the Receiver to occupy or to take control, care, charge, occupation, possession, or management (separately or collectively, "**Possession**") of any of the Property that might, or any part thereof, which may be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial, or other legislation, statute, regulation or, rule of law or equity respecting the protection, conservation, enhancement, remediation, or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, *the Canadian Environmental Protection Act, 1999, SC 1999 c. 33, as amended, the*

RS

Environmental Protection Act, SNL 2002 c. E-14.2, as amended, the *Water Resources Act*, SNL 2002 c. W-4.01, as amended, or the *Occupational Health and Safety Act*, RSNL 1990 c. O.3, as amended, and any regulations made thereunder (collectively, the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation.

19. a. Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- i. before the Receiver's appointment; or
 - ii. after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- b. Nothing in sub-paragraph a exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- c. Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph a hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- i. if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause ii below, the Receiver:
 1. complies with the order, or
 2. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;

RMS

- ii. during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
 1. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 2. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- iii. if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Limitation on Liability

20. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

Receiver's Accounts

21. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge to a maximum of \$200,000.00 (the "**Administrative Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and the Administrative Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges, and encumbrances, statutory or otherwise, in favour of any Person, but subject to subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

AMS

22. The Receiver and its legal counsel shall pass its accounts from time to time before a judge of this Court or a referee appointed by a judge.
23. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees, expenses and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

Receiver's Indemnity Charge

24. The Receiver shall be entitled to and is hereby granted a charge (the "Receiver's Indemnity Charge") upon all of the Property as security for all of the obligations incurred by the Receiver including obligations arising from or incident to the performance of its duties and functions under this Order, under the Bankruptcy and Insolvency Act, or otherwise, saving only liability arising from negligence or actionable misconduct of the Receiver.
25. The Receiver's Indemnity Charge shall form a second charge on the Property in priority to all security interests, trusts, liens, charges, and encumbrances, statutory or otherwise, in favour of any Person, but subject to subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA and subordinate in priority to the Administrative Charge.

Allocation of Costs

26. The Receiver shall file with the Court for its approval a report setting out the costs, fees, expenses, and liabilities of the Receiver giving rise to the Administrative Charge, the Receiver's Indemnity Charge, and the Receiver's Borrowings Charge, as defined below, and, unless the Court orders otherwise, all such costs, fees, expenses, and liabilities shall be paid as agreed by the senior secured creditors, in the following manner:
 - (a) Firstly, applying the costs incurred in the receivership proceedings specifically attributable to an individual asset or group of assets against the realizations from such asset or group of assets;

RPS

- (b) Secondly, applying the costs *pro rata* against all of the assets based on the net realization from such asset or group of assets; and
- (c) Thirdly, applying non-specific costs incurred in the receivership proceedings *pro rata* against the assets based on the net realization from such asset or group of assets.

Funding of the Receivership

27. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$50,000.00, or such greater amount as this Court may by further order authorize, at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of making payments, including interim payments, required or permitted to be made by this Order, including, without limitation, payments of amounts secured by the Administrative Charge and the Receiver's Indemnity Charge. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Indemnity Charge, the Administrative Charge and the charges as set out in subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
28. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court on seven days' notice to the Receiver and the Applicant.
29. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.



30. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

General

31. The Receiver may from time to time make a motion for advice and directions in the discharge of its powers and duties hereunder.
32. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Respondents (or any of them).
33. The aid and recognition of any court, tribunal, or regulatory or administrative body having jurisdiction outside Newfoundland and Labrador is hereby requested to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, and regulatory or administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.
34. The Receiver is hereby authorized and empowered to apply to any court, tribunal, or regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
35. The Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by

AMS

the Receiver from the Respondents' estate with such priority and at such time as this Court may determine.

