

C A N A D A

**PROVINCE OF QUEBEC
DISTRICT OF MONTREAL**

S U P E R I O R C O U R T
(Commercial Division)

(Sitting as a court designated pursuant to
the Companies' Creditors Arrangement
Act, R.S.C. 1995, c. 36, as amended)

N° 500-11- 060598-212

**IN THE MATTER OF THE COMPROMISE
OR ARRANGEMENT OF:**

BLACKROCK METALS INC.

-and-

BLACKROCK MINING INC.

-and-

BRM METALS GP INC.

-and-

BLACKROCK METALS LP

Debtors

-and-

DELOITTE RESTRUCTURING INC.

Monitor

-and-

WINNER WORLD HOLDINGS LIMITED

-and-

4470524 CANADA INC.

-and-

GOLDEN SURPLUS TRADING

-and-

PROSPERITY STEEL

Intervenors

-and-

INVESTISSEMENT QUÉBEC

-and-

OMF FUND II H LTD.

Secured Creditors

**NOTICE OF OBJECTION OF THE GROUP OF SHAREHOLDERS OF
BLACKROCK METALS INC. TO THE APPROVAL OF THE STALKING
HORSE AGREEMENT**

TO THE HONOURABLE MARIE-ANNE PAQUETTE, JUSTICE OF THE SUPERIOR COURT, SITTING IN THE COMMERCIAL DIVISION IN AND FOR THE JUDICIAL DISTRICT OF MONTREAL, THE GROUP OF SHAREHOLDERS STATES AS FOLLOWS:

1. First, the Group of Shareholders (“the Shareholders”) support the Application for the Extension of the Phase II Bid Deadline filed by 13482332 Canada Inc. (the “Extension Application”).
2. In the event that the Extension Application is not granted, the Shareholders contest the approval of the Stalking Horse Agreement and Proposed Purchase and Sale Transactions insofar as:
 - a. it purports to illegally and unjustifiably in the circumstances, appropriate the shareholders’ shares; and
 - b. it contains a release to be granted to Secured Creditors.

THE EXTENSION APPLICATION

3. The Shareholders submit that the Extension Application should be granted.
4. There is no urgency to move forward with the Stalking Horse Agreement. The

Application for approval of the Stalking Horse Agreement reveals no imminent deadlines, or plans for the Company whatsoever.

5. 13482332 Canada Inc. (“13482332”) has done substantial work in interesting potential partners and has demonstrated an ability to raise a substantial letter of intent commitment of \$65 million USD in an extremely short period of time.
6. The Project is extremely complex, and it is almost illusory to think that a binding commitment to not only purchase the Secured Creditors’ interests, but also commit to the financing of the construction of the Project within the 120 days that have been allotted.
7. In addition, 13482332 has indicated that it is prepared to fund the ongoing operations of the Company up to an amount of \$500,000 on a *pari passu* basis with the Secured Creditors.
8. In the circumstances, given the potential consequences of the approval of the Stalking Horse Agreement on the Shareholders’ rights, the Shareholders submit that 13482332 should be granted at least an extra thirty (30) days to come with a competing bid to the Stalking Horse Bid.

APPROVAL OF THE STALKING HORSE AGREEMENT AND PROPOSED PURCHASE AND SALE TRANSACTIONS

9. The Shareholders state that the reverse vesting order (“RVO”) contemplated by the Stalking Horse Agreement is illegal in that there is no legal provision available to cancel and appropriate their shares as contemplated under the Stalking Horse Agreement.
10. The RVO amounts to an illegal appropriation of the Shareholders’ shares, without their consent, in violation of the CBCA, the CCAA, the Civil Code of Québec and the Québec Charter of Human Rights and Freedoms.
11. The fact is that the shares in BMI have value beyond the assets of the Company. Otherwise, the Secured Creditors would have simply realized on their security.
12. The fact that such an order has been approved in other contexts is in no way binding on this Court. No Appeal Court in Canada has ruled on the legality of such a mechanism.
13. In addition, the Courts that have approved such an order are not in agreement on the legal basis to have done so.
14. Furthermore, there is no justification in the current circumstances for such an order which, to the extent that it would be legally available (which is denied), should be reserved for truly exceptional situations.
15. In the current circumstances, Orion and IQ willingly entered into a loan agreement

which specified their security rights. These rights did not include the appropriation of the Shareholders' shares, and the Company could not have granted that right.

16. The CCAA was not intended to provide additional rights to secured creditors beyond what they had contractually provided for themselves.
17. In addition, to the extent that a Reverse Vesting Order would be available, it should not be available to creditors who have not acted in good faith, as the Secured Creditors have in the present instance.

THE RELEASE

18. The Shareholders also object to the granting of a release to the Secured Creditors as contemplated under the Stalking Horse Agreement.
19. The Shareholders do not object to a release being granted to the directors and to the Monitor based on the information available to them.
20. However, for the reasons set out in their proceedings dated January 3, 2022, the Shareholders believe that Orion and IQ's actions constitute an abuse of both their rights as shareholders and an abuse of the CCAA process, which has already caused substantial losses to the Shareholders, and will cause further losses if the Stalking Horse Agreement is approved, with or without the Reverse Vesting Order.
21. The CCAA was recently amended to require that all parties act in good faith. The Shareholders maintain that the Secured Creditors have violated this obligation in the current circumstances.
22. This Court has already held, and the Secured Creditors stated in their Notice of Objection, that the CCAA process is not the forum to determine the validity of the Shareholders' claims. Yet the effect of the requested releases in favour of the Secured Creditors would effectively do exactly that, without the benefit of hearing any evidence allowing for the determination of fault, causation and damage.
23. The granting of a release is not automatic, and it should be exceptional to deprive creditors of a right to attempt to obtain compensation for their losses. There is no exceptionality here.
24. The Secured Creditors are not injecting any new money into the Company, have not made any financial commitment to support the Company to obtain construction financing, preserve jobs, or do anything to support the Company, other than to remove a notional debt, which was likely never going to be repaid in any event.
25. In the circumstances, there is no justification for granting the Secured Creditors a release.

WHEREFORE PRAY THIS COURT TO:

GRANT the Motion to Extend;

DISMISS the Application for the Issuance of an Approval and Vesting Order and Ancillary Relief;

DISMISS the Request contained in the Stalking Horse Agreement to sell, transfer or cancel the Shareholders' shares;

DISMISS the Request for releases in favor of Secured Creditors;

THE WHOLE with costs against the Secured Creditors.

MONTREAL, May 27th, 2022

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ORIGINAL



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