IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	**Chapter 15**
ESSAR STEEL ALGOMA INC., *et al.*,[1]	:	**Case No. 15-12271 (BLS)**
	:	**Jointly Administered**
Debtors in a foreign proceeding.	:	**Objection Deadline: October 17, 2018 at 4:00 p.m. (ET)** **Hearing Date: October 24, 2018 at 1:30 p.m. (ET)**

MOTION OF FOREIGN REPRESENTATIVE FOR ENTRY OF AN ORDER (I) RECOGNIZING CANADIAN SALE ORDER, (II) AUTHORIZING AND APPROVING SALE OF U.S. ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS, AND (III) GRANTING RELATED RELIEF

Essar Steel Algoma Inc. ("**Algoma Canada**"), in its capacity as the foreign representative (the "**Foreign Representative**") of the above-captioned debtors (collectively, "**Algoma**" or the "**Debtors**"), who have filed an application in a foreign proceeding (the "**CCAA Proceeding**") under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") pending before the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**"), respectfully represents:

Relief Requested

1. Pursuant to sections 363, 1501, 1507, 1520, 1521, 1525, 1527, and 105(a) of title 11 of the United States Code (the "**Bankruptcy Code**"), Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), and Rule 6004-1 of the *Local Rules of*

[1] The Debtors in the foreign proceeding and the last four digits of each Debtor's United States Tax Identification Number, Canadian Business Number, Provincial Corporation Number, or Netherlands Chamber of Commerce Number, as applicable, are as follows: Essar Steel Algoma Inc. (0642), Essar Steel Algoma Inc. USA (8788), Essar Steel Algoma (Alberta) ULC (6883), Essar Tech Algoma Inc. (8811), Cannelton Iron Ore Company (9965), and Algoma Holdings B.V. (1679). The Debtors' principal offices are located at 105 West Street, Sault Ste. Marie, Ontario P6A 7B4, Canada.

Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the "**Local Rules**"), the Foreign Representative files this motion (the "**Motion**") seeking entry of an order substantially in the form annexed hereto as **Exhibit A** (the "**Proposed Order**"):[2]

a. recognizing and giving full force and effect to the *Approval and Vesting Order* entered by the Canadian Court on September 21, 2018 (the "**Canadian Sale Order**")[3], a copy of which is attached to the Proposed Order as Exhibit 1;[4]

b. authorizing and approving the sale of any property used in connection with Algoma's business that is located within the territorial jurisdiction of the United States (collectively, the "**U.S. Assets**") free and clear of liens, claims, encumbrances, and other interests, pursuant to the terms and conditions set forth in that certain Asset Purchase Agreement (the "**APA**")[5] between Algoma Canada, Essar Steel Algoma Inc. USA ("**Algoma U.S.**", and together with Algoma Canada, the "**Selling Debtors**"), and Algoma Steel Inc. (f/k/a 1076318 B.C. Ltd.) (the "**Buyer**"), a copy of which is attached to the Proposed Order as Exhibit 2;

c. granting certain relief related thereto.

Jurisdiction and Venue

2. The United States Bankruptcy Court for the District of Delaware (the "**Court**") has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated as of February 29, 2012. These cases have been properly commenced pursuant to

[2] The Proposed Order incorporates certain feedback received from the United States Trustee for the District of Delaware (the "**U.S. Trustee**") when the Foreign Representative filed the Original Motion (as defined herein).

[3] Prior to entering the Canadian Sale Order, on August 22, 2018, the Canadian Court issued an endorsement, a copy of which is annexed hereto as **Exhibit D** (the "**Canadian Endorsement**") stating, among other things, that the Court was "satisfied that the Asset Purchase Agreement and the Sale Transaction will be in the best interests of Algoma and its stakeholders, and it should be approved."

[4] For the avoidance of doubt, the Foreign Representative is not seeking recognition of that certain *Administrative Reserve Order*, which was entered by the Canadian Court on September 21, 2018, approval of which was sought from the Canadian Court in connection with the same motion seeking approval of the Canadian Sale Order.

[5] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the APA.

section 1504 of the Bankruptcy Code by the filing of petitions for recognition of the CCAA Proceeding pursuant to 11 U.S.C. § 1515 of title 11 of the United States Code (the "**Bankruptcy Code**").

3. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P), and pursuant to Local Rule 9013-1(f), Algoma consents to the entry of a final order by the Court in connection with this matter to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

4. Venue is proper before this Court pursuant to 28 U.S.C. § 1410.

Overview

5. On June 20, 2016, Algoma filed in the CCAA Proceeding a motion (the "**Original CCAA Motion**") seeking approval of the sale of substantially all of Algoma's property and assets following the culmination of a comprehensive and robust Canadian Court-approved sale and investment solicitation process (the "**SISP**") that resulted in the highest and best bid being submitted by the Buyer, a special purpose entity established pursuant to the terms and conditions of a consortium agreement between KPS Capital Partners, LP ("**KPS**") and members of an ad hoc group of lenders (the "**Term Lender Group**") under Algoma's prepetition $371 million[6] term loan credit facility (the "**Term Loan Facility**").

6. At that time, Algoma had engaged in advanced negotiations with the Buyer, and the parties reached an agreement in principle regarding the terms of an asset purchase agreement (the "**Original APA**"), pursuant to which the sale transaction would be consummated. Accordingly, Algoma Canada filed the Original CCAA Motion, and in its capacity as Foreign

[6] All references to dollars ($) shall refer to U.S. dollars unless otherwise noted.

Representative, on July 6, 2016, filed a motion with this Court seeking recognition and approval of the proposed sale.[7]

7. However, on July 13, 2016, Algoma was advised by the Term Lender Group that KPS had terminated the consortium agreement. As a result, the Original APA was not executed, and the Debtors and Foreign Representative respectively adjourned the Original CCAA Motion and Original Motion (*see* Docket No. 220).

8. Despite KPS' withdrawal from the sale transaction, the Term Lender Group reiterated its commitment to advancing its bid and consummating the sale transaction contemplated by the Original APA, and subsequently engaged in discussions with certain holders (the "**Noteholder Group**") of Algoma's $375 million of 9.5% senior secured notes due 2019 (the "**Senior Notes**") regarding a joint bid to acquire Algoma. Those discussions resulted in lenders holding more than two-thirds of the principal amount of loans outstanding under the Term Loan Facility and holders of more than two-thirds of the Senior Notes (together, the "**Consenting Creditors**") entering into that certain *Amended and Restated Restructuring Support Agreement* dated as of August 15, 2017, as amended on May 15, 2018 (a copy of which is annexed hereto as **Exhibit B** (as further amended, restated, or modified from time to time, the "**RSA**")), pursuant to which the Consenting Creditors agreed to support a comprehensive restructuring of Algoma to be implemented by way of a plan of restructuring or acquisition of substantially all of the assets of Algoma (the "**Restructuring Transaction**").

[7] *See* that certain *Motion of Foreign Representative for Entry of an Order (I) Recognizing Canadian Sale Order, (II) Authorizing and Approving Sale of U.S. Assets Free and Clear of All Liens, Claims, Encumbrances, and Other Interests, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts, and (IV) Granting Related Relief* dated July 6, 2016 [Docket No. 210] (the "**Original Motion**").

9. The Restructuring Transaction contemplates, among other things: (a) repayment in cash in full of each of Algoma's postpetition debtor-in-possession financing facility (which has approximately $134 million in principal outstanding as of the date hereof) (the "**DIP Facility**") and prepetition asset-based loan facility (the "**Prepetition ABL Facility**") on closing of the Restructuring Transaction from the proceeds of the Exit Term Loan Facility (as defined below); (b) in exchange for their existing claims, the lenders under the Term Loan Facility and the holders of Senior Notes will receive in the aggregate 68% and 32%, respectively, of the direct or indirect equity of the Buyer, subject to dilution by (i) the equity to be provided to certain Consenting Creditors (as defined in the RSA) that have provided backstop commitments, and (ii) any rights offering contemplated by the RSA to obtain any remaining funding necessary to complete the Restructuring Transaction; (c) the injection of new capital of up to $300 million (the "**Exit Term Loan Facility**") which will be backstopped by certain Consenting Creditors; and (d) an additional asset-backed loan facility of $125 million or greater (the "**Exit ABL Facility**" and, together with the Exit Term Loan Facility, the "**Exit Facilities**"). In addition, the Restructuring Transaction provides for the assumption of significant unsecured obligations relating to the Algoma's pension plans on the basis that the parties reach acceptable collective bargaining agreements, and contemplates agreements with applicable governmental authorities providing a framework concerning certain legacy environmental contamination and relief from or exempting, releasing and/ or indemnifying the Buyer and certain directors and officers of the Buyer from any pre-closing environmental liabilities related to the business.

10. Since entering into the RSA, the Consenting Creditors have been working with Algoma and its stakeholders in an attempt to implement the Restructuring Transaction, including by (a) negotiating new collective bargaining agreements with Algoma's unions, Local 2251 and

Local 2724 (collectively, the "**Unions**"), (b) seeking to obtain a special regulation under the Ontario *Pension Benefits Act* (the "**Pension Regulation**") to implement the agreement between the Consenting Creditors, the Unions, and retired and former members (and their surviving spouses) of Algoma's pension plans; (c) negotiating satisfactory amendments to Algoma's shipping port agreements (the "**Port Agreements**"); and (d) negotiating the terms of an asset purchase agreement building on the terms of the Original APA. Furthermore, the Consenting Creditors initiated a process to solicit interest from potential investors to participate in the Exit Facilities contemplated by the RSA.

11. Commencing in November 2016, representatives of the Term Lender Group and the Unions engaged in various negotiations, including mediation sessions in March 2017 and direct negotiations commencing in February 2018.

12. After several months of labor negotiations, in May 2018, the Consenting Creditors and representatives of the Unions reached agreements in principle regarding the terms of new collective bargaining agreements ("**CBAs**"). On June 26, 2018, each Union's members voted to ratify their respective agreements reached with the Consenting Creditors. In June 2018, the Consenting Creditors and the Unions also reached an agreement in principle (the "**Pension Agreement**") in respect of amended go-forward contribution obligations by the Buyer to Algoma's pension plans. The Pension Agreement provides, among other things, that subject to approval by the Ontario provincial government, the Buyer will assume the pension plans, and will fund them in accordance with the Ontario regulations, subject to certain exceptions that would be provided for in the Pension Regulation, the enactment of which is a condition to closing the Sale.

13. In anticipation of reaching agreements with the Unions on the CBAs and Pension Agreement, Algoma and the Consenting Creditors extensively negotiated the APA, building on

the terms of the Original APA. On July 20, 2018, Algoma and the Buyer executed the APA, and Algoma, supported by the Consenting Creditors and the Monitor (as defined below), filed a motion (the "**CCAA Sale Motion**") in the CCAA Proceeding seeking approval of the sale (the "**Sale**")[8] of substantially all of Algoma's property and assets (the "**Purchased Assets**") and the APA.

14. On August 22, 2018, the Canadian Court was due to hold a hearing on the CCAA Sale Motion. The only objections to the CCAA Sale Motion were filed by Port of Algoma, Inc. ("**PortCo**"), and GIP Primus LP and Brightwood Loan Services LLC (together, "**GIP**"), who objected to the Debtors proposed treatment of certain agreements related to the Port Agreements. Shortly before the hearing of the CCAA Sale Motion, the parties announced that they had reached an agreement in principle regarding the terms of a settlement to resolve GIP and PortCo's objections. As a result, the Debtors' motion was not heard on August 22, 2018 in order to allow the Consenting Creditors and GIP to advance the settlement and related matters. Nonetheless, the Canadian Court issued the Endorsement stating that the Court was "satisfied that the Asset Purchase Agreement and the Sale Transaction will be in the best interests of Algoma and its stakeholders, and it should be approved."

15. Following the issuance of the Endorsement, the Consenting Creditors and GIP have been working to draft the documentation necessary to put in place the structure of the post-closing relationship between GIP and the Buyer. The Debtors and the Buyer also amended the APA to account for the anticipated post-closing relationship between GIP and the Buyer, and to extend the "Sunset Date" under the APA from September 30, 2018 to October 31, 2018. On September 13,

[8] All summaries of the Sale and APA contained herein are for descriptive purposes only, and to the extent there is a conflict between this Motion and the APA or Canadian Sale Order, the APA and Canadian Sale Order shall govern.

2018, the Debtors filed a motion seeking approval of the revised APA, and the Canadian Court entered on the Canadian Sale Order on September 21, 2018 on a fully consensual basis.

16. With the Canadian Sale Order in hand, Algoma is working closely with the Consenting Creditors, in consultation with the Monitor, to satisfy the other remaining conditions to closing. The Consenting Creditors have initiated a process to solicit interest from potential investors to participate in the Exit Facilities contemplated by the RSA. The APA requires that the Buyer use reasonable best efforts to obtain the Exit Facilities and entry into the Exit ABL Facility is a condition to closing of the Sale.

17. In addition to entry into the Exit ABL Facility and enactment of the Pension Regulation, there are a number of other open conditions to the closing of the Sale, including (a) the receipt of various governmental and regulatory approvals; (b) entry into certain agreements with the City of Sault Ste. Marie, the government of Ontario, and the federal government of Canada in respect of certain tax liabilities, environmental liabilities, and capital expenditure support; and (c) entry by this Court of an order (i) recognizing and giving effect to the Canadian Sale Order, and (ii) approving the APA and the Sale, including the sale of property located in the United States.

18. Algoma and the Buyer are making significant progress towards satisfying the foregoing closing conditions and are reasonably close to satisfying each. A number of the required governmental agreements have been reached in principle and are only subject to the completion and execution of definitive documentation or are otherwise close to being reached. Algoma and the Buyer are diligently working towards satisfying all closing conditions by October 31, 2018.[9] Accordingly, the Foreign Representative has now filed this Motion to seek the Court relief required

[9] The Debtors fully expect that, to the extent any closing conditions are not satisfied by October 31, 2018, the Buyer will be agreeable to further extending the Sunset Date to bridge to the Closing.

under the APA.

19. The Foreign Representative believes that the Sale represents a positive realization of value for Algoma's creditors and other stakeholders. Algoma, with assistance from its advisors and as overseen by the Monitor, extensively negotiated the terms of the APA in order to reach the best possible agreement and, as more fully described in the Strek Declaration (as defined herein). Ernst & Young Inc., in its capacity as the Monitor in the CCAA Proceedings (the "**Monitor**") and the Unions are supportive of the Sale.

20. The cash purchase price under the APA, to be funded by the Exit Term Facility, is sufficient to repay in full in cash the DIP Facility (including exit fees) and Prepetition ABL Facility, and fund an administrative reserve of approximately $39 million, which will first be funded with Algoma's available cash. Furthermore, the purchase price includes (a) the assumption by the Buyer of certain accrued liabilities, and (b) through a series of transactions, the credit bidding and cancellation of all obligations owing by Algoma under the Term Loan Facility and Senior Notes as of the closing.

21. Algoma has been in CCAA and chapter 15 protection for nearly three years. The Sale enables Algoma's business to emerge from its bankruptcy proceedings in the fall of 2018, and permits Algoma's business to operate as a going concern without the continued need for the protection of the Court and Canadian Court. It is in the best interests of Algoma and its stakeholders that the Sale close and Algoma's businesses emerge from creditor protection, particularly given, among other things, competitive pressures, the volatility of steel prices (particularly given the recent tariffs imposed by the United States government), the continued expense of administering its insolvency proceedings, and the ongoing distraction of management from focusing on operations.

22. Algoma has conducted a comprehensive and robust process to solicit both sale and investment opportunities (including alternative restructuring proposals), and has determined in its business judgment that the purchase price represents the highest price realizable for Algoma's assets, and that the Sale represents the best transaction available to the company. The Sale and related transactions will, among other things, significantly deleverage Algoma's capital structure, provide new financing to fund operations, and preserve approximately 2,700 jobs in the City of Sault Ste. Marie, along with continued employee and retiree benefits. Notably, the APA also provides for the continued employment of all of Algoma's non-unionized employees who are employed as of August 1, 2018 and all of Algoma's unionized employees, and it is a condition of the APA that the Buyer assume the amended CBAs with Algoma's unionized employees.

23. Following consummation of the Sale, Algoma's business will be adequately capitalized and financed, as the Buyer will have access to an Exit ABL Facility with a minimum of $125 million in available liquidity, and a new Exit Term Loan Facility in an amount not to exceed $300 million.

24. For those reasons, and the reasons described more fully herein, this Court's recognition and enforcement of the Canadian Sale Order, and approval of the sale of the U.S. Assets free and clear of any and all interests, is in the best interests of Algoma, its creditors, and other stakeholders.

Background

A. Background Regarding Algoma's Chapter 15 Cases

25. Algoma operates one of the largest integrated steel manufacturing facilities in Canada, producing high-quality steel and steel products for customers throughout North America.

26. On November 9, 2015 (the "**Commencement Date**"), Algoma commenced the CCAA Proceeding in the Canadian Court. That same day, the Canadian Court issued an order granting certain provisional relief (the "**CCAA Initial Order**") in connection with the CCAA Proceeding.

27. Subsequently and also on the Commencement Date, the Foreign Representative commenced these chapter 15 cases by filing on behalf of the Original Debtors,[10] among other things, (i) verified chapter 15 petitions seeking recognition by the Court of the CCAA Proceeding as a foreign main proceeding under chapter 15 of the Bankruptcy Code, and (ii) the *Motion of Foreign Representative for Entry of Provisional and Final Orders Granting Recognition of Foreign Main Proceeding and Certain Related Relief Pursuant to Sections 362 364(e), 365, 1517, 1519, 1520, 1521, and 105(a) of Bankruptcy Code filed November 9, 2015* [Docket No. 8].

28. On December 1, 2015, the Court entered the *Final Order Granting Recognition of Foreign Main Proceeding and Certain Related Relief Pursuant to Sections 362, 364(e), 365, 1517, 1519, 1520, 1521, and 105(a) of the Bankruptcy Code* [Docket No. 97] (as has been amended [Docket No. 100] and supplemented [Docket No. 126], the "**Recognition Order**").

[10] The Original Debtors include Algoma Canada, Algoma U.S., Essar Steel Algoma (Alberta) ULC, Essar Tech Algoma Inc., and Cannelton Iron Ore Company. On November 19, 2015, Algoma Holdings B.V. ("**Holdings**") filed an application under the CCAA, and the Canadian Court entered an order (the "**Amended and Restated CCAA Initial Order**") on November 20, 2015 granting certain relief in respect of Holdings and other Debtors in connection with the CCAA Proceeding. Also on November 20, 2016, the Foreign Representative commenced a voluntary chapter 15 case on behalf of Holdings by filing a verified chapter 15 petition seeking recognition by the Court of the CCAA Proceeding as the foreign main proceeding with respect to Holdings under chapter 15 of the Bankruptcy Code. On December 14, 2015, the Court entered the *Supplemental Order Directing Final Recognition Order in Chapter 15 Cases of Essar Steel Algoma, Inc. et al. Be Made Applicable to Algoma Holdings B.V. Pursuant to Section 105(a) of Bankruptcy Code* [Docket No. 126].

29. The CCAA Initial Order and Recognition Order granted approval of the DIP Facility.[11] The CCAA Initial Order and Recognition Order also authorized the Debtors to pursue all avenues of sale or refinancing of their business or property.

30. More detailed information about the Debtors' business and operations, the events leading to the Commencement Date, and the facts and circumstances surrounding the CCAA Proceeding and these cases is set forth in the *Declaration of J. Robert Sandoval in Support of (I) Verified Chapter 15 Petitions; (II) Foreign Representative's Motion for Orders Granting Provisional and Final Relief in Aid of Foreign Main Proceeding; and (III) Certain Related Relief* [Docket No. 6] (the "**First Day Declaration**").

B. Background Regarding Algoma's Sales and Investment Solicitation Process

31. In accordance with the CCAA Initial Order and Recognition Order, in the months following the Commencement Date, the Debtors developed a SISP to solicit interest in and opportunities for a sale, restructuring or recapitalization of Algoma's business. In developing the SISP, Algoma worked closely with its financial and legal advisors as well as the Monitor, and sought input from a number of its key stakeholders.

[11] On September 27, 2016, the Court entered an order [Docket No. 230] amending the Recognition Order to provide that the Court recognizes the borrowing of up to $220 million under the DIP Facility. Algoma's debtor-in-possession credit agreement (the "**DIP Credit Agreement**") has been extended six times, most recently from September 28, 2018 to October 31, 2018 (and extendable to November 30, 2018 upon 15 days' notice by Algoma). Each of the amendments were approved by the Canadian Court. In amending the DIP Credit Agreement, the Foreign Representative relied on (i) paragraph 6 of the Recognition Order which provides that "[t]he CCAA Proceeding and the CCAA Initial Order, and the transactions consummated or to be consummated thereunder, shall be granted comity and given full force and effect in the U.S. to the same extent that they are given effect in Canada, and each is binding on all creditors of Algoma and any of their successors and assigns", and (ii) Paragraph 9 of the Recognition Order provides that ". . . Algoma is hereby authorized to execute and deliver such term sheets, credit agreements, mortgages, charges, hypothecs and security documents, guarantees, and other definitive documents as are contemplated by the DIP Facility . . . The Court recognizes, on a final basis, the borrowing of up to $220 million (USD) under the DIP Facility authorized by the Canadian Court".

The Debtors expect that the DIP Facility lenders, who are members of the Term Lender Group, will agree to extend the term of the DIP Credit Agreement to bridge to the closing of the Sale, should such extension be necessary.

32. On February 10, 2016, the Canadian Court entered an order approving the SISP, which consisted of a two-phase solicitation, marketing, and bidding process. Phase I of the SISP was launched on February 12, 2016, with a deadline to submit bids of April 1, 2016. During phase I, Algoma received seven bids, four of which were considered qualified bids. Algoma then set a deadline of May 23, 2016 for phase I bidders to submit phase II bids. At the conclusion of phase II, Algoma only received one bid, the joint bid from KPS and the Term Lender Group. As discussed above, after negotiating and finalizing the Original APA, on July 13, 2016, KPS withdrew from the proposed transaction contemplated by the Original APA.

33. More detailed information regarding the SISP and the Debtors' efforts to explore alternative restructuring opportunities prior to KPS' withdrawal is set forth in:

(a) the *Declaration of J. Robert Sandoval in Support of Motion of Foreign Representative for Entry of an Order (I) Recognizing Canadian Sale Order, (II) Authorizing and Approving Sale of U.S. Assets Free and Clear of all Liens, Claims, Encumbrances, and Other Interests, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts, and (IV) Granting Related Relief*, dated July 6, 2016 [Docket No. 212] (the "**Sandoval Declaration**"), which was filed in connection with the Original Motion;

(b) the *Declaration of Daniel Aronson in Support of Motion of Foreign Representative for Entry of an Order (I) Recognizing Canadian Sale Order, (II) Authorizing and Approving Sale of U.S. Assets Free and Clear of all Liens, Claims, Encumbrances, and Other Interests, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts, and (IV) Granting Related Relief*, dated July 6, 2016 [Docket No. 215] (the "**Aronson Declaration**"), which was filed in connection with the Original Motion;[12] and

(c) the Fourteenth Report of the Monitor, including certain exhibits attached thereto, which was filed in the Canadian Court on June 30, 2016, and was attached to the Original Motion as Exhibit F.

[12] Please note that although the Foreign Representative has withdrawn the Original Motion, it is still relying on the Aronson Declaration in support of the Motion (in addition to the Strek Declaration).

C. Other Interested Parties Following KPS' Withdrawal

34. As discussed above, after the Consenting Creditors' entry into the RSA in September 2016, Algoma began to pursue a restructuring transaction supported by the Consenting Creditors. Following the SISP, Algoma also devoted time and resources to identify alternative restructuring opportunities, including through discussions with other interested parties, but were unable to secure another actionable proposal. Generally, these parties were introduced to Algoma by various stakeholders, including representatives of the Unions.

(a) MAGA - In April 2017, Algoma was informed that Local 2251 (the "**USW**") had signed a support agreement with an acquisition vehicle purported to be owned by Tom Clarke called MAGA Steel Corporation ("**MAGA**"). The support agreement between the USW and MAGA purportedly contemplated that MAGA would acquire Algoma, following which Algoma's businesses would be integrated into the ERP Group, a group of coal companies owned by Mr. Clarke that have since had involuntary chapter 7 petitions filed against them.

Algoma, with the assistance of the Monitor, and in consultation with the Consenting Creditors, engaged in negotiations with MAGA through counsel to the USW. On August 16, 2017, the parties agreed on a due diligence protocol to permit MAGA to perform reasonable diligence in order for MAGA to prepare a proposal to the Consenting Creditors by September 8, 2017.

Pursuant to the due diligence protocol, Algoma permitted MAGA and its proposed sources of financing to access an electronic data room containing information on Algoma's business. Algoma's management, its Chief Restructuring Advisor, and Evercore, under the supervision of the Monitor, also conducted on-site diligence meetings with MAGA and answered various inquiries from MAGA and its proposed sources of financing. However, following this due diligence, MAGA did not deliver a written proposal to Algoma or the Consenting Creditors.

(b) Alternative Third Party – Subsequently, in early August 2017, the Unions introduced another party potentially interested in acquiring or making an investment in Algoma. Algoma, with the support of the Consenting Creditors and approval of the Monitor, facilitated a due diligence process for this party, in order for it to engage in discussions with the Consenting Creditors on developing a restructuring transaction that could be supported by Algoma's key stakeholders. Following its due diligence, this party informed the Consenting Creditors that it would not be submitting a restructuring proposal to Algoma.

(c) Bedrock and Tom Clarke – On September 14, 2017, in a continued effort to find a third-party to sponsor an alternate transaction, the Unions wrote separately to Tom Clarke and to Bedrock Industries LLC (a privately held metals, mining and natural resources company that had recently acquired U.S. Steel Canada Inc., Algoma's major competitor), as well as the Consenting Creditors, indicating the conditions on which the Unions would meet with these parties to discuss their interest in Algoma and a renewal of the Unions' collective bargaining agreements. These discussions did not result in the submission of a restructuring proposal by Mr. Clarke or Bedrock Industries LLC.

35. Despite devoting time and resources to identify alternative restructuring opportunities, none of the third parties who expressed an interest in sponsoring a restructuring of Algoma's businesses provided an actionable proposal or continued discussions with Algoma, the Monitor, or the Consenting Creditors. Accordingly, Algoma determined that the Restructuring Transaction was the best and only viable transaction available to Algoma to emerge from the CCAA Proceedings and these chapter 15 cases. As such, Algoma continued to support the negotiations between the Consenting Creditors and Unions until a breakthrough was achieved in May 2018, leading to the negotiation and execution of the APA in July 2018.

36. More detailed information regarding the Debtors' efforts to explore alternative restructuring opportunities following KPS' withdrawal from the Original APA is set forth in the:

(a) *Declaration of John Strek in Support of Motion of Foreign Representative for Entry of an Order (I) Recognizing Canadian Sale Order, (II) Authorizing and Approving Sale of U.S. Assets Free and Clear of all Liens, Claims, Encumbrances, and Other Interests, and (III) Granting Related Relief*, filed contemporaneously herewith (the "**Strek Declaration**"); and

(b) Forty-Fifth Report of the Monitor, including certain exhibits attached thereto (the "**Monitor's Report**"), which was filed in the Canadian Court on July 31, 2018, a copy of which is annexed hereto as **Exhibit C**.

The Asset Purchase Agreement

37. Pursuant to Local Rule 6004-1, the following chart summarizes the material provisions of the APA, the Proposed Order, and the Canadian Sale Order. The Foreign

Representative believes that these provisions of the APA are fair and reasonable under the circumstances, are the result of good faith, arm's-length negotiations between the Selling Debtors and the Buyer, and are in the best interests of the Debtors, their creditors, and other stakeholders.

MATERIAL TERMS OF THE APA, PROPOSED ORDER, AND CANADIAN SALE ORDER	
Purchaser Local Rule 6004-1(b)(iv)(A)	The Buyer is not an insider (as defined in section 101(31) of the Bankruptcy Code) of any of the Debtors.
Purchased Assets	The Purchased Assets are described in Section 2.1 of the APA and include, subject to certain exceptions, substantially all of the Selling Debtors' right, title and interest in, to and under, or relating to, the assets, property and undertaking owned or used or held for use by the Selling Debtors in connection with Algoma's business. The Buyer has agreed to purchase all of the Sellers' right, title and interest in and to, *inter alia*, the following assets comprising substantially all of the Selling Debtors' business (as set out more particularly in APA s. 2.1): Cash and Accounts Receivable (except to the extent used to fund the Administrative Reserve, as defined herein), Inventory, Fixed Assets and Equipment, Assigned Agreements,[13] Algoma's main facility, causes of action, Intellectual Property, IT Assets, goodwill, business records, Permits, and insurance. ***See* APA, § 2.1.**
Assumed Liabilities	The Buyer has agreed to assume the Assumed Liabilities, which include, among other things,: (a) liabilities and obligations arising under the Assigned Agreements or out of the operation of the Purchased Assets after the Closing, (b) Cure Costs in excess of $6 million, (c) all liabilities under the amended CBAs, Algoma's assumed pensions plans, assumed employee benefit plans assumed, post-retirement benefit plans, and other employee obligations, (d) environmental liabilities under or migrating from the Purchased Assets related to acts or omissions of the Buyer after the Closing, (e)

[13] The Purchased Assets include certain Assigned Agreements. To the extent that assignment of any Assigned Agreement requires the consent of the counterparty to assign such Assigned Agreement to the Buyer in the CCAA Proceeding, and such consent has not been obtained, the Selling Debtors will be required to seek further court approval to assign such agreements. For the avoidance of doubt, the Foreign Representative is not seeking authority under section 365 of the Bankruptcy Code to assign the Assigned Agreements to the Buyer. Notwithstanding the foregoing, Cliffs Mining Company and certain of its affiliates (collectively, "**Cliffs**") have provided affirmative written consent to the assumption and assignment of the following agreements to the Buyer upon the Closing: (a) that certain *Pellet Sale and Purchase Agreement*, dated January 31, 2002 as amended; (b) that certain *Amendment to 2002 Pellet Sale and Purchase Agreement and 2013 Term Sheet* dated as of September 18, 2017; (c) that certain *Pellet Sale and Purchase Agreement*, dated October 6, 2017 and effective as of January 1, 2017; and (d) that certain *Pellet Supply Term Sheet – Incremental Tons*, dated September 30, 2017 (collectively, the "**Cliffs Contracts**"). Given the materiality of the Cliffs Contracts to the Debtors' business, the Debtors requested, and obtained approval of, language in the Canadian Sale Order which provides that upon the Closing, the Cliffs Contracts shall be assumed and assigned to the Buyer without further formality or documentation. *See* Canadian Sale Order, ¶ 15. Accordingly, the Debtors request recognition of this provision of the Canadian Sale Order.

MATERIAL TERMS OF THE APA, PROPOSED ORDER, AND CANADIAN SALE ORDER	
	all pre-closing trade payable obligations incurred after the Commencement Date, (f) certain tax obligations, (g) certain indemnification obligations with respect to the Selling Debtors' officers and directors, (h) warranty liabilities, and (i) claims against the Purchased Assets that rank in priority to the Senior Debt.
Purchase Price	The Buyer shall satisfy the Purchase Price to acquire the Purchased Assets by: (a) making a cash payment (to be funded by the Exit Term Facility) sufficient to satisfy (i) the outstanding liabilities under the DIP Facility (including exit fees) and Prepetition ABL Facility in full, on the Closing Date, and (ii) the Administrative Reserve Costs (as defined below) (collectively, the "**Cash Purchase Price**"); (b) assuming the Accrued Liabilities; and (c) credit bidding, through a series of transactions, the amounts outstanding under the Term Loan Facility and Senior Notes on the Closing Date. ***See* APA, § 3.1; Canadian Sale Order ¶¶ 4, 10-11**.
Agreements with Management Local Rule 6004-1(b)(iv)(B)	The Buyer shall offer continuing employment to all of Algoma's non-unionized employees who are employed as of August 1, 2018. The terms and conditions of the offers of employment to the non-unionized Employees shall include (a) salary that is substantially comparable to the salary the Employee currently enjoys and (b) group health and welfare benefits (excluding, for greater certainty, any perquisites or other benefits offered on an individual basis) that are substantially similar in the aggregate to the group health and welfare benefits such Employee currently enjoys. ***See* APA, §7.7(b).**
Releases Local Rule 6004-1(b)(iv)(C)	Except as otherwise contained in the APA, effective as of the Closing: (a) each Selling Debtor releases and forever discharges the Buyer and its respective affiliates, and their respective successors and assigns, and all officers, directors, partners, members, shareholders, employees and agents of each of them, from any and all actual or potential Claims which such Person had, has or may have in the future to the extent relating to the Purchased Assets, the Excluded Assets or the Excluded Liabilities. (b) the Buyer releases and forever discharges the representatives of the Selling Debtors, from any and all actual or potential Claims which the Buyer had, has or may have in the future to the extent relating to the Business, the Purchased Assets, the Excluded Assets or the Assumed Liabilities. ***See* APA, §7.5(a), (d).** The APA also provides for the satisfaction of the Senior Debt, in the manner described above.