36. Any interested party may make a motion to vary or amend this Order upon such notice required by the *Rules of the Supreme Court, 1986* or on such notice as this Court may order.
37. Any Person affected by this Order which did not receive notice in advance of the hearing may make a motion to vary or amend this Order within five days of such Person being served with a copy of this Order.
38. In addition to the reports to be filed by the Receiver under legislation, the Receiver shall file a report of its activities with the Court when the Receiver determines that a report should be made, when the Court orders the filing of a report on the motion of an interested party or on the Court's own motion, and at the conclusion of the receivership.
39. The Receiver shall not be discharged without notice to such secured creditors and other parties as the Court directs.

DATED AT St. John's, Newfoundland and Labrador this 17th day of June, 2020.



COURT
OFFICER

APS

Appendix "B"

FORM 87
Notice and Statement of the Receiver
(Subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*)

IN THE MATTER OF THE RECEIVERSHIP OF
KAMI MINE LIMITED PARTNERSHIP, KAMI GENERAL PARTNER LIMITED, AND ALDERON
IRON ORE CORP.
of the Labrador City
in the Province of Newfoundland and Labrador

The Receiver gives notice and declares that:

1. On the June 17, 2020, Deloitte Restructuring Inc. ("**Deloitte**") was appointed by Order of the Supreme Court of Newfoundland and Labrador (the "**Receivership Order**") as the receiver (the "**Receiver**"), without security, of all the personal property of Kami Mine Limited Partnership ("**Kami LP**"), Kami Mine General Partner Limited ("**Kami GP**"), and Alderon Iron Ore Corp. ("**Alderon**") (collectively the "**Debtors**" or the "**Kami Group of Companies**") acquired for, or used in relation to the business carried on by the Debtors, including all proceeds thereof (the "**Property**"), including, but not limited to, all goods, inventory, equipment, accounts receivable, and other intangibles, and all proceeds of any of the foregoing as described below:

Description	Net book value As at January 31, 2020 (\$CDN)
Account receivables	26,515
Prepaid expenses	34,451
Mineral properties	99,248,148
Property, plant and equipment	16,247,566
Total	115,556,680

* Amounts are based on the unaudited consolidated financial statements of the Kami Group of Companies for the month-ended January 31, 2020. Deloitte has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, Deloitte expresses no opinion or form of assurance on the information contained herein. The Receiver has made requests to King and Bay (as defined later in this Notice) for the books and records of the Kami Group of Companies which remain outstanding as at the date of this Notice. In addition, based on a sales process undertaken by the Kami Group of Companies prior to the date of the receivership, the market value of the assets noted above are significantly less than the reflected book value.

2. Deloitte became the Receiver by virtue of being appointed by Order of the Supreme Court of Newfoundland and Labrador, a copy of which is attached to this Notice as **Schedule "A"**.
3. The Receiver took possession and control of the Property described above on the June 23, 2020 and issued demands to the known representative(s) of the Debtors with respect to the location of the assets and books and records of the Kami Group of Companies.

The Receiver understands that the Kami Group of Companies outsourced the majority, if not all, of its administrative, management, legal and regulatory, finance, corporate development, information technology support and corporate communication functions to a related party, King & Bay West Management Corp. ("**King & Bay**"). King & Bay confirms it is in possession of the Debtors' books and records. The Receiver is working with King & Bay to obtain access to the books and records as soon as possible.

4. The following information relates to the receivership:

- (a) Mailing Address: Suite 1240-1140 West Pender St. Vancouver, BC V6E 4G1
- (b) Principal line of business: Junior mining company – iron ore evaluations
- (c) Location(s) of business: Suite 1240-1140 West Pender St. Vancouver, BC V6E 4G1

Amount owed to each creditor who holds a security on the Property described above:

Secured Creditor	Book value (\$CDN)
Sprott Private Resource Lending	19,419,195
Metso Minerals Canada Inc.	5,610,128

The list of other known creditors and the amount owed to each creditor is as follows:

See attached **Schedule "B"**

- (d) The intended plan of action of the Receiver during the receivership, to the extent that such a plan has been determined is as follows:

Secure and manage the Property of the Kami Group of Companies until a sales process has been conducted.