MATERIAL TERMS OF THE APA, PROPOSED ORDER, AND CANADIAN SALE ORDER	
	The Canadian Sale Order provides for the release of the Term Loan Facility agent (the "**Term Loan Agent**") and the Senior Notes Indenture trustee (the "**Trustee**") from any liability arising as a result of undertaking the actions contemplated pursuant to the APA, including the credit bid transactions contemplated therein. ***See* Canadian Sale Order ¶¶ 10-11**;
Competitive Bidding Local Rule 6004-1(b)(iv)(D)	The APA and Sale are the result of a competitive, two phase bidding process that was undertaken under the SISP. As described above, the Debtors also were open to receiving alternative bids following the conclusion of the SISP. No auction is contemplated by the Debtors.
Closing Date Local Rule 6004-1(b)(iv)(E)	The "**Closing Date**" shall be no later than five (5) Business Days after the conditions set forth in APA have been satisfied (or such other date agreed to in writing by the Parties); provided that the Closing Date shall be no later than October 31, 2018 (the "**Sunset Date**") or such later date agreed to by the Parties in writing in consultation with the Monitor. ***See* APA, § 1.1(ff); § 9.1(b).**
Good Faith Deposit Local Rule 6004-1(b)(iv)(F)	Not applicable.
Interim Arrangements with Buyer Local Rule 6004-1(b)(iv)(G)	Not applicable.
Use of Proceeds Local Rule 6004-1(b)(iv)(H)	Allocation: The Buyer, acting in a commercially reasonable manner, shall, prior to the Closing Date, prepare a written allocation of the Purchase Price among the Selling Debtors and the Purchased Assets and shall afford the Selling Debtors with a reasonable opportunity to review and comment on such allocation; provided, that the Parties agree that the amount of the Purchase Price allocable to the assets of Algoma U.S. shall not exceed $1 million. ***See* APA, § 3.2.** Use of Proceeds: • The Selling Debtors are authorized and directed to repay in full from the Cash Purchase Price, all indebtedness and obligations outstanding, as of the Closing Date, under the DIP Facility and Prepetition ABL Facility. ***See* Canadian Sale Order ¶ 16.** • The APA provides for the funding of a reserve (the "**Administrative Reserve**") of (a) $39 million to satisfy certain pre- and post-closing obligations of the Debtors (the "**Closing Costs Reserve**"), including, among other things: (i) administrative or other claims and costs outstanding on the Closing Date with respect to amounts secured by charges created by the Canadian Court, including by the Initial Order; (ii) costs and fees incurred by the Monitor and the Selling Debtors following the Closing Date in connection with the completion of the CCAA Proceeding, and dissolving, winding up, or otherwise liquidating the Debtors; (iii) agreed upon property taxes arising

MATERIAL TERMS OF THE APA, PROPOSED ORDER, AND CANADIAN SALE ORDER	
	prior to the Closing Date and owing to the Corporation of the City of Sault Ste. Marie; and (iv) certain amounts necessary to cure any monetary defaults as a condition to assuming the Assigned Contracts (the "**Cure Costs**"), in an amount not to exceed $6 million (together, the "**Administrative Reserve Costs**"), and (b) certain amounts that may be payable by the Selling Debtors or their officers or directors to governmental authorities in order to obtain a release of certain outstanding environmental claims. ***See* APA, § 10.5(b).** The Closing Costs Reserve will be established by the Monitor from the Selling Debtors' available cash, and to the extent such funds are below $39 million, the Buyer will fund the deficiency upon Closing. ***See* APA, § 6.3(d).**
Record Retention Local Rule 6004-1(b)(iv)(J)	The Selling Debtors are selling all business and financial records and files of the Business, but may retain copies of all books and records included in the Purchased Assets to the extent necessary or useful for the administration of the CCAA Proceedings or these chapter 15 cases. ***See* APA, § 2.1(q).**
Sale of Avoidance Actions Local Rule 6004-1(b)(iv)(K)	Not applicable.
Requested Findings as to Successor Liability Local Rule 6004-1(b)(iv)(L)	The Buyer is not a mere continuation of the Selling Debtors, and there is no continuity of enterprise between the Selling Debtors and the Buyer. The Buyer is not holding itself out to the public as a continuation of the Selling Debtors. The Buyer is not a successor to the Selling Debtors and the Sale does not amount to a consolidation, merger, or *de facto* merger of Buyer and the Selling Debtors. ***See* Proposed Order ¶ P.** Except as expressly assumed, all debts, obligations, contracts and liabilities of or relating to the Business, Purchased Assets, or the Debtors, shall remain the sole responsibility of the Debtors, and the Buyer shall not assume, accept or undertake, any debt, obligation, duty, contract or liability of the Debtors of any kind whatsoever, except as expressly assumed under the APA. ***See* APA, § 2.4.**
Sale Free and Clear of Unexpired Leases Local Rule 6004-1(b)(iv)(M)	Not applicable.
Credit Bid Local Rule 6004-1(b)(iv)(N)	The APA provides that prior to the Closing, the Buyer will deliver to the Selling Debtors the Lender Credit Bid Documents and Noteholder Credit Bid Documents, enabling the Buyer to credit bid. ***See* APA, § 5.6-5.7.** The Canadian Sale Order and Proposed Order provide that Term Loan Agent and Indenture Trustee are authorized and directed to all such actions as may be necessary or desirable to facilitate the completion of the Sale, including taking the actions specified in

MATERIAL TERMS OF THE APA, PROPOSED ORDER, AND CANADIAN SALE ORDER	
	sections 5.6 and 5.7 of the APA. ***See* Canadian Sale Order ¶¶ 10-11**; **Proposed Order** ¶ 6.
Relief from Bankruptcy Rule 6004(h) Local Rule 6004-1(b)(iv)(O)	The Debtors seek a waiver of the fourteen-day stay imposed by Bankruptcy Rule 6004(h). ***See* Proposed Order ¶ 20.**

Approval by this Court

38. The substantial majority of the assets to be sold are in Canada and, thus, the Foreign Representative seeks this Court's recognition and enforcement of the Canadian Sale Order. Certain of the assets to be sold pursuant to the APA constitute U.S. Assets. Thus, in addition to seeking recognition, the Foreign Representative seeks this Court's approval of the sale of U.S. Assets to the Buyer free and clear of any liens, claims, encumbrances, and other interests.

39. By this Motion, the Foreign Representative seeks entry of the Proposed Order recognizing and giving full force and effect to the Canadian Sale Order approving the sale of the Purchased Assets under the APA.

40. The Sale provides for the continuation of the Debtors' business as a going concern, thus preserving jobs, maintaining customers and vendor relationships, and providing significant benefits to the Debtors' stakeholders. As described in the Strek Declaration, the bid for the Purchased Assets that is memorialized in the APA represents the highest price realizable for the Purchased Assets. Indeed, the bid memorialized in the APA represents the only viable path to a successful restructuring currently available to the Debtors. Further, entry of an order recognizing the Canadian Sale Order is a condition precedent to the Closing of the APA, and absent this relief, the Debtors and their creditors will likely suffer irreparable harm, including a potential liquidation from the inability to close the Sale.

41. In addition to seeking recognition and enforcement of the Canadian Sale Order approving the APA, the Foreign Representative requests that this Court, pursuant to sections 363, 1507, 1520, and 1521 of the Bankruptcy Code, authorize and approve the Sale of the U.S. Assets in accordance with the terms and conditions of the APA.

42. The U.S. Assets, described in further detail below, are minimal relative to the Purchased Assets as a whole. The Debtors' U.S. Assets, as of the date hereof, excluding the In-Transit U.S. Assets (as defined herein) are comprised mainly of (i) warehoused spare equipment used in the steel production process, and (ii) steel inventory located in certain storage and processing facilities in various locations across the United States. Many of Algoma's customers are located in the United States, and the Debtors regularly contract with third parties to store or provide additional processing services in advance of delivery to their U.S. customers. The Debtors estimate that, as of August 31, 2018, approximately 29,000 tons of steel was located within the United States. Any steel or spare equipment located within the United States on the Closing Date is proposed to be transferred to the Buyer pursuant to the APA. In addition, pursuant to various supplier and customer agreements, the Debtors often (i) take title of raw materials and equipment upon shipment from suppliers located in the U.S., and (ii) hold title to steel inventory until delivery is completed to customers located in the U.S. (the "**In-Transit U.S. Assets**"). The Debtors also propose to transfer any In-Transit U.S. Assets, as well as any other assets located in the United States on the Closing Date to the Buyer pursuant to the APA.

Relief Requested Should be Granted

A. The Court Should Recognize the Canadian Sale Order and Authorize and Approve the Sale

43. The Foreign Representative seeks recognition and enforcement of the Canadian Sale Order, to ensure it is effective under the laws of the United States.

44. Section 1521 of the Bankruptcy Code sets forth various forms of relief that may be granted upon recognition of a foreign proceeding. Specifically, section 1521(b) of the Bankruptcy Code provides, in pertinent part, that "[u]pon recognition of a foreign proceeding . . . the court may, at the request of the foreign representative, entrust the distribution of all or part of the debtor's assets located in the United States to the foreign representative." 11 U.S.C. § 1521(b).

45. Further, sections 1525 and 1527 of the Bankruptcy Code, when read in conjunction, direct the Court to "cooperate to the maximum extent possible" with the Canadian Court regarding the "coordination of the administration and supervision" of the Debtors' assets and affairs. 11 U.S.C. §§ 1525, 1527(3). Consistent with this, the Canadian Sale Order specifically requests the aid and recognition of this Court to give effect to the Canadian Sale Order once entered. *See* Canadian Sale Order ¶ 23.

46. The Recognition Order provides that the CCAA Proceeding is entitled recognition by this Court pursuant to section 1517 of the Bankruptcy Code. *See* Recognition Order ¶ I. The Recognition Order further provides that the CCAA Proceeding and the transactions to be consummated thereunder shall be granted comity and given full force and effect in the U.S. to the same extent that they are given effect in Canada and shall be binding on all creditors of Algoma and any of their successors and assigns. *See Id* ¶ 6. Accordingly, pursuant to the terms of the Recognition Order, it is appropriate that the Court recognize the Canadian Sale Order.

47. Prior to entering the Canadian Sale Order, the Canadian Court closely scrutinized the APA and the Sale, which is a result of the efforts of the Debtors and their advisors (with the oversight of the Monitor) to maximize the value of the estate through the sale of the Purchased Assets and the distribution of the Sale proceeds. The Foreign Representative and the Debtors have determined that the Sale provides the highest and best return to the Debtors, their creditors, and

their stakeholders, and the Canadian Sale Order recognizes as much. The comprehensive and robust SISP carried out by the Debtors (and subsequent engagement with interested parties) with assistance from their advisors, and overseen by the Canadian Court and the Monitor, with input from the Debtors' key stakeholders, ensures that the process was fair and the Sale is a positive result for the Debtors' stakeholders. As further evidence of this, the Monitor, an independent party in the CCAA Proceeding, supports the Sale. *See* Monitor's Report ¶ 78.

48. Entry of the Proposed Order will permit the Debtors to proceed with the Sale in the CCAA Proceeding without disruption. Absent the relief requested herein, the Debtors will suffer irreparable harm, as approval of the relief sought in the Proposed Order is a condition precedent to the closing of the APA. *See* APA § 6.1(e).

49. Relief similar to that requested in this Motion related to the recognition of a Canadian sale order has been entered in other chapter 15 cases in this District. *See, e.g.*, *In re RCR Int'l Inc.*, Case No. 18-10112 (LSS) (Bankr. D. Del. Mar. 9, 2018) [D.I. 32]; *In re Axios Logistics Solutions Inc.*, Case No. 17-10438 (BLS) (Bankr. D. Del. Aug. 28, 2017) [D.I. 64]; *In re PT Holdco, Inc.*, Case No. 16-10131 (LSS) (Bankr. D. Del. March 4, 2016) [D.I. 47]; *In re Thane Int'l, Inc.*, Case No. 15-12186 (KG) (Bankr. D. Del. Dec. 1, 2015) [D.I. 42]; *In re Xchange Technology Group LLC*, Case No. 13-12809 (KG) (Bankr. D. Del. Nov. 25, 2013) [D.I. 47]; *In re Talon Systems Inc.*, Case No. 13-11811 (KJC) (Bankr. D. Del. Sept. 25, 2013) [D.I. 64]; *In re Cinram International Inc.*, Case No. 12-11882 (KJC) (Bankr. D. Del. July 25, 2012) [D.I. 98]; *In re Arctic Glacier Int'l Inc.*, Case No. 12-10605 (KG) (Bankr. D. Del. July 17, 2012) [D.I. 126].

50. Moreover, granting the relief requested herein fulfills the public policy embodied in chapter 15 of the Bankruptcy Code, which is "to provide effective mechanisms" to promote cooperation in cross-border insolvency cases. 11 U.S.C. § 1501(a). The Canadian Court has

requested the "aid and recognition of any court . . . having jurisdiction in . . . United States . . . to give effect to [the Canadian Sale Order] and to assist the [Debtors], the Monitor and their respective agents in carrying out the terms of [the Canadian Sale Order], including the U.S. Bankruptcy Court." Canadian Sale Order ¶ 23. Accordingly, the Foreign Representative respectfully submits that this Court should recognize and give full effect and force under the laws of the United States to the findings, authorities, and provisions set forth in the Canadian Sale Order, as entered by the Canadian Court.

B. The Court Should Approve the Sale of U.S. Assets

1. Approval of the Sale of U.S. Assets is Authorized under Sections 363, 1507, 1520, and 1521 of the Bankruptcy Code

51. The Recognition Order provides that "[a]ll relief afforded foreign main proceedings pursuant to section 1520 of the Bankruptcy Code is hereby granted to the CCAA Proceeding, Algoma, and the Foreign Representative, as applicable." Recognition Order ¶ 4.

52. Pursuant to section 1520 of the Bankruptcy Code, section 363 of the Bankruptcy Code is applicable "[u]pon recognition of a foreign proceeding that is a foreign main proceeding . . . to a transfer of an interest of the debtor in property that is within the territorial jurisdiction of the United States." 11 U.S.C. § 1520(a)(2).

53. Section 1507 of the Bankruptcy Code further provides that "[s]ubject to the specific limitations stated elsewhere in [chapter 15 of the Bankruptcy Code] the court, if recognition is granted, may provide additional assistance to a foreign representative under [chapter 15] or under other laws of the United States." 11 U.S.C. § 1507(a).

54. Similarly, section 1521 of the Bankruptcy Code provides, in relevant part, that "[u]pon recognition of a foreign proceeding, whether main or nonmain, where necessary to effectuate the purpose of [chapter 15 of the Bankruptcy Code] and to protect the assets of the

debtor or the interests of the creditors, the court may, at the request of the foreign representative, grant any appropriate relief, including . . . granting any additional relief that may be available to a trustee." 11 U.S.C. § 1521(a)(7).

55. Section 363(b)(1) provides, in relevant part, that a debtor "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1).

56. This Court has held that a sale of assets may be authorized under section 363 of the Bankruptcy Code if the Court finds a "sound business purpose" for the sale. *See Dai-Ichi Kangyo Bank, Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147 (Bankr. D. Del. 1999) (citing *Committee of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983)). Once a court is satisfied that there is a sound business reason justifying the sale, the court must also determine that adequate and reasonable notice has been provided to interested parties, that the sale price is fair and reasonable, and that the purchaser is proceeding in good faith. *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169, 176 (D. Del. 1991) (citation omitted).

57. The Foreign Representative submits that ample business justifications exist to sell the U.S. Assets to the Buyer. As described in the Strek Declaration, the Sale (which includes the sale of the U.S. Assets) allows Algoma's businesses to emerge from the CCAA Proceeding and these chapter 15 cases after nearly three years. The Sale is the only actionable option available to the Debtors that will allow Algoma's business to emerge from these proceedings, continue to operate as a going concern, and provide for the continued employment of all of Algoma's employees.

58. As described in the Aronson Declaration, the Debtors in consultation with their advisors, the Monitor, and the advisors of significant stakeholders in these cases, ran a thorough SISP in good faith. As detailed in the Strek Declaration, after extensive marketing efforts in connection with the SISP, consideration of all available alternatives, and extensive consultation and negotiation with and among key stakeholders, the Foreign Representative believes that the APA represents the highest and best offer for the Purchased Assets (which include the U.S. Assets), which will maximize the value of the Debtors' estates for all stakeholders involved. *See also* Monitor's Report ¶ 74. Although the U.S. Assets are minimal in the context of the Purchased Assets, entry of the Proposed Order approving the sale of the U.S. Assets is a component of the broader Sale and approval of the relief sought in the Proposed Order is a condition precedent to the closing of the APA. *See* APA ¶ 6.1(e). Entry of the Proposed Order will permit the Foreign Representative to implement the Sale in a timely manner that will maximize value for the benefit of the Debtors' creditors.

59. Relief similar to that requested in this Motion related to asset sales pursuant to section 363 has been entered in other chapter 15 cases in this District. *See, e.g.*, *In re RCR Int'l Inc.*, Case No. 18-10112 (LSS) (Bankr. D. Del. Mar. 9, 2018) [D.I. 32]; *In re Axios Logistics Solutions Inc.*, Case No. 17-10438 (BLS) (Bankr. D. Del. Aug. 28, 2017) [D.I. 64]; *In re PT Holdco, Inc.*, Case No. 16-10131 (LSS) (Bankr. D. Del. March 4, 2016) [D.I. 47]; *In re Thane Int'l, Inc.*, Case No. 15-12186 (KG) (Bankr. D. Del. Dec. 1, 2015) [D.I. 42]; *In re Xchange Technology Group LLC*, Case No. 13-12809 (KG) (Bankr. D. Del. Nov. 25, 2013) [D.I. 47]; *In re Talon Systems Inc.*, Case No. 13-11811 (KJC) (Bankr. D. Del. Sept. 25, 2013) [D.I. 64]; *In re Cinram International Inc.*, Case No. 12-11882 (KJC) (Bankr. D. Del. July 25, 2012) [D.I. 98]; *In re Arctic Glacier Int'l Inc.*, Case No. 12-10605 (KG) (Bankr. D. Del. July 17, 2012) [D.I. 126].

60. For all of the foregoing reasons, the Foreign Representative respectfully submits that there is more than ample justification for the Court to authorize and approve the sale of U.S. Assets, pursuant to section 363 of the Bankruptcy Code.

2. Sale of the U.S. Assets Free and Clear of Liens, Claims, Encumbrances, and Other Interests is Appropriate Pursuant to Section 363(f) of the Bankruptcy Code

61. The Foreign Representative respectfully requests that the Court, pursuant to section 363(f) of the Bankruptcy Code, authorize and approve the sale of the U.S. Assets free and clear of liens, claims, encumbrances, and other interests, except as otherwise provided in the APA or the Canadian Sale Order.

62. As stated above, section 363 is applicable in these chapter 15 cases. Under section 363(f) of the Bankruptcy Code, a debtor may sell estate property free and clear of liens, claims, encumbrances, and other interests if one of the following conditions is satisfied:

> (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
>
> (2) such entity consents;
>
> (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
>
> (4) such interest is in bona fide dispute; or
>
> (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f). Satisfaction of any one of these five requirements will suffice to permit the sale of the U.S. Assets "free and clear" of liens, claims, encumbrances, and other interests. *See, e.g., In re Dura Automotive Sys., Inc.*, Case No. 06-11202 (KJC), 2007 WL 7728109 (Bankr. D. Del. Aug. 15, 2007). Furthermore, section 105(a) of the Bankruptcy Code grants this Court broad discretionary powers, providing that "[t]he Court may issue any order, process or judgment that is necessary or appropriate to carry out the provisions" of the Bankruptcy Code. 11 U.S.C. § 105(a).

This equitable power may be utilized to effectuate the provisions of section 363(f). *See, e.g.*, *In re Trans World Airlines, Inc.*, 2001 WL 1820325 (highlighting bankruptcy courts' equitable authority to authorize sale of estate assets free and clear of any interests).

63. The sale of the U.S. Assets will satisfy one or more of the requirements of section 363(f). Any entity holding liens, encumbrances or other known interests on the U.S. Assets will receive notice of this Motion and the Sale hearing. Accordingly, all parties in interest will be given sufficient opportunity to object to the relief requested herein. The absence of any objections to the Sale shall be deemed consent, thereby satisfying Bankruptcy Code section 363(f)(2). *See Futuresource LLC v. Reuters Ltd.*. 312 F.3d 281, 285 (7th Cir. 2002) ("lack of objection (provided of course there is notice) counts as consent."). Moreover, any party asserting a lien, claim, or interest in the U.S. Assets may be compelled to accept a money satisfaction for such interest, thereby satisfying section 363(f)(5) of the Bankruptcy Code.

64. As noted above, relief similar to that requested in this Motion related to the approval of the Sale has been entered in other chapter 15 cases in this District. Further, the Canadian Sale Order also provides for the sale of the Purchased Assets, including the U.S. Assets, to vest in the Buyer free and clear of any interest. See Canadian Sale Order ¶ 3. Accordingly, the Debtors request authorization to sell the U.S. Assets free and clear of all liens, claims, encumbrances, and other interests, except as provided in the APA or the Canadian Sale Order.

3. The Buyer is Entitled to All Protections Available to a Good Faith Buyer Pursuant to Section 363(m) of the Bankruptcy Code

65. The Foreign Representative further requests that this Court find that the Buyer is entitled to the benefits and protections provided by section 363(m) of the Bankruptcy Code in connection with the Sale. Section 363(m) of the Bankruptcy Code (which, as described above, applies in these cases) provides, in pertinent part:

> The reversal or modification on appeal of an authorization under subsection (b) . . . of this section of a sale . . . of property does not affect the validity of a sale . . . under such authorization to an entity that purchased . . . such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale . . . were stayed pending appeal.

11 U.S.C. § 363(m). Section 363(m) of the Bankruptcy Code protects a good faith purchaser of assets sold pursuant to section 363 of the Bankruptcy Code from the risk that it will lose it interest in the purchased assets if the order allowing the sale is reversed on appeal.

66. While the Bankruptcy Code does not define "good faith," the Third Circuit has stated:

> The requirement that a purchaser act in good faith . . . speaks to the integrity of his conduct in the course of the sale proceedings. Typically, the misconduct that would destroy a purchaser's good faith status at a judicial sale involves fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders.

In re Abbots Dairies of Pa., Inc., 788 F.2d 143, 147 (3d Cir. 1986) (quoting *In re Rock Indus. Mach. Corp.*, 572 F.2d 1195, 1198 (7th Cir. 1978)).

67. The Foreign Representative submits that, as described in the Strek Declaration, the APA was proposed, negotiated, and entered into without collusion, in good faith, and on an arm's-length basis. *See also* Monitor's Report ¶ 75. Accordingly, the Foreign Representative requests that the Court find that the Buyer has purchased the Purchased Assets, including the U.S. Assets, in good faith within the meaning of section 363(m) of the Bankruptcy Code.

Waiver of Bankruptcy Rule 6004(h)

68. Bankruptcy Rule 6004(h) provides that an "order authorizing the use, sale, or lease of property . . . is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." The Foreign Representative requests that the Proposed Order, once entered, be effective immediately by providing that the 14-day stay under Bankruptcy Rule 6004(h) is waived.

69. Time is of the essence with respect to the relief embodied in the Proposed Order and the consummation of the Sale. To achieve the highest and best value for the Purchased Assets, including the U.S. Assets, the Foreign Representative must be afforded the opportunity to promptly sell the Purchased Assets in accordance with the Canadian Sale Order and the APA without undue disruption or delay. Therefore, the Foreign Representative requests that the Court waive the 14-day stay period under Bankruptcy Rule 6004(h) to the extent applicable to the Proposed Order.

Notice

70. The Foreign Representative will provide notice of this Motion to the following parties, or their counsel, if known: (a) all persons or bodies authorized to administer foreign proceedings of the Debtors; (b) principal parties that have appeared in the CCAA Proceeding as of the date of service of the relevant pleading; (c) the Office of the U.S. Trustee for the District of Delaware; (d) Davis Polk & Wardwell, LLP, 450 Lexington Avenue, New York, NY, 10017 (Attn: Damian S. Schaible, Esq. and Christopher S. Robertson, Esq.), counsel to Cortland Capital Market Services LLC, in its capacity as successor Term Loan Agent and to certain Prepetition Term Loan Lenders and DIP Lenders; (e) White & Case LLP, 1155 Avenue of the Americas, New York, NY 10036-2787 (Attn: Scott Greissman, Esq. and Andrew Ambruoso, Esq.) and Shaw Fishman Glantz & Towbin LLC, 919 North Market, Suite 600, Wilmington DE 19801 (Attn: Tom Horan, Esq.), counsel to Deutsche Bank AG, New York Branch, in its capacity as DIP Agent, and to Deutsche Bank AG, Canada Branch, in its capacity as ABL Agent (and, in the case of Shaw Fishman Glantz & Towbin LLC, counsel to Cortland Capital Market Services LLC, in its capacity as successor Term Loan Agent); (f) Wilmington Trust, National Association, 246 Goose Lane, Suite 105, Guilford, CT 06437 (Attn: Essar Steel Algoma Senior Notes Administrator), as Senior Notes Trustee; (g) UMB Bank, N.A., 1010 Grand Avenue, 4th Floor, Kansas City, MO 64108 (Attn:

Mark Flannagan), as successor Junior Notes Trustee; (h) Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019 (Attn: Alan W. Kornberg, Esq., Brian Hermann, Esq. and Catherine Goodall, Esq.) and Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801 (Attn: Pauline K. Morgan, Esq.), counsel to the ad hoc group of noteholders of the 9.5% Senior Secured Notes; (i) Cassels Brock & Blackwell LLP, 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2 (Attn: Ryan C. Jacobs), counsel to the ad hoc group of noteholders of the 14% Junior Secured PIK Notes; (j) Milbank, Tweed, Hadley & McCloy LLP, 28 Liberty Street, New York, NY 10005 (Attn: Gerard Uzzi, Esq.), counsel to Essar Global Fund Limited; (k) Ernst & Young Inc., 222 Bay Street, Toronto, Ontario M5K 1J7 (Attn: Brian M. Denega), the Monitor in the CCAA Proceeding; (l) the Office of the Delaware Secretary of State; (m) the Internal Revenue Service; (n) the Securities and Exchange Commission; (o) the Buyer, (p) all parties known or reasonably believed to have asserted any lien, claim, interest, or encumbrance on any of the U.S. Assets; (q) all entities known or reasonably believed to have expressed an interest in acquiring the U.S. Assets; and (r) any party that has requested notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Foreign Representative submits that no further notice is required.

No Prior Request

71. Except as described herein with respect to the Original Motion and relief sought in the Canadian Court, no previous request for the relief sought herein has been made to this or any other court.

WHEREFORE, the Foreign Representative respectfully requests that the Court enter the Proposed Order and grant such other and further relief as it deems just and proper.

Dated: October 2, 2018
Wilmington, Delaware

/s/ Amanda R. Steele

RICHARDS, LAYTON & FINGER, P.A.
Mark D. Collins (No. 2981)
Daniel J. DeFranceschi (No. 2732)
Amanda R. Steele (No. 5530)
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701
Email: collins@rlf.com
Email: defranceschi@rlf.com
Email: steele@rlf.com

-and-

WEIL, GOTSHAL & MANGES LLP
Ray C. Schrock, P.C. (admitted *pro hac vice*)
Matthew S. Barr (admitted *pro hac vice*)
Kelly DiBlasi (admitted *pro hac vice*)
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Email: ray.schrock@weil.com
Email: matt.barr@weil.com
Email: kelly.diblasi@weil.com

Attorneys for the Foreign Representative

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	**Chapter 15**
ESSAR STEEL ALGOMA INC., *et al.*,[1]	:	**Case No. 15-12271 (BLS)**
	:	**Jointly Administered**
Debtors in a foreign proceeding.	:	
		Objection Deadline: October 17, 2018 at 4:00 p.m. (ET)
		Hearing Date: October 24, 2018 at 1:30 p.m. (ET)

NOTICE OF (A) HEARING REGARDING MOTION OF FOREIGN REPRESENTATIVE FOR ENTRY OF AN ORDER (I) RECOGNIZING CANADIAN SALE ORDER, (II) AUTHORIZING AND APPROVING SALE OF U.S. ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS, AND (III) GRANTING RELATED RELIEF, AND (B) WITHDRAWAL OF PRIOR MOTION

PLEASE TAKE NOTICE that, on October 2, 2018, Essar Steel Algoma Inc. ("**Algoma Canada**"), in its capacity as the foreign representative (the "**Foreign Representative**") of the above-captioned debtors (collectively, "**Algoma**" or the "**Debtors**"), who have filed an application in a foreign proceeding (the "**CCAA Proceeding**") under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") pending before the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**") filed the *Motion of Foreign Representative for Entry of Order (I) Recognizing Canadian Sale Order, (II) Authorizing and Approving Sale of U.S. Assets Free and Clear of All Liens, Claims, Encumbrances, and Other Interests, and (III) Granting Related Relief* (the "**Motion**") with the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**").

[1] The Debtors in the foreign proceeding and the last four digits of each Debtor's United States Tax Identification Number, Canadian Business Number, Provincial Corporation Number, or Netherlands Chamber of Commerce Number, as applicable, are as follows: Essar Steel Algoma Inc. (0642), Essar Steel Algoma Inc. USA (8788), Essar Steel Algoma (Alberta) ULC (6883), Essar Tech Algoma Inc. (8811), Cannelton Iron Ore Company (9965), and Algoma Holdings B.V. (1679). The Debtors' principal offices are located at 105 West Street, Sault Ste. Marie, Ontario P6A 7B4, Canada.

PLEASE TAKE FURTHER NOTICE that any responses or objections to the Motion must be in writing, filed with the Clerk of the Bankruptcy Court, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801, and served upon and received by the undersigned counsel for the Debtors on or before **October 17, 2018 at 4:00 p.m. (ET)**.

PLEASE TAKE FURTHER NOTICE that if any objections to the Motion are received, the Motion and such objections shall be considered at a hearing before The Honorable Brendan L. Shannon, United States Bankruptcy Judge for the District of Delaware, at the Bankruptcy Court, 824 North Market Street, 6th Floor, Courtroom 1, Wilmington, Delaware 19801 on **October 24, 2018 at 1:30 p.m. (ET)**.

PLEASE TAKE FURTHER NOTICE THAT IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED, SERVED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

PLEASE TAKE FURTHER NOTICE that certain *Motion of Foreign Representative for Entry of Order (I) Recognizing Canadian Sale Order, (II) Authorizing and Approving Sale of U.S. Assets Free and Clear of All Liens, Claims, Encumbrances, and Other Interests, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts, and (IV) Granting Related Relief* [Docket No. 210] filed by Algoma Canada with the Bankruptcy Court on July 6, 2016, which was subsequently adjourned indefinitely by Algoma Canada on July 18, 2016 [Docket No. 220], is hereby withdrawn, without prejudice.

Dated: October 2, 2018
Wilmington, Delaware

/s/ Amanda R. Steele

RICHARDS, LAYTON & FINGER, P.A.
Mark D. Collins (No. 2981)
Daniel J. DeFranceschi (No. 2732)
Amanda R. Steele (No. 5530)
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701
Email: collins@rlf.com
Email: defranceschi@rlf.com
Email: steele@rlf.com

-and-

WEIL, GOTSHAL & MANGES LLP
Ray C. Schrock, P.C. (admitted *pro hac vice*)
Matthew S. Barr (admitted *pro hac vice*)
Kelly DiBlasi (admitted *pro hac vice*)
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Email: ray.schrock@weil.com
Email: matt.barr@weil.com
Email: kelly.diblasi@weil.com

Attorneys for the Foreign Representative

Exhibit A

Proposed Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	**Chapter 15**
ESSAR STEEL ALGOMA INC., *et al.*,[1]	:	**Case No. 15-12271 (BLS)**
	:	**Jointly Administered**
Debtors in a foreign proceeding.	:	

ORDER (I) RECOGNIZING CANADIAN SALE ORDER, (II) AUTHORIZING AND APPROVING SALE OF U.S. ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS, AND (IV) GRANTING RELATED RELIEF

Upon the motion (the "**Motion**")[2] of Essar Steel Algoma Inc. ("**Algoma Canada**"), in its capacity as the authorized foreign representative (the "**Foreign Representative**") of the above-captioned debtors (collectively, "**Algoma**" or the "**Debtors**") who have filed an application in a foreign proceeding (the "**CCAA Proceeding**") under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") pending before the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**"), pursuant to sections 363, 1501, 1507, 1520, 1521, 1525, 1527, and 105(a) of title 11 of the United States Code (the "**Bankruptcy Code**"), Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), and Rule 6004-1 of the Local Rules of Bankruptcy Practice and

[1] The Debtors in the foreign proceeding and the last four digits of each Debtor's United States Tax Identification Number, Canadian Business Number, Provincial Corporation Number, or Netherlands Chamber of Commerce Number, as applicable, are as follows: Essar Steel Algoma Inc. (0642), Essar Steel Algoma Inc. USA (8788), Essar Steel Algoma (Alberta) ULC (6883), Essar Tech Algoma Inc. (8811), Cannelton Iron Ore Company (9965), and Algoma Holdings B.V. (1679). The Debtors' principal offices are located at 105 West Street, Sault Ste. Marie, Ontario P6A 7B4, Canada.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion or the APA, as applicable.

Procedure for the United States Bankruptcy Court for the District of Delaware (the "**Local Rules**"), for entry of an order (this "**Order**") (a) recognizing and giving full force and effect to the Approval and Vesting Order entered by the Canadian Court on September 21, 2018 (the "**Canadian Sale Order**"), a copy of which is attached hereto as **Exhibit 1**; (b) authorizing and approving the sale of property used in connection with Algoma's business that is located within the territorial jurisdiction of the United States (the "**U.S. Assets**") free and clear of liens, claims, encumbrances, and other interests, in accordance with the terms and conditions set forth in that certain Asset Purchase Agreement (as may be modified or amended from time to time, the "**APA**") between Algoma Canada and Essar Steel Algoma Inc. USA ("**Algoma U.S.**" and, together with Algoma Canada, the "**Selling Debtors**"), and Algoma Steel Inc. (f/k/a 1076318 B.C. Ltd.) (the "**Buyer**"), a copy of which is attached hereto as **Exhibit 2**; and (c) granting certain relief related thereto, all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334, 11 U.S.C. §§ 109 and 1501, and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated as of February 29, 2012; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and Algoma having consented to the Court's authority to enter a final order consistent with Article III of the U.S. Constitution; and venue being proper before this Court pursuant to 28 U.S.C. § 1410; and due and proper notice of the relief sought in the Motion having been provided; and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Motion (the "**Hearing**"); and the appearances of all interested parties having been noted in the record of the Hearing; and upon the Aronson Declaration, as well as the Strek Declaration filed contemporaneously with the Motion, the

determinations made in the Canadian Endorsement, the Canadian Sale Order, and the Monitor's Report, the record of the Hearing and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of Algoma and its creditors, and all parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor;

THIS COURT HEREBY FINDS AND DETERMINES THAT:

Jurisdiction, Final Order, and Statutory Predicates

A. The findings and conclusions set forth herein constitute this Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P). Venue for this proceeding is proper before this Court pursuant to 28 U.S.C. § 1410.

C. This Order constitutes a final and appealable order as set forth in 28 U.S.C. 158(a). Notwithstanding Bankruptcy Rule 6004(h), this Court finds that there is no reason for delay in the implementation of this Order, and directs entry of judgment as set forth herein.

D. The bases for the relief sought in the Motion are sections 363, 1501, 1507, 1520, 1521, 1525, 1527, and 105(a) of the Bankruptcy Code, Bankruptcy Rules 2002 and 6004, and Local Rule 6004-1, as well as this Court's Recognition Order.

Notice of Motion, Sale, and Hearing

E. A reasonable opportunity to object and be heard with respect to the Motion and the relief requested therein, including (a) the sale of the Purchased Assets, including the U.S. Assets, free and free and clear of all liens, claims, encumbrances, other and interests, and (b) the recognition of the Canadian Sale Order, has been afforded to all interested persons and entities.

F. Proper, timely, and adequate notice ("**Notice**") of the Motion and the Hearing was provided to all necessary persons and entities. The Notice was good, sufficient, and appropriate under the particular circumstances, and no other or further notice of the Motion, is required. The Notice informed all interested parties that any party who does not make a timely objection to the Motion may not have their objection considered by the Court, and the Court may grant the relief requested in the Motion without further hearing and notice

G. The Notice was the best and most practicable notice under the circumstances, contained sufficient disclosure of the terms and conditions of the Sale and the matters raised in the Motion, and provided reasonable, due, and adequate process under the law.

Recognition of Canadian Sale Order

H. On September 21, 2018, the Canadian Court entered the Canadian Sale Order, wherein the Canadian Court, among other things, (a) approved the APA, (b) authorized and directed the Selling Debtors, and authorized and empowered the Monitor, to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Sale and the conveyance of the Purchased Assets to the Buyer, (c) vested in the Buyer

absolute right, title, and interest in and to the Purchased Assets free and clear of and from any and all ownership claims, security interests, hypothecs, mortgages, pledges, trusts, constructive trusts or deemed trusts, liens, encumbrances, obligations, liabilities, claims, prior claims, demands, guarantees, set-off, executions, levies, charges, or other financial or monetary claims, adverse claims, restrictions, development or similar agreements, title defects, or rights of use, puts or forced sale provisions exercisable as a consequence of or arising from closing of the Sale (collectively, "**Interests**"), except as provided for in the APA or Canadian Sale Order, (d) authorized and directed the repayment of the DIP Facility and the Prepetition ABL Facility in full in cash with the cash proceeds of the Sale, and (e) terminated, released, and discharged the DIP Lenders' Charge, effective as of the repayment in full in cash of the DIP Facility.

I. The relief requested in the Motion, including recognition of the Canadian Sale Order, and approval of the APA, consummation of the Sale, including the sale of U.S. Assets, is in the best interests of the Foreign Representative, the Debtors, their creditors, and other parties in interest in these chapter 15 cases.

J. The relief granted herein is necessary and appropriate, in the interests of the public and international comity, consistent with the public policy of the United States, warranted pursuant to sections, 1507, 1520, 1521, 1525, 1527 and 105(a) of the Bankruptcy Code, and will not cause any hardship to any party in interest that is not outweighed by the benefits of granting that relief.

K. The relief granted herein is not manifestly contrary to the public policy of the United States, as prohibited by section 1506 of the Bankruptcy Code.

The Sale

L. The APA, each of its terms, and each of the transactions contemplated therein were negotiated, proposed and entered into by the Selling Debtors and the Buyer in good faith, without

collusion, and from arm's-length bargaining positions. *See* Monitor's Report ¶ 75. The Buyer is a "good faith purchaser" within the meaning of section 363(m) of the Bankruptcy Code, is purchasing the Purchased Assets in good faith, and, accordingly, is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code.

M. The Buyer is not an "insider" or "affiliate" of the Foreign Representative or the Debtors as those terms are defined in the Bankruptcy Code. *See* Strek Declaration, ¶ 27. None of the Foreign Representative, the Debtors, nor the Buyer has engaged in any conduct that would cause or permit the APA or the Sale to be avoided or permit any award of attorney's fees, costs, or damages under section 363(n) of the Bankruptcy Code.

N. As demonstrated by (a) the docket in these chapter 15 cases, including paragraphs 23-35 of the Aronson Declaration, paragraphs 6-18 of the Strek Declaration, and paragraphs 74-78 of the Monitor's Report, (b) evidence submitted in support of the Motion adduced at the Hearing, and (c) the representations of counsel made on the record at the Hearing, the Debtors have conducted a fair and open sale process in a manner reasonably calculated to produce the highest and otherwise best offer for the Purchased Assets in compliance with the Sale and Investment Solicitation Process (the "**SISP**"). The SISP was substantively and procedurally fair to all parties, non-collusive, duly noticed, and afforded a fair and reasonable opportunity for any party to make a higher and otherwise better offer to purchase all or any of the Purchased Assets. *See* Monitor's Report ¶ 74. The bidding and related procedures implemented in the SISP have been complied with in all material respects by the Selling Debtors. *See* Strek Declaration ¶ 7.

The Transfer

O. The consideration provided by the Buyer pursuant to the APA (including any credit bid): (a) is fair and reasonable; (b) is the highest and best offer for the Purchased Assets, including

the U.S. Assets; (c) will provide a greater recovery to the Debtors' creditors than would be provided by any other available alternative; and (d) constitutes reasonably equivalent value (as those terms are defined in each of the Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, and section 548 of the Bankruptcy Code); and (e) constitutes fair consideration under the Bankruptcy Code and the laws of the United States, any state, territory, possession, or the District of Columbia. *See* Monitor's Report ¶ 75, 78; *See* Strek Declaration, ¶ 25. No other person, entity, or group of entities has offered to purchase the Purchased Assets for greater economic value to the Debtors than the Buyer. *See* Monitor's Report ¶ 78. The Debtors' determination that the APA constitutes the highest and best offer for the Purchased Assets was a valid, sound, and reasonable exercise of the Debtors' business judgment. *See* Strek Declaration ¶ 26; Monitor's Report ¶ 74.

P. The Buyer is not a mere continuation of the Debtors, and there is no continuity of enterprise between the Debtors and the Buyer. The Buyer is not holding itself out to the public as a continuation of the Debtors. The Buyer is not a successor to the Debtors and the Sale does not amount to a consolidation, merger, or *de facto* merger of Buyer and the Debtors. *See* Strek Declaration ¶ 27.

Validity of Transfer

Q. Pursuant to the Canadian Sale Order, the Selling Debtors (a) have full power and authority to execute and deliver the APA and all other documents contemplated thereby, (b) have all authority necessary to consummate the transactions contemplated by the APA, and (c) are authorized to take all action necessary to authorize and approve the APA and the consummation of the transactions contemplated thereby. No consents or approvals, other than those expressly

provided for in the APA, are required for the Debtors to consummate the Sale, the APA, or the transactions contemplated thereby.

R. The APA was not entered into for the purpose of hindering, delaying, or defrauding creditors under the Bankruptcy Code or under the laws of the United States, any state, territory, or possession, or the District of Columbia, and neither the Debtors nor the Buyer are fraudulently entering into the transactions contemplated by the APA. *See* Canadian Sale Order ¶ 8; Strek Declaration ¶ 21; Monitor's Report ¶ 75.

S. The Selling Debtors have good and marketable title, or the right to use, the Purchased Assets, subject to any caveats described in the APA. On the Closing Date, this Order shall be construed as (a) recognizing and giving full force and effect to, the vesting of the Selling Debtors' right, title and interest in and to the Purchased Assets, and the proceeds thereof, to the Buyer, free and clear of and from any and all Interests, except as provided in the APA or Canadian Sale Order, and (b) approving a full and complete general assignment, conveyance, and transfer of the Debtors' interests in the U.S. Assets, subject to any caveats described in the APA. The assignment of Assigned Agreements will be effectuated in accordance with the Canadian Sale Order and as authorized under the CCAA Proceeding.

T. Further, this Order is and shall be effective on the Closing Date, except as expressly provided in the APA or Canadian Sale Order, as (x) recognizing that all Interests affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets, and (y) a determination that all, Liens, Claims, and other interests of any kind or nature whatsoever existing as to the U.S. Assets prior to the Closing Date shall have been unconditionally released, discharged, and terminated, in each case to the fullest extent permitted by law, and that the conveyances described herein have been effected.

U. This Order is and shall be binding upon and govern the acts of all persons and entities, including all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease; and each of the foregoing persons and entities is hereby directed to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the transactions contemplated by the APA.

V. The Canadian Court has found that the credit bid transactions contemplated by the APA are authorized, and in connection therewith, the Buyer is entitled to credit bid in accordance with section 363(k) of the Bankruptcy Code. *See* Canadian Sale Order, ¶¶ 10-11.

Sale of Purchased Assets Free and Clear of any Interest

W. The conditions of section 363(f) of the Bankruptcy Code have been satisfied in full such that, consistent with the Canadian Sale Order (*see* ¶ 3), the transfer of the Purchased Assets to the Buyer will be, as of the closing of the transactions contemplated by the APA (the "**Closing Date**"), a legal, valid, and effective transfer of the Purchased Assets, which transfer vests or will vest the Buyer with all right, title, and interest in the Purchased Assets free and clear of (a) all liens and encumbrances ("**Liens**"), and (b) all debts arising under, relating to, or in connection with any act of the Debtors or claims (as that term is defined in section 101(5) of the Bankruptcy Code and herein), liabilities, obligations, demands, guaranties, options, rights, licenses, regulatory violations, judgments, decrees of any court or foreign or domestic governmental or quasi-governmental entity, contractual commitments, restrictions, interests, matters, or any similar rights

of any kind or nature, whether (i) imposed by agreement, understanding, law, equity, or otherwise, (ii) known or unknown, (iii) secured or unsecured, or in the nature of setoff or recoupment, (iv) choate or inchoate, (v) filed or unfiled, (vi) scheduled or unscheduled, (vii) noticed or unnoticed, (viii) recorded or unrecorded, (ix) perfected or unperfected, (x) allowed or disallowed, (xi) contingent or non-contingent, (xii) liquidated or unliquidated, (xii) matured or unmatured, (xiv) material or nonmaterial, (xv) disputed or undisputed, (xvi) arising prior to or subsequent to the commencement of the CCAA Proceeding or these chapter 15 cases, or (xvii) imposed by agreement, understanding, law, equity, or otherwise, including claims otherwise arising under the doctrines of successor liability, in each case to the fullest extent permitted by law (collectively as described in this subclause (b), ("**Claims**")), relating to, accruing, or arising any time prior to the Closing Date, except to the extent expressly set forth in the APA or the Canadian Sale Order.

X. Except to the extent expressly set forth in the APA or Canadian Sale Order, the Buyer shall not be responsible for any Liens or Claims.

Y. Upon entry of this Order, and consistent with the Canadian Sale Order, the Debtors may sell the Purchased Assets free and clear of all Liens and Claims against the Debtors or any of the Purchased Assets to the extent provided in the APA and this Order because, in each case, one or more of the standards set forth in section 363(f)(1)-(5) of the Bankruptcy Code has been satisfied. Those holders of Liens or Claims against the Debtors or any of the Assets who did not object or who withdrew their objections to the Sale or the Motion are deemed to have consented pursuant to section 363(f)(2) of the Bankruptcy Code.

Compelling Circumstances for an Immediate Sale

Z. Good and sufficient reasons for approval of the APA and the Sale have been articulated. The relief requested in the Motion is in the best interests of the Foreign Representative,

the Debtors, their creditors, and other parties in interest. The Debtors have demonstrated (a) that recognition of the Canadian Sale Order is appropriate, (b) good, sufficient, and sound business purposes and justifications for approving the APA, and (c) compelling circumstances for the Sale outside of the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code, in that, among other things, the immediate consummation of the Sale to the Buyer is necessary and appropriate to maximize the value of the Debtors' assets and distributions to their creditors. *See* Monitor's Report ¶ 76-77.

AA. Time is of the essence in consummating the Sale. *See* Monitor's Report ¶ 77.

BB. Given all of the circumstances of these chapter 15 cases and the adequacy and fair value of the consideration provided under the APA, the Sale constitutes a reasonable and sound exercise of the Debtors' business judgment, and as provided in the Canadian Endorsement, is in the best interests of the Debtors and their stakeholders and should be approved. *See* Canadian Endorsement, ¶ 2; *See* Monitor's Report ¶ 76, 78.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein. All objections to the Motion or the relief requested therein, whether filed, stated on the record in Court or otherwise, and all reservations of rights included therein, are OVERRULED on the merits and with prejudice to the extent they have not been withdrawn, waived or resolved. All objections to the relief granted herein that were not timely filed are hereby forever barred.

2. In accordance with the relief granted under the Canadian Sale Order, the APA, all transactions contemplated therein, and all of the terms and conditions thereof are hereby approved.

3. The Canadian Sale Order is hereby recognized and enforced and given full force and effect in the U.S. and is binding on all persons subject to this Court's jurisdiction pursuant to sections 1521, 1525 and 1527 of the Bankruptcy Code.

4. The Debtors are authorized, pursuant to sections 363, 1507, 1520, and 1521 of the Bankruptcy Code, to transfer the U.S. Assets to the Buyer free and clear of all Liens, Claims, encumbrances, and other interests, in accordance with the APA and the Canadian Sale Order.

5. The Foreign Representative and the Debtors are authorized to perform all of their obligations under and comply with the terms of the APA and consummate the Sale, pursuant to and in accordance with the terms and conditions of the Canadian Sale Order, the APA and this Order, and to take any and all actions necessary and appropriate to implement the Canadian Sale Order, the APA, and this Order.

6. The Buyer, the Buyer Parent, the Agent, and the Indenture Trustee (each as defined in the APA) are authorized and directed to take all such actions, pursuant to and in accordance with the terms and conditions of the Canadian Sale Order and the APA, as may be necessary or desirable to facilitate the Sale, including taking the actions specified in sections 5.6 and 5.7 of the APA, notwithstanding any term or condition of the Senior Notes Indenture, the Term Loan Facility credit agreement, or applicable law, including any provision of the Trust Indenture Act of 1939, 15 U.S.C. §§ 77aaa et seq., to the contrary.

7. The sale of the Purchased Assets to the Buyer, including the U.S. Assets, shall constitute a legal, valid, and effective transfer of the Debtors' right, title, and interest in the Purchased Assets, notwithstanding any requirement for approval or consent by any person or entity and shall vest the Buyer with any and all right, title, and interest of the Foreign Representative and the Debtors in and to the Assets free and clear of all Liens, Claims, encumbrances, and other

interests pursuant to section 363(f) of the Bankruptcy Code except as otherwise provided in the APA or the Canadian Sale Order.

8. The transactions contemplated by the APA are undertaken by the Buyer in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification or vacation by a subsequent order of this Court or any other court of the authorization provided herein of the Sale shall not affect the validity of the Sale to the Buyer, and notwithstanding any reversal, modification, or vacatur, any sale, transfer, or assignment shall be governed in all respects by the original provisions of this Order and the APA, as the case may be.

9. The provisions of this Order authorizing the sale and assignment of the Purchased Assets free and clear of Liens, Claims, encumbrances, and other interests shall be self-executing, and the Debtors and the Buyer shall not be required to execute or file releases, termination statements, assignments, consents, or other instruments in order to effectuate, consummate, and implement the provisions of this Order. The terms and provisions of this Order shall be treated as sufficient evidence of record or title or title to the Purchased Assets. A certified copy of this Order may be filed with the appropriate clerk and/or recorded with the recorder to act to cancel any Liens and other encumbrances of record. If any person or entity which has filed statements or other documents or agreements evidencing Liens on, or interests in, all or any portion of the Purchased Assets shall not have delivered to the Debtors prior to the Closing Date, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of Liens, and any other documents necessary for the purpose of documenting the release of all Liens or interests which the person or entity has or may assert with respect to all or any portion of the Assets, the Foreign Representative is hereby authorized and directed, and the Buyer is hereby authorized, on behalf of the Debtors and each of the Debtors' creditors, to execute and

file such statements, instruments, releases, and other documents on behalf of such person or entity with respect to the Purchased Assets.

10. All persons or entities, presently or on or after the Closing Date, in possession or control of some or all of the Purchased Assets are directed to surrender possession or control of the Purchased Assets to Buyer, on the Closing Date or at such time thereafter as Buyer may request; *provided*, that any holder of a valid possessory lien that has not been properly cured is not required to surrender possession or control of the Purchased Assets subject to such lien until it is properly cured.

11. All persons and entities are prohibited and enjoined from taking any action to adversely affect or interfere with the ability of the Debtors to transfer the Purchased Assets to the Buyer, each in accordance with the APA, the Canadian Sale Order, and this Order.

12. The failure specifically to include any particular provision of the APA in this Order or any related agreements in this Order shall not diminish or impair the effectiveness of such provisions, it being the intent of this Court, the Foreign Representative, and the Buyer that the APA and any related agreements are authorized and approved in their entirety, and in the case of the APA and any related agreements, with such amendments thereto as may be made by the parties in accordance with the terms and conditions of the APA and this Order. Likewise, all of the provisions of this Order are non-severable and mutually dependent.

13. To the extent provided in the APA and available under applicable law, the Buyer shall be authorized, as of the Closing Date, to operate under any United States license, permit, registration, and any other governmental authorization or approval ("**Licenses**") of the Selling Debtors with respect to the Purchased Assets, and all such Licenses are deemed to have been, and hereby are, directed to be transferred to Buyer as of the Closing Date; provided that any rights of

any governmental unit under applicable law as against the Selling Debtors with respect to Licenses are preserved against the Buyer, and this Order shall not be construed to limit any authority to take actions not stayed under section 362 of the Bankruptcy Code.

14. To the extent provided by section 525 of the Bankruptcy Code, no governmental unit may revoke or suspend any License relating to the operation of the Purchased Assets sold, transferred, or conveyed to Buyer on account of the filing or pendency of these chapter 15 cases or the consummation of the Sale.

15. Without limiting the effect or scope of the foregoing, as of the Closing Date, except as provided in the APA, the Buyer and its affiliates, predecessors, successors, assigns, members, partners, officers, directors, principals, and shareholders (or equivalent) shall have no successor or vicarious liabilities of any kind or character, including, but not limited to, any theory of antitrust, environmental, successor or transferee liability, continuity of enterprise, mere continuation, labor law, bulk sales law, employment or benefits, law, alter ego, veil piercing, escheat, *de facto* merger or substantial continuity, whether known or unknown as of the Closing Date, now existing or hereafter arising, whether asserted or unasserted, fixed or contingent, legal or equitable, matured or unmatured, liquidated or unliquidated, whether imposed by agreement, understanding, law, equity, or otherwise with respect to the Debtors or any obligations of the Debtors arising on or prior to the Closing Date, including, but not limited to, United States or foreign pension liabilities or liabilities on account of any federal, state or other taxes arising, accruing, or payable under, out of, in connection with, or in any way relating to or calculated or determined with respect to or based in whole or in any part upon the operation of the Purchased Assets on or prior to the Closing Date or any taxes in connection with, or in any way related to, the cancellation of debt of the Debtors or their Affiliates. Except for as otherwise expressly provided in this Order and/or the

APA, the transfer of the Purchased Assets to the Buyer under the APA shall not result in the Buyer or its affiliates, predecessors, successors, assigns, members, partners, officers, directors, principals, and shareholders (or equivalent), or the Purchased Assets, (i) having any liability or responsibility for any claim against any Debtor or against an insider of any Debtor (including, without limitation, for any Excluded Liabilities), (ii) having any liability whatsoever with respect to or be required to satisfy in any manner, whether at law or in equity, whether by payment, setoff or otherwise, directly or indirectly, any Lien, Claim, or Excluded Liability, or (iii) having any liability or responsibility to any Debtor except as is expressly set forth in the APA or this Order. The Buyer shall not assume, nor be deemed to assume, or in any way be responsible for any liability or obligation described in the foregoing sentence, and the CCAA Sale Motion and the Motion shall be deemed to provide sufficient notice as to the sale and assignment of the Purchased Assets free and clear of all such liabilities and obligations in accordance with Local Rule 6004-1. Except as otherwise provided for herein or in the APA, effective as of the Closing, solely in accordance with the APA, each Selling Debtor is deemed to release and forever discharge the Buyer and its affiliates, and their respective successors and assigns, and all officers, directors, partners, members, shareholders, employees and agents of each of them, from any and all actual or potential Claims which such Selling Debtor had, has or may have in the future to the extent relating to the Purchased Assets, the Excluded Assets or the Excluded Liabilities. The consideration given by Buyer shall constitute valid and valuable consideration for the release of any potential claims of successor liability against the Buyer which release shall be deemed to have been given in favor of the Buyer by all holders of Liens against the Selling Debtors or the Purchased Assets.

16. The Buyer shall not be required to seek or obtain relief from the automatic stay under section 362 of the Bankruptcy Code as granted in these chapter 15 cases pursuant to the Recognition Order to enforce any of its remedies under the APA or any other related document. The automatic stay imposed by section 362 of the Bankruptcy Code as granted in these cases pursuant to the Recognition Order is modified solely to the extent necessary to implement the preceding sentence.

17. The APA, and any related agreements, documents, or other instruments, may be waived, modified, amended, or supplemented by agreement of the Selling Debtors and the Buyers, without further order of the Court provided that any such waiver, modification, amendment, or supplement does not materially change the terms of the APA and does not have a material adverse effect on the Debtors.

18. To the extent authorized under the Canadian Sale Order, the Court recognizes that upon the repayment in full in cash of all indebtedness under the DIP Facility as of the Closing Date, the DIP Lenders' Charge (as defined in the Recognition Order and CCAA Initial Order), shall be terminated, released, and discharged.

19. This Order and the APA shall be binding in all respects upon the Foreign Representative, the Debtors, all creditors and equity holders of the Debtors, all successors and assigns of the Debtors and their affiliates and subsidiaries, and any trustees, examiners, "responsible persons," or other fiduciaries that are or may be appointed in these chapter 15 cases under the Bankruptcy Code. The APA shall not be subject to rejection or avoidance under any circumstances.

20. Notwithstanding Bankruptcy Rule 6004(h) this Order shall not be stayed after the entry of this Order and shall be effective immediately upon entry, and the Foreign Representative, the Debtors and the Buyer are authorized to close the Sale immediately upon entry of this Order.

21. In the event that there is a direct conflict between the terms of this Order and the APA, the terms of this Order shall govern and control.

22. This Court shall retain jurisdiction with respect to the enforcement, amendment or modification of this Order, any request for additional relief or any adversary proceeding brought in and through these chapter 15 cases, and any request by an entity for relief from the provisions of this Order, for cause shown, that is properly commenced and within the jurisdiction of this Court.

Dated: _____, 2018
Wilmington, Delaware

THE HONORABLE BRENDAN L. SHANNON
CHIEF UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Canadian Sale Order

Court File No. CV-15-000011169-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	FRIDAY, THE 21st
	)	
JUSTICE HAINEY	)	DAY OF SEPTEMBER, 2018

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ESSAR STEEL ALGOMA INC., ESSAR TECH ALGOMA INC., ALGOMA HOLDINGS B.V., ESSAR STEEL ALGOMA (ALBERTA) ULC, CANNELTON IRON ORE COMPANY AND ESSAR STEEL ALGOMA INC. USA

(Applicants)

APPROVAL AND VESTING ORDER

THIS MOTION, made by Essar Steel Algoma Inc. ("**Algoma**"), Essar Steel Algoma Inc. USA ("**Algoma USA**"), Essar Tech Algoma Inc., Algoma Holdings B.V., Essar Steel Algoma (Alberta) ULC, and Cannelton Iron Ore Company (collectively, the "**Applicants**"), for an order, *inter alia*: (a) approving the sale transaction (the "**Sale Transaction**") contemplated by the asset purchase agreement (the "**APA**") between Algoma and Algoma USA, as "**Sellers**", and Algoma Steel Inc. (f/k/a 1076318 B.C. Ltd.), as "**Buyer**" and appended to the Affidavit of John Strek sworn September 17, 2018, and (b) vesting in the Buyer the Sellers' right, title and interest in and to the Purchased Assets (as defined in the APA), and vesting in the Buyer Parent (as defined in the APA) Algoma's right, title and interest in and to the Buyer Preferred Shares (as defined in the APA), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Applicants, the Affidavit of John Strek sworn July 23, 2018 and the Exhibits attached thereto, the Affidavit of John Strek sworn

September 17, 2018, the Forty Fifth Report of Ernst & Young Inc., in its capacity as Monitor of the Applicants (the "**Monitor**"), dated July 31, 2018, the Forty Seventh Report of the Monitor dated September 19, 2018 and on being advised that those parties disclosed on the Service List attached to the Motion Record were given notice, and on hearing the submissions of counsel for the Applicants, the Monitor and the Buyer and the other parties appearing, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Sanja Sopic, sworn July 27, 2018 and affidavit of Sanja Sopic, sworn September 17, 2018, filed:

DEFINITIONS

1. **THIS COURT ORDERS** that, unless otherwise indicated or defined herein, capitalized terms used in this Order shall have the meaning given to them in the APA.

SALE TRANSACTION

2. **THIS COURT ORDERS AND DECLARES** that the APA and the execution and delivery thereof by the Sellers, and the Sale Transaction, are hereby authorized and approved, with such minor amendments as the Sellers and the Buyer, with the approval of the Monitor, may agree upon. The Sellers are hereby authorized and directed, and the Monitor is authorized and empowered, to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Sale Transaction and for the conveyance of the Purchased Assets to the Buyer, including without limitation the execution and delivery of the Share Transfer Agreement and the Senior Secured Notes Interest Agreement by Algoma and the seizure of the Buyer Preferred Shares by the Buyer Parent, and including amending the acquisition structure pursuant to and in accordance with section 7.17 of the APA.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Buyer substantially in the form attached as Schedule "A" hereto (the "**Monitor's Sale Certificate**"), all of the Sellers' right, title and interest in and to the Purchased Assets shall vest absolutely in the Buyer, free and clear of and from any and all ownership claims, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, pledges, trusts, constructive trusts or deemed trusts (whether contractual, statutory or otherwise and including, for greater certainty, any statutory trust under the *Pension Benefits Act* (Ontario)), liens, encumbrances, obligations, liabilities, claims, prior claims, demands,

guarantees, set-off , executions, levies, charges, or other financial or monetary claims, adverse claims, restrictions, development or similar agreements, title defects, or rights of use, puts or forced sale provisions exercisable as a consequence of or arising from closing of the Sale Transaction whether arising prior to or subsequent to the commencement of the CCAA Proceedings, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, legal, equitable, possessory or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (a) any encumbrances or charges created by the Initial CCAA Order, and any subsequent charges created by the Court; (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (c) those Claims listed on Schedule "C" hereto (all of which are collectively referred to as the "**Encumbrances**"), provided that, (x) the Claims and Encumbrances referred to herein shall not include the Permitted Encumbrances; and (y) the vesting of the Purchased Assets in the Buyer, free and clear of and from any Encumbrances in respect of a Priority Claim (as defined below) shall not occur prior to the delivery of a Priority Claims Certificate (as defined in Schedule "C" hereto). For greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged, vacated and discharged as against the Purchased Assets except for Permitted Encumbrances.

4. **THIS COURT ORDERS AND DECLARES**, in furtherance of the Buyer Parent's seizure of the Buyer Preferred Shares with the consent of Algoma as contemplated by the APA and the Share Transfer Agreement, that upon the delivery of a Monitor's certificate to the Buyer and the Buyer Parent substantially in the form attached as Schedule "B" hereto (the "**Monitor's Shares Certificate**" and together with the Monitor's Sale Certificate, the "**Monitor's Certificates**"), all of Algoma's right, title and interest in and to the Buyer Preferred Shares shall vest absolutely in the Buyer Parent, free and clear of and from any and all Claims and Encumbrances. For greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Buyer Preferred Shares are hereby expunged and discharged as against the Buyer Preferred Shares.

5. **THIS COURT ORDERS** that upon (a) the registration in the applicable Land Registry Office of a Document General attaching a copy of this Order in the form prescribed by the *Land Registration Reform Act* or an Application for Vesting Order in the form prescribed by the *Land Registration Reform Act* and/or the *Land Titles Act* and/or the *Registry Act*, as applicable, or,

alternatively, (b) upon presentation of a copy of this Order and the Monitor's Sale Certificate to the applicable Land Registry Office, the applicable Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule "D" hereto (the "**Sault Ste. Marie Property**") in fee simple, and is hereby directed to delete and expunge from title to the Sault Ste. Marie Property all of the Encumbrances listed on Schedule "C" hereto relating to the applicable parcel of the Sault Ste. Marie Property.

6. **THIS COURT ORDERS** that the Sellers, the Buyer, the Buyer Parent or the Monitor shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances with respect to the Purchased Assets and the Buyer Preferred Shares after completion of the Sale Transaction.

7. **THIS COURT ORDERS** that, if the Sellers file a plan of compromise or arrangement then, provided the APA has not been terminated, the plan shall not derogate or otherwise affect any right or obligation of the Sellers, the Buyer or the Buyer Parent under the APA unless otherwise agreed by the Sellers, the Buyer and the Buyer Parent.

8. **THIS COURT ORDERS** that, notwithstanding:

(a) The pendency of these proceedings;

(b) Any applications for a bankruptcy order or receivership order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Sellers and any bankruptcy order or receivership order issued pursuant to any such applications; and

(c) Any assignment in bankruptcy made in respect of one or more of the Sellers;

the vesting of the Purchased Assets in the Buyer, the vesting of the Buyer Preferred Shares in the Buyer Parent and the payments, distributions, and disbursements made pursuant to the APA, the Share Transfer Agreement and this Order shall be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Sellers and shall not be void or voidable by creditors of the Sellers, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or

provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

9. **THIS COURT ORDERS** that (a) on or after the Closing Time, the Sellers are hereby permitted to execute and file articles of amendment or such other documents or instruments as may be required to change their respective legal names in accordance with section 7.16 of the APA, and such articles, documents or other instruments shall be deemed to be duly authorized, valid and effective and shall be accepted by the Director (as defined in the *Canada Business Corporations Act*) and the Delaware Secretary of State without the requirement (if any) of obtaining director, partner or shareholder approval pursuant to any federal, provincial or state legislation; and (b) upon the official change to the legal names of the Sellers that is to occur in accordance with section 7.16 of the APA, the names of the Sellers in the within title of proceedings shall be deleted and replaced with the new legal names of the Sellers, and any document filed thereafter in these proceedings (other than the Monitor's Certificate) shall be filed using such revised title of proceedings.

10. **THIS COURT ORDERS** that the Agent is authorized and directed to take all such actions (including through a designated agent or representative of the Agent), solely to the extent within the Agent's control, as may be necessary or desirable to facilitate and effectuate the completion of the Sale Transaction, including the taking of the actions specified in section 5.6 of the APA (as it may be amended, supplemented or otherwise modified from time to time in accordance with the RSA), subject to receiving the Lender Direction Letter, in form and substance acceptable to the Agent, acting reasonably, from the Required Lenders (as defined in the Term Loan Agreement) to take such actions. The authorizations and directions contained herein are ordered notwithstanding any term or condition of the Term Loan Agreement or any provision of applicable law. The Agent shall not be liable for, and is hereby released and exculpated from, any liability, loss, damage, claim, cost or expense related to or arising as a result of carrying out the provisions of this Order or undertaking the actions contemplated pursuant to the APA (including through a designated agent or representative of the Agent), including the execution, delivery and performance of the Lender Credit Bid Documents, including any claims or causes of action asserted or that could be asserted by any party in interest (including any Lender or agent for such Lender), and the Agent shall be fully

indemnified by the Buyer and the Buyer Parent for any such liability, loss, damage, claim, cost or expense.

11. **THIS COURT ORDERS** that the Indenture Trustee, in in its capacity as trustee and/or collateral agent, is authorized and directed to take all such actions (including through a designated agent or representative of the Indenture Trustee), in each case solely to the extent within the Indenture Trustee's control, as may be necessary or desirable, and to cooperate with the Depository Trust Company ("**DTC**"), subject to applicable DTC procedures, to facilitate and effectuate the completion of the Sale Transaction, including the transfer of the Senior Secured Notes and the taking of the actions specified in section 5.7 of the APA (as it may be amended, supplemented or otherwise modified from time to time in accordance with the RSA), subject to receiving the Noteholder Direction Letter, in form and substance acceptable to the Indenture Trustee, acting reasonably, from Senior Secured Noteholders holding, in the aggregate, at least 66 2/3% in principal amount outstanding of the Senior Secured Notes to take such actions. The authorizations and directions contained herein are ordered notwithstanding any term or condition of the Senior Secured Notes Indenture or any provision of applicable law. The Indenture Trustee shall not be liable for, and is hereby released and exculpated from, any liability, loss, damage, claim, cost or expense related to or arising as a result of carrying out the provisions of this Order or undertaking the actions contemplated pursuant to the APA (including through a designated agent or representative of the Indenture Trustee), including the execution, delivery and performance of the Noteholder Credit Bid Documents, including any claims or causes of action asserted or that could be asserted by any party in interest (including any Senior Secured Noteholder or agent for such Senior Secured Noteholder), and the Indenture Trustee shall be fully indemnified by the Buyer and the Buyer Parent for any such liability, loss, damage, claim, cost or expense.

12. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificates, forthwith after delivery thereof.

13. **THIS COURT ORDERS** that the Monitor may rely on (i) written notice from the Sellers and the Buyer regarding fulfillment of conditions to closing under the APA, and (ii) written notice from Algoma, the Buyer and the Buyer Parent regarding fulfillment of conditions to closing under the Share Transfer Agreement, and shall incur no liability with respect to the delivery of the Monitor's Certificates.

14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada), the Sellers and the Monitor are authorized and permitted to disclose and transfer to the Buyer all human resources and payroll information in the Sellers' records pertaining to the Sellers' past and current employees. The Buyer shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Sellers.

15. **THIS COURT ORDERS** that notwithstanding any other provision of this Order and the APA, upon Closing of the Sale Transaction, the Pellet Sale and Purchase Agreement dated January 31, 2002 as amended, the Amendment to 2002 Pellet Sale and Purchase Agreement and 2013 Term Sheet dated as of September 18, 2017, the Pellet Sale and Purchase Agreement dated October 6, 2017 and effective as of January 1, 2017, and the Pellet Supply Term Sheet – Incremental Tons dated September 30, 2017 (collectively, the "**Cliffs Contracts**") each between Algoma and Cliffs Mining Company or its affiliates (collectively, "**Cliffs**") shall, without further formality or documentation, be binding on and enure to the benefit of the Buyer and Cliffs and shall be deemed assigned to and assumed by the Buyer. For greater certainty, this Order shall not affect the rights and obligations of Algoma, Cliffs and the Buyer, under the Cliffs Reinstatement Agreement Approval Order of Justice Newbould dated May 27, 2016, the Order of Justice Newbould dated December 29, 2016, the Order of Justice Hainey dated December 5, 2017 and the Cliffs Contracts except to the extent that upon Closing the Buyer will replace Algoma.

DISTRIBUTIONS

16. **THIS COURT ORDERS** that, following the delivery of the Monitor's Certificates, the Sellers, in consultation with the Monitor, are hereby authorized and directed, without further order of this Court, to repay in full from the Cash Purchase Price:

(a) All indebtedness and obligations outstanding, as of the Closing Date, under the DIP Facility; and

(b) All indebtedness and obligations outstanding, as of the Closing Date, under the ABL Facility;

in each case, such repayments being made free and clear of all Claims and Encumbrances, including, for greater certainty, any encumbrances or charges created by the Initial CCAA Order, and any subsequent charges created by the Court.

CHARGES

17. **THIS COURT ORDERS** that upon the repayment in full in cash of all indebtedness outstanding under the DIP Facility as of the Closing Date, the DIP Lenders' Charge (as defined in the Initial CCAA Order) shall be hereby terminated, released and discharged.

18. **THIS COURT ORDERS** that upon Closing, the D&O Charge (as defined in the Initial CCAA Order) and the KERP Charge (as defined in the Order (re KERP Approval) dated December 7, 2015) shall be terminated, released and discharged.

PRIORITY CLAIMS PROCESS

19. **THIS COURT ORDERS** that any liability, obligation or claim that (a) the Sellers and the Buyer agree ranks in priority to the Term Loan Secured Debt and the Senior Secured Debt that is not otherwise satisfied pursuant to the APA, including by way of assumption by the Buyer as an Assumed Liability, or otherwise under this Order or the Administrative Reserve Order (a "**Priority Claim**"); or (b) is determined to be a Priority Claim in accordance with a process to be determined by further Order of the Court (the "**Priority Claims Order**"), shall be paid by the Buyer following such agreement or determination and the expiry of all applicable appeal periods or the final determination of any appeals.

BANK ACCOUNTS

20. **THIS COURT ORDERS** the Sellers are hereby authorized and directed to transfer their bank accounts to the Buyer effective upon Closing in accordance with the APA, and this Order shall be accepted by any person as valid authorization and approval for completing such transfer without any further requirement for approval by the boards of directors of the Sellers.

SPECIAL PAYMENTS

21. **THIS COURT ORDERS** that the Buyer shall have no liability for any Special Payments (as defined in the Order of the Court dated January 13, 2016 (the "**Special Payments**

Suspension Order")) owing to the Essar Steel Algoma Inc. Pension Plan for Hourly Employees, the Essar Steel Algoma Inc. Pension Plan for Salaried Employees, or the Essar Steel Algoma Inc. Wrap Pension Plan that were suspended for the duration of the Applicants' CCAA proceedings pursuant to the Special Payments Suspension Order.

SEALING

22. **THIS COURT ORDERS** that the Compendium of Cross Examination Transcripts, and Undertakings, Under Advisements, and Refusals dated August 20, 2018 and the Compendium of Exhibits from Cross-Examinations dated August 20, 2018, shall be sealed, kept confidential and not form part of the public record, until otherwise ordered by this Court.

GENERAL

23. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States or any other jurisdiction to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order, including the U.S. Bankruptcy Court. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

Schedule A – Form of Monitor's Sale Certificate

Court File No. CV-15-000011169-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ESSAR STEEL ALGOMA INC., ESSAR TECH ALGOMA INC., ALGOMA HOLDINGS B.V., ESSAR STEEL ALGOMA (ALBERTA) ULC, CANNELTON IRON ORE COMPANY AND ESSAR STEEL ALGOMA INC. USA

(Applicants)

MONITOR'S SALE CERTIFICATE

RECITALS

A. Pursuant to an Order of the Ontario Superior Court of Justice (the "**Court**") dated November 9, 2015 (as amended, restated, supplemented or modified from time to time), Ernst & Young Inc. was appointed as the monitor (the **"Monitor"**) of Essar Steel Algoma Inc. ("**Algoma**"), Essar Tech Algoma Inc., Algoma Holdings B.V., Essar Steel Algoma (Alberta) ULC, Cannelton Iron Ore Company and Essar Steel Algoma Inc. USA ("**Algoma USA**" and collectively the "**Applicants**"), in respect of these CCAA Proceedings.

B. Pursuant to an Order of the Court dated September ●, 2018 (the "**Approval and Vesting Order**"), the Court approved the sale transaction contemplated by the asset purchase agreement (the "**APA**") between Algoma and Algoma USA, as "**Sellers**", and Algoma Steel Inc. (f/k/a 1076318 B.C. Ltd.), as "**Buyer**", and provided for, among other things, the vesting in the Buyer of the Sellers' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Buyer of a certificate confirming that the conditions to closing under the APA have been satisfied or waived by the Sellers and the Buyer (as applicable).

C. Pursuant to the Approval and Vesting Order, the Monitor may rely on written notice from the Sellers and the Buyer regarding fulfillment of conditions to closing under the APA.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the APA.