- (e) Contact person for the Receiver:

Georgia Young
Deloitte Restructuring Inc.
Suite 700, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Phone: 403-956-0365
Email: geyoung@deloitte.ca

Dated at the City of Calgary in the Province of Alberta, this 30th day of June 2020.

DELOITTE RESTRUCTURING INC.

Solely in its capacity as Receiver and Manager
of the Debtors (as defined herein),
and not in its personal capacity.


Robert J. Taylor, FCPA, FCA, CIRP, LIT, CFE
Senior Vice-President

700 Bankers Court, 850 - 2nd Street SW
Calgary AB T2P 0R8
Phone: (403) 503-1458
Fax: (403) 718-3681

SCHEDULE "A"
Receivership Order

2020 01G 2883
SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the
Bankruptcy and Insolvency Act, RSC
1985 c B-3, as amended

AND IN THE MATTER OF The
Kami Mine Limited Partnership,
Kami General Partner Limited, and
Alderon Iron Ore Corp.

AND IN THE MATTER of the
Bankruptcy and Insolvency Act, RSC
1985, c B-3, as amended

Estate No.
Court No. 2020 01G 2883

RECEIVERSHIP ORDER

BEFORE THE HONOURABLE JUSTICE STACK

UPON APPLICATION by Sprott Private Resource Lending (Collector), LP (the “**Applicant**”) for an order pursuant to Section 243 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) to appoint Deloitte Restructuring Inc. as receiver (the “**Receiver**”) without security, of all of the assets, undertakings and property of The Kami Mine Limited Partnership, Kami General Partner Limited, and Alderon Iron Ore Corp. (collectively, the “**Respondents**”, and each a “**Respondent**”);

AND UPON HEARING Darren O’Keefe and John Regush, of counsel for the Applicant, and other counsel appearing;

AND UPON READING the Application and the Affidavits of Narinder Nagra sworn May 26, 2020, June 3, 2020, and June 4, 2020, along with other supporting materials filed herein.

RRS



THIS COURT HEREBY ORDERS AS FOLLOWS:

Service

1. The time for service of the Application is hereby abridged and validated, and the service of the Application on the Respondents is hereby validated, so that this application is properly returnable today and further service of the Application is hereby dispensed with.

Appointment

2. Pursuant to Rule 25(1) of the *Rules of the Supreme Court, 1986* and section 243 of the *BIA*, the Receiver is hereby appointed receiver, without security, of all of the assets, undertakings, and property of the Respondents, acquired for, or used in relation to a business carried on by the Respondents, including any bank accounts/trust accounts in the name of the Respondents (or any of them) or in the name of the Receiver on behalf of the Respondents (or any of them), and including all proceeds thereof (the "**Property**").

Receiver's Powers

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession and control of the Property and any proceeds or receipts arising from the Property but, while the Receiver is in possession of any of the Property, the Receiver must preserve and protect it;
 - (b) to change locks and security codes, relocate the Property to safeguard it, engage independent security personnel, take physical inventories, and place insurance coverage;
 - (c) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel, and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the

RS

Receiver's powers and duties, including without limitation those conferred by this Order;

- (d) to purchase or lease such machinery, equipment, inventories, supplies, premises, or other assets to fulfil its mandate under this Order, or any part or parts thereof;
- (e) to receive and collect all monies and accounts now owed or hereafter owing to any one of the Respondents and to exercise all remedies of the Respondents (or any of them) in collecting such monies, including, without limitation, to enforce any security held by the Respondents (or any of them);
- (f) to settle, extend, or compromise any indebtedness owing to any one of the Respondents;
- (g) to execute, assign, issue, and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Respondents (or any of them), for any purpose pursuant to this Order;
- (h) to undertake environmental or workers' health and safety assessments of the Property and operations of the Respondents (or any of them);
- (i) to initiate, prosecute, and continue the prosecution of any proceedings and to defend proceedings now pending or hereafter instituted with respect to the Property or the Receiver, and to settle or compromise any such proceedings, which authority extends to appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to make payment of any and all costs, expenses, and other amounts that the Receiver determines, in its sole discretion, are necessary or advisable to preserve, protect, or maintain the Property, including, without limitation taxes, municipal taxes, insurance premiums, repair and maintenance costs, costs or

RAJ

charges related to security, management fees, and any costs and disbursements incurred by any manager appointed by the Receiver;

- (k) 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 discretion may deem appropriate;
- (l) to sell, convey, transfer, lease, or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case the notice and sale provisions under the *Conveyancing Act* or under section 60 of the *Personal Property Security Act* shall not be required.

- (m) to sell the right, title, interest, property, and demand of the Respondents (or any of them) in and to the Property at the time the Respondents (or any of them) granted a security interest or at any time since, free of all claims including the claims of subsequent encumbrancers;
- (n) to report to, meet with, and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property;

RMS

- (p) to apply for any permits, licences, approvals, or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Respondents (or any of them);
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Respondents (or any of them) including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by any one of the Respondents (or any of them);
- (r) to exercise any shareholder, partnership, joint venture, or other rights which the Respondents (or any of them) may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps it shall be authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Respondents, and without interference from any other Person.

Duty to Provide Access and Co-Operation to the Receiver

4. The Respondents, all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (collectively, **Persons**, and each a **Person**) shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control or of which they have knowledge of the existence thereof, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.
5. 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,

RM

records and information of any kind related to the business or affairs of the Respondents (or any of them), and any computer programs, tapes, disks, or other data storage media containing any such information (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, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. 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, subject to their right to seek a variation of this Order, 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 whether by way of printing the information onto paper, making copies of computer disks, or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase, or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names, and account numbers that may be required to gain access to the information.

No Proceedings Against the Receiver

7. No proceeding or enforcement process in any court or tribunal (each, a **Proceeding**) shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

No Proceedings Against the Respondents or the Property

8. No Proceeding against or in respect of the Respondents (or any of them) or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Respondents (or any of them) or the Property are hereby stayed and suspended pending further order of this Court.

No Exercise of Rights or Remedies

9. All rights and remedies of any individual, firm, corporation, governmental body or agency or any other entities against the Respondents (or any of them), the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Respondents (or any of them) to carry on any business which the Respondents (or any of them) are not lawfully entitled to carry on; (ii) exempt the Receiver or the Respondents (or any of them) from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien and the related filing of an action to preserve the right of a lien holder, provided that the Applicant shall not be required to file a defence to same as the further prosecution of any such claim is stayed except with the written consent of the Applicant or the Receiver, or leave of this Court.

Personal Property Lessors

10. All rights and remedies of any Person pursuant to any arrangement or agreement to which the Respondents (or any of them) are a party for the lease or other rental of personal property of any nature or kind are hereby restrained except with consent of the Receiver in writing or leave of this Court. The Receiver is authorized to return any Property which is subject to a lease from a third party to such Person on such terms and conditions as the Receiver, acting reasonably, considers appropriate and upon the Receiver being satisfied as to the registered interest of such Person in the applicable Property. The return of any

RS

item by the Receiver to a Person is without prejudice to the rights or claims of any other Person to the property returned or an interest therein.

No Interference with the Receiver

11. Subject to paragraph 16 of this Order related to the Respondents' employees, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Respondents (or any of them), without written consent of the Receiver or leave of this Court.

Continuation of Services

12. All Persons having oral or written agreements with the Respondents (or any of them), or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Respondents (or any of them), are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Respondents' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Respondents or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.
13. The Receiver, in its sole discretion, may, but shall not be obligated to, establish accounts or payment on delivery arrangements with suppliers in its name on behalf of the Respondents (or any of them) for the supply of goods or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility, or other



services to the, if the Receiver determines that the opening of such accounts is appropriate.