THE MONITOR CERTIFIES the following:

1. The Sellers and the Buyer have each delivered written notice to the Monitor that all applicable conditions under the APA have been satisfied and/or waived, as applicable;

2. The conditions to Closing as set out in sections 6.1, 6.2 and 6.3 of the APA have been satisfied or waived by the Sellers and the Buyer (as applicable); and

3. The transaction contemplated by the APA has been completed to the satisfaction of the Monitor; and

4. The D&O Charge and KERP Charge (each as defined in the Approval and Vesting Order) have been terminated, released and discharged in accordance with the Approval and Vesting Order.

This Certificate was delivered by the Monitor at _____ [TIME] on _____, 2018.

Ernst & Young Inc., in its capacity as Monitor of the Sellers, and not in its personal or corporate capacity

Per: _____

Name:

Title:

Schedule B – Form of Monitor's Shares Certificate

Court File No. CV-15-000011169-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ESSAR STEEL ALGOMA INC., ESSAR TECH ALGOMA INC., ALGOMA HOLDINGS B.V., ESSAR STEEL ALGOMA (ALBERTA) ULC, CANNELTON IRON ORE COMPANY AND ESSAR STEEL ALGOMA INC. USA

(Applicants)

MONITOR'S SHARES CERTIFICATE

RECITALS

A. Pursuant to an Order of the Ontario Superior Court of Justice (the "**Court**") dated November 9, 2015 (as amended, restated, supplemented or modified from time to time), Ernst & Young Inc. was appointed as the monitor (the "**Monitor**") of Essar Steel Algoma Inc. ("**Algoma**"), Essar Tech Algoma Inc., Algoma Holdings B.V., Essar Steel Algoma (Alberta) ULC, Cannelton Iron Ore Company and Essar Steel Algoma Inc. USA ("**Algoma USA**" and collectively the "**Applicants**"), in respect of these CCAA Proceedings.

B. Pursuant to an Order of the Court dated September ●, 2018 (the "**Approval and Vesting Order**"), the Court approved the sale transaction contemplated by the asset purchase agreement (the "**APA**") between Algoma and Algoma USA, as "**Sellers**", and Algoma Steel Inc. (f/k/a 1076318 B.C. Ltd.), as "**Buyer**", and provided for, among other things, pursuant to the Share Transfer Agreement (the "**Share Transfer Agreement**") between Algoma, the Buyer and the Buyer Parent (as defined in the APA) contemplated thereby, the vesting in the Buyer Parent of Algoma's right, title and interest in and to the Buyer Preferred Shares (as defined in the APA), which vesting is to be effective with respect to the Buyer Preferred Shares upon the delivery by the Monitor to the Buyer and the Buyer Parent of a certificate confirming that the conditions to closing under the Share Transfer Agreement

have been satisfied or waived by Algoma, the Buyer and the Buyer Parent (as applicable).

C. Pursuant to the Approval and Vesting Order, the Monitor may rely on written notice from Algoma, the Buyer and the Buyer Parent regarding fulfillment of conditions to closing under the Share Transfer Agreement.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the APA.

THE MONITOR CERTIFIES the following:

1. Algoma, the Buyer and the Buyer Parent have each delivered written notice to the Monitor that all applicable conditions under the Share Transfer Agreement have been satisfied and/or waived, as applicable;

2. The conditions to Closing as set out in the Share Transfer Agreement have been satisfied or waived by Algoma, the Buyer and the Buyer Parent (as applicable); and

3. The transaction contemplated by the Share Transfer Agreement has been completed to the satisfaction of the Monitor.

This Certificate was delivered by the Monitor at _____ [TIME] on _____, 2018.

Ernst & Young Inc., in its capacity as Monitor of the Sellers, and not in its personal or corporate capacity

Per: _____

Name:

Title:

Schedule "C" - Encumbrances to be Deleted/Expunged

1. No. AL139270 being a charge registered on November 14, 2014 in favour of Wilmington Trust, National Association.

2. No. AL139271 being a charge registered on November 14, 2014 in favour of Deutsche Bank AG New York Branch.

3. No. AL139274 being a charge registered on November 14, 2014 in favour of Deutsche Bank AG.

4. No. AL139275 being a charge registered on November 14, 2014 in favour of Wilmington Trust, National Association.

5. No. T469244 being a charge registered on November 14, 2014 in favour of Wilmington Trust, National Association.

6. No. T469245 being a charge registered on November 14, 2014 in favour of Deutsche Bank AG New York Branch.

7. No. T469246 being a charge registered on November 14, 2014 in favour of Deutsche Bank AG.

8. No. T469247 being a charge registered on November 14, 2014 in favour of Wilmington Trust, National Association.

9. No. AL139337 being an application change name instrument registered on November 17, 2014.

10. No. AL139354 registered on November 17, 2014 being a notice to which is attached an Inter-Lender Agreement dated November 14, 2014.

11. No. AL154658 registered on December 9, 2015 being an Application to Register Court Order to which is attached an Amended and Restated Initial Order dated November 9, 2015.

12. No. T469366 registered on December 9, 2015 being an Amended and Restated Initial Order dated November 9, 2015.

13. No. T426931 being a Debenture registered on January 29, 2002 in favour of Bank of America National Association.

14. No. AL25043 being a charge registered on October 22, 2017 in favour of UBS AG, Stamford Branch

15. No. AL 25044 being a charge registered on October 22, 2017 in favour of Bank of America, N.A.

16. All Encumbrances in respect of outstanding realty and municipal taxes and arrears, fines, interest and penalties related thereto.

17. All Encumbrances listed in a certificate(s) of the Monitor (a "**Priority Claims Certificate**") to

be delivered in accordance with the Priority Claims Order.

Schedule "D" – Sault Ste. Marie Property

[Attached]

NO.	PIN	LEGAL DESCRIPTION
SAULT STE. MARIE PARCELS		
1.	31613-0015(LT)	PCL 3902 SEC AWS; PT WATER LT M IN ST.MARY'S RIVER AWENGE; PTWATER LT N IN ST.MARY'S RIVER AWENGE AS IN LT34916 (FIRSTLY & FOURTHLY) EXCEPT PT 1 1R2386; S/T LT200702, LT200703; SAULT STE. MARIE
2.	31613-0016 (LT)	PCL 3903 SEC AWS; PT UPPER WATER LT IN ST. MARY'S RIVER IN FRONT OF SEC 2 AWENGE AS IN LT34916 (SECONDLY); S/T PT 20, 22- 26 1R8648 AS IN LT200702; S/T PT 2-4 1R8648; S/T LT90359; SAULT STE. MARIE
3.	31613-0017(LT)	PCL 3904 SEC AWS; PT WATER LT L IN ST.MARY'S RIVER AWENGE AS IN LT34916 (THIRDLY); SAULT STE. MARIE
4.	31613-0018 (LT)	PCL 3905 SEC AWS; PT WATER LT L IN ST.MARY'S RIVER AWENGE AS IN LT34916 (FIFTHLY); SAULT STE. MARIE
5.	31613-0023 (LT)	PCL 5642 SEC AWS; PT SEC 4 AWENGE PT 1-F 1R1537 EXCEPT PT 15 TO21 1R8860; SAVING, EXCEPTING & RESERVING FOR THE BENEFIT & USE OF ALL PERSONS REQUIRING TO USE THE SAME, THE FREE USE & NAVIGATION OF ALL CREEKS & STREAMS RUNNING THROUGH OR UPON ANY PT OF THE SAID PCL OR TRACT OF LAND HEREBY GRANTED & NOT EMBRACED IN THE RESERVATION HEREINBEFORE CONTAINED FOR THE PURPOSE OF RUNNING & FLOATING DOWN SAW LOGS & OTHER TIMBER, LUMBER, RAFTS & CRAFTS, AT ALL TIMES & SEASONS & EXCEPTING & RESERVING ALSO FOR THE USE & BENEFIT OF ALL PERSONS REQUIRING TO USE THE SAME FOR THE PURPOSE OF RUNNING & FLOATING DOWN OR UPON ANY CREEK, STREAM OR NAVIGABLE WATERS UPON THE SAID PCL OR TRACT OF LAND, THE RIGHT TO ENTER IN & UPON THE SAID PARCELS OR TRACTS OF LAND & TO OCCUPY & USE SO MUCH OF THE SAID LANDS OF SAID CREEKS & STREAMS & THE SAID NAVIGABLE WATERS AS MAY BE NECESSARY FOR THE PURPOSES OF SUCH RUNNING & FLOATING & FOR THE FURTHER PURPOSE OF ERECTING CONSTRUCTING & REPAIRING SUCH DAMS, SLIDES & WORKS AS MAY BE REQUIRED FOR THE PURPOSE AFORESAID DOING NO UNNECESSARY DAMAGE THEREBY. & IT IS HEREBY DECLARED THAT THE GRANT AFORESAID BE MADE ON THE EXPRESS CONDITION THAT THE SAID GRANTEE FOR HIMSELF, HIS HEIRS & ASSIGNS CONSENTS & AGREES THAT ALL PERSONS DESIRING TO USE THE SAME SHALL HAVE THE RIGHT TO ENJOY THE EASEMENT HEREINBEFORE RESERVED; S/T LT89277; SAULT STE. MARIE
6.	31613-0026 (LT)	PCL 5645 SEC AWS; PT SEC 5 AWENGE PT 3, 4, 56 1R1537; S/T T110206; SAULT STE. MARIE
7.	31613-0033 (LT)	PCL 7413 SEC AWS; PT SEC 2 AWENGE PT 1-3, 19-21 1R2602; RESERVING FREE ACCESS TO THE SHORE OF THE RIVER STE. MARIE, FOR ALL VESSELS, BOATS & PERSONS; S/T TA426 TRANSFERRED BY TA429; S/T PARTS 20 & 21 1R2602 AS IN LT248296; S/T PARTS 8 TO 13 1R10717 AS IN LT248295; S/T LT200703, LT205668, LT231898, LT90359, T139665Y, T65292; SAULT STE. MARIE
8.	31613-0044 (LT)	PCL 11975 SEC AWS; PT WATER LT IN ST. MARY'S RIVER IN FRONT OF SEC 2 AWENGE AS IN T355353; SAULT STE. MARIE
9.	31613-0299 (LT)	PT SEC 5 AWENGE PT 5 1R1537; SAULT STE. MARIE
10.	31613-0300 (LT)	PT SEC 5 AWENGE PT 2 1R1537; SAULT STE. MARIE
11.	31613-0303 (LT)	PT SEC 4 AWENGE PT 6 & 7 1R1537; S/T T110206; SAULT STE. MARIE

NO.	PIN	LEGAL DESCRIPTION
12.	31613-0308 (LT)	PT SEC 2 AWENGE AS IN T367943 (THIRTY-SIXTHLY); PT SEC 3 AWENGE PT 17 & 30 1R1537; S/T T444867; S/T T444869; S/T T393141; SAULT STE. MARIE
13.	31613-0330 (LT)	PCL 1176 SEC ALG; PT LAND COVERED WITH WATER AT THE HEAD OF THE RAPIDS IN ST. MARY'S RIVER IN FRONT OF & ADJACENT TOTWP OF AWENGE PT 7 1R2602; S/T PT 5 1R8648 AS IN LT200703; S/TLT90359; SAULT STE. MARIE
14.	31613-0332 (LT)	PCL 344 SEC AWS; PT WATER LT N IN ST.MARY'S RIVER AWENGE AS IN LT79484 (THIRDLY) EXCEPT PT 2 1R2386; SAULT STE. MARIE
15.	31613-0333 (LT)	PCL 344 SEC AWS; PT WATER LT M IN ST.MARY'S RIVER AWENGE AS IN LT79484 (SECONDLY); SAULT STE. MARIE
16.	31613-0334 (LT)	PCL 344 SEC AWS; PT WATER LT M IN ST.MARY'S RIVER AWENGE AS IN LT79484 (FIRSTLY); S/T LT200703; SAULT STE. MARIE
17.	31613-0335 (LT)	PCL 7413 SEC AWS; PT SEC 1 AWENGE; PT SEC 2 AWENGE PT 4, 14-18 1R2602 EXCEPT PT 1-3 1R10515; RESERVING FREE ACCESS TO THE SHORE OF THE RIVER STE. MARIE, FOR ALL VESSELS, BOATS & PERSONS; S/T TA426 TRANSFERRED BY TA429; S/T LT200703, LT90359, T65292; SAULT STE. MARIE
18.	31613-0339 (LT)	PCL 5644 SEC AWS; PT SEC 4 AWENGE PT 8 & 9 1R1537; S/T T110206; SAULT STE. MARIE
19.	31613-0352 (LT)	PT NE 1/4 SEC 4 AWENGE, PT 1 1R11093, SAULT STE. MARIE S/T LT216273; PT NW 1/4 SEC 3 AWENGE, PT 2 1R11093, SAULT STE. MARIE S/T LT216273
20.	31613-0353 (LT)	FIRSTLY:PCL 5644 SEC AWS, PT SEC 4 AWENGE PT 1-G 1R1537 EXCEPT PT 13-14 1R8860 RESERVING FREE ACCESS TO THE SHORES OF RIVER ST. MARIE FOR ALL VESSELS, BOATS & PERSONS; S/T LT89277 SECONDLY PCL 11234 SEC AWS; PT WATER LT IN FRONT OF SEC 4 & 9 AWENGE; PT SEC 9 AWENGE PT 1-3 1R6699; S/T 1-3 1R6699 AS IN LT248293 SAVING, EXCEPTING & RESERVING FOR THE BENEFIT & USE OF ALL PERSONS REQUIRING TO USE THE SAME, THE FREE USE & NAVIGATION OF ALL CREEKS & STREAMS RUNNING THROUGH OR UPON ANY PT OF THE SAID PCL OR TRACT OF LAND HEREBY GRANTED & NOT EMBRACED IN THE RESERVATION HEREINBEFORE CONTAINED FOR THE PURPOSE OF RUNNING & FLOATING DOWN SAW LOGS & OTHER TIMBER, LUMBER, RAFTS & CRAFTS, AT ALL TIMES & SEASONS & EXCEPTING & RESERVING ALSO FOR THE USE & BENEFIT OF ALL PERSONS REQUIRING TO USE THE SAME FOR THE PURPOSE OF RUNNING & FLOATING DOWN OR UPON ANY CREEK, STREAM OR NAVIGABLE WATERS UPON THE SAID PCL OR TRACT OF LAND, THE RIGHT TO ENTER IN AND UPON THE SAID PARCELS OR TRACTS OF LAND & TO OCCUPY & USE SO MUCH OF THE SAID LANDS OF SAID CREEKS & STREAMS & THE SAID NAVIGABLE WATERS AS MAY BE NECESSARY FOR THE PURPOSES OF SUCH RUNNING & FLOATING & FOR THE FURTHER PURPOSE OF ERECTING CONSTRUCTING & REPAIRING SUCH DAMS, SLIDES & WORKS AS MAY BE REQUIRED FOR THE PURPOSE AFORESAID DOING NO UNNECESSAY DAMAGE THEREBY & IT IS HEREBY DECLARED THAT THE GRANT AFORESAID BE MADE ON THE EXPRESS CONDITION THAT THE SAID GRANTEE FOR HIMSELF, HIS HEIRS & ASSIGNS CONSENTS & AGREES THAT ALL PERSONS DESIRING TO USE THE SAME SHALL HAVE THE RIGHT TO ENJOY THE EASEMENT HEREINBEFORE RESERVED. THIRDLY;

NO.	PIN	LEGAL DESCRIPTION
		PCL 344 SEC AWS; WATER LT H IN ST MARY'S RIVER AWENGE AS IN A-2172. FOURTHLY: PCL 849 SEC AWS; WATER LT IN ST. MARY'S RIVER IN FRONT OF SEC 3 AWENGE: WATER LT IN ST. MARY'S RIVER IN FRONT OF SEC 4 AWENGE; WATER LT IN ST.MARY'S RIVER IN FRONT OF SEC 9 AWENGE; WATER LT IN ST. MARY'S RIVER INFRONT OF SECTION 10 AWENGE EXCEPT PT 1 1R6699 & ISLAND #1 & ISLAND #2; S/T A2881; S/T PT 4 1R6699 AS IN LT248293. FIFTHLY PCL 5646 SEC AWS; ISLAND 1 IN THE ST. MARY'S RIVER AWENGE; SIXTHLY: PCL 5646 SEC AWS; ISLAND 2 IN THE ST. MARY'S RIVER AWENGE. SEVENTHLY: PCL 5672 AWS; PT BED OF THE ST. MARY'S RIVER IN FRONT OF BROKEN SECTION 3 AWENGE PT 1 1R1396. EIGHTLY: PCL 5644 SEC AWS; PT SEC 4 AWENGE PT 1-H 1R1537 EXCEPT PT 1 TO 12 1R8860 & PT 1 1R11093 S/T PT 7 & 8 1R6699 & PT 22 1R10688 AS IN LT248293 S/T LT127572, LT216273, LT89277. NINETHLY: PCL 5640 SEC AWS; PT SEC 3 AWENGE PT 1, 51, 52, 57 TO 59 1R1537 EXCEPT PT 2 1R11093 S/T PT 21 1R10688 AS IN LT248293, S/T LT216273. TENTHLY: PCL 5641 SEC AWS;S 1/2 OF SW 1/4 SEC 3 AWENGE; SEC 10 AWENGE. ELEVENTHLY: PCL 5643 SEC AWS; SEC 9 AWENGE; SE 1/4 SEC 4 AWENGE; S/T PT 5 & 6 1R6699 AS IN LT248293; SAVING AND EXCEPTING & RESERVING FOR THE BENEFIT & USE OF ALL PERSONS REQUIRING TO USE THE SAME, THE FREE USE & NAVIGATION OF ALL CREEKS & STREAMS RUNNING THROUGH OR UPON ANY PT OF THE SAID PCL OR TRACT OF LAND HEREBY GRANTED & NOT EMBRACED IN THE RESERVATION HEREINBEFORE CONTAINED FOR THE PURPOSE OF RUNNING & FLOATING DOWN SAW LOGS & OTHER TIMBER, LUMBER, RAFTS & CRAFTS, AT ALL TIMES & SEASONS & EXCEPTING & RESERVING ALSO FOR THE USE & BENEFIT OF ALL PERSONS REQUIRING TO USE THE SAME FOR THE PURPOSE OF RUNNING & FLOATING DOWN OR UPON ANY CREEK, STREAM OR NAVIGABLE WATERS UPON THE SAID PCL OR TRACT OF LAND, THE RIGHT TO ENTER IN & UPON THE SAID PARCELS OR TRACTSOF LAND AND TO OCCUPY & USE SO MUCH OF THE SAID LANDS OF SAID CREEKS & STREAMS & THE SAID NAVIGABLE WATERS AS MAY BE NECESSARY FOR THE PURPOSES OF SUCH RUNNING & FLOATING & FOR THE FURTHER PURPOSE OF ERECTING CONSTRUCTING & REPAIRING SUCH DAMS, SLIDES & WORKS AS MAY BE REQUIRED FOR THE PURPOSE AFORESAID DOING NO UNNECESSARY DAMAGE THEREBY & IT IS HEREBY DECLARED THAT THE GRANT AFORESAID BE MADE ON THE EXPRESS CONDITION THAT THE SAID GRANTEE FOR HIMSELF, HIS HEIRS & ASSIGNS CONSENTS & AGREES THAT ALL PERSONS DESIRING TO USE THE SAME SHALL HAVE THE RIGHT TO ENJOY THE EASEMENT HEREINBEFORE RESERVED; S/T LT89277; SAULT STE. MARIE
21.	31610-0001 (LT)	PCL 5648 SEC AWS; PT SEC 33 KORAH PT 20 IR1537 EXCEPT PT 1 TO 4 IR4146; S/T LT141820, LT147469, LT231895, LT88858, LT89277; SAULT STE. MARIE
22.	31610-0273 (LT)	PT SEC 4 AWENGE; PT SEC 33 KORAH PT 12, 13, 16 & 17, 1R8998; S/T T444704; SAULT STE. MARIE
23.	31610-0274 (LT)	PT SEC 33 KORAH PT 33, 1R1537 EXCEPT PT 25, 26 & 27, 1R10688; SAULT STE. MARIE
24.	31609-0001 (LT)	PCL 108 SEC AWS; E1/2 OF SW1/4 SEC 34 KORAH EXCEPT PT 1, 3 & 4 1R2362, PT 22, 1R1537, PT 1 & 2 1R8364, PT 3 & 24 1R10688, PT 1, 2, 3, 9, 16, 20 & 21 1R10744; S/T PT 1 1R9347 AS IN LT248294; S/T LT205669, LT216273, LT231895; SAULT STE. MARIE

NO.	PIN	LEGAL DESCRIPTION
25.	31609-0002 (LT)	PCL 108 SEC AWS; PT SEC 34 KORAH PT 22, 1R1537 EXCEPT PT 16 1R1910; SAULT STE. MARIE
26.	31609-0016 (LT)	PCL 4469 SEC AWS; LT 22 PL M56 KORAH; S/T LT89277; SAULT STE. MARIE
27.	31609-0017 (LT)	PCL 4560 SEC AWS; W 1/2 LT 21 PL M56 KORAH; S/T LT89277; SAULT STE. MARIE
28.	31609-0019 (LT)	PCL 1620 SEC AWS; LT 15-19 PL M56 KORAH; S/T LT89277; SAULT STE. MARIE
29.	31609-0034 (LT)	PCL 222 SEC AWS; SW1/4 OF SW1/4 SEC 34 KORAH EXCEPT PT 1 & 2 1R8246, PT 1 & 2 1R9991, PT 1-2, 7 & 23 1R10688, PT 19 1R1537; S/T PT 17, 18, 19 & 20 1R10688 AS IN LT248293; S/T LT205669, LT216273, LT231895, LT248225; SAULT STE. MARIE
30.	31609-0038 (LT)	PCL 5647 SEC AWS; PT SEC 34 KORAH PT 31 1R1537 EXCEPT PT 2 1R2362, PT 7 1R5829, PT 4-8, 10-14, 17-19 1R10744; S/T PT 1 1R9346 AS IN LT248294; S/T LT205669, LT216273, LT231895; SAULT STE. MARIE
31.	31609-0044 (LT)	PCL 5649 SEC AWS; LT 414 PL 1598 KORAH; LT 415 PL 1598 KORAH; LT 416 PL 1598 KORAH PT 23 1R1537; S/T PT 2 1R9346 AS IN LT248294; S/T LT205669, LT216273, LT231895; SAULT STE. MARIE
32.	31609-0045 (LT)	PCL 5649 SEC AWS; LT 411 PL 1598 KORAH; LT 412 PL 1598 KORAH; LT 413 PL 1598 KORAH S/T TO PT 3 1R9346 AS IN LT248294; S/T LT205669, LT216273, LT231895; SAULT STE. MARIE
33.	31609-0046 (LT)	PCL 5649 SEC AWS; LT 299 PL 1598 KORAH; LT 300 PL 1598 KORAH; LT 301 PL 1598 KORAH PT 25 1R1537; S/T PT 4 1R9346 AS IN LT248294; S/T LT205669, LT216273, LT231895; SAULT STE. MARIE
34.	31609-0047 (LT)	PCL 5649 SEC AWS; LT 296 PL 1598 KORAH; LT 297 PL 1598 KORAH; LT 298 PL 1598 KORAH PT 26 1R1537; S/T PT 5 1R9346 AS IN LT248294; S/T LT205669, LT216273, LT231895; SAULT STE. MARIE
35.	31609-0048 (LT)	PCL 5649 SEC AWS; LT 173 PL 1598 KORAH; LT 174 PL 1598 KORAH; LT 175 PL 1598 KORAH; LT 176 PL 1598 KORAH; LT 177 PL 1598 KORAH; LT 178 PL 1598 KORAH; LT 179 PL 1598 KORAH; LT 180 PL 1598 KORAH; LT 181 PL 1598 KORAH; LT 182 PL 1598 KORAH; LT 183 PL 1598 KORAH; LT 184 PL 1598 KORAH; LT 185 PL 1598 KORAH; LT 186 PL 1598 KORAH; LT 187 PL 1598 KORAH; LT 188 PL 1598 KORAH; LT 189 PL 1598 KORAH; PT LANE PL 1598 KORAH PT 27 1R1537; S/T PT 6 1R9346 AS IN LT248294; S/T LT109013, LT205669, LT216273, LT231895; SAULT STE. MARIE
36.	31609-0049 (LT)	PCL 5649 SEC AWS; LT 63 PL 1598 KORAH; LT 64 PL 1598 KORAH; LT 65 PL 1598 KORAH; LT 66 PL 1598 KORAH; LT 67 PL 1598 KORAH; LT 68 PL 1598 KORAH; PT LANE PL 1598 KORAH PT 28 1R1537; S/T PARTS 7 & 8 1R9346 AS IN LT248294; S/T PT 2 1R10717 AS IN LT248295; S/T LT205669, LT216273; SAULT STE. MARIE
37.	31609-0050 (LT)	PCL 222 SEC AWS; PT SEC 34 KORAH PT 19 1R1537 EXCEPT PT 4-6 1R10688; SAULT STE. MARIE
38.	31609-0104 (LT)	LT 61-62 PL 1598 KORAH; S/T T393141, T444868; SAULT STE. MARIE
39.	31609-0358 (LT)	PCL 5647 SEC AWS; PT SEC 34 KORAH PT 15 1R10744; SAULT STE. MARIE
40.	31592-0280 (LT)	LT 1-7, 571-579 BLK 1 PL 1751 KORAH; LANE BLK 1 PL 1751 KORAH CLOSED BY X371; LT 1-19 BLK 2 PL 1751 KORAH; LANE BLK 2 PL 1751 KORAH CLOSED BY X371; LT 1-19 BLK 3 PL 1751 KORAH; LANE BLK 3 PL 1751 KORAH CLOSED BY X371; LT 1-19 BLK 4 PL 1751 KORAH; LANE BLK 4

NO.	PIN	LEGAL DESCRIPTION
		PL 1751 KORAH CLOSED BY X371 & T9244; LT 1-8, 11-16 BLK 5 PL 1751 KORAH; LT 1-20 BLK 6 PL 1751 KORAH; LANE BLK 6 PL 1751 KORAH CLOSED BY X371 & T164629; LT 1-20 BLK 7 PL 1751 KORAH; LANE BLK 7 PL 1751 KORAH CLOSED BY X371; LT 1-20 BLK 8 PL 1751 KORAH; LANE BLK 8 PL 1751 KORAH CLOSED BY X371; LT 1-5, 9-20 BLK 9 PL 1751 KORAH; COLLINS ST PL 1751 KORAH CLOSED BY T164628, T9244 & X371; 66 FT RD INTERSECTION LOCATED AT THE SE CORNER OF THE INTERSECTION OF COLLINS & LETCHER STREETS PL 1751 KORAH CLOSED BY T9244 ; QUEEN ST W PL 1751 KORAH (AKA WILDE AV) CLOSED BY X209; BLK A PL H466 KORAH; PT LT 14-15 BLK 10 PL 1751 KORAH PT 1 & 2 1R9063; PT GOULAIS AV PL 1751 KORAH CLOSED BY T164628 AS IN T367943 (TWELFTHLY); PT LT 17-20 BLK 5 PL 1751 KORAH; PT LANE BLK 5 PL 1751 KORAH CLOSED BY T164629; PT LT 6-8 BLK 9 PL 1751 KORAH; PT LANE BLK 9 PL 1751 KORAH CLOSED BY X371 & T164629; PT LT 14-15 BLK 16 PL 1751 KORAH; PT 33 FT RDAL PL 1751 KORAH CLOSED BY X371; PT BONNEY ST PL 1751 KORAH (FORMERLY ALBERT ST) CLOSED BY X371 & T9244; PT LETCHER ST, CENTRAL ST PL 1751 KORAH CLOSED BY X371 & T164628, CLOSED BY X371, T9244 & T164628; PT GOETZ ST PL 1751 KORAH CLOSED BY X371; PT METZGER ST PL 1751 KORAH CLOSED BY X371 & T164628; PT SEC 35 KORAH; PT SEC 36 KORAH; PT LT 18-23 BLK 4 PL 402 KORAH; PT LANE PL 402 KORAH CLOSED BY T68576; PT RDAL BTN BLOCK 4 STEWART SURVEY OF KORAH BLOCKS & SEC 36 KORAH (AKA ST. PATRICK ST) CLOSED BY T68576, ALL BEING PT 1 1R8359 EXCEPT PT 1 & 4 1R10079; T/W T444897, T444898, T444899, T444900, T444901, T444902, T444903; S/T T134814, T134815, T134816 AMENDED BY T444866; S/T T444868, T444869, T444870, T444871, T444872, T444873, T444874, T444875; S/T T138296, T139665Y, T241681, T243802, T250272, T376077, T376078, T379483, T393141, T418354, T418367; S/T EASEMENT IN GROSS OVER PTS 1 TO 10 INCLUSIVE 1R11240 AS IN AL9664; S/T EASEMENT IN GROSS OVER PT LETCHER ST, CENTRAL ST PL 1751 KORAH CLOSED BY X371 & T164628 AS IN AL34084; SAULT STE. MARIE
41.	31536-0165 (LT)	PT SUMMIT AV PL 3206 ST. MARY'S CLOSED BY RY557; AS IN T367943 (THIRTY-SECONDLY); SAULT STE. MARIE
42.	31569-0271 (LT)	PT BLK 11 STEWART SURVEY OF KORAH BLOCKS KORAH PT 4 1R10936; SAULT STE. MARIE
43.	31576-0025 (LT)	PT LT 19 PORTAGE ST, 20 PORTAGE ST, 21 PORTAGE ST, 22 PORTAGE ST PL TOWN PLOT OF ST. MARY'S; PT PORTAGE ST PL TOWN PLOT OF ST. MARY'S CLOSED BY RY5684, PT 9, 10, 11 & 12, 1R4514; T/W T242063; S/T T241680; SAULT STE. MARIE
44.	31577-0045 (LT)	PCL 12208 SEC AWS; PT LAND & LAND COVERED WITH WATER SAULT STE. MARIE PT 37, 40-42 1R10515; SAULT STE. MARIE
45.	31536-0169 (LT)	PT LT 9 PL 3206 ST. MARY'S; PT ONTARIO AV PL 3206 ST. MARY'S CLOSED BY X406; PT 5 1R10591; SAULT STE. MARIE
46.	31577-0004 (LT)	PCL 1007 SEC ALG; PT LAND & LAND COVERED WITH WATER LYING BTN S PORTAGE ST & ST.MARY'S ISLAND ST. MARY'S AS IN A785 EXCEPT LT10720, LT10896, LT11134, LT11135, LT11988, LT12658, LT12946, PT 6 1R2602; NO DEALING MAY BE HAD WITHOUT A PLAN OF SURVEY SHOWING THE DIMENSIONS OF THE BOUNDARIES OF THE REMAINDER AND OF THE PORTIONS PREVIOUSLY SEVERED; SAULT STE. MARIE
47.	31613-0314 (LT)	PT SEC 2 AWENGE AS IN T1101 EXCEPT PT 3 1R2602; SAULT STE. MARIE
48.	31592-0282 (LT)	LT 8-9 BLK 1 PL 1751 KORAH; SAULT STE. MARIE

NO.	PIN	LEGAL DESCRIPTION
49.	31569-0268 (R)	PT BLK 11 STEWART SURVEY OF KORAH BLOCKS KORAH PT 2, AR1120; S/T RIGHT AS IN T157505; SAULT STE. MARIE
50.	31609-0176 (R)	LT 190-192, 289-295, 302-308, 405-410 PL 1598 KORAH; PT QUEEN ST W PL 1598 KORAH (AKA BASE LINE RD); LT 417-422 PL 1598 KORAH; PT GOULIAS AV PL 1598 KORAH (AKA GOULAIS AV); PT LANE PL 1598 KORAH; PT PITTSBURGH AV, DAYTON AV, GLASGOW AV, SPADINA AV PL 1598 KORAH CLOSED BY T167803, T167804, T164628, T164629, T220708 AS IN T367943; PT SEC 34 KORAH PT 40 1R1537; SAULT STE. MARIE
51.	31613-0006 (LT)	PCL 346 SEC AWS; WATER LT K AWENGE; PT WATER LT L AWENGE PT 9 & 10 1R2602; S/T LT205668; SAULT STE. MARIE
52.	31613-0005 (LT)	PCL 345 SEC AWS; WATER LT I AWENGE; WATER LT J AWENGE; SAULT STE. MARIE
53.	31538-0559 (LT)	LT 1-3 PL 2034 ST. MARY'S: SAULT STE. MARIE

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ESSAR STEEL ALGOMA INC., ET AL.

Court File No. CV-15-000011169-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

APPROVAL AND VESTING ORDER

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Ashley John Taylor LSUC#: 39932E
Tel: (416) 869-5236
E-mail: ataylor@stikeman.com

Lee Nicholson LSUC#: 66412I
Tel: (416) 869-5604
Email: leenicholson@stikeman.com

Sanja Sopic LSUC#: 66487P
Tel: (416) 869-6825
Fax: (416) 947-0866
Email: ssopic@stikeman.com

Lawyers for the Applicants

Exhibit 2

APA

ASSET PURCHASE AGREEMENT

ESSAR STEEL ALGOMA INC.

- and -

ESSAR STEEL ALGOMA INC. USA

as Sellers

- and -

ALGOMA STEEL INC. (FORMERLY, 1076318 B.C. LTD.)

as Buyer

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 2
1.1 Definitions 2
1.2 Statutes 23
1.3 Headings and Table of Contents 23
1.4 Gender and Number 23
1.5 Currency 23
1.6 Invalidity of Provisions 23
1.7 Knowledge 24
1.8 Entire Agreement 24
1.9 Waiver, Amendment 24
1.10 Governing Law; Jurisdiction and Venue 24
1.11 Disclosure Letter 24
1.12 Sellers' Representative 25
1.13 Exit Bank Financing Sources 25

ARTICLE 2 PURCHASE AND SALE 26
2.1 Agreement to Purchase and Sell Purchased Assets 26
2.2 Excluded Assets 31
2.3 Assumption of Liabilities 31
2.4 Excluded Liabilities 34
2.5 Assignment of Purchased Assets 35

ARTICLE 3 PURCHASE PRICE AND RELATED MATTERS 37
3.1 Purchase Price 37
3.2 Purchase Price Allocation 38

ARTICLE 4 REPRESENTATIONS AND WARRANTIES BY THE SELLERS 38
4.1 Corporate Existence 38
4.2 Due Authorization and Enforceability of Obligations 38
4.3 Residence of the Sellers 39
4.4 Absence of Certain Changes or Events 39
4.5 Absence of Conflicts 40
4.6 Customers and Suppliers 40
4.7 Approvals and Consents 41
4.8 Taxes 41
4.9 Insurance 41
4.10 Sufficiency of Assets 41
4.11 Title to Assets 42
4.12 Sault Ste. Marie Property 42
4.13 Real Property Landlord Leases 43
4.14 Real Property Leases 43
4.15 Environmental Matters 44
4.16 Work Orders and Deficiencies 44
4.17 Intellectual Property 45
4.18 Information Technology Systems 45
4.19 Conduct of Business 45

TABLE OF CONTENTS

(continued)

Page

4.20 Labour and Employee Benefit Matters 46
4.21 Brokers; Advisor Fees 48
4.22 Shared Services 48
4.23 No Other Representations, Warranties or Covenants 49

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE BUYER 49
5.1 Corporate Existence 49
5.2 Residence of the Buyer 49
5.3 Absence of Conflicts 49
5.4 Due Authorization and Enforceability of Obligations 50
5.5 Approvals and Consents 50
5.6 Lender Credit Bid Commitment Letter 50
5.7 Noteholder Credit Bid Commitment Letter 51
5.8 Exit Financing 51
5.9 GST, HST and QST Registration 52
5.10 As Is, Where Is 52

ARTICLE 6 CONDITIONS 53
6.1 Conditions for the Benefit of the Buyer and the Sellers 53
6.2 Conditions for the Benefit of the Buyer 54
6.3 Conditions for the Benefit of the Sellers 57

ARTICLE 7 ADDITIONAL AGREEMENTS OF THE PARTIES 58
7.1 Access to Information 58
7.2 Conduct of Business Until Closing Time 59
7.3 Approvals and Consents 60
7.4 Covenants Relating to this Agreement 62
7.5 Release; Acknowledgements; Indemnity 64
7.6 Tax Matters 65
7.7 Employee Matters 68
7.8 Certain Payments or Instruments Received from Third Persons 70
7.9 Certain Payments Relating to Purchased Assets 71
7.10 Insurance Matters 71
7.11 Intellectual Property Matters 71
7.12 Agreements relating to Environmental Matters 71
7.13 Permits, Surety Bonds or Financial Assurances 71
7.14 Notice of Certain Events 72
7.15 Risk of Loss 72
7.16 Change Names 72
7.17 Amendments to Acquisition Structure 73
7.18 Financing Cooperation 73
7.19 Real Property Matters 75

ARTICLE 8 COURT ORDERS 76
8.1 Court Orders and Related Matters 76

ARTICLE 9 TERMINATION 77
9.1 Termination 77

TABLE OF CONTENTS
(continued)

Page

9.2 Effect of Termination 78

ARTICLE 10 CLOSING 78
10.1 Location and Time of the Closing 78
10.2 Sellers' Deliveries at Closing 78
10.3 Buyer's Deliveries at Closing 79
10.4 Possession of Assets 80
10.5 Monitor; Administrative Reserve 80
10.6 Simultaneous Transactions 81

ARTICLE 11 GENERAL MATTERS 81
11.1 Confidentiality 81
11.2 Public Notices 82
11.3 Injunctive Relief 82
11.4 Survival 84
11.5 Non-Recourse 84
11.6 Assignment; Binding Effect 84
11.7 Notices 84
11.8 Subdivision Legislation 87
11.9 Counterparts; Facsimile Signatures 87
11.10 Language 87

EXHIBITS

Exhibit A Form of Approval and Vesting Order
Exhibit B Form of Certificate of Non-Foreign Status

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of July 20, 2018

AMONG:

ESSAR STEEL ALGOMA INC., a corporation amalgamated under the laws of Canada ("**ESAI**")

- and -

ESSAR STEEL ALGOMA INC. USA, a corporation established under the laws of Delaware ("**Algoma USA**" and, collectively with ESAI, the "**Sellers**")

- and -

ALGOMA STEEL INC. (formerly 1076318 B.C. Ltd.), a corporation incorporated under the laws of the Province of British Columbia (the "**Buyer**")

RECITALS:

A. The Sellers carry on the business of integrated steel production, including the production of certain raw steel inputs, steelmaking, and the sale and distribution of steel products (the "**Business**").

B. On the Filing Date, the Initial Applicants filed with the CCAA Court an application for protection under the CCAA and were granted certain initial creditor protection pursuant to the Initial CCAA Order. Holdings was added as an Applicant in the CCAA Proceedings on November 19, 2015.

C. On the Filing Date, the Initial Applicants commenced ancillary insolvency proceedings under Chapter 15 of Title 11 of the United States Code (the "**U.S. Proceedings**") in the U.S. Bankruptcy Court. Holdings was added as a petitioner in the U.S. Proceedings on November 20, 2015.

D. The Sellers wish to sell to the Buyer, and the Buyer wishes to purchase from the Sellers, the Purchased Assets (as defined below), which constitute substantially all of the property and assets owned by the Sellers and used in connection with the Business, and the Buyer further wishes to assume from the Sellers the Assumed Liabilities (as defined below), subject to the terms and conditions of this Agreement.

E. The purchase price payable to the Sellers for the Purchased Assets shall be the fair market value of the Purchased Assets and shall be satisfied in accordance with the terms of this Agreement, including by the issuance of the Buyer Preferred Shares (as defined below) by the Buyer to ESAI on the Closing Date.

F. The Buyer Parent will, at the Closing (as defined below), hold all of the indebtedness of the Sellers under the Term Loan Facility (as defined below) and the Senior Secured Note

Indenture (as defined below).

G. Immediately following the Closing, ESAI will consent to the Buyer Parent's seizure of the Buyer Preferred Shares from ESAI as a result of ESAI's failure to pay amounts owing in respect of the Term Loan Secured Debt and the Senior Secured Debt pursuant to the Share Transfer Agreement (as defined below) in exchange for a release of debt and security as contemplated herein.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement,

(a) "**ABL Credit Agreement**" means the revolving credit agreement dated as of November 14, 2014 between ESAI (as borrower), certain subsidiaries and affiliates of ESAI (as guarantors) and Deutsche Bank AG (acting through its Canada Branch) (as the administrative and collateral agent) and the lenders party thereto.

(b) "**ABL Facility**" means the revolving loan facility in the aggregate principal amount of $50,000,000 under the ABL Credit Agreement.

(c) "**Accrued Liabilities**" means liabilities relating to the Business incurred as of the Closing Time which are due and unpaid or which are not yet due and payable as of the Closing Time (excluding reserves and contingent amounts) to the extent they are Assumed Liabilities (for example, accounts payable and accrued wages payable).

(d) "**Administrative Reserve**" means a cash reserve held in trust by the Monitor in a segregated interest-bearing account for the benefit of Persons entitled to be paid under the Administrative Reserve Order consisting of (i) the Closing Costs Reserve for the purpose of paying the Administrative Reserve Costs; and (ii) the Northern Properties Reserve for the purpose of paying amounts payable by any Seller, or any current or former director or officer of any Seller, to Governmental Authorities to settle outstanding Environmental Claims in respect of the Goudreau Mine or the MacLeod Mine in order to satisfy the condition set forth in Section 6.1(h), all in accordance with the Administrative Reserve Order.

(e) "**Administrative Reserve Costs**" means, collectively: (i) administrative or other claims and costs outstanding on the Closing Date with respect to amounts secured by charges created by the CCAA Court, including by the Initial CCAA Order; provided that, such claims and costs are exit fees and/or costs as agreed by the Sellers and the Buyer, each acting in a commercially reasonable manner, or are in

accordance with the Approved Budget (as defined in the DIP Credit Agreement); (ii) costs and fees incurred by the Sellers and the Monitor following the Closing Date in connection with completing the CCAA Proceedings and dissolving, winding-up or otherwise liquidating the Applicants; (iii) agreed upon property Taxes owing to the City of Sault Ste. Marie in the amounts set out in sections 1, 3, 4 and 5 of the Property Tax Term Sheet; and (iv) Cure Costs in an amount not to exceed $6,000,000; and (v) amounts owing to the Sellers' non-unionized Employees under the Sellers' short term incentive compensation program as at the Closing Date to be determined by the Monitor, in consultation with management of the Buyer, in accordance with the Sellers' existing compensation policies, and reviewed and approved by the Buyer or as may be determined by the CCAA Court;

(f) "**Administrative Reserve Order"** means an order of the CCAA Court, in form and substance satisfactory to the Sellers, the Buyer and the Monitor, each acting in a commercially reasonable manner, to be made in connection with the CCAA Proceedings on or before the Closing Date that will set out the amount of the Administrative Reserve and the process for the administration of the Administrative Reserve by the Monitor, including the distribution to the Buyer of any excess funds in the Administrative Reserve.

(g) "**affiliate**" of any Person means, at the time such determination is being made, any other Person controlling, controlled by or under common control with such first Person, in each case, whether directly or indirectly through one or more intermediaries, and "control" and any derivation thereof means the control by one Person of another Person in accordance with the following: a Person ("A") controls another Person ("B") where A has the power to determine the management and policies of B by contract or status (for example, the status of A being the general partner of B) or by virtue of beneficial ownership of a majority of the voting interests in B; and, for certainty and without limitation, if A owns shares to which are attached more than 50% of the votes permitted to be cast in the election of directors (or other Persons performing a similar role) of B, then A controls B for this purpose. In addition, an "affiliate" of the Buyer includes any Person controlled directly or indirectly by the Lenders and the Senior Secured Noteholders, acting together.

(h) "**Agent**" has the meaning given to such term in Section 5.6.

(i) "**Agreement**" means this Asset Purchase Agreement and all attached Exhibits, in each case as the same may be supplemented, amended, restated or replaced from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Asset Purchase Agreement and all attached Exhibits, and unless otherwise indicated, references to Articles, Sections and Exhibits are to Articles, Sections and Exhibits in this Asset Purchase Agreement.

(j) "**Alberta ULC**" means Essar Steel Algoma (Alberta) ULC (formerly known as 1839688 Alberta ULC), an unlimited liability corporation established under the laws of Alberta.

(k) "**Algoma USA**" has the meaning given to such term in the preamble to this Agreement.

(l) "**Allocation Statement**" has the meaning given to such term in Section 3.2.

(m) "**Amended Collective Agreements**" has the meaning given to such term in Section 6.2(g)(ii).

(n) "**Applicable Law**" means any transnational, domestic or foreign, federal, provincial, territorial, state, local or municipal (or any subdivision of any of them) law (including the common law), statute, ordinance, rule, regulation, restriction, limit, by-law (zoning or otherwise), judgment, order, direction or any consent, exemption, Governmental Authorizations, or any other legal requirements of, or agreements with, any Governmental Authority, that applies in whole or in part to the transactions contemplated by this Agreement, the Sellers, the Buyer, the Business, or any of the Purchased Assets or the Assumed Liabilities.

(o) "**Applicants**" means, collectively, the Initial Applicants and Holdings.

(p) "**Approval and Vesting Order**" means an order granted by the CCAA Court, substantially in the form appended as Exhibit A or as otherwise in a form and substance satisfactory to the Sellers and the Buyer, each acting in a commercially reasonable manner.

(q) "**Assigned Agreements**" means, collectively, the Personal Property Leases, the Real Property Leases, the Real Property Landlord Leases and the Assumed Contracts.

(r) "**Assigned U.S. Agreement**" means any Assigned Agreement governed by the laws of the United States or a jurisdiction located within the territory of the United States.

(s) "**Assumed Contracts**" has the meaning given to such term in Section 2.1(k).

(t) "**Assumed Employee Plans**" has the meaning given to such term in Section 7.7(h).

(u) "**Assumed Employees**" has the meaning given to such term in Section 7.7(c).

(v) "**Assumed Liabilities**" has the meaning given to such term in Section 2.3.

(w) "**Assumed Pension Plans**" means, collectively: (i) the Essar Steel Algoma Inc. Pension Plan For Salaried Employees; (ii) the Essar Steel Algoma Inc. Pension Plan For Hourly Employees; (iii) the Essar Steel Algoma Inc. Money Purchase Pension Plan for Exempt Employees and (iv) the Wrap Plan.

(x) "**Backstop Exit Financing**" has the meaning given to such term in Section 5.8.

(y) "**Backstop Exit Financing Commitment**" has the meaning given to such term in Section 5.8.

(z) "**Brookfield Assets**" means the "Purchased Assets" as defined in the Asset Purchase Agreement between Lake Superior Power Limited Partnership, as vendor, and ESAI, as purchaser, dated February 20, 2018.

(aa) "**Business**" has the meaning given to such term in Recital A.

(bb) "**Business Day**" means any day, other than a Saturday or Sunday, on which the principal commercial banks in Toronto, Ontario are open for commercial banking business during normal banking hours.

(cc) "**Buyer**" has the meaning given to such term in the preamble to this Agreement.

(dd) "**Buyer Parent**" means a corporation established under the laws of Canada that will own all of the issued and outstanding common shares of the Buyer on the Closing Date.

(ee) "**Buyer Preferred Shares**" means a number of class A non-voting preferred shares in the capital of the Buyer having an aggregate redemption amount equal to the fair market value of the Purchased Assets on the Closing Date less the amounts payable to the Sellers for the Purchased Assets pursuant to Sections 3.1(a)(i), 3.1(a)(ii) and 3.1(a)(iii) hereof.

(ff) "**Canadian Assignment Order**" means an order or orders of the CCAA Court pursuant to applicable provisions of the CCAA, in form and substance acceptable to the Sellers and the Buyer, each acting in a commercially reasonable manner, authorizing and approving the assignment of any Assigned Agreement for which a consent has not been obtained and preventing any counterparty to the Assigned Agreement from exercising any right or remedy under the Assigned Agreement by reason of any non-monetary default(s), including those arising from the CCAA Proceedings, the U.S. Proceedings or the insolvency of the Sellers.

(gg) "**Cannelton**" means Cannelton Iron Ore Company, a corporation established under the laws of Delaware.

(hh) "**Cash Purchase Price**" has the meaning given to such term in Section 3.1(a).

(ii) "**CCAA**" means the *Compa* Q L H V ¶ & U H G L W R U (Canada) U D Q J H P H Q W $ F

(jj) "**CCAA Court**" means the Ontario Superior Court of Justice (Commercial List).

(kk) "**CCAA Proceedings**" means the proceedings commenced under the CCAA by the Sellers pursuant to the Initial CCAA Order (Court File No. CV-000011169-00CL).

(ll) "**Claims**" includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including

fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

(mm) "**Closing**" means the completion of the sale and purchase of the Purchased Assets pursuant to this Agreement at the Closing Time, and all other transactions contemplated by this Agreement that are to occur contemporaneously with the sale and purchase of the Purchased Assets.

(nn) "**Closing Costs Reserve**" means a cash reserve of $39,000,000 established from the Sellers' cash, and if the Sellers' cash is not sufficient, any deficiency shall be funded by the Buyer on the Closing Date.

(oo) "**Closing Date**" means a date no later than five (5) Business Days after the conditions set forth in Article 6 have been satisfied (or such other date agreed to by the Parties in writing), other than the conditions set forth in Article 6 that by their terms are to be satisfied or waived at the Closing; provided that, the Closing Date shall be no later than the Sunset Date.

(pp) "**Closing Documents**" means all contracts, agreements and instruments required by this Agreement to be delivered at or before the Closing.

(qq) "**Closing Time**" means 10:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

(rr) "**Code**" means the *U.S. Internal Revenue Code of 1986*, as amended.

(ss) "**Cogen Agreements**" means, collectively: (i) the Cogen Lease (ii) the energy supply agreement between ESAI and EPC dated December 21, 2009; and (iii) the shared services agreement between ESAI and EPC dated December 21, 2009; in each case, as amended, restated, supplemented and/or modified from time to time.

(tt) "**Cogen Lease**" means the land lease between ESAI and EPC dated December 21, 2009, as amended, restated, supplemented or modified from time to time;

(uu) "**Collective Agreements**" means all of the collective bargaining agreements (including all letters of understanding and agreement) to which the Sellers are a party, or to which the Sellers are otherwise bound, each of which is listed on Schedule 1.1(uu) of the Disclosure Letter.

(vv) "**Commissioner**" means the Commissioner of Competition appointed under the Competition Act.

(ww) "**Competition Act**" means the *Competition Act* (Canada), R.S.C. 1985, c. C-34, as amended.

(xx) "**Competition Act Approval**" means either:

(i) the Commissioner shall have issued an advance ruling certificate under

Section 102 of the Competition Act with respect to the transactions contemplated by this Agreement;

(ii) each of the Parties shall have filed all notices and information required under Part IX of the Competition Act and the applicable waiting periods shall have expired or been terminated; or

(iii) the obligation to give the requisite notice has been waived pursuant to subsection 113(c) of the Competition Act;

and, in the case of (ii) or (iii), the Commissioner or his delegate shall have advised the Buyer in writing that he does not, at that time, intend to make an application under Section 92 of the Competition Act in respect of the transactions contemplated herein.

(yy) "**Compliant**" means, with respect to any Required Information, that such Required Information (i) does not contain any untrue statement of a material fact or omit to state any material fact regarding the Sellers or the Purchased Assets necessary in order to make such Required Information not misleading and (ii) no independent auditor has withdrawn its audit opinion with respect to any financial statements contained in any of the Required Information.

(zz) "**Confidential Information**" means non-public, confidential, personal or proprietary information which is furnished to the Buyer in writing by the Sellers or any of the Sellers' representatives, including information about identifiable individuals, any information relating to the Sellers and their affiliates, or any customer or supplier of the Sellers, but does not include information that is or becomes generally available to the public other than as a result of disclosure by the Buyer or its representatives in breach of this Agreement or that is received by the Buyer from an independent third party that, to the knowledge of the Buyer, obtained it lawfully and was under no duty of confidentiality (except to the extent that applicable privacy laws do not exclude such information from the definition of personal information) or that is independently developed by the Buyer or its representatives without reference to any Confidential Information.

(aaa) "**Contracts**" means contracts, licenses, leases, agreements, obligations, promises, undertakings, understandings, arrangements, documents, commitments, entitlements or engagements to which any of the Sellers is a party or by which any of the Sellers are bound or under which any of the Sellers has, or will have, any right or any liability or contingent right or liability (in each case, whether written or oral, express or implied) relating to the Business or the Purchased Assets and includes quotations, orders, proposals or tenders which remain open for acceptance and warranties and guarantees.

(bbb) "**Contracts Assignment and Assumption Agreements**" means the assignment and assumption agreements for the Assigned Agreements, in a form reasonably satisfactory to each of the Sellers and the Buyer.

(ccc) "**Cure Costs**" means all amounts necessary to cure any monetary defaults as a

condition to assuming the Assigned Agreements.

(ddd) "**DIP Credit Agreement**" means the senior secured, priming and superpriority debtor-in-possession amended and restated credit agreement among ESAI (as borrower), certain subsidiaries and affiliates of ESAI (as guarantors), Deutsche Bank AG New York Branch (as administrative and collateral agent) and the lenders party thereto dated as of November 9, 2015, as amended and restated as of November 13, 2015 and September 30, 2016, and as further amended as of July 31, 2017, March 31, 2017, July 21, 2017 and March 23, 2018, and as may be further amended, restated, supplemented and/or modified from time to time.

(eee) "**DIP Facility**" means the term loan facility in an aggregate principal amount not to exceed $175,000,000 under the DIP Credit Agreement.

(fff) "**Director's Order**" has the meaning given to such term in Section 2.4(f)(iii).

(ggg) "**Disclosure Letter**" means the disclosure letter dated the date hereof regarding this Agreement that has been executed by the Buyer and the Sellers concurrently with the execution of this Agreement.

(hhh) "**Employee Plans**" means the employee benefit plans sponsored or maintained by the Sellers listed on Schedule 1.1(hhh) of the Disclosure Letter.

(iii) "**Employee Schedule**" has the meaning given to such term in Section 7.7(a).

(jjj) "**Employees**" means any and all: (i) employees of the Sellers who are actively at work (including full-time, part-time or temporary employees); and (ii) employees of the Sellers who are on approved leaves of absence (including maternity leave, parental leave, short-term disability leave, workers' compensation and other statutory leaves).

(kkk) "**Employees of the Sellers**" means all current or former directors, officers, employees, consultants or other service providers of the Sellers or any predecessors of the Sellers, including any Assumed Employees.

(lll) "**Encumbrance**" means any security interest (whether contractual, statutory or otherwise), lien, prior claim, charge, hypothec, reservation of ownership, pledge, encumbrance, liability, mortgage, trust (including any deemed or constructive trust), title defect, option or adverse claim or encumbrance of any nature or kind other than non-exclusive licenses of Intellectual Property granted in the ordinary course of business consistent with past practice.

(mmm)"**Environment**" means the environment or natural environment, including air, surface water and groundwater (including potable water, navigable water and wetlands), soil, the land surface and subsurface strata or other environmental media, natural resources, and as additionally defined in any Environmental Law.

(nnn) "**Environmental Claim**" shall mean any fine, administrative or environmental penalty, written claim, notice, notice of violation, complaint, demand, direction,

Order or directive (conditional or otherwise), action, suit, proceeding, summons, investigation or other written communication by or from any Governmental Authority or any other Person resulting from, related to or arising out of: (i) the presence, Release or threatened Release of Hazardous Materials into the Environment; (ii) any violation or alleged violation of, or liability or alleged liability relating to, any Environmental Law; or (iii) any actual or alleged damage, injury, adverse effect, threat or harm to the Environment.

(ooo) "**Environmental Law**" means all Applicable Law relating to: (i) any Hazardous Materials or Hazardous Materials Activity; (ii) the protection of the Environment, or the protection of plant, animal, fish or human health; or (iii) otherwise imposing liability or standards of conduct concerning the protection and preservation of the Environment, including all Applicable Law with respect to monitoring, recordkeeping, notification, disclosure and reporting requirements relating to clauses (i), (ii) and/or (iii).

(ppp) "**EPC**" means Essar Power Canada Ltd., a corporation incorporated under the laws of the Province of Ontario.

(qqq) "**ESAI**" has the meaning given to such term in the preamble to this Agreement.

(rrr) "**Excluded Assets**" has the meaning given to such term in Section 2.2.

(sss) "**Excluded Contracts**" has the meaning given to such term in Section 2.2(b).

(ttt) "**Excluded Liabilities**" has the meaning given to such term in Section 2.4.

(uuu) "**Excluded Real Estate Properties**" means (i) the Legacy Mining Properties and (ii) any other Real Property, other than the Sault Ste. Marie Property (provided, that the Real Property leased to each of EPC and/or PortCo shall be deemed to be Excluded Real Estate Properties if the Cogen Lease and/or the Port Lease, respectively, are not designated as Real Property Landlord Leases), as designated by the Buyer at least ten (10) Business Days prior to the Closing Date.

(vvv) "**Excluded Real Property Proceeds**" means the net proceeds realized by the Sellers from the sale of any Excluded Real Estate Properties, whether prior to, on or after the Closing Date.

(www) "**Exit Bank Financing**" has the meaning given to such term in Section 7.18(a).

(xxx) "**Exit Bank Financing Letter**" means the commitment letter among the Buyer and the Exit Bank Financing Sources party thereto in connection with the transactions contemplated hereunder, as amended, supplemented or otherwise modified from time to time.

(yyy) "**Exit Bank Financing Sources**" means the Persons that have agreed to provide or arrange or otherwise have entered into agreements in connection with the Exit Bank Financing and the parties to any commitment letters, engagement letters, joinder agreements, indentures or credit agreements entered pursuant thereto or

relating thereto, together with their respective affiliates, and their respective affiliates' officers, directors, employees, agents and representatives and their and their respective successors and assigns.

(zzz) "**Exit Term Loan**" means a term loan facility of up to $300,000,000 to be entered into by the Buyer to fund the Cash Purchase Price, if applicable.

(aaaa) "**Filing Date**" means November 9, 2015.

(bbbb) "**Final**" with respect to any order of any court of competent jurisdiction, means that such order shall not have been stayed, appealed, varied (except with the consent of the Buyer and Sellers) or vacated, and all time periods within which such order could at law be appealed shall have expired.

(cccc) "**Fundamental Representations and Warranties of the Sellers**" means the representations and warranties of the Sellers included in Sections 4.1, 4.2, 4.3, 4.10 and 4.11.

(dddd) "**General Assignments and Bills of Sales**" means the general assignments and bills of sales for the Purchased Assets, in a form reasonably satisfactory to each of the Sellers and the Buyer.

(eeee) "**GIP Loan**" means the term loan pursuant to a credit agreement dated as of November 14, 2014 between, among others, PortCo, as borrower, and GIP Primus L.P. and Brightwood Loan Services LLC, as investors.

(ffff) "**Goudreau Mine**" means the parcels forming part of the Legacy Mining Properties identified on Part I of Schedule 1.1(fffff) of the Disclosure Letter.

(gggg) "**Governmental Authority**" means any applicable transnational, federal, provincial, municipal, state, local, national or other government, regulatory authority, governmental department, agency, commission, board, tribunal, bureau, ministry, court, system operator, judicial body, arbitral body or other law, rule or regulation-making entity, or any entity, officer, inspector, investigator or examiner exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case:

(i) having jurisdiction over a Seller, the Buyer, the Purchased Assets or the Assumed Liabilities on behalf of any country, province, state, municipality, locality, or other geographical or political subdivision thereof; or

(ii) exercising or entitled to exercise any administrative, judicial, legislative, regulatory or taxing authority or power.

(hhhh) "**Governmental Authorizations**" means any authorization, approval, plan, franchise, order, certificate, consent, directive, notice, license, permit, variance, registration, exemption, site specific standard or other right issued to or required by the Sellers relating to the Business or any of the Purchased Assets by or from

any Governmental Authority.

(iiii) "**GST**" means goods and services tax payable under the GST and HST Legislation.

(jjjj) "**GST and HST Legislation**" means Part IX of the *Excise Tax Act* (Canada).

(kkkk) "**Hazardous Material**" means any solid, liquid, gas, chemical, material, substance, element, radiation, vibration, sound, noise, odour, mine tailings, slag, dust, smoke, particulate, smog, polychlorinated biphenyls ("**PCBs**"), any substance or compound containing PCBs, asbestos or any asbestos-containing materials in any form or condition, radon or any other radioactive materials (including any source, special nuclear or by-product material), petroleum, crude oil or any fraction thereof, cyanide, light oil, coke oven tar, hydrochloric acid, magnesium carbide, calcium carbide, benzene, benzo(a)pyrene and any such material, substance, or chemical regulated, prohibited, prescribed, designated or limited by a Governmental Authority or any Environmental Law or which can give rise to liability under any Environmental Law, or which is otherwise characterized under or pursuant to any Environmental Law as "hazardous," "dangerous", "waste," "toxic," "pollutant," "contaminant," "radioactive," "deleterious" or words of similar meaning.

(llll) "**Hazardous Materials Activity**" means any activity, incident, event or occurrence involving Hazardous Materials, including the use, manufacture, possession, storage, holding, presence, existence, Release, threatened Release, generation, transportation, import, export, processing, construction, treatment, abatement, removal, remediation, disposal, disposition or handling of any Hazardous Materials, and any corrective action or Response with respect to any of the foregoing.

(mmmm) "**Holdings**" means Algoma Holdings B.V., a Dutch private limited liability company.

(nnnn) "**HSR Act**" means the *Hart-Scott-Rodino Antitrust Improvement Act of 1976*, as amended, and the rules and regulations promulgated thereunder.

(oooo) "**HSR Approval**" means the expiration or earlier termination of the applicable statutory waiting periods under the HSR Act.

(pppp) "**HST**" means harmonized sales tax payable under the GST and HST Legislation.

(qqqq) "**ICA Approval**" means that the responsible Minister under the Investment Canada Act (the "**Minister**") having sent a notice to the Buyer stating that the Minister is satisfied that the transactions contemplated by this Agreement are likely to be of net benefit to Canada, or the Minister having been deemed to be satisfied that the transactions contemplated by this Agreement are likely to be of net benefit to Canada.

(rrrr) "**including**" and **"includes**" shall be interpreted on an inclusive basis and shall be

deemed to be followed by the words "without limitation".

(ssss) "**Indenture Trustee**" has the meaning given to such term in Section 5.7.

(tttt) "**Initial Applicants**" means, collectively, ESAI, Tech, Alberta ULC, Cannelton and Algoma USA.

(uuuu) "**Initial CCAA Order**" means the initial order granted by the CCAA Court on November 9, 2015 pursuant to the CCAA, as amended and restated on November 19, 2015, in respect of the Applicants, and as further amended, restated, supplemented and/or modified from time to time.

(vvvv) "**Insolvency Proceedings**" means any action, application, petition, suit or other proceeding under any bankruptcy, arrangement, reorganization, dissolution, liquidation, insolvency, winding-up or similar law of any jurisdiction now or hereafter in effect, for relief from or otherwise affecting creditors of any of the Sellers, including under the *Bankruptcy and Insolvency Act* (Canada) (including the filing of a notice of intention to make a proposal), CCAA (including the CCAA Proceedings), the *Winding-Up and Restructuring Act* (Canada), the *Canada Business Corporations Act* or provincial equivalent or U.S. Bankruptcy Code by, against or in respect of any of the Sellers.

(wwww) "**Intellectual Property**" means any and all intellectual property or similar proprietary rights throughout the world, including all patents, patent applications, trademarks, industrial designs, trade names, service marks (and all goodwill associated with any of the foregoing), copyrights, technology, software, data and database rights, trade secrets, proprietary information, domain names, know-how and processes and other intellectual property, whether registered or not, throughout the world.

(xxxx) "**Investment Canada Act**" means the *Investment Canada Act* (Canada).

(yyyy) "**IP Assignment and Assumption Agreements**" means the intellectual property assignment and assumption agreements for Intellectual Property and rights in Intellectual Property owned by the Sellers and that is used or held for use in or otherwise relates to the Business, in a form reasonably satisfactory to each of the Sellers and the Buyer.

(zzzz) "**IT Assets**" has the meaning given to such term in Section 2.1(m).

(aaaaa) "**Junior Secured Notes**" means the junior secured notes bearing interest at a rate of 14% pursuant to an indenture dated as of November 14, 2014, among Alberta ULC (as issuer), ESAI and certain subsidiaries and affiliates of ESAI (as guarantors) and UMB Bank, National Association, as successor trustee and collateral agent (successor to Wilmington Trust, National Association), in the principal amount of $252,103,398.

(bbbbb) "**KERP**" means the key employee retention plan approved by Order of the CCAA Court made on December 7, 2015 in the CCAA Proceedings.

(ccccc) "**Key Employees**" means any employees who have received a KERP.

(ddddd) "**Lease Assignment and Assumption Agreements**" means the lease assignment and assumption agreements for the Personal Property Leases, Real Property Leases and Real Property Landlord Leases, in a form reasonably satisfactory to each of the Sellers and the Buyer.

(eeeee) "**Leased Premises**" means the real or immovable property subject to the Real Property Leases.

(fffff) "**Legacy Mining Properties**" means the northern mine properties that are set out on Schedule 1.1(fffff) of the Disclosure Letter.

(ggggg) "**Lender Credit Bid Commitment Letter**" has the meaning given to such term in Section 5.6.

(hhhhh) "**Lender Credit Bid Documents**" has the meaning given to such term in Section 5.6.

(iiiii) "**Lender Direction Letter**" has the meaning given to such term in Section 5.6.

(jjjjj) "**Lenders**" means the lenders party to the Term Loan Agreement.

(kkkkk) "**MacLeod Mine**" means the parcels forming part of the Legacy Mining Properties identified on Part II of Schedule 1.1(fffff) of the Disclosure Letter.

(lllll) "**Material Adverse Effect**" means any change, event, occurrence or circumstance, individually or in the aggregate that: (i) has, or would reasonably be expected to have, a material adverse effect on the operations, results of operations or condition (financial or otherwise) of the Business, (ii) materially and adversely impairs the Purchased Assets or the Business, taken as a whole, or materially and adversely increases the Assumed Liabilities or (iii) materially and adversely delays or impedes the consummation of the transactions contemplated by this Agreement, but excluding, in the case of each of clauses (i), (ii) and (iii) any such change, event, occurrence or circumstance that results from or arises out of (A) changes in general economic conditions (including changes in the market price of steel, iron ore and/or coal) or affecting the industries and markets in which the Business operates (except to the extent that such changes have a materially disproportionate effect on the Purchased Assets, the Assumed Liabilities or the Business, in each case, taken as a whole, relative to other comparable companies and entities operating in the industries in which the Company operates), (B) changes in macroeconomic factors, interest rates, currency exchange rates, commodity prices or general financial or credit market conditions (except to the extent that such changes have a materially disproportionate effect on the Purchased Assets, the Assumed Liabilities or the Business, in each case, taken as a whole, relative to other comparable companies operating in the industries in which the Company operates), (C) acts of God, war, terrorism or hostilities, (D) any change in law or generally acceptable accounting principles, (E) any action taken (or omitted to be taken) by any Seller that is consented to by the Buyer, (F)

any announcement of the transactions contemplated by this Agreement, or (G) the pendency of the CCAA Proceedings and any action approved by, or motion made before, the CCAA Courts.

(mmmmm) "**Material Contracts**" means, collectively:

(i) the Real Property Leases;

(ii) the Real Property Landlord Leases;

(iii) any Permit that is material to the Business;

(iv) the PortCo Agreements;

(v) the Cogen Agreements;

(vi) any Contract that is reasonably likely to involve payment to a Seller in excess of $12,000,000 in any fiscal year;

(vii) any Contract that is reasonably likely to involve payment by a Seller in excess of $12,000,000 in any fiscal year;

(viii) any Contract regarding the formation or participation in an equity partnership, or joint venture or joint product development arrangement, or Contract that involves a sharing of revenues, profits, losses, costs or liabilities with a third Person that is material to the Business;

(ix) any Contract granting to any Person a first refusal, first offer or similar preferential right to purchase or acquire any of the Purchased Assets that are material to the Business;

(x) any Contract (including a letter of intent) related to the acquisition of a business or line of business (whether by merger, sale of stock, sale of assets or otherwise), other than Contracts in which the applicable transaction has been consummated and there are no material obligations ongoing;

(xi) any Contract obligating a Seller to provide or obtain any product or service material to the conduct of the Business exclusively to or from any Person, irrespective of any geographic, market or other restriction;

(xii) other than employment agreements, any Contract between a Seller, on the one hand, and any affiliate of a Seller, any officer, director, employee or consultant of a Seller, or any 5% or greater shareholder of a Seller, on the other hand;

(xiii) any Contract with a Governmental Authority that is material to the Business; and

(xiv) any Contract, which if terminated, would have a Material Adverse Effect.

(nnnnn) "**Material Customers**" has the meaning given to such term in Section 4.6(a).

(ooooo) "**Material Suppliers**" has the meaning given to such term in Section 4.6(b).

(ppppp) "**MOECP**" means the Ontario Ministry of the Environment, Conservation and Parks.

(qqqqq) "**Monitor**" means Ernst & Young Inc., in its capacity as CCAA Court-appointed monitor of the Sellers pursuant to the Initial CCAA Order.

(rrrrr) "**Monitor's Certificates**" means the certificates filed with the CCAA Court by the Monitor certifying that the Monitor has received written confirmation in form and substance satisfactory to the Monitor from the Sellers and the Buyer that all conditions to Closing have been satisfied or waived by the applicable Parties and the transactions contemplated by this Agreement have been completed.

(sssss) "**Non-Unionized Retirees**" has the meaning given to such term in Section 7.7(g).

(ttttt) "**Northern Properties Reserve**" means a cash reserve established from the Excluded Real Property Proceeds up to the maximum amount of the Northern Properties Reserve Cap.

(uuuuu) "**Northern Properties Reserve Cap**" means Cdn$5,000,000.

(vvvvv) "**Noteholder Credit Bid Commitment Letter**" has the meaning given to such term in Section 5.7.

(wwwww) "**Noteholder Credit Bid Documents**" has the meaning given to such term in Section 5.7.

(xxxxx) "**Noteholder Direction Letter**" has the meaning given to such term in Section 5.7.

(yyyyy) "**Order**" means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

(zzzzz) "**Parties**" means the Sellers and the Buyer collectively, and "**Party**" means either the Sellers, any Seller or the Buyer, as the context requires.

(aaaaaa) "**PCBs**" has the meaning given to such term in the definition of "Hazardous Material".

(bbbbbb) "**Pension Plans**" means, collectively: (i) the Essar Steel Algoma Inc. Pension Plan For Salaried Employees; (ii) the Essar Steel Algoma Inc. Pension Plan For Hourly Employees; (iii) the Wrap Plan; and (iv) the Essar Steel Algoma Inc. Money Purchase Pension Plan for Exempt Employees.

(cccccc) "**Permit Transfer Agreements**" means the permit transfer agreements

with respect to the Permits dated as of the Closing Date between the applicable Sellers and the Buyer in a form reasonably satisfactory to the Buyer.

(dddddd) "**Permits**" has the meaning given to such term in Section 2.1(r).