14. No creditor of the Respondents (or any of them) shall be under any obligation as a result this Order to advance or re-advance any monies or otherwise extend any credit to the Respondents (or any of them).

Receiver to Hold Funds

15. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from any source whatsoever on behalf of the Respondents, or any one of them (the “Funds”), including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts opened by the Receiver or to be opened by the Receiver (the “Post Receivership Accounts”) and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court, and all Funds paid into the Post Receivership Accounts shall be recorded and documented by the Receiver as being Funds collected on behalf of each Respondent to ensure that all Funds can be accounted back to the realization of the Property of each Respondent that is the subject of this Order.

Employees

16. All employees of the Respondents (or any of them) shall remain employees until such time as the Receiver, on behalf of the Respondents (or any of them), may terminate the employment of such employees or they resign in accordance with their employment contract. The Receiver shall not be liable as a result of this Order for any employee-related liabilities, including any successor employer liabilities as provided for in subsection 14.06(1.2) of the BIA, wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under subsections 81.4(5) or

RM

81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, such amounts as may be determined by a court or tribunal of competent jurisdiction.

PIPEDA

17. Pursuant to paragraph 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale") as permitted at law. Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. A prospective purchaser or bidder requesting the disclosure of personal information shall execute such documents to confirm the agreement of such Person to maintain the confidentiality of such information on terms acceptable to the Receiver. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Respondents (or any of them), and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

Limitation on Environmental Liabilities

18. Nothing herein contained shall require or obligate the Receiver to occupy or to take control, care, charge, occupation, possession, or management (separately or collectively, "**Possession**") of any of the Property that might, or any part thereof, which may be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial, or other legislation, statute, regulation or, rule of law or equity respecting the protection, conservation, enhancement, remediation, or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, *the Canadian Environmental Protection Act, 1999, SC 1999 c. 33, as amended, the*

RS

Environmental Protection Act, SNL 2002 c. E-14.2, as amended, the *Water Resources Act*, SNL 2002 c. W-4.01, as amended, or the *Occupational Health and Safety Act*, RSNL 1990 c. O.3, as amended, and any regulations made thereunder (collectively, the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation.

19. a. Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- i. before the Receiver's appointment; or
 - ii. after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- b. Nothing in sub-paragraph a exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- c. Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph a hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- i. if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause ii below, the Receiver:
 1. complies with the order, or
 2. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;

RMS

- ii. during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
 1. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 2. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- iii. if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Limitation on Liability

20. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

Receiver's Accounts

21. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge to a maximum of \$200,000.00 (the "**Administrative Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and the Administrative Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges, and encumbrances, statutory or otherwise, in favour of any Person, but subject to subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

AMS

22. The Receiver and its legal counsel shall pass its accounts from time to time before a judge of this Court or a referee appointed by a judge.
23. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees, expenses and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

Receiver's Indemnity Charge

24. The Receiver shall be entitled to and is hereby granted a charge (the "Receiver's Indemnity Charge") upon all of the Property as security for all of the obligations incurred by the Receiver including obligations arising from or incident to the performance of its duties and functions under this Order, under the Bankruptcy and Insolvency Act, or otherwise, saving only liability arising from negligence or actionable misconduct of the Receiver.
25. The Receiver's Indemnity Charge shall form a second charge on the Property in priority to all security interests, trusts, liens, charges, and encumbrances, statutory or otherwise, in favour of any Person, but subject to subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA and subordinate in priority to the Administrative Charge.