(eeeeee) "**Permitted Encumbrances**" means:

(i) Encumbrances given by the Sellers as security to a public utility or any Governmental Authority when required in the ordinary course of business but only insofar as they relate to any amounts not due as at the Closing Date;

(ii) reservations, limitations, provisos and conditions, if any, expressed in any original grants of land from the Crown and any statutory limitations, exceptions, reservations and qualifications;

(iii) minor discrepancies in the legal description of or minor title defects to the Sault Ste. Marie Property or any adjoining real or immovable property which would be disclosed in an up-to-date survey which would not reasonably be expected to, individually or in the aggregate, materially adversely affect the use, marketability or value of the Sault Ste. Marie Property (based on the current or intended use of such affected property) affected thereby;

(iv) subdivision agreements, site plan control agreements, development agreements, heritage easements and agreements relating thereto, servicing agreements, utility agreements, permits, licenses, airport zoning regulations and other similar agreements with Governmental Authorities or private or public utilities affecting the development or use of any property registered on title to the Sault Ste. Marie Property or disclosed to the Buyer;

(v) any rights of expropriation, access or use or any other similar rights conferred or reserved by Applicable Law;

(vi) minor encroachments by the Sault Ste. Marie Property over neighbouring lands and/or permitted under agreements with neighbouring landowners and minor encroachments over the Sault Ste. Marie Property by improvements of neighbouring landowners and/or permitted under agreements with neighbouring landowners that, in either case, do not materially impair the use or operation of the Sault Ste. Marie Property;

(vii) undetermined or inchoate liens incidental to construction, renovations or current operations, a claim for which shall not at the time have been registered against the Sault Ste. Marie Property or of which notice in writing shall not at the time have been given to the Sellers pursuant to the *Construction Lien Act* (Ontario) in respect of any Assumed Liability and in respect of any of the foregoing, the Sellers have, where applicable, complied with the holdback or other similar provisions or requirements of

the relevant construction contracts;

(viii) rights-of-way for or reservations or rights of others for, sewers, drains, water lines, gas lines, electric lines, railways, telegraph, telecommunications and telephone lines, or cable conduits, poles, wires and cables, and other similar utilities, or zoning by-laws, ordinances or other restrictions as to the use of the Sault Ste. Marie Property, that arise in the ordinary course of business and which do not individually or in the aggregate materially detract from the value of any affected Sault Ste. Marie Property of the Sellers or materially impair the use of any property used in the Business (based on the present or intended use of such property);

(ix) notices registered on title in respect of the Real Property Landlord Leases;

(x) those Encumbrances registered on title to the Sault Ste. Marie Property as of May 29, 2018, subject to revisions in the Approval and Vesting Order;

(xi) Encumbrances associated with, and financing statements evidencing, the rights of equipment lessors under any Personal Property Leases which are assigned to and assumed by the Buyer hereunder; and

(xii) Encumbrances associated with, and financing statements evidencing, the rights of equipment lessors under any Personal Property Leases entered into from the date of this Agreement to the Closing Date in compliance with Section 7.2, provided such Encumbrances do not breach the terms of the DIP Facility.

(ffffff) "**Person**" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity, however designated or constituted.

(gggggg) "**Personal Property Leases**" has the meaning given to such term in Section 2.1(f).

(hhhhhh) "**Plan**" means any plan, arrangement, agreement, program, policy, practice or undertaking, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, registered or unregistered, that provides any employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, pension, supplemental pension, retirement, stock option, stock purchase, stock appreciation, share unit, phantom stock, deferred compensation, health, welfare, medical, dental, disability, life insurance and any similar plans, programmes, arrangements or practices, in each case: (i) for the benefit of Employees or former employees, officers or directors of the Sellers or other Persons who are receiving remuneration for work or services provided to the Sellers who are not Employees (or any spouses, dependants, survivors or beneficiaries of such Persons); (ii) that

are maintained, sponsored or funded by the Sellers; or (iii) under which the Sellers have, or will have, any liability or contingent liability.

(iiiiii) "**Port Lease**" means the lease between ESAI (as landlord) and PortCo (as tenant) dated as of November 14, 2014, as amended, restated, supplemented and/or modified from time to time.

(jjjjjj) "**Port Operations Agreements**" means, collectively, (i) the cargo handling agreement between PortCo and ESAI dated November 14, 2014; and (ii) the shared services agreement between PortCo and ESAI dated November 14, 2014; in each case, as amended, restated, supplemented and/or modified from time to time.

(kkkkkk) "**PortCo**" means Port of Algoma Inc., a corporation incorporated under the laws of Ontario.

(llllll) "**PortCo Agreements**" means, collectively: (i) the Port Lease; and (ii) the Port Operations Agreements.

(mmmmmm) "**Post-Closing Expense Budget**" means a budget of the costs and fees to be incurred by the Sellers and the Monitor following the Closing Date in connection with completing the CCAA Proceedings and dissolving, winding-up or otherwise liquidating the Applicants to be agreed to by the Monitor, the Sellers and the Buyer, each acting in a commercially reasonable manner, or as may be determined by the CCAA Court, and on which the Monitor shall report on variances from time to time following the Closing Date in accordance with the Administrative Reserve Order and in respect of which the Monitor, the Sellers or the Buyer may seek advice and directions from the CCAA Court.

(nnnnnn) "**Post-Closing Tax Period**" has the meaning given to such term in Section 7.6(c).

(oooooo) "**Pre-Closing Tax Period**" has the meaning given to such term in Section 7.6(c).

(pppppp) "**Priority Notes**" means the interest tracking loan securities to be issued by ESAI with a maximum aggregate principal amount equal to the aggregate amount of accrued and unpaid interest owing by ESAI to the Lenders pursuant to the Term Loan Agreement up to and including the Closing Date and otherwise in form and substance satisfactory to the Buyer and ESAI, each acting reasonably. Each Priority Note will be issued by ESAI to each Lender in satisfaction of the amount of such accrued and unpaid interest owing by ESAI to each such Lender and will be denominated in U.S. dollars.

(qqqqqq) "**Property Tax Term Sheet**" means the Confidential High Level Term Sheet re Property Taxes between the Buyer and the City of Sault Ste. Marie dated as of August 4, 2017.

(rrrrrr) "**Purchase Price**" has the meaning given to such term in Section 3.1(a).

(ssssss) "**Purchased Assets**" has the meaning given to such term in Section 2.1.

(tttttt) "**QST**" means the Québec sales tax payable under the QST Legislation.

(uuuuuu) "**QST Legislation**" means *An Act Respecting the Québec Sales Tax (Québec).*

(vvvvvv) "**Real Property**" means all real or immoveable property owned by the Sellers, or in which a Seller has a freehold interest, and used in or required for the Business, including the Sellers' right, title and interest in all plants, buildings, structures, installations, improvements, appurtenances and fixtures (including fixed machinery and fixed equipment) thereon, forming part thereof, or benefiting such real or immoveable property.

(wwwwww) "**Real Property Landlord Leases**" has the meaning given to such term in Section 2.1(g).

(xxxxxx) "**Real Property Leases**" has the meaning given to such term in Section 2.1(h).

(yyyyyy) "**Recognition Order**" means the order of the U.S. Bankruptcy Court in the U.S. Proceedings recognizing and giving effect to the Approval and Vesting Order, which may be incorporated into the U.S. Sale Order.

(zzzzzz) "**Release**" means any release, spill, leak, emission, pumping, injection, deposit, discharge, dispersal, leaching, migration, spraying, abandonment, pouring, emptying, escaping, throwing, dumping, disposal, placing or exhausting of any Hazardous Material into the Environment (including the abandonment or disposal of any storage tanks, barrels, containers or other closed receptacles containing any Hazardous Material).

(aaaaaaa) "**Required Consent Contracts**" means the Cogen Agreements (if the Cogen Agreements are designated as Assigned Agreements in accordance with Section 2.1(g) and Section 2.1(k)), any Permit that is material to the Business, any Assigned Agreement which, if terminated, would have a Material Adverse Effect (including such Contracts set forth in part (xv) of Schedule 4.19(c)(i)), and such other Contracts which are determined by the Buyer and the Sellers (pursuant to good faith discussions to take place prior to the date that materials are served for a Canadian Assignment Order or a U.S. Assignment Order, as applicable) to be material to the Business (and, for this purpose, the definition of "Material Contracts" shall not be deemed to be illustrative for purposes of determining whether a Contract is "material to the Business"), provided that, the Portco Agreements shall not be "Required Consent Contracts" for purposes of this Agreement.

(bbbbbbb) "**Required Information**" means, collectively: (a) the audited consolidated balance sheets of ESAI and its subsidiaries for the three most recently completed fiscal years of ESAI ended at least 120 days prior to the Closing Date and the related consolidated statements of income and retained earnings and statement of

cash flows for each such fiscal year set forth therein, (b) the unaudited consolidated balance sheets of ESAI and its subsidiaries for each fiscal quarter of ESAI subsequent to the last fiscal year for which financial statements were delivered pursuant to clause (a) and ended at least 90 days prior to the Closing Date and the related consolidated statements of income and retained earnings and statement of cash flows for each such fiscal quarter set forth therein, (c) other information and data customarily provided by a borrower and included in the marketing materials for the Exit Bank Financing, including due diligence information requested in connection with the marketing materials (which shall be provided promptly upon request) and (d) such other customary financial and other pertinent information regarding the Business and the Purchased Assets and as may be reasonably and timely requested in writing by Buyer and necessary to permit Buyer to prepare a customary confidential information memorandum for use in relation to the Exit Bank Financing.

(ccccccc) "**Response**" means all actions required by any Person or voluntarily undertaken to: (i) clean up, remove, treat, abate, ameliorate or in any other way address any Hazardous Material in, on, under, or migrating or otherwise moving through the Environment; (ii) prevent the Release or threat of Release, or minimize the further Release, of any Hazardous Material; or (iii) perform studies and investigations in connection with or to determine the necessity of the activities described in, clauses (i) or (ii) above.

(ddddddd) "**Restricted Rights**" has the meaning given to such term in Section 2.5.

(eeeeeee) "**Retained Business**" means any and all businesses conducted by the Sellers as of the Closing, other than the Business.

(fffffff)"**RSA**" means the Amended and Restated Restructuring Support Agreement dated as of August 15, 2017 between certain Lenders and certain Senior Secured Noteholders regarding the terms of a restructuring transaction for the Sellers, as amended, restated, supplemented or modified from time to time.

(gggggggg) "**Sault Ste. Marie Property**" means the Real Property owned by the Sellers in the City of Sault Ste. Marie, Ontario, being the property index numbers (PINs) listed in Schedule 1.1(gggggggg) of the Disclosure Letter, where substantially all of the property and assets of the Sellers necessary for the operation of the Business are located.

(hhhhhhh) "**Sellers**" has the meaning given to such term in the preamble to this Agreement.

(iiiiiii) "**Senior Secured Debt**" means all indebtedness, liabilities and obligations owing by the Sellers under the Senior Secured Note Indenture (and any security or other documents or instruments granted or entered into in connection therewith) to the Senior Secured Noteholders, together with all accrued and accruing interest, fees, costs and expenses.

(jjjjjjj) "**Senior Secured Note Indenture**" means the indenture dated as of November 14,

2014, among ESAI (as issuer), certain subsidiaries and affiliates of ESAI (as guarantors) and Wilmington Trust, National Association (as trustee and collateral agent), in the principal amount of $375,000,000.

(kkkkkkk) "**Senior Secured Noteholders**" means the holders of the Senior Secured Notes.

(lllllll) "**Senior Secured Notes**" means the senior secured notes bearing interest at a rate of 9.50% pursuant to the Senior Secured Note Indenture.

(mmmmmmm) "**Senior Secured Notes Interest Agreement**" means the agreement, in form and substance satisfactory to the Buyer and ESAI, each acting in a commercially reasonable manner, effective as of the Closing Date, pursuant to which the accrued and unpaid interest owing by ESAI pursuant to the Senior Secured Notes Indenture up to and including the Closing Date shall be forgiven.

(nnnnnnn) "**SERPs**" means, collectively: (i) the Algoma Steel Inc. Supplemental Pension Plan for Alexander Adam; (ii) the Algoma Steel Inc. Supplemental Pension Plan for Paul Finley; (iii) the Algoma Steel Inc. Supplemental Pension Plan for Glen Manchester; and (iv) the Algoma Steel Inc. Supplemental Pension Plan for Designated Executives.

(ooooooo) "**Share Transfer Agreement**" means the agreement to be entered into between the Buyer, the Buyer Parent and ESAI, in form and substance satisfactory to the Buyer, the Buyer Parent and ESAI, each acting in a commercially reasonable manner, effective as of the Closing Date, pursuant to which ESAI will consent to the Buyer Parent's seizure of the Buyer Preferred Shares as a result of ESAI's failure to pay the principal amount under the Term Loan Secured Debt and the Senior Secured Debt and, together with the Lenders and agents under the Term Loan Facility, and the Indenture Trustee and the Senior Secured Noteholders under the Senior Secured Note Indenture, in each case on behalf of themselves and their respective affiliates, release: (i) the Sellers and their affiliates from all of their obligations, indebtedness and liabilities under or with respect to the Term Loan Secured Debt (other than the Priority Notes) and the Senior Secured Debt, as the case may be (including all guarantees and security documents), in full satisfaction thereof; and (ii) all Encumbrances securing the Term Loan Secured Debt (other than the Priority Notes) and the Senior Secured Debt, as the case may be.

(ppppppp) "**Sunset Date**" has the meaning given to such term in Section 9.1(b).

(qqqqqqq) "**Tax**" and "**Taxes**" includes:

(i) taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever (including withholding on amounts paid to or by any Person) imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts,

profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, disability, severance, unemployment, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all license, franchise and registration fees and all employment insurance, health insurance and Canada, Ontario and other government pension plan premiums or contributions; and

(ii) any liability in respect of any items described in clause (i) payable by reason of contract, assumption, transferee liability, operation of law, United States *Treasury Regulation* Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under law) or otherwise.

(rrrrrrr)"**Tax Clearance Certificate**" has the meaning given to such term in Section 7.6(e).

(sssssss) "**Tech**" means Essar Tech Algoma Inc., a corporation established under the laws of British Columbia.

(ttttttt) "**Term Loan Agreement**" means the term loan credit agreement dated as of November 14, 2014 between ESAI (as borrower), certain subsidiaries and affiliates of ESAI (as guarantors), Cortland Capital Market Services LLC (as successor administrative and collateral agent), Deutsche Bank AG, New York Branch (as sub-collateral agent) and the lenders party thereto.

(uuuuuuu) "**Term Loan Facility**" means the term loan facility in the principal amount of $375,000,000 under the Term Loan Agreement.

(vvvvvvv) "**Term Loan Secured Debt**" means all indebtedness, liabilities and obligations owing by the Sellers under the Term Loan Facility (and any security or other documents or instruments granted or entered into in connection therewith) to the agents and lenders thereunder, together with all accrued and accruing interest, fees, costs and expenses, which for certainty shall not include the portion of the interest obligations under the Term Loan Facility satisfied by the issuance of the Priority Notes expect for purposes of Section 2.4(j).

(wwwwwww) "**U.S.**" means the United States of America.

(xxxxxxx) "**U.S. Assignment Order**" means an order or orders of the U.S. Bankruptcy Court pursuant to applicable provisions of the U.S. Bankruptcy Code, in form and substance acceptable to the Sellers and the Buyer, each acting in a commercially reasonable manner, authorizing and approving, among other things, the assumption and assignment of any Assigned U.S. Agreement, and preventing any counterparty to the Assigned U.S. Agreement from exercising any right or remedy under the Assigned U.S. Agreement by reason of any default(s), including those arising from the U.S. Proceedings, the CCAA Proceedings or the insolvency

of the Sellers, which Order may be incorporated into the U.S. Sale Order.

(yyyyyyy) "**U.S. Bankruptcy Code**" means title 11 of the United States Code, 11 U.S.C. §§ 101 et seq.

(zzzzzzz) "**U.S. Bankruptcy Court**" means the United States Bankruptcy Court for the District of Delaware.

(aaaaaaaa) "**U.S. Proceedings**" has the meaning given to such term in Recital C.

(bbbbbbbb) "**U.S. Sale Order**" means an order or orders of the U.S. Bankruptcy Court in form and substance acceptable to the Sellers and the Buyer, each acting in a commercially reasonable manner, approving this Agreement and all of the terms and conditions hereof with respect to any of Sellers' property within the territorial jurisdiction of the U.S. and approving and authorizing the Sellers to consummate the transactions contemplated by his Agreement.

(cccccccc) "**Wrap Plan**" means the Essar Steel Algoma Inc. Wrap Pension Plan, Registration Number 1079888.

1.2 Statutes

Unless specified otherwise, reference in this Agreement to a statute refers to that statute as it may be amended, or to any restated or successor legislation of comparable effect.

1.3 Headings and Table of Contents

The inclusion of headings and a table of contents in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

1.4 Gender and Number

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and *vice versa*, and words importing gender include all genders.

1.5 Currency

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in U.S. dollars. References to "$" are to U.S. dollars. References to "C$" are to Canadian dollars.

1.6 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a determination of invalidity or unenforceability, the Parties shall negotiate to modify this Agreement in good faith so as to effect the original intent of the Parties as closely as possible in an acceptable manner so that the

transactions contemplated by this Agreement be consummated as originally contemplated to the fullest extent possible.

1.7 Knowledge

Where any representation or warranty, or other provision, contained in this Agreement is expressly qualified by reference to, or otherwise refers to, the knowledge of: (a) the Sellers, it will be deemed to refer to the actual knowledge of Kalyan Gosh, Rajat Marwah and J. Robert Sandoval; and (b) the Buyer, it will be deemed to refer to the actual knowledge of its directors and officers, in each case, after due inquiry and without personal liability on the part of any of them.

1.8 Entire Agreement

This Agreement, the Disclosure Letter and the agreements and other documents delivered pursuant to this Agreement, constitute the entire agreement among the Parties, and set out all the covenants, promises, warranties, representations, conditions and agreements among the Parties in connection with the subject matter of this Agreement, and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral among the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

1.9 Waiver, Amendment

Except as expressly provided in this Agreement and subject to the additional requirements set forth in Section 1(f), no amendment or waiver of this Agreement shall be binding unless executed in writing by all Parties hereto. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

1.10 Governing Law; Jurisdiction and Venue

Subject to Section 1.13, this Agreement, the rights and obligations of the Parties under this Agreement, and any claim or controversy directly or indirectly based upon or arising out of this Agreement or the transactions contemplated by this Agreement (whether based on contract, tort or any other theory), including all matters of construction, validity and performance, shall in all respects be governed by, and interpreted, construed and determined in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to the conflicts of law principles thereof. Subject to Section 1.13, the Parties consent to the jurisdiction and venue of the courts of Ontario for the resolution of any such disputes arising under this Agreement. Each Party agrees that service of process on such Party as provided in Section 11.7 shall be deemed effective service of process on such Party.

1.11 Disclosure Letter

The Disclosure Letter and all schedules thereto form an integral part of this Agreement

for all purposes of it.

1.12 Sellers' Representative

(a) Each Seller, by entering into this Agreement, agrees that ESAI is authorized and required to act in its discretion on behalf of all Sellers in all respects in connection with all provisions under this Agreement. The Buyer shall recognize ESAI as the Person entitled to exercise the rights granted to the Sellers and may rely on any action taken or decision made by ESAI on behalf of the Sellers. By execution and delivery of this Agreement, Algoma USA hereby irrevocably constitutes and appoints ESAI as the true and lawful agent and attorney of Algoma USA, which power of attorney is given for consideration and is coupled with an interest, and is irrevocable with full authority and power of substitution, to act in the name, place and stead of Algoma USA with respect to all power and rights set out in this Agreement.

(b) By executing this Agreement, ESAI hereby: (i) accepts its appointment and authorization to act as Sellers' agent and attorney on behalf of the Sellers in accordance with the terms of this Agreement; and (ii) agrees to perform its obligations under, and otherwise comply with, this Section 1.12.

1.13 Exit Bank Financing Sources

(a) Notwithstanding anything in this Agreement to the contrary, the Sellers agree that the Exit Bank Financing Sources shall be subject to no liability to, or claims by, the Sellers or their respective officers, directors, employees, agents and representatives, and their respective successors and assigns in connection with the Exit Bank Financing or in any way relating to this Agreement or any of the transactions contemplated by this Agreement, including any dispute arising out of or relating in any way to the Exit Bank Financing Letter or the performance thereof, whether at law, in equity, in contract, in tort or otherwise.

(b) This Section 1.13 shall be construed and enforced in accordance with and governed by the laws of the State of New York, without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

(c) Notwithstanding anything to the contrary in Section 1.10, each Party hereto agrees that it will not bring or support any action, cause of action, claim, cross-claim or third-party claim of any kind or description, whether at law or in equity, whether in contract or in tort or otherwise, against the Exit Bank Financing Sources in any way relating to this Agreement, including any dispute arising out of the Exit Bank Financing Letter or the performance thereof, in any forum other than the Supreme Court of the State of New York, County of New York, or, if under applicable law exclusive jurisdiction is vested in the Federal courts of the United States of America, the United States District Court for the Southern District of New York (and of the appropriate appellate courts therefrom). The Parties hereto agree that process in any such suit, action or proceeding may be

served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each Party agrees that service of process on such Party as provided in Section 11.7 shall be deemed effective service of process on such Party.

(d) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING AGAINST ANY EXIT BANK FINANCING SOURCE.

(e) Each Exit Bank Financing Source shall be an express third-party beneficiary with respect to this Section 1.13.

(f) This Section 1.13 (or any other provision of this Agreement, the amendment or waiver of which has the effect of modifying this Section 1.13) may not be amended, modified, terminated or waived in any manner without the prior written consent of the Exit Bank Financing Sources party to the Exit Bank Financing Letter.

ARTICLE 2
PURCHASE AND SALE

2.1 Agreement to Purchase and Sell Purchased Assets

Upon and subject to the terms and conditions of this Agreement (including the provisions of Section 2.5), at the Closing and effective as of the Closing Time, the Sellers shall sell, convey, transfer, assign and deliver, or cause to be sold, conveyed, transferred, assigned and delivered, and the Buyer (and/or any other affiliated Person designated by the Buyer) shall purchase, free and clear of all Encumbrances other than Permitted Encumbrances, all of the Sellers' right, title and interest in, to and under, or relating to, the assets, property and undertaking owned or used or held for use by the Sellers in connection with the Business, as applicable (collectively, the "**Purchased Assets**"), including the following properties, assets and rights:

(a) *Cash and Accounts Receivable* – all cash (except to the extent used to fund the Administrative Reserve), accounts receivable (including any disputed receivable) or cash of the Sellers granted by the Sellers as collateral to secure outstanding letters of credit in respect of Purchased Assets (but excluding, for certainty, in respect of any Excluded Assets) in connection with the Business (whether current or non-current), any refunds and rebates receivable relating to the Business or the Purchased Assets and the full benefit of all security (including cash deposits), guarantees, warranties and other collateral of the Sellers relating to the Business, and amounts receivable (or which may become receivable) by the Sellers under agreements whereby the Sellers have disposed of a business, facility or other assets, or under royalty (or other) agreements or documents related thereto, and any asset-backed commercial paper or other investments, and all bank accounts, in each case, of the Sellers;

(b) *Prepaid Expenses* – all prepaid expenses, including *ad valorem* Taxes, of the Sellers, and all deposits of the Sellers with any supplier, public utility, lessor under any Personal Property Lease or Real Property Lease, or Governmental

Authority;

(c) *Inventory* – all items that are owned by the Sellers for sale, license, rental, lease or other distribution in the ordinary course of business, or are being produced for sale, or are to be consumed, directly or indirectly, in the production of goods or services to be available for sale, of every kind and nature and wheresoever situated relating to the Business including inventories of raw materials, spare parts, work in progress, finished goods and by-products, operating supplies and packaging materials;

(d) *Fixed Assets and Equipment* – all machinery, equipment, furnishings, furniture, parts, dies, molds, tooling, tools, computer hardware, supplies, accessories and other tangible personal and moveable property (other than inventory) owned by the Sellers for use in or relating to the Business, whether located on the Sellers' premises or elsewhere, including the Brookfield Assets, and all rights of the Sellers under warranties, indemnities, licenses, and all similar rights of the Sellers against third Persons with respect to the equipment, fixed assets and tangible assets referenced herein;

(e) *Vehicles* – all motor vehicles, including all trucks, vans, cars and forklifts owned by the Sellers for use in or relating to the Business, and all rights of the Sellers under warranties, indemnities, licenses, and all similar rights of the Sellers against third Persons with respect to the motor vehicles referenced herein;

(f) *Personal Property Leases* – all leases of personal or moveable property of the Sellers that relate to the Business listed on Schedule 2.1(f) of the Disclosure Letter, including all benefits, rights and options of the Sellers pursuant to such leases and all leasehold improvements forming part thereof (collectively, the "**Personal Property Leases**"); provided, that the Buyer may, at any time prior to two (2) Business Days before the Closing Date, add to or remove from Schedule 2.1(f) of the Disclosure Letter a Contract for any reason and such Contract shall automatically, upon its addition or deletion from Schedule 2.1(f) of the Disclosure Letter, become a Personal Property Lease or an Excluded Contract, as applicable, provided that, the Sellers shall not be required to obtain a consent to assign or an assignment order in respect of any Personal Property Lease not listed on Schedule 2.1(f) of the Disclosure Letter ten (10) Business Days prior to the Closing Date;

(g) *Real Property Landlord Leases* – all of the Sellers' right, title and interest in, to and under the Port Lease and all other offers to lease, agreements to lease, leases, renewals of leases, tenancy agreements, rights of occupation, licenses or other occupancy agreements (including licenses, concessions or occupancy agreements, parking and/or storage agreements and licenses, telecom and/or satellite agreements and licenses and solar panel leases or licenses but excluding rights in the nature of easements) which bind a Seller as lessor or licensor and which entitle any other Person to possess or occupy any space within a Real Property, together with all security, letters of credit, deposits, reserves, guarantees and indemnities relating thereto, listed on Schedule 2.1(g) of the Disclosure Letter (collectively, the "**Real Property Landlord Leases**"); provided, that the Buyer may, at any time prior to two (2) Business Days before the Closing Date, add to or

remove from Schedule 2.1(g) of the Disclosure Letter the Port Lease and the Cogen Lease, and the Port Lease or the Cogen Lease, as applicable, shall automatically, upon its addition or deletion from Schedule 2.1(g) of the Disclosure Letter, become a Real Property Landlord Lease or an Excluded Contract, as applicable, provided that, the Sellers shall not be required to obtain a consent to assign or an assignment order in respect of the Port Lease or the Cogen Lease if it is not listed on Schedule 2.1(g) of the Disclosure Letter ten (10) Business Days prior to the Closing Date;

(h) *Real Property Leases* – all of the Sellers' right, title and interest in, to and under all offers to lease, agreements to lease, leases, renewals of leases, subleases, tenancy agreements, rights of occupation, licenses or other occupancy agreements for real or immovable property, including all purchase options, prepaid rents, security deposits, rights to appurtenances and improvements, licenses and permits relating thereto and all leasehold improvements thereon, whether oral or written, relating to the Business where a Seller is a tenant, subtenant, occupant or licensee, listed on Schedule 2.1(h) of the Disclosure Letter (collectively, the "**Real Property Leases**"); provided, that the Buyer may, at any time prior to two (2) Business Days before the Closing Date, add to or remove from Schedule 2.1(h) of the Disclosure Letter a Contract for any reason and such Contract shall automatically, upon its addition or deletion from Schedule 2.1(h) of the Disclosure Letter, become a Real Property Lease or an Excluded Contract, as applicable, provided that, the Sellers shall not be required to obtain a consent to assign or an assignment order in respect of any Real Property Lease not listed on Schedule 2.1(h) of the Disclosure Letter ten (10) Business Days prior to the Closing Date;

(i) *Sault Ste. Marie Property* – the Real Property constituting the Sault Ste. Marie Property, but excluding, for greater certainty, the Excluded Real Estate Properties;

(j) *Excluded Real Property Proceeds* – the right to receive the Excluded Real Property Proceeds in excess of the Northern Properties Reserve Cap;

(k) *Assumed Contracts* – all Contracts to which any of the Sellers is a party (including customer agreements, supply agreements, joint venture agreements, operating and joint operating agreements, government funding agreements, participation agreements, non-compete, non-solicitation, leases and licenses) set forth on Schedule 2.1(k) of the Disclosure Letter, together with any Contracts that are entered into by the Sellers in the ordinary course of business from the date of this Agreement to the Closing Date in compliance with Section 7.2 (but excluding (i) any Contracts that are entered into after the date of this Agreement other than in compliance with Section 7.2; and (ii) any Excluded Contracts) (collectively, the "**Assumed Contracts**"); provided, that the Buyer may, at any time prior to two (2) Business Days before the Closing Date, add to or remove from Schedule 2.1(k) of the Disclosure Letter a Contract for any reason and such Contract shall automatically, upon its addition or deletion from Schedule 2.1(k) of the Disclosure Letter, become an Assumed Contract or an Excluded Contract, as applicable, provided that, the Sellers shall not be required to obtain a consent to

assign or an assignment order in respect of any Assumed Contract not listed on Schedule 2.1(k) of the Disclosure Letter ten (10) Business Days prior to the Closing Date;

(l) *Intellectual Property* – all Intellectual Property and rights in Intellectual Property owned by the Sellers and that is used or held for use in or otherwise relate to the Business, including:

(i) all trade-marks, trade names, websites and domain names, certification marks, service marks, and other source indicators (including the name "Algoma" and any variations thereof), and the goodwill of any business symbolized thereby, patents, copyrights, code, applications, systems, databases, data, website content, know-how, formulae, processes, inventions, technical expertise, research data, trade secrets, industrial designs and other similar property or proprietary rights;

(ii) all registrations and applications for registration thereof;

(iii) the right to obtain renewals, extensions, substitutions, continuations, continuations-in-part, divisions, re-issues, re-examinations or similar legal protections related thereto; and

(iv) the right to bring an action at law or equity for the infringement of the foregoing before the Closing Time, including the right to receive all proceeds and damages therefrom;

(m) *Information Technology Systems* – all software (including source code and object code form), computer hardware, licenses, and documentation therefor and rights therein owned by the Sellers used in the Business, and any other information technology systems owned by the Sellers and used in the Business, including, all electronic data processing systems, program specifications, source codes, object code, input data, report layouts, formats, algorithms, record file layouts, diagrams, functional specifications, narrative descriptions, flow charts, operating manuals, training manuals and other related material (collectively, the "**IT Assets**");

(n) *Goodwill* – the goodwill of the Business and relating to the Purchased Assets, and information and documents of the Sellers relevant thereto, including lists of customers and suppliers, credit information, telephone and facsimile numbers, email addresses, websites, research materials, research and development files, Confidential Information and the exclusive right of the Buyer to represent itself as carrying on the Business in succession to the Sellers;

(o) *Employee Records* – personnel and employment records relating to the Assumed Employees;

(p) *Employee Loans* – any loans made by the Sellers to, or other rights to repayment of the Sellers from, any of their employees;

(q) *Business Records* – all business and financial records and files of the Business,

including the general ledger and accounting records relating to the Business, marketing materials, market research, all customer lists and lists of suppliers, information relating to any Tax imposed on the Purchased Assets, all operating manuals, plans and specifications and all of the right, interest and benefit, if any, thereunder and to and in the domain names, telephone numbers and facsimile numbers used by the Sellers in the conduct of the Business, and all records, files and information necessary for the Buyer to conduct or pursue the rights described in Section 2.1(t); provided, however, that the Sellers may retain copies of all books and records included in the Purchased Assets to the extent necessary or useful for the administration of the Insolvency Proceedings or the filing of any Tax return or compliance with any Applicable Law or the terms of this Agreement or related to the Excluded Assets;

(r) *Permits* – the Governmental Authorizations (including those relating to Environmental Law) of the Sellers required for the Business or the Purchased Assets from any Governmental Authority, to the extent transferable to the Buyer or its permitted assignees (collectively, the "**Permits**");

(s) *Insurance* –

(i) the Contracts of insurance, insurance policies and insurance plans of the Sellers, to the extent transferable;

(ii) any insurance proceeds net of any deductibles and retention recovered by the Sellers under all other Contracts of insurance, insurance policies (excluding proceeds paid directly by the insurer to or on behalf of directors and officers under director and officer policies) and insurance plans between the date of this Agreement and the Closing Date; and

(iii) the full benefit of the Sellers' rights to insurance claims (excluding proceeds paid directly by the insurer to or on behalf of directors and officers under director and officer policies) relating to the Business and amounts recoverable in respect thereof net of any deductible;

(t) *Actions, etc.* – any claims, refunds, causes of action, rights of recovery, rights of set-off, subrogation and rights of recoupment of the Sellers related to the Business or any of the Purchased Assets or any of the Assumed Liabilities, including those listed on Schedule 2.1(t) of the Disclosure Letter, and the interest of the Sellers in any litigation and in the proceeds of any judgment, order or decree issued or made in respect thereof in respect of occurrences, events, accidents or losses suffered prior to the Closing Time;

(u) *Loans* – any loans or debts due prior to the Closing Time from any Person to any Seller;

(v) *Tax Refunds* – the benefit of the Sellers to any refundable Taxes payable or paid by a Seller, net of any amounts withheld by any Governmental Authority, having jurisdiction over the assessment, determination, collection, or other imposition of any Tax, and the benefit of the Sellers to any claim or right of a Seller to any

refund, rebate, or credit of Taxes, but for greater certainty, only to the extent that such refundable Taxes, refund, rebate or credit relates to Taxes paid or payable by the Sellers in respect of a period ending on or before the Closing Date or a Pre-Closing Tax Period; and

(w) *Other Assets* – the other assets of the Sellers specified on Schedule 2.1(w) of the Disclosure Letter.

2.2 Excluded Assets

Notwithstanding any provision of this Agreement to the contrary, the Purchased Assets shall not include any of the following assets of the Sellers (collectively, the "**Excluded Assets**"):

(a) *Corporate Records* – original Tax records and books and records pertaining thereto, minute books, stock ledgers, organizational documents, corporate seals, taxpayer and other identification numbers and other documents, in each case, relating to the organization, maintenance and existence of each Seller as a Person; provided that the Buyer may take copies of all Tax records and books and records pertaining to such records (as redacted, if applicable) to the extent necessary or useful for the carrying on of the Business after Closing, including the filing of any Tax return to the extent permitted under Applicable Law;

(b) *Excluded Contracts* – all Contracts of the Sellers except those which are Assigned Agreements (collectively, the "**Excluded Contracts**");

(c) *Collateral* – all letters of credit or cash of the Sellers granted by the Sellers as collateral to secure outstanding letters of credit in respect of any Excluded Asset including, for certainty, any Excluded Real Estate Property;

(d) *Rights under Agreement* – all of the Sellers' rights under this Agreement, the Closing Documents and the transactions contemplated by hereby and thereby;

(e) *Excluded Real Estate Properties* – the Excluded Real Estate Properties;

(f) *Director and Officer Insurance Policies* – all rights of the Sellers and the directors and officers of the Sellers under any director and officer insurance policies including any proceeds received or receivable by such Persons thereunder;

(g) *Certain Securities* – all issued and outstanding shares of ESAI's subsidiaries including Algoma USA, Cannelton, Alberta ULC, 2463819 Ontario Inc. and Essar Distribution and Transmission Inc.; and

(h) *Ordinary Course Assets* – any asset of the Sellers that would otherwise constitute a Purchased Asset but for the fact that it is conveyed, leased or otherwise disposed of in the ordinary course of business in compliance with Section 7.2 during the period beginning on the date of this Agreement and ending on the Closing Date.

2.3 Assumption of Liabilities

The Buyer shall assume as of the Closing Time and shall pay, discharge and perform, as

the case may be, from and after the Closing Time, the following obligations and liabilities of the Sellers with respect to the Business or the Purchased Assets, other than the Excluded Liabilities (collectively, the "**Assumed Liabilities**"), which Assumed Liabilities shall only consist of:

(a) *Obligations under Contracts, etc.* – (i) all liabilities and obligations arising under the Assigned Agreements to the extent first arising and relating to the period on or after the Closing Time, and (ii) any Cure Costs in excess of $6,000,000;

(b) *Trade Debt* – all post-Filing Date trade payables relating to the Business incurred prior to the Closing Time (excluding, for the avoidance of doubt, all pre-Filing Date trade payables) and that are not in violation of Section 7.2. For greater certainty, post-Filing Date trade payables assumed pursuant to this Section 2.3(b) shall not include any amounts owing under the PortCo Agreements or the Cogen Agreements;

(c) *Purchased Assets* – all liabilities to the extent first arising out of the operation of the Purchased Assets for the periods on and after the Closing Time;

(d) *Employee Matters* –

(i) all liabilities and obligations of the Buyer pursuant to Section 7.7 and all vacation pay, wages and other statutory amounts that may be owed under the *Employment Standards Act* (Ontario) (but excluding, for greater certainty, any termination or severance pay as of the Closing Date, whether owing to a unionized or non-unionized Employee and whether owing under common law, statute, agreement or otherwise);

(ii) the Amended Collective Agreements;

(iii) the liabilities and obligations under the Assumed Pension Plans and Assumed Employee Plans as provided for in Section 7.7; and

(iv) the liabilities and obligations of the Sellers to provide post-retirement benefits to Employees of the Sellers as provided for in Section 7.7.

(e) *Environmental* – any liabilities relating to compliance with Environmental Law or remediation of Hazardous Materials located on, in, under or migrating from any of the Purchased Assets solely to the extent relating to acts or omissions of the Buyer occurring on or after the Closing Time, but excluding pre-existing conditions, events, acts or omissions, except to the extent any such pre-existing conditions, events, acts or omissions are compromised, modified or eliminated pursuant to any agreement entered into pursuant to Section 6.2(h);

(f) *Taxes* – (i) the amount of municipal property tax arrears owing by ESAI to the City of Sault Ste. Marie in respect of the period between January 1, 2014 and the Filing Date, as set out in sections 1 and 2 of the Property Tax Term Sheet; (ii) the amount of the property tax arrears owing by ESAI to the City of Sault Ste. Marie in respect of the period from and after the Filing Date up to the Closing Date, as set out in sections 3, 4 and 5 of the Property Tax Term Sheet (and in the case of

(i) or (ii), to the extent not paid as of the Closing Date); and (iii) real property, personal property, and similar *ad valorem* obligations, in each case, relating to the Purchased Assets for a tax period (or the portion thereof) beginning on or after the Closing Date, excluding, for the avoidance of doubt, any amounts described in this paragraph that are (A) income tax or similar liabilities of the Sellers for any tax period, (B) any Tax or similar liability related to the Excluded Assets;

(g) *Other Taxes* – liabilities (i) for Canadian federal and provincial source deductions or withholding Taxes in respect of Employees of a Seller, whether arising before or after Closing; (ii) for any HST, QST or other value-added, sales or use Taxes of a Seller or any controlled affiliate thereof for which a present or former director or officer thereof is liable (including any liability of any such present or former director or officer in respect of any HST, QST or other value-added, sales or use Taxes of a Seller or any controlled affiliate thereof that such Seller or controlled affiliate was required to collect, withhold and/or remit) to the extent that any such Taxes are in respect of a period ending on or prior to Closing or a Pre-Closing Tax Period or arise in connection with any transaction contemplated by this Agreement; (iii) in respect of Taxes not described in (i) or (ii) for which a present or former director or officer of a Seller or any controlled affiliate thereof is liable to the extent that any such Taxes arise in connection with any transaction contemplated by this Agreement; and (iv) in respect of Taxes with respect to matters set forth in Schedule 2.3(g) of the Disclosure Letter for which a present or former director or officer of a Seller or any controlled affiliate thereof is liable; and in the case of (ii) (iii) and (iv), after having advanced any defences that such directors or officers may have, and provided such directors and officers have cooperated with the Buyer in advancing any such defences, in each case at the cost of the Buyer;

(h) *Claims Against Directors or Officers* – all Claims for which a former or current director or officer of the Sellers or any of their controlled affiliates would be liable (after having advanced any defences that such directors and officers may have, and provided such directors and officers have cooperated with the Buyer in advancing any such defences, in each case at the cost of the Buyer) that are either (i) Claims arising under section 13 of the *Construction Lien Act* (Ontario), (ii) Claims arising under section 110 of the *Pension Benefits Act* (Ontario), or (iii) Claims for which a former or current director or officer of the Sellers or any of their controlled affiliates are indemnified by the Sellers or any of their controlled affiliates pursuant to paragraph 32 of the Initial CCAA Order;

(i) *Warranties* – all liabilities arising out of or relating to product or service warranties of the Sellers to the extent sold or distributed prior to the Closing Time; and

(j) *Priority Claims* – any liability, obligation or claim against the Purchased Assets that ranks in priority to the Term Loan Secured Debt and the Senior Secured Debt as finally determined pursuant to a priority claims process to be determined pursuant to an Order of the CCAA Court (each a "**Priority Claim**").

2.4 Excluded Liabilities

Except as expressly assumed pursuant to Section 2.3, all pre-Filing Date and post-Filing Date debts, obligations, contracts and liabilities of or relating to the Business, Purchased Assets, Sellers or any predecessors of the Sellers, and the Sellers' affiliates, of any kind or nature, shall remain the sole responsibility of the Sellers and their affiliates, and the Buyer shall not assume, accept or undertake, any debt, obligation, duty, contract or liability of the Sellers and their affiliates of any kind whatsoever, except as expressly assumed pursuant to Section 2.3, whether accrued, contingent, known or unknown, express or implied, primary or secondary, direct or indirect, liquidated, unliquidated, absolute, accrued, contingent or otherwise, and whether due or to become due, and specifically excluding (without limitation) the following liabilities or obligations which shall be retained by, and which shall remain the sole responsibility of, the Sellers and their affiliates (collectively, the "**Excluded Liabilities**"):

(a) *General* – except as expressly included in Assumed Liabilities, all liabilities to the extent arising out of the operation of Business or the Purchased Assets for periods prior to the Closing Time (including, for the avoidance of doubt, breaches of contract, infringement, violations of law, tortious conduct, Tax liabilities, indebtedness for borrowed money and intercompany liabilities);

(b) *Contract Liabilities* – all liabilities of the Sellers under the Assigned Agreements incurred or relating to the period prior to the Closing Time, excluding any trade payables assumed under Section 2.3(b) and Cure Costs,;

(c) *Excluded Assets* – all liabilities and obligations relating to the Excluded Assets (including any Excluded Contracts);

(d) *Employee Matters* –

(i) Except as included in Section 2.3(d) or Section 7.7, the Plans, and any liabilities or other obligations arising under, relating to or with respect to any Plan, including the SERPs and any Plan providing post-retirement benefits to Employees of the Sellers;

(ii) except as included in Section 2.3(d) and Section 7.7, all liabilities or other obligations related to the Employees of the Sellers;

(e) *Trade Debt* – all pre-Filing Date trade payables relating to the Business;

(f) *Environmental* –

(i) any liabilities or obligations relating to Environmental Law, Hazardous Materials, Hazardous Materials Activity or Environmental Claims in any way related to the Sellers or their predecessors or affiliates, the Business or the Purchased Assets, arising from or relating to any condition, event, violation, act, omission or conduct prior to the Closing Time (which for greater certainty shall include the $125,000 fine levied against ESAI on or about July 5, 2016 in relation to its lime baghouse);

(ii) any acts or omissions or conduct of any of the Sellers or any of their respective subsidiaries in respect of any matters related to the Environment that are or may become subject to investigation and/or prosecution by any Governmental Authority; and

(iii) the Director's Order dated November 9, 2015 issued by the MOECP to, among others, ESAI, as amended by the Director's Order Amendment No. 1 dated as of November 16, 2015, with respect to: (A) the steel mill located at 105 West Street, Sault Ste. Marie; (B) the MacLeod Mine property located adjacent to the Magpie River; and (C) the Goudreau Mine located approximately 35 kilometres northeast of Wawa in Aguonie Township (as amended, the "**Director's Order**");

(g) *Excluded Real Estate Properties* – any liabilities (including, for the avoidance of doubt, relating to the Environment, Environmental Law, Hazardous Materials, Hazardous Materials Activity or Environmental Claims) relating to the Excluded Real Estate Properties;

(h) *Intercompany Accounts Payable* – any debts due or accruing due prior to the Closing Time from the Sellers to any shareholder, director, officer (except amounts owing to any officer for service to the Business as an employee) or affiliate of the Sellers or to another Seller;

(i) *Intellectual Property Claims* – any claims against the Sellers for infringement, misappropriation or other violation of any Intellectual Property of any third Person relating to any period prior to the Closing Time;

(j) *Pre-Filing Debt* – all liabilities, obligations and related guarantees relating to the ABL Facility and the Junior Secured Notes, and all obligations under the Term Loan Secured Debt (including for certainty the portion of the interest obligations under the Term Loan Facility satisfied by the issuance of the Priority Notes) and the Senior Secured Debt (which shall be extinguished on the seizure of the Buyer Preferred Shares);

(k) *Taxes* – all liabilities for Taxes of the Sellers (except to the extent otherwise provided in Section 2.3(f) or Section 2.3(g));

(l) *DIP Facility* – all liabilities and obligations under the DIP Facility (including exit fees under the DIP Facility); and

(m) *Other* – Claims arising from or in relation to any facts, circumstances, events or occurrences existing, arising or relating to the period prior to the Closing Time, including liabilities relating to any breach of law and product liability claims, except, in each case, as specifically defined in Section 2.3 as an Assumed Liability.

2.5 Assignment of Purchased Assets

(a) Notwithstanding anything in this Agreement to the contrary, this Agreement shall

not constitute an agreement to assign or transfer any Purchased Asset or any right thereunder if an attempted assignment or transfer, without the consent of a third Person, would constitute a breach or in any way adversely affect the rights of the Buyer thereunder ("**Restricted Rights**"), unless the assignment is subject to a Canadian Assignment Order or a U.S. Assignment Order. The Sellers shall use commercially reasonable efforts to take all such action, and do or cause to be done all such things as are reasonably necessary or proper, in order that the obligations of the Sellers under such Restricted Rights may be performed in such manner that the value of such Restricted Rights is preserved and enures to the benefit of the Buyer, and that any amounts due and payable, or which become due and payable, in and under the Restricted Rights are received by the Buyer. The Sellers shall reasonably promptly pay to the Buyer all amounts collected by or paid to the Sellers in respect of all such Restricted Rights. Subject to Section 7.2, the Sellers shall not, without the prior written consent of the Buyer, agree to any modification of any Restricted Rights.

(b) If a consent to transferring the Restricted Rights to the Buyer is not obtained or such assignment is not attainable, the Sellers and the Buyer will cooperate and use their respective commercially reasonable efforts to implement a mutually agreeable arrangement pursuant to which the Buyer will obtain the benefits, and assume the liabilities and obligations, related to such Restricted Rights in accordance with this Agreement; provided, however, that the Buyer acknowledges and agrees that nothing in this Section 2.5 shall operate to prohibit or diminish in any way the right of a Seller to dissolve, windup or otherwise cease operations as it may determine in its sole discretion, or require any Seller to take any illegal action or commit fraud on any Person.

(c) Subject to the terms and conditions of this Agreement, the Sellers hereby agree to assign to the Buyer on the Closing Date, effective as of the Closing Time, all of the Sellers' rights, benefits and interests in, to and under the Assigned Agreements, in accordance with either: (i) this Agreement; or (ii) a Canadian Assignment Order and a U.S. Assignment Order, as applicable. The Sellers shall use their commercially reasonable efforts to obtain any necessary consents or approvals in order to assign the Assigned Agreements. The Sellers will use their commercially reasonable efforts to take such other actions necessary to cause the Assigned Agreements to be assigned by the Sellers to the Buyer as of the Closing Time. The Buyer will use its commercially reasonable efforts to assist the Sellers in obtaining any such consent.

(d) If it is determined, either before or after Closing, that any of the Applicants other than the Sellers has any ownership in any of the property or assets used in connection with the Business which is reasonably determined should otherwise be owned by a Seller, the Sellers will, at the request of the Buyer, use commercially reasonable efforts to cause such Applicant to transfer and assign to the Buyer, for no additional consideration, such property or assets free and clear of Encumbrances (other than any Permitted Encumbrance), and to execute and deliver to the Buyer on request by the Buyer from time to time such other instruments of transfer, consents, notices and documents as may be necessary or

desirable to effectively transfer to the Buyer such property or assets free and clear of Encumbrances (other than any Permitted Encumbrance).

(e) If it is determined by the Buyer following Closing that an Excluded Contract is necessary or desirable for the operation of the Business, the Sellers shall use commercially reasonable efforts to assign such Contract to the Buyer, including by seeking consent of the counterparty to such Contract or pursuant to a Canadian Assignment Order or a U.S. Assignment Order, provided that: (i) there shall be no change to the Purchase Price if an Excluded Contract is subsequently assigned to the Buyer; (ii) such efforts to assign any Excluded Contract shall be paid for by the Buyer at its sole expense; (iii) the Sellers shall not be obligated to seek a Canadian Assignment Order if the CCAA Proceedings have closed or otherwise terminated or U.S. Assignment Order if the U.S. Proceedings have closed or otherwise terminated; (iv) nothing in this Section 2.5(e) shall operate to prohibit or diminish in any way the right of a Seller to dissolve, wind-up or otherwise cease operations as it may determine in its sole discretion, or require any Seller to take any illegal action or commit fraud on any Person; and (v) nothing in this Section 2.5(e) shall operate to prohibit or diminish in any way the right of a Seller to disclaim, reject, terminate or breach any Excluded Contract following the Closing Date as it may determine in its sole discretion (provided that such Seller shall provide the Buyer five (5) Business Days' advance written notice of its intention to disclaim or reject any Excluded Contract and an opportunity to seek an assignment of such Excluded Contract in accordance with this Section 2.5(e)).

ARTICLE 3
PURCHASE PRICE AND RELATED MATTERS

3.1 Purchase Price

(a) The purchase price payable to the Sellers for the Purchased Assets (the "**Purchase Price**") shall be equal to the fair market value of the Purchased Assets, which shall be comprised of the following: (i) the amount of cash that is sufficient to pay (A) the outstanding liabilities under the following facilities in full on the Closing Date: (x) the DIP Facility (including exit fees under the DIP Facility); and (y) the ABL Facility; and (B) the Administrative Reserve Costs to be funded by the Buyer in accordance with this Agreement (collectively, the "**Cash Purchase Price**"); (ii) the amount of the Accrued Liabilities; (iii) the amount outstanding in respect of the Priority Notes on the Closing Date; and (iv) the amount equal to the aggregate redemption amount of the Buyer Preferred Shares.

(b) The Buyer shall satisfy the Purchase Price at the Closing Time as follows:

(i) as to the Cash Purchase Price, by payment on the Closing Date by wire transfer in immediately available funds payable to the Sellers or such other party as the Sellers may direct in writing or as the CCAA Court may order;

(ii) as to the amount of the Accrued Liabilities, by assuming such Accrued Liabilities; and

(iii) as to the amount outstanding in respect of the Priority Notes, which shall be assigned to the Buyer as of Closing by the Lenders and agents under the Term Loan Facility, (on behalf of themselves and their respective affiliates), by accepting Purchased Assets with a fair market value equal to the fair market value of the Priority Notes in full satisfaction of the amounts owing under the Priority Notes and thereby cancelling the Priority Notes and releasing: (A) the Sellers and their affiliates from all of their obligations, indebtedness and liabilities under or with respect to the Priority Notes, in full satisfaction thereof; and (B) all Encumbrances securing the Priority Notes as the case may be; and

(iv) as to the balance, by issuing to ESAI the Buyer Preferred Shares.

3.2 Purchase Price Allocation

(a) The Buyer, acting in a commercially reasonable manner, shall, prior to the Closing Date, prepare a written allocation (the "**Allocation Statement**") of the Purchase Price among the Sellers and the Purchased Assets, including fixed assets and current assets and shall afford the Sellers with a reasonable opportunity to review and comment on such allocation. The Buyer and the Sellers shall: (a) report the purchase and sale of the Purchased Assets in any income Tax returns relating to the transactions contemplated in this Agreement in accordance with the Allocation Statement; and (b) act in accordance with the Allocation Statement in the preparation, filing and audit of any Tax return (including filing Form 8594 with its U.S. federal income Tax return).

(b) The Parties agree that the amount of the Purchase Price allocable to the assets of Algoma USA shall not exceed $1,000,000, as such amount is determined by the Buyer, acting in a commercial reasonable manner, prior to the Closing Date.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES BY THE SELLERS

The Sellers, jointly and severally, represent and warrant to the Buyer as follows, and acknowledge that the Buyer is relying upon the following representations and warranties in connection with its purchase of the Purchased Assets:

4.1 Corporate Existence

Each Seller is a corporation duly formed, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all governmental licenses, authorizations, qualifications, permits, consents and approvals required to carry on the Business as now conducted by such Seller, except for those licenses, authorizations, qualifications, permits, consents and approvals the absence of which would not have a Material Adverse Effect.

4.2 Due Authorization and Enforceability of Obligations

Subject to the issuance of the Approval and Vesting Order and, if applicable, the issuance of the U.S. Sale Order, each Seller has all necessary power, authority and capacity to enter into

and deliver this Agreement and the Closing Documents, and to carry out its obligations under this Agreement and the Closing Documents. Subject to the issuance of the Approval and Vesting Order, this Agreement and the Closing Documents constitute valid and binding obligations of each Seller enforceable against it in accordance with its terms.

4.3 Residence of the Sellers

(a) Each of the following Sellers is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada): ESAI.

(b) Any Seller that is a non-resident of Canada for the purposes of the *Income Tax Act* (Canada) is not assigning to the Buyer any Purchased Asset that is "taxable Canadian property" as defined for the purposes of the *Income Tax Act* (Canada).

(c) No Seller that is not a United States person for the purposes of the Code is pursuant to this Agreement selling or transferring any "United States real property interest" (as that term is defined in the Code) and no Seller is pursuant to this Agreement transferring an interest in a partnership, trust or estate whose transfer would be subject to withholding under Treasury Regulation Section 1.1445-11T.

4.4 Absence of Certain Changes or Events

Since the Filing Date and except as approved by an Order of the CCAA Court or as specified on Schedule 4.4 of the Disclosure Letter, no Seller has:

(a) incurred any liability which is material to the Business, except normal trade or business obligations incurred in the ordinary course of business;

(b) created any Encumbrance (other than Permitted Encumbrances or Encumbrances relating to the DIP Credit Agreement) upon any of the Purchased Assets, except in the ordinary course of business or as described in this Agreement or pursuant to, or as a result of, the CCAA Proceedings;

(c) sold, assigned, transferred, leased or otherwise disposed of any of the material Purchased Assets except in the ordinary course of business or as contemplated by this Agreement;

(d) purchased, leased or otherwise acquired any material properties or assets, except in the ordinary course of business or as contemplated by this Agreement;

(e) waived, cancelled or written off any rights, claims, accounts receivable or any amounts payable to a Seller which alone or together are material to the Business, except in the ordinary course of business;

(f) suffered any damage, destruction or loss (whether or not covered by insurance) which constitutes a Material Adverse Effect;

(g) increased any form of compensation or other benefits payable or to become payable to any Employees, or to any contractors, consultants or agents of the Business except increases made in the ordinary course of business and consistent

with past practice or for "KERP" or management incentive program payments due to certain senior Employees disclosed in writing to the Buyer prior to the date hereof; or

(h) authorized, agreed or otherwise become committed to do any of the foregoing.

4.5 Absence of Conflicts

Except for:

(a) the issuance of the Approval and Vesting Order and the Canadian Assignment Order,

(b) U.S. Bankruptcy Court approval; and

(c) in each case if required, Competition Act Approval, HSR Approval and ICA Approval,

no Seller is a party to, bound or affected by or subject to any: (i) charter or by-law provision; (ii) Applicable Law or Governmental Authorization; or (iii) Assigned Agreement; in each case, that would be violated or breached, require any consent or other action by any Person, result in the creation or imposition of any Encumbrance (other than a Permitted Encumbrance) upon any of the Purchased Assets or under which any default would occur or with notice or the passage of time would, be created as a result of the execution and delivery of, or the performance of obligations under, this Agreement or any other agreement or document to be entered into or delivered under the terms of this Agreement, except for any violations, breaches, consents, actions, Encumbrances or defaults or any Applicable Law or Governmental Authorizations that would not have a Material Adverse Effect.

4.6 Customers and Suppliers

(a) Schedule 4.6(a) of the Disclosure Letter sets forth the Business' top ten (10) plate customers and top ten (10) sheet customers, and separately identifies such top ten (10) customers on both a spot and a contract basis, for the fiscal years ended March 31, 2017 and March 31, 2018 (determined on the basis of revenues from such customers) (collectively, the "**Material Customers**"). As of the date hereof, there are no outstanding or, to the knowledge of the Sellers, threatened material disputes or controversies with any Material Customer, and none of the Sellers has received any notice that any of the Material Customers intends to terminate or materially reduce its relationship with the Business (including in connection with the Closing).

(b) Schedule 4.6(b) of the Disclosure Letter sets forth the Business' top twenty (20) suppliers for the fiscal years ended March 31, 2017 and March 31, 2018 (determined on the basis of payments to such suppliers) (collectively, the "**Material Suppliers**"). Except as disclosed in Schedule 4.6(b) of the Disclosure Letter, as of the date hereof, there are no outstanding or, to the knowledge of the Sellers, threatened material disputes or controversies with any Material Supplier, and none of the Sellers has received any notice that any of the Material Suppliers

intends to terminate or materially reduce its relationship with the Business (including in connection with the Closing).

4.7 Approvals and Consents

Except for:

(a) the issuance of the Approval and Vesting Order;

(b) any consent that may be required in connection with the assignment of a Purchased Asset, as listed on Schedule 4.7(b) of the Disclosure Letter;

(c) the issuance of any Canadian Assignment Order or U.S. Assignment Order and U.S. Sale Order, if necessary; and

(d) in each case, if required, the Competition Act Approval, the HSR Approval and/or the ICA Approval;

no authorization, consent or approval of, or filing with or notice to, any Governmental Authority, court or other Person is required in connection with the execution, delivery or performance of this Agreement by the Sellers and each of the agreements to be executed and delivered by the Sellers hereunder, or the consummation of the transactions contemplated hereby (including the purchase of any of the Purchased Assets hereunder), except for any authorizations, consents, approvals, filings or notices, the absence of which, would not have a Material Adverse Effect.

4.8 Taxes

The Sellers are duly registered under Subdivision (d) of Division V of the GST and HST Legislation with respect to the GST and HST, and under Division I of Chapter VIII of Title I of the QST Legislation with respect to the QST, and will provide their respective registration numbers to the Buyer prior to Closing.

4.9 Insurance

The interests of the Sellers in all Contracts of insurance, insurance policies and insurance plans are appropriate to the Business or the Purchased Assets and in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. True and complete copies of all material insurance, insurance policies and insurance plans have been provided to the Buyer. There are no material Claims related to the Business, the Purchased Assets or the Assumed Liabilities pending under any of such insurance, insurance policies and insurance plans as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. No Seller has received any written notice of cancellation of, a material premium increase with respect to, or material alteration of coverage under, any of such insurance, insurance policies and insurance plans. All such insurance, insurance policies and insurance plans are in full force and effect and the Sellers are not in default, as to the payment of premiums or otherwise, under the terms of any such policy.

4.10 Sufficiency of Assets

The Purchased Assets and the Excluded Assets, collectively, constitute all of the property and assets used or held for use by Sellers or their affiliates, in all material respects, in connection with the Business. The Purchased Assets and the Employees are sufficient to permit the Buyer to operate and conduct the Business immediately following the Closing in substantially the same manner as conducted by Sellers as of the date of this Agreement. No affiliate of the Sellers, including Tech, Alberta ULC, Cannelton and Holdings, has any ownership in any of the property or assets used in connection with the Business (other than the ownership by PortCo and EPC of the assets used to satisfy their obligations under the PortCo Agreements and Cogen Agreements, respectively).

4.11 Title to Assets

The Sellers own, and have good and marketable title to, or have the right to use, the Purchased Assets free and clear of any Encumbrances other than Permitted Encumbrances (as defined in this Agreement), Permitted Encumbrances (as defined in the DIP Credit Agreement) and Encumbrances created by order of the CCAA Court in connection with the CCAA Proceedings.

4.12 Sault Ste. Marie Property

(a) The Sault Ste. Marie Property listed on Schedule 1.1(ggggggg) of the Disclosure Letter and the Excluded Real Estate Properties, collectively, are the only real property owned by the Sellers, and the Leased Premises are the only leased premises held or used in connection with the Business. ESAI is the legal and beneficial owner of the Sault Ste. Marie Property.

(b) Other than the right of first refusal in favour of PortCo contained in the Port Lease, no Person has any right to purchase, option to purchase, right of first refusal, right of first offer or other rights with respect to any of the Sault Ste. Marie Property other than the Buyer pursuant to this Agreement and other than those that have expired or have been waived. No Person other than the Sellers are using or have any right to use, or is in possession or occupancy of, any part of such Sault Ste. Marie Property, other than the other parties to the Real Property Landlord Leases or pursuant to the Permitted Encumbrances registered on title to the Sault Ste. Marie Property.

(c) True and complete copies of: (i) title insurance policies and title opinions relating to title to the Sault Ste. Marie Property, (ii) any surveys of the Sault Ste. Marie Property, (iii) any reports relating to building inspections, roof conditions, structural elements, services or other physical condition of the Sault Ste. Marie Property, (iv) severance applications or other material or applications submitted or prepared for consent from the Committee of Adjustments or other applicable land division committee, and (v) all estoppel certificates relating to the Real Property Landlord Leases, in each case within the possession of the Sellers, have been delivered or otherwise made available to the Buyer.

(d) The Sellers have no knowledge of any expropriation or condemnation or similar proceeding pending or threatened against any part of the Sault Ste. Marie Property.

4.13 Real Property Landlord Leases

(a) Schedule 2.1(g) of the Disclosure Letter describes all Real Property Landlord Leases. Except as set out on Schedule 2.1(g) of the Disclosure Letter, complete and correct copies of such Real Property Landlord Leases have been provided to the Buyer. Such Real Property Landlord Leases are in full force and effect and, except as disclosed on Schedule 4.13(a) of the Disclosure Letter, have not been altered or amended. No consent is required from the other parties to the Real Property Landlord Leases in connection with the assignment of such Real Property Landlord Leases to the Buyer or the consummation of the transactions contemplated by this Agreement, other than those that have been obtained.

(b) Except as set out on Schedule 4.13(b) of the Disclosure Letter, no Seller is in default of any of its obligations under the Real Property Landlord Leases and, to the Sellers' knowledge, none of the tenants or other parties to the Real Property Landlord Leases are in default of any of their obligations thereunder. There are no disputes by any tenant or other party to the Real Property Landlord Leases relating to the provisions of a Real Property Landlord Lease that would, have a Material Adverse Effect.

4.14 Real Property Leases

(a) Schedule 2.1(h) of the Disclosure Letter describes all Real Property Leases. Except as set out on Schedule 2.1(h) of the Disclosure Letter, complete and correct copies of such Real Property Leases have been provided to the Buyer. Such Real Property Leases are in full force and effect and, except as disclosed on Schedule 2.1(h) of the Disclosure Letter, have not been altered or amended. Except as disclosed in Schedule 4.7(b) of the Disclosure Letter, no consent is required from the other parties to the Real Property Leases in connection with the assignment of such Real Property Leases to the Buyer or the consummation of the transactions contemplated by this Agreement.

(b) The Sellers are exclusively entitled to all rights and benefits as lessee, subtenant, occupant or licensee under the Real Property Leases, and no Seller has sublet, assigned, licensed or otherwise conveyed any rights in the Leased Premises or in the Real Property Leases to any other Person.

(c) Except as set out on Schedule 4.14(c) of the Disclosure Letter, all rental and other payments and other obligations required to be paid and performed by a Seller pursuant to the Real Property Leases in respect of the periods after the Filing Date have been duly paid and performed, no Seller is in default of any of its obligations under the Real Property Leases and, to the Sellers' knowledge, none of the landlords or other parties to the Real Property Leases are in default of any of their obligations thereunder.

(d) The Sellers have not received any written notice that the use by the Sellers, or occupants, of the Sault Ste. Marie Property or the Leased Premises is in violation of Applicable Law in any material respect.

4.15 Environmental Matters

(a) All material environmental site assessments and environmental studies and reports relating to the Business or any of the Purchased Assets generated by or on behalf of any Seller or any of their respective subsidiaries or in the possession of the Sellers or any of their respective subsidiaries have been made available to the Buyer.

(b) The Sellers have obtained all material Governmental Authorizations relating to Environmental Law necessary to conduct the Business and to own, use, lease or operate the Purchased Assets (including the Sault Ste. Marie Property and Leased Premises). All such Governmental Authorizations relating to Environmental Law, are valid and are in full force and effect in all material respects, there have been no material violations thereof and there are no legal proceedings pending or, to the Sellers' knowledge, threatened to alter or revoke any of them that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(c) To the best of the Sellers' knowledge, the location of and all relevant information in respect of all currently used: (i) underground storage tanks; and (ii) Hazardous Materials disposal sites and landfills, located on, in or under the Purchased Assets (including the Sault Ste. Marie Property and the Leased Premises), as listed in Schedule 4.15(c) of the Disclosure Letter, have been made available to the Buyer.

(d) Except as set forth on Schedule 4.15(d) of the Disclosure Letter, in respect of the Business and the Purchased Assets:

(i) (A) the Sellers and their respective affiliates, the operation of the Business, the Purchased Assets (including the Sault Ste. Marie Property and the Leased Premises) and the use, maintenance and operation thereof, have been since January 1, 2014, and are, in material compliance with all Environmental Law; and (B) none of the Sellers or any of their respective subsidiaries has received any Environmental Claim relating to any actual or alleged material non-compliance with any Environmental Law;

(ii) there is no pending or outstanding or, to the Sellers' knowledge, threatened or reasonably expected material Environmental Claim against the Sellers or any of their respective subsidiaries or, to the Sellers' knowledge, any pending, outstanding or threatened material Environmental Claim against any prior owner or occupant of any Sault Ste. Marie Property or Leased Premises; and

(iii) except as would not constitute a Material Adverse Effect, to the Sellers' knowledge, there has been no Hazardous Materials Activity on, at, in, under, from or through any Sault Ste. Marie Property or facility presently or formerly owned, leased or operated by the Sellers, any of their respective subsidiaries or any of their respective predecessors in interest.

4.16 Work Orders and Deficiencies

To the knowledge of the Sellers, there are no material outstanding work orders, non-compliance orders, deficiency notices or other such notices relating to the Sault Ste. Marie Property, the Leased Premises, the other Purchased Assets or the Business which have been issued by any Governmental Authority including any police or fire department, sanitation, labour or health authority. Except as set forth on Schedule 4.16 of the Disclosure Letter, there are no material matters under discussion with any Governmental Authority in connection with the foregoing.

4.17 Intellectual Property

As of the Filing Date, no Claim has been asserted and is pending by any Person challenging or questioning the ownership or use of any Intellectual Property material to the Business and included in the Purchased Assets or the validity or effectiveness of any such Intellectual Property. No Seller knows of any valid basis for any such Claim. To the knowledge of the Sellers, neither the Business (or any products or services of the Business) nor the use of any Intellectual Property by any Seller has infringed, misappropriated or otherwise violated, in any material respect, any Intellectual Property of any Person. To the knowledge of the Sellers, no Person has infringed, misappropriated or otherwise violated, in any material respect, any Intellectual Property included in the Purchased Assets.

4.18 Information Technology Systems

The IT Assets operate and perform, in all material respects, in a manner that permits the Sellers to conduct the Business as presently conducted. To the knowledge of the Sellers, there have been no material breaches, interruptions, or corruptions of the IT Assets or any data, information or transactions stored or contained therein or transmitted thereby.

4.19 Conduct of Business

(a) **No Material Adverse Change.** Except as approved by an Order of the CCAA Court, since the Filing Date, there has not been any change in the affairs, operations, assets, liabilities or financial condition of the Business, other than changes in the ordinary course of business or as otherwise contemplated in this Agreement, which would constitute a Material Adverse Effect.

(b) **Ordinary Course.** Except as disclosed in writing to the Buyer prior to the date hereof or as approved by an Order of the CCAA Court, the Business has been carried on only in the ordinary course of business since the Filing Date, and will be carried on only in the ordinary course of business after the date of this Agreement or as otherwise contemplated in this Agreement and up to the Closing Date, subject to the CCAA Proceedings.

(c) **Material Contracts.**

(i) Schedule 4.19(c)(i) of the Disclosure Letter identifies all of the Material Contracts.

(ii) Except as contemplated by or resulting from the CCAA Proceedings: (A) none of the Sellers is, nor to the Sellers' knowledge, any other party to any

such Material Contract is, in default under any such Material Contract and there has not occurred any event which, with the lapse of time or giving of notice or both, would constitute a default under any such Material Contract by a Seller or any other party to any such Material Contract, in each case, except where such default is not material to the Business; (B) each such Material Contract is in full force and effect, unamended by written or oral agreement, except as set out on Schedule 2.1(k) of the Disclosure Letter, and a Seller is entitled to the full benefit and advantage of each such Material Contract in accordance with its terms; and (C) no written notice of default, cancellation or termination has been received by any Seller under any such Material Contract, nor does there exist any material dispute between a Seller and any other Person in respect of any such Material Contract. There are no Contracts which affect or relate to, in any material respect, the title, ownership, operation or management of the Sault Ste. Marie Property, the Leased Premises or the Business other than the Material Contracts set out on Schedule 4.19(c)(i) of the Disclosure Letter or those registered on title to the Sault Ste. Marie Property or Leased Premises.

(d) **Compliance.** Except as would not constitute a Material Adverse Effect, the Sellers: (i) are not, and since January 1, 2014 have not been, in violation of any Applicable Law applicable to the conduct of the Business; and (ii) possess, and since January 1, 2014 have been in compliance with, all Governmental Authorizations of the Sellers necessary for the conduct of the Business. Since January 1, 2014, no Seller has received: (i) any written notification from any Governmental Authority threatening to revoke, suspend, cancel, or modify any Permits; or (ii) any written notice from any Governmental Authority stating that any Permits held or being sought, amended or renewed will be denied, revoked, restricted or suspended by the applicable Governmental Authority, and no Seller is currently a party to any proceedings involving the possible appeal, denial, revocation, restriction or suspension of any Permits or any of the privileges granted thereunder. All of the Permits are final, unappealed, valid, in good standing and in full force and effect, except where the failure to be final, unappealed, valid, in good standing and in full force and effect would not reasonably be expected to have a Material Adverse Effect.

4.20 Labour and Employee Benefit Matters

(a) Except as would not constitute a Material Adverse Effect, since the Filing Date, no payments have been made or authorized by a Seller to current or former directors, officers, Employees, contractors, consultants or agents except at regular rates of remuneration or increases made in the ordinary course of business and consistent with past practice or for "KERP" or management incentive program payments disclosed in writing to the Buyer prior to the date hereof. Except for the loans identified on Schedule 4.20(a) of the Disclosure Letter, there are no outstanding loans made or granted by a Seller to any current or former Employee, contractor, consultant or agent.

(b) For a period of twelve (12) consecutive months prior to the date hereof, there has not been any lockout or work stoppage against or affecting the Sellers.

(c) Schedule 1.1(uu) of the Disclosure Letter lists all the Collective Agreements that pertain to the Employees. The Sellers have provided the Buyer with a true and complete copy of the Collective Agreements. The Sellers have no obligations to present or former Employees represented by any union, except as explicitly contained in the Collective Agreements. Other than as set out on Schedule 4.20(c) of the Disclosure Letter, for a period of twenty-four (24) consecutive months prior to the date hereof, no petition has been filed or proceedings instituted by a union, collective bargaining agent, employee or group of employees with any Governmental Authority seeking recognition or certification of a collective bargaining agent with respect to any Employees, and, to the Sellers' knowledge, no such organizational effort is currently being made or has been threatened by or on behalf of any union, employee, group of employees or collective bargaining agent to organize any Employees.

(d) Each Assumed Pension Plan and Assumed Employee Plan is and has been established, registered, amended, funded (other than in respect of employer required special payments that were suspended by Orders of the CCAA Court), administered and invested in compliance with its terms and Applicable Law and any Collective Agreements, as applicable.

(e) Except as may be required by the terms of the Collective Agreements or that have otherwise been disclosed in the Plan documents provided to the Buyer: (i) the Sellers have no formal plan and have made no promise or commitment, whether legally binding or not, to create any additional Plan, or to improve or change the benefits provided under any Employee Plan**,** (ii) no amendments have been made to any Employee Plan, and (iii) no improvements to any Employee Plan have been promised.