Allocation of Costs

26. The Receiver shall file with the Court for its approval a report setting out the costs, fees, expenses, and liabilities of the Receiver giving rise to the Administrative Charge, the Receiver's Indemnity Charge, and the Receiver's Borrowings Charge, as defined below, and, unless the Court orders otherwise, all such costs, fees, expenses, and liabilities shall be paid as agreed by the senior secured creditors, in the following manner:
 - (a) Firstly, applying the costs incurred in the receivership proceedings specifically attributable to an individual asset or group of assets against the realizations from such asset or group of assets;

RS

- (b) Secondly, applying the costs *pro rata* against all of the assets based on the net realization from such asset or group of assets; and
- (c) Thirdly, applying non-specific costs incurred in the receivership proceedings *pro rata* against the assets based on the net realization from such asset or group of assets.

Funding of the Receivership

27. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$50,000.00, or such greater amount as this Court may by further order authorize, at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of making payments, including interim payments, required or permitted to be made by this Order, including, without limitation, payments of amounts secured by the Administrative Charge and the Receiver's Indemnity Charge. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Indemnity Charge, the Administrative Charge and the charges as set out in subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
28. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court on seven days' notice to the Receiver and the Applicant.
29. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.



30. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

General

31. The Receiver may from time to time make a motion for advice and directions in the discharge of its powers and duties hereunder.
32. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Respondents (or any of them).
33. The aid and recognition of any court, tribunal, or regulatory or administrative body having jurisdiction outside Newfoundland and Labrador is hereby requested to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, and regulatory or administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.
34. The Receiver is hereby authorized and empowered to apply to any court, tribunal, or regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
35. The Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by

AMS

the Receiver from the Respondents' estate with such priority and at such time as this Court may determine.

36. Any interested party may make a motion to vary or amend this Order upon such notice required by the *Rules of the Supreme Court, 1986* or on such notice as this Court may order.
37. Any Person affected by this Order which did not receive notice in advance of the hearing may make a motion to vary or amend this Order within five days of such Person being served with a copy of this Order.
38. In addition to the reports to be filed by the Receiver under legislation, the Receiver shall file a report of its activities with the Court when the Receiver determines that a report should be made, when the Court orders the filing of a report on the motion of an interested party or on the Court's own motion, and at the conclusion of the receivership.
39. The Receiver shall not be discharged without notice to such secured creditors and other parties as the Court directs.

DATED AT St. John's, Newfoundland and Labrador this 17th day of June, 2020.



COURT
OFFICER

APS

SCHEDULE "B"
Unsecured Creditors

Unsecured Creditor	Book value (\$CDN)
Altius Resources Inc.	UNKNOWN
Canada Revenue Agency	UNKNOWN
Workplace, Newfoundland and Labrador	UNKNOWN
Provincial Government Collections, Newfoundland and Labrador	UNKNOWN
Port Sept-Iles	UNKNOWN
Worley Canada Services Ltd.	3,500,000
Takraf	92,500
King and Bay West Management Corp.	105,001

Appendix "C"

**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 OCTOBER 16, 2020
\$CAD**

Invoice	Period	Fees	Disbursements	Subtotal	GST	Total
8001420092	June 15, 2020 to July 24, 2020	36,460.00	202.95	36,662.95	1,833.15	38,496.10
8001420095	July 25, 2020 to October 16, 2020	80,682.50	389.54	81,072.04	4,053.60	85,125.64
		<u>117,142.50</u>	<u>592.49</u>	<u>117,734.99</u>	<u>5,886.75</u>	<u>123,621.74</u>

Appendix "D"

**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 OCTOBER 16, 2020

Invoice	Period	Fees	Disbursements	Subtotal	GST	Total
2020016861	June 8, 2020 to July 28, 2020	8,309.09	10.00	8,319.09	415.95	8,735.04
2020020608	July 29, 2020 to August 30, 2020	11,539.95	170.00	11,709.95	577.00	12,286.95
2020022915	August 31, 2020 to September 30, 2020	13,451.51		13,451.51	672.58	14,124.09
		<u>33,300.55</u>	<u>180.00</u>	<u>33,480.55</u>	<u>1,665.53</u>	<u>35,146.08</u>