(f) There are no material outstanding defaults or violations by any Seller in respect of any Assumed Pension Plan or Assumed Employee Plan except as may be permitted by an Order of the CCAA Court, and no material Taxes, penalties or fees are owing or exigible under any Assumed Pension Plan or Assumed Employee Plan.

(g) True and complete copies of all employment agreements between any of the Sellers and the Employees who are Key Employees have been provided to the Buyer.

(h) The Business, and each Seller, is in compliance in all material respects with all Applicable Law respecting employment and employment practices, including all laws respecting terms and conditions of employment, health and safety, wages and hours, employment standards, worker classifications, child labour, immigration, discrimination, human rights, benefits, employment equity, equal opportunity, pay equity (including maintenance of pay equity), Governmental Authority sponsored plans, including pension, social security, parental insurance, prescriptions drugs and similar plans, plant closures and layoffs, affirmative

action, workers' compensation, labour relations, employee leave issues and employment insurance.

(i) Except as set forth on Schedule 4.20(i) of the Disclosure Letter and except as would not have a Material Adverse Effect, during the past three (3) years the Business has not received: (i) notice of any unfair labour practice charge or of any complaint pending or threatened before the Ontario Labor Relations Board or any other Governmental Authority against it; (ii) notice of any charge or complaint with respect to or relating to it pending before the Equal Employment Opportunity Commission or any other Governmental Authority responsible for the prevention of unlawful employment practices; (iii) notice of the intent of any Governmental Authority responsible for the enforcement of labour, employment standards, wages and hours of work, pay equity, human rights, worker classification, child labour, immigration, or occupational safety and health laws to conduct an inspection or investigation with respect to or relating to it or notice that such inspection or investigation is in progress; (iv) notice of violation, infringement, breach or lack of compliance by any Governmental Authority responsible for the enforcement of labour, employment standards, wages and hours of work, pay equity, human rights, worker classification, child labour, immigration, or occupational safety and health laws; or (v) notice of any complaint, lawsuit or other proceeding of any kind pending or threatened in any forum by any Governmental Authority, by any union or bargaining agent, or by or on behalf of any Employee or former employee, any applicant for employment or classes of the foregoing alleging breach of any express or implied Contract of employment, any Applicable Law governing labour, employment standards, wages and hours or work, pay equity, human rights, worker classification, child labour, immigration or occupation safety and health or the termination of employment or any discriminatory, wrongful or tortious conduct in connection with the employment relationship.

(j) Except as set forth on Schedule 4.20(j) of the Disclosure Letter, there are no outstanding charges or orders requiring a Seller to comply with the *Occupational Health and Safety Act* (Ontario) or comparable applicable legislation of any other jurisdiction. All obligations of the Sellers in respect of vacation pay and banked vacation entitlement, holiday pay, overtime pay or time-off entitlement, sick pay or banked sick leave, contributions or premiums for the Plans payments or premiums, will have been paid or discharged as of the Closing Date or, if unpaid, are accurately reflected in the business records of the Sellers.

4.21 Brokers; Advisor Fees

Except for fees and commissions that will be paid or otherwise settled or provided for by the Sellers, including the commission payable to Evercore Group, L.L.C., no broker, finder or investment banker is entitled to any brokerage, finder's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Sellers.

4.22 Shared Services

Except as set out on Schedule 4.22 of the Disclosure Letter, no goods, services or Intellectual Property has or is being provided to the Sellers by a related party or by a third-party to the collective benefit of Sellers and one or more of its affiliates.

4.23 No Other Representations, Warranties or Covenants

Unless and solely to the extent expressly set forth in this Agreement, no representation, warranty or covenant is expressed or implied by the Sellers, including any warranties as to title, Encumbrance, description, merchantability or fitness for a particular purpose, environmental compliance, condition, quantity or quality, or in respect of any other matter or thing whatsoever concerning the Business, the Purchased Assets, the Assumed Liabilities or the right of the Sellers to sell or assign the same, as applicable. The disclaimer in this Section 4.23 is made notwithstanding the delivery or disclosure to the Buyer or its directors, officers, employees, agents or representatives of any documentation or other information (including any financial projections or other supplemental data not included in this Agreement). Without limiting the generality of the foregoing, any and all conditions, warranties or representations, express or implied, pursuant to Applicable Law (including applicable sale of goods legislation) do not apply hereto and are hereby expressly waived by the Buyer.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Sellers as follows, and acknowledges that the Sellers are relying upon the following representations and warranties in connection with their sale of the Purchased Assets:

5.1 Corporate Existence

The Buyer is a corporation duly formed, validly existing and in good standing under the laws of the Province of British Columbia. As of the date of this Agreement, the Buyer has one (1) issued and outstanding common share, which is owned by the Agent. At Closing, all of the issued and outstanding common shares of the Buyer will be owned by the Buyer Parent.

5.2 Residence of the Buyer

The Buyer is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

5.3 Absence of Conflicts

The Buyer is not a party to, bound or affected by or subject to any charter or bylaw provision or Applicable Law or governmental authorizations, approvals, franchises, orders, certificates, consents, directives, notices, licenses, permits, variances, registrations or other rights issued, granted or given by or from any Governmental Authority that would be violated, breached by, or under which any default would occur or with notice or the passage of time would, be created as a result of the execution and delivery of, or the performance of obligations under, this Agreement or any other agreement or document to be entered into or delivered under the terms of this Agreement, except for any violations, breaches or defaults or any Applicable Law or any governmental authorizations, approvals, franchises, orders, certificates, consents,

directives, notices, licenses, permits, variances, registrations or other rights issued, granted or given by or from any Governmental Authority, that would not have a material effect on the ability of the Buyer to consummate the transactions hereunder.

5.4 Due Authorization and Enforceability of Obligations

The Buyer has all necessary corporate power, authority and capacity to enter into and deliver this Agreement and the Closing Documents, and to carry out its obligations under this Agreement and the Closing Documents. The execution, delivery and performance of this Agreement and the Closing Documents, and the consummation of the transactions contemplated by this Agreement and the Closing Documents, have been duly authorized by all necessary corporate action of the Buyer. This Agreement and the Closing Documents constitute valid and binding obligations of the Buyer enforceable against it in accordance with its terms.

5.5 Approvals and Consents

Except for (a) the issuance of the Approval and Vesting Order, (b) in each case, if required, the Competition Act Approval, the HSR Approval and/or the ICA Approval, and (c) any consent that may be required in connection with the assignment of a Purchased Asset, including any Assigned Agreement, no authorization, consent or approval of, or filing with or notice to, any Governmental Authority, court or other Person is required in connection with the execution, delivery or performance of this Agreement by the Buyer, and each of the agreements to be executed and delivered by the Buyer hereunder or the purchase of any of the Purchased Assets hereunder, except for any authorizations, consents, approvals, filings or notices of any Governmental Authority, court or Person that would not have a material effect on the ability of the Buyer to consummate the transactions hereunder.

5.6 Lender Credit Bid Commitment Letter

The Buyer shall deliver to the Sellers prior to Closing a true, complete and accurate copy of (i) an executed credit bid commitment letter, addressed to the Buyer and Evercore Group L.L.C. and executed by Cortland Capital Market Services LLC, as administrative agent under the Term Loan Agreement (the "**Agent**"), whereby the Agent commits and agrees that it shall take all such actions as may be necessary or appropriate to transfer all indebtedness held by the Lenders relating to the Term Loan Agreement (including, for greater certainty, the Priority Notes) to the Buyer or Buyer Parent, as applicable, on or prior to the Closing Date required to permit the Buyer and the Buyer Parent to credit bid such indebtedness to facilitate Buyer's acquisition of the Purchased Assets and to facilitate the Buyer Parent's seizure of the Buyer Preferred Shares with the consent of ESAI on the Closing Date (the "**Lender Credit Bid Commitment Letter**") and (ii) the direction letter, contemplated by the Lender Credit Bid Commitment Letter (the "**Lender Direction Letter**" and, together with the Lender Credit Bid Commitment Letter, the "**Lender Credit Bid Documents**"). Other than the RSA, there are no side letters or other agreements, contracts, arrangements or understandings that adversely affect the availability, enforceability or termination of, or impose any additional conditions on the availability of, the Lender Credit Bid Documents or reduce the amount of the Lender Credit Bid Documents. When delivered, the Lender Credit Bid Documents will be in full force and effect and will be legal, valid, binding and enforceable obligations, in accordance with their terms. Other than as set out in the RSA, there are no conditions precedent or other contractual contingencies related to the Lender Credit Bid Documents, other than as expressly set forth in the

Lender Credit Bid Documents.

5.7 Noteholder Credit Bid Commitment Letter

The Buyer shall deliver to the Sellers prior to Closing a true, complete and accurate copy of (i) an executed credit bid commitment letter, addressed to the Buyer and Evercore Group L.L.C. and executed by Wilmington Trust, National Association, as trustee and collateral agent under the Senior Secured Note Indenture (the "**Indenture Trustee**"), whereby the Indenture Trustee commits and agrees that it shall take all such actions as may be necessary or appropriate to transfer all indebtedness held by the Senior Secured Noteholders relating to the Senior Secured Note Indenture to the Buyer Parent on or prior to the Closing Date required to permit the Buyer Parent to credit bid such indebtedness to facilitate Buyer's acquisition of the Purchased Assets and facilitate the Buyer Parent's seizure of the Buyer Preferred Shares with the consent of ESAI on the Closing Date (the "**Noteholder Credit Bid Commitment Letter**") and (ii) the direction letter, contemplated by the Noteholder Credit Bid Commitment Letter (the "**Noteholder Direction Letter**" and, together with the Noteholder Credit Bid Commitment Letter, the "**Noteholder Credit Bid Documents**"). Other than the RSA, there are no side letters or other agreements, contracts, arrangements or understandings that adversely affect the availability, enforceability or termination of, or impose any additional conditions on the availability of, the Noteholder Credit Bid Documents or reduce the amount of the Noteholder Credit Bid Documents. When delivered, the Noteholder Credit Bid Documents will be in full force and effect and will be legal, valid, binding and enforceable obligations, in accordance with their terms. Other than as set out in the RSA, there are no conditions precedent or other contractual contingencies related to the Noteholder Credit Bid Documents, other than as expressly set forth in the Noteholder Credit Bid Documents.

5.8 Exit Financing

The Buyer has delivered to the Sellers a true, complete and accurate copy of an executed backstop commitment letter dated August 15, 2017 among the Buyer, certain Lenders and certain Senior Secured Noteholders, as amended by amendment agreements dated March 20, 2018 and May 15, 2018 (as amended, restated, supplemented or modified from time to time, the "**Backstop Exit Financing Commitment**"), pursuant to which such Lenders and Senior Secured Noteholders have committed, subject to the terms and conditions set forth therein, to invest in the Buyer the cash amounts set forth therein for the purposes set forth therein (the "**Backstop Exit Financing**"). As of the date hereof, the Backstop Exit Financing Commitment has not been further amended or modified, no such amendment or modification is contemplated, and as of the date hereof, the commitment contained in the Backstop Exit Financing Commitment has not been withdrawn, terminated, reduced or rescinded in any respect. Other than the RSA, there are no side letters or other agreements, contracts, arrangements or understandings that adversely affect the availability, enforceability or termination of, or impose any additional conditions on, the availability of the Backstop Exit Financing or reduce the amount of the Backstop Exit Financing, other than as expressly set forth in the Backstop Exit Financing Commitment delivered to the Sellers prior to the date hereof. As of the date hereof, the Backstop Exit Financing Commitment is in full force and effect and is a legal, valid, binding and enforceable obligation, in accordance with its terms, of the Buyer, and the Lenders and the Senior Secured Noteholders party thereto. There are no conditions precedent or other contractual contingencies related to the investing of the full amount of the Backstop Exit Financing, other than as expressly

set forth in the Backstop Exit Financing Commitment. As of the date hereof, no event has occurred that would constitute a breach or default (or with notice or lapse of time or both would constitute a breach or default) under the Backstop Exit Financing Commitment by the Buyer or the Lenders or the Senior Secured Noteholders party thereto. As of the date hereof, the Buyer has no reason to believe that any of the conditions to the Backstop Exit Financing contemplated by the Backstop Exit Financing Commitment to be satisfied by the Buyer or any of the other parties thereto will not be satisfied on a timely basis or that the full amount of the Backstop Exit Financing will not be available to the Buyer at the Closing Time. Assuming the Backstop Exit Financing is funded in accordance with the Backstop Exit Financing Commitment, the net proceeds contemplated by the Backstop Exit Financing Commitment will be sufficient to enable the Buyer to pay the Cash Purchase Price payable by the Buyer pursuant to this Agreement in accordance with the terms hereof.

5.9 GST, HST and QST Registration

Prior to Closing, the Buyer or its assignee(s) acquiring the Purchased Assets will be duly registered under subdivision (d) of Division V of the GST and HST Legislation with respect to the GST and HST, and QST Legislation with respect to the QST, and will provide its registration number to the Sellers prior to Closing.

5.10 As Is, Where Is

(a) The Buyer acknowledges and agrees that it has conducted to its satisfaction an independent investigation and verification of the Business, the Purchased Assets, the Assumed Liabilities and all related operations of the Sellers, and, based solely thereon, has determined to proceed with the transactions contemplated by this Agreement. The Buyer has relied solely on the results of its own independent investigation and verification, and the representations and warranties of the Sellers expressly and specifically set forth in Article 4, and the Buyer understands, acknowledges and agrees that all other representations, warranties and statements of any kind or nature, expressed or implied (including any relating to the future or historical financial condition, results of operations, prospects, assets or liabilities of the Sellers or the Business, or the quality, quantity or condition of the Purchased Assets) are specifically disclaimed by the Sellers. Except for the representations and warranties of the Sellers expressly and specifically set forth in Article 4, none of the Sellers makes or provides any warranty or representation, express or implied, as to the quality, merchantability, fitness for a particular purpose, conformity to samples or condition of the Purchased Assets, or any part thereof. THE BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF THE SELLERS EXPRESSLY AND SPECIFICALLY SET FORTH IN ARTICLE 4: (A) THE BUYER IS ACQUIRING THE PURCHASED ASSETS ON AN "AS IS, WHERE IS" BASIS; AND (B) NONE OF THE SELLERS, NOR ANY OTHER PERSON (INCLUDING ANY REPRESENTATIVE OF THE SELLERS, WHETHER IN ANY INDIVIDUAL, CORPORATE OR ANY OTHER CAPACITY) IS MAKING, AND THE BUYER IS NOT RELYING ON, ANY REPRESENTATIONS, WARRANTIES OR OTHER STATEMENTS OF ANY

KIND WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AS TO ANY MATTER CONCERNING THE SELLERS, THE BUSINESS, THE PURCHASED ASSETS, THE ASSUMED LIABILITIES, THIS AGREEMENT OR THE TRANSACTIONS, OR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION PROVIDED TO (OR OTHERWISE ACQUIRED BY) THE BUYER OR ANY OF ITS RESPECTIVE REPRESENTATIVES, INCLUDING WITH RESPECT TO MERCHANTABILITY, PHYSICAL OR FINANCIAL CONDITION, DESCRIPTION, FITNESS FOR A PARTICULAR PURPOSE, SUITABILITY FOR DEVELOPMENT, TITLE, DESCRIPTION, USE OR ZONING, ENVIRONMENTAL CONDITION, EXISTENCE OF LATENT DEFECTS, QUALITY, QUANTITY OR ANY OTHER THING AFFECTING THE BUSINESS, ANY OF THE PURCHASED ASSETS OR THE ASSUMED LIABILITIES, OR IN RESPECT OF ANY OTHER MATTER OR THING WHATSOEVER, INCLUDING ANY AND ALL CONDITIONS, WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, PURSUANT TO ANY APPLICABLE LAW IN ANY JURISDICTION, WHICH THE BUYER CONFIRMS DO NOT APPLY TO THIS AGREEMENT, AND ARE HEREBY WAIVED IN THEIR ENTIRETY BY THE BUYER.

(b) The Buyer acknowledges and agrees that: (i) the representations and warranties of the Sellers set forth in Article 4 will merge on, and shall not survive, the Closing; and (ii) the Sellers will not have or be subject to any liability or indemnification obligation to the Buyer or any other Person resulting from (nor will the Buyer or any other Person have any claim with respect to) the distribution to the Buyer, the Buyer's use of, or reliance on, any information, documents, projections, forecasts or other material made available to the Buyer in certain "data rooms," confidential information memoranda or management presentations in expectation of, or in connection with, the transactions contemplated by this Agreement, regardless of the legal theory (except in the case of fraud or intentional misrepresentation) under which such liability or obligation may be sought to be imposed, whether sounding in contract or tort, or whether at law or in equity, or otherwise. None of the representatives of the Sellers, whether in an individual, corporate or other capacity, will have or be subject to any such liability or indemnification obligations.

(c) The remedies expressly set forth in this Agreement are the Buyer's sole and exclusive remedies relating to this Agreement, the Closing Documents, the transactions contemplated hereby and thereby, the Business, the Purchased Assets, the Assumed Liabilities and all related operations of the Sellers or either of them.

(d) This Section 5.10 will not merge on Closing and is deemed incorporated by reference in all Closing Documents.

ARTICLE 6
CONDITIONS

6.1 Conditions for the Benefit of the Buyer and the Sellers

The respective obligations of the Buyer and of the Sellers to consummate the transactions contemplated by this Agreement are subject to the satisfaction of, or compliance with, at or prior to the Closing Time, each of the following conditions:

(a) *No Law* – no provision of any Applicable Law and no judgment, injunction, order or decree that prohibits the consummation of the purchase of the Purchased Assets or any of the other transactions pursuant to this Agreement shall be in effect;

(b) *Competition Act Approval and HSR Approval* – in each case unless the Buyer and the Sellers agree, each acting reasonably, that such approval is not required, Competition Act Approval and HSR Approval shall have been obtained;

(c) *ICA Approval* – provided that the Buyer and Sellers agree, each acting reasonably, that the ICA Approval is required, the ICA Approval shall have been obtained;

(d) *Approval and Vesting Order* – the Approval and Vesting Order shall have been issued and entered and shall be Final;

(e) *U.S. Approval Orders* – the U.S. Sale Order and the Recognition Order shall have been issued and entered and shall be Final;

(f) *Share Transfer Agreement* – each of the Buyer Parent and ESAI shall have entered into the Share Transfer Agreement;

(g) *Post-Closing Expense Budget* – a Post-Closing Expense Budget shall have been agreed to between the Monitor, the Sellers and the Buyer, each acting in a commercially reasonable manner or determined by the CCAA Court; and

(h) *Environmental Matters* – the MOECP shall have delivered a release to (i) the current directors and officers of the Sellers and (ii) those independent former directors of the Sellers mutually agreed between the Sellers and the Buyers, each acting in a commercially reasonable manner, in each case in respect of all liabilities, obligations, fines and penalties (pursuant to Environmental Laws or otherwise) arising out of, relating to or in connection with Environmental Claims in respect of the Goudreau Mine and the MacLeod Mine that occurred, arose or otherwise exist on or prior to the Closing Time, in form and substance satisfactory to the Buyer and the Seller, each acting in a commercially reasonable manner.

The Parties acknowledge that the foregoing conditions are for the mutual benefit of the Sellers, on the one hand, and the Buyer, on the other hand. Any condition in this Section 6.1 may be waived by the Sellers, on the one hand, or by the Buyer, on the other hand, in whole or in part, without prejudice to any of their respective rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver will be binding on the Sellers or the Buyer, as applicable, only if made in writing.

6.2 Conditions for the Benefit of the Buyer

The obligation of the Buyer to consummate the transactions contemplated by this Agreement is subject to the satisfaction of, or compliance with, or waiver by the Buyer of, at or

prior to the Closing Time, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Buyer):

(a) *Performance of Covenants* – the covenants contained in this Agreement to be performed or complied with by the Sellers at or prior to the Closing Time shall have been performed or complied with in all material respects as at the Closing Time;

(b) *Truth of Representations and Warranties* – (i) the Fundamental Representations and Warranties of the Sellers shall be true and correct in all material respects (and, for this purpose, any reference to "material", "Material Adverse Effect" or other concepts of materiality in such representations and warranties shall be ignored) on and as of the date of this Agreement and on and as of the Closing Date, as if made at and as of such date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date) and (ii) all other representations and warranties of the Sellers contained in Article 4 shall be true and correct on and as of the date of this Agreement and on and as of the Closing Date, as if made at and as of such date (except for representations and warranties made as of specified date, the accuracy of which shall be determined as of such specified date) except where the failure to be so true and correct would not, individually or in the aggregate, have a Material Adverse Effect (and, for this purpose, any reference to "material", "Material Adverse Effect" or other concepts of materiality in such representation and warranties shall be ignored);

(c) 2IILFHU¶V &HUWLILFDWH the Buyer shall have received a certificate confirming the satisfaction of the conditions contained in Sections 6.2(a) (*Performance of Covenants*) and 6.2(b) (*Truth of Representations and Warranties*), signed for and on behalf of the Sellers without personal liability by an executive officer of each of the Sellers or other Persons acceptable to the Buyer, in each case in form and substance reasonably satisfactory to the Buyer;

(d) *Cogen Agreements* – if the Cogen Agreements are designated as Assigned Agreements in accordance with Section 2.1(g) and Section 2.1(k), amendments to the Cogen Agreements as set forth in Schedule 6.2(d) of the Disclosure Letter;

(e) *PortCo Agreements* – (i) (A) arrangements or amendments with respect to the PortCo Agreements and the GIP Loan satisfactory to the Buyer, and (B) all consents and approvals required to assign ESAI's interest in the Port Lease to the Buyer and PortCo's interest in the Port Lease to a wholly-owned subsidiary of the Buyer shall have been obtained at or before the Closing Time; or (ii) such Order(s) as may be acceptable to the Buyer, the Sellers and the lenders under the GIP Loan to address the PortCo Agreements;

(f) *Arrangements with Governmental Authorities*

(i) *City of Sault Ste. Marie Property Tax Assessments* – (A) the City of Sault Ste. Marie and the Buyer shall have entered into the necessary agreement concerning the matters set out in sections 5(a) and 5(b) of the Property

Tax Term Sheet that is satisfactory to the Buyer, acting in a commercially reasonable manner; (B) the Municipal Property Assessment Corporation, the City of Sault Ste. Marie, ESAI and the Buyer shall have entered into a property assessment agreement that is satisfactory to the Buyer, acting in a commercially reasonable manner; and (C) the Municipal Property Assessment Corporation, the City of Sault Ste. Marie and ESAI shall have entered into Minutes of Settlement respecting outstanding assessment appeals before the Assessment Review Board in accordance with section 6 of the Property Tax Term Sheet, in each case as set forth in Schedule 6.2(f)(i) of the Disclosure Letter;

(ii) *NIER Participation* – the applicable Governmental Authorities shall have agreed to transfer from the Sellers to the Buyer all of the requirements for continued participation in the Northern Industrial Electricity Rate (NIER) program; and

(iii) *Financial Support* – the Buyer shall have entered into definitive documentation with each of the Province of Ontario and the Federal Economic Development Agency for Southern Ontario on terms satisfactory to the Buyer, acting in a commercially reasonable manner, for the establishment of grant and senior secured loan facilities to fund capital expenditures and other cash flow requirements of the Buyer;

(g) *Employee and Benefit Matters*

(i) *Pension Regulation* – approval of regulations with respect to the Assumed Pension Plans (other than the Essar Steel Algoma Inc. Money Purchase Pension Plan for Exempt Employees) satisfactory to the Buyer, acting in a commercially reasonable manner, which have the effect of relieving the Buyer of any obligation save and except for payments of fixed and variable amounts as specified by the Buyer and exempting the Buyer from the deemed trust and lien and charge provisions of pension legislation as specified by the Buyer as more particularly set forth in Schedule 6.2(g)(i) of the Disclosure Letter; and

(ii) *Amended Collective Agreements* – the Collective Agreements shall have been amended in accordance with one or more binding memoranda of agreement on terms and conditions satisfactory to the Buyer, acting in a commercially reasonable manner, as more particularly set forth in Schedule 6.2(g)(ii) of the Disclosure Letter, and the binding memoranda of agreement shall be signed and ratified by each respective bargaining unit prior to Closing, shall have received any required consents or approvals from the Ontario Labour Relations Board, and such amended Collective Agreements (the "**Amended Collective Agreements**") shall be effective on Closing;

(h) *Environmental Matters* – (A) the Buyer and Her Majesty the Queen in Right of the Province of Ontario, as represented by the Minister of the Environment and Climate Change shall have entered into a framework agreement concerning

certain legacy environmental contamination as contemplated by the Confidential High Level Term Sheet re Legacy Environmental Contamination between such parties as agreed to on July 5, 2017; and (B) the MOECP shall have delivered a release, satisfactory to the Buyer in its sole discretion, to all current and future directors and officers of the Buyer in respect of such legacy environmental contamination as contemplated by such framework agreement;

(i) *Credit Facilities* – a minimum $125,000,000 asset-based lending revolving credit facility shall be entered into by the Buyer;

(j) *Name Changes* – all documents required to effect the change of names contemplated in Section 7.16 shall be delivered to the Buyer in form and substance satisfactory to the Buyer, acting in a commercially reasonable manner;

(k) *No Material Adverse Effect* – no Material Adverse Effect shall have occurred since the Filing Date;

(l) *Consents* – (i) all consents, approvals or Governmental Authorizations of any Person (and registrations, declarations, filings or recordings with any Governmental Authority), required in connection with the assignment of the Required Consent Contracts shall have been obtained at or before the Closing Time on terms acceptable to the Buyer, acting in a commercially reasonable manner, or, with respect to any Required Consent Contracts for which such consents, approvals or Governmental Authorizations have not been obtained, a Canadian Assignment Order or a U.S. Assignment Order, as applicable, shall have been obtained (to the extent such an order can be made under the CCAA or the U.S. Bankruptcy Code, as applicable) and shall be Final; and (ii) all material Governmental Authorizations required in connection with the completion of the transactions contemplated by this Agreement (other than with respect to Competition Act Approval, HSR Approval and ICA Approval) shall have been obtained at or before the Closing Time on terms acceptable to the Buyer, acting in a commercially reasonable manner;

(m) *Title Insurance* – the Buyer shall have received commitments for title insurance in respect of the Sault Ste. Marie Property in form and substance satisfactory to the Buyer, acting in a commercially reasonable manner; and

(n) *Priority Claims* – all Priority Claims shall have been finally determined in accordance with a priority claims process to be determined pursuant to an Order of the CCAA Court.

6.3 Conditions for the Benefit of the Sellers

The obligation of the Sellers to consummate the transactions contemplated by this Agreement is subject to the satisfaction of, or compliance with, or waiver where applicable by the Sellers of, at or prior to the Closing Time, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Sellers):

(a) *Truth of Representations and Warranties* – all representations and warranties of

the Buyer contained in Article 5 will be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date;

(b) *Performance of Covenants* – the covenants contained in this Agreement to be performed by the Buyer at or prior to the Closing Time shall have been performed in all material respects as at the Closing Time;

(c) *Credit Bid Documents* – the Buyer shall have delivered the Lender Credit Bid Documents and the Noteholder Credit Bid Documents to the Sellers in accordance with Sections 5.6 and 5.7.

(d) *Administrative Reserve* – the Administrative Reserve Order shall have been issued and entered and shall be Final and the Closing Costs Reserve portion of the Administrative Reserve shall have been established in accordance with Section 10.5; and

(e) *Exit Financing* – immediately prior to the Closing Time, the Buyer shall have provided evidence, reasonably satisfactory to the Sellers, that the funds contemplated by the Backstop Exit Financing Commitment are available and ready to be funded to the Buyer or as the Buyer may direct or, if the Cash Purchase Price is to be funded by the Exit Term Loan, that the conditions precedent to funding of the Exit Term Loan will be satisfied or waived immediately prior to the Closing Time and that the proceeds thereof are available and ready to be funded to the Buyer or as the Buyer may direct;

and the Sellers shall have received a certificate confirming the satisfaction of the conditions contained in Sections 6.3(a) and 6.3(b) signed for and on behalf of the Buyer without personal liability by an executive officer of the Buyer or other Persons acceptable to the Sellers, each acting in a commercially reasonable manner, in each case, in form and substance satisfactory to the Sellers, each acting in a commercially reasonable manner.

ARTICLE 7
ADDITIONAL AGREEMENTS OF THE PARTIES

7.1 Access to Information

Until the Closing Time, the Sellers shall give to the Buyer's personnel engaged in the transactions contemplated by this Agreement and their accountants, legal advisers, consultants, financial advisors and representatives during normal business hours reasonable access to its premises and to all of the books and records relating to the Business, the Purchased Assets and the Assumed Liabilities and to the Employees of the Sellers, and shall furnish them with all such information relating to the Business, the Purchased Assets and the Assumed Liabilities as the Buyer may reasonably request in connection with the transactions contemplated by this Agreement. Access to the premises shall include access for the conduct of Phase I environmental site assessments. The Buyer may not conduct any invasive environmental testing or assessments without the prior written consent of the Sellers and any applicable landlord/lessor under the Real Property Leases. Notwithstanding anything in this Section 7.1 to the contrary, any such investigation shall be conducted upon reasonable advance notice and in such manner as does not

materially disrupt the conduct of the Business or the possible sale thereof to any other Person. Any damage to the Purchased Assets caused by such site visits or inspections or otherwise by the Buyer or those for whom they are responsible at law will be promptly repaired by the Buyer and the Buyer will indemnify and save the Sellers harmless from all Claims which the Sellers may suffer as a result thereof or any other breach of this Section by the Buyer. The Sellers shall also use commercially reasonable efforts to deliver to the Buyer authorizations to Governmental Authorities necessary to permit the Buyer to obtain information in respect of the Purchased Assets from the files of such Governmental Authorities, provided that the Buyer shall not request or cause to be conducted any on-site inspections by any Governmental Authorities.

7.2 Conduct of Business Until Closing Time

Except: (1) as required by this Agreement; (2) as contemplated by the budget delivered in accordance with the DIP Facility; (3) as necessary in connection with the CCAA Proceedings; (4) as otherwise provided in any court orders, prior to the Closing Time; or (5) as required by Applicable Law, to the extent reasonably practicable having regard to the CCAA Proceedings (provided, that the Sellers shall (x) not, without the prior written consent of the Buyer (not to be unreasonably withheld, conditioned or delayed), seek any order of the CCAA Court requiring them to refrain from taking any action described in Section 7.2 or to compel them to take any action described in Section 7.2(a), and (y) use their commercially reasonable efforts to oppose any motion or other request seeking such an order of the CCAA Court), each of the Sellers shall:

(a) (i) operate the Business only in the ordinary course of business in all material respects consistent with past practice; (ii) use commercially reasonable efforts to preserve the Purchased Assets in as good working order and condition, ordinary wear and tear excepted; (iii) use commercially reasonable efforts to preserve its business organization, including the services of its officers and employees, and its business relationships and goodwill with customers, suppliers and others having business dealings with it; (iv) pay and discharge the debts authorized by the CCAA Court in accordance with the DIP Credit Agreement; (v) use commercially reasonable efforts to maintain in full force and effect all material insurance policies and binders relating to the Business; (vi) seek to collect the receivables of the Business in the ordinary course of business and in the same manner as previously collected; (vii) maintain accounting policies consistent with those in place as of the date hereof; and (viii) maintain a reasonable level of maintenance of capital expenditures as contemplated by the Approved Budget (as defined in the DIP Credit Agreement); and

(b) not, without the prior written consent of the Buyer (the granting of such consent to be in the Buyer's sole discretion): (i) transfer, lease, license, sell, abandon, create any Encumbrance on or otherwise dispose of any of the Purchased Assets (except in the ordinary course of business, consistent with past practice); (ii) increase the compensation or benefits of any Assumed Employee, except for increases consistent with past practice or in accordance with employment Contracts or in accordance with any Collective Agreement; (iii) pay any severance or termination pay to any Assumed Employee; (iv) change materially the terms of employment of any Assumed Employee, establish, adopt, enter into, amend or terminate any Employee Plan or any plan, agreement, program, policy,

trust, fund or other arrangement that would be an Employee Plan if it were in existence as of the date of this Agreement or enter into any employment Contracts or agreements with any Assumed Employee; (v) amend any Collective Agreements, or enter into any new collective bargaining agreement, except in each case as required by Applicable Law; (vi) waive, release or settle any material claims held by it related to the Business that are included in the Purchased Assets; (vii) (A) amend, terminate or assign any Personal Property Lease, Real Property Lease, Real Property Landlord Lease, Assumed Contract or other Material Contract (except where the terms thereof obligate the applicable Seller to do so without the exercise of any discretion), (B) waive, release, permit the lapse of, relinquish or assign any material rights of the Business under any Personal Property Lease, Real Property Lease, Real Property Landlord Lease, Assumed Contract or other Material Contract (except where the terms thereof obligate the applicable Seller to do so without the exercise of any discretion), or (C) enter into any lease, Contract, license or other commitment related to the Business that would constitute a Personal Property Lease, Real Property Lease, Real Property Landlord Lease, Assumed Contract or other Material Contract; (viii) enter into any Contract which materially restricts the ability of the Business to engage in any business in any geographic area or channel of distribution; (ix) accelerate the delivery or sale of services or products, or offer discounts or price protection on the sale of services or products, or premiums on the purchase of raw materials, except in the ordinary course of business, consistent with past practice; (x) make any changes in the selling, distribution, advertising, promotion, terms of sale or collection practices of the Business, except in the ordinary course of business; (xi) issue any shares or ownership interests, or securities convertible into or exchangeable for shares or ownership interests; (xii) incur any indebtedness other than trade debt incurred in the ordinary course of business; (xiii) make or rescind any election related to Taxes; (xiv) acquire any businesses or assets outside of the ordinary course of business; or (xv) agree or make a commitment, whether in writing or otherwise, to do any of the foregoing.

7.3 Approvals and Consents

(a) Within ten (10) Business Days of the date of this Agreement,

(i) provided the Parties agree, acting reasonably, that ICA Approval is required, the Buyer shall file an application for review under the Investment Canada Act;

(ii) unless the Parties agree, acting reasonably, that Competition Act Approval is not required, the Buyer shall file a request for an advance ruling certificate under the Competition Act or in the alternative a no action letter, and the Buyer and the Sellers shall each file their pre-merger notification filing under the Competition Act unless the Parties mutually agree no such pre-merger notification filings shall be made or agree to make such pre-merger notification filings at a later date; and

(iii) unless the Parties agree, acting reasonably, that HSR Approval is not required, the Sellers and the Buyer shall make all filings and submissions

necessary under the HSR Act, and to the extent mutually determined to be required, any other applicable competition, merger, antitrust, or other similar law, and the Buyer will request any expedited processing available.

(b) The Sellers and the Buyer shall cooperate and furnish to the other such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission in connection with obtaining Competition Act Approval, HSR Approval and ICA Approval, if required.

(c) Each of the Sellers, on the one hand, and the Buyer, on the other hand, will provide to the other Party copies of all submissions and filings provided to a Governmental Authority pursuant to the Competition Act and the Investment Canada Act (provided in respect of Investment Canada Act submissions or filings, such documents shall be provided on an external counsel basis only and subject to the Buyer's discretionary right to redact competitively sensitive information) or any other applicable antitrust or foreign investment regulation, excluding the HSR Act (provided in respect of HSR Act submissions or filings, such documents shall only be provided if deemed necessary by the Sellers and the Buyer, acting reasonably), and will provide reasonable opportunity to comment on such filings and submissions prior to submitting same to the Governmental Authority; notwithstanding the foregoing, submissions, filings or other written communications to a Governmental Authority may be redacted as necessary before sharing with the other Party to address reasonable solicitor-client, attorney-client or other privilege or confidentiality concerns, provided that external legal counsel to the Buyer and the Sellers shall receive non-redacted versions of drafts or final submissions, filings or other written communications to the Governmental Authority on the basis that the redacted information will not be shared with their respective clients.

(d) The Sellers and the Buyer will promptly inform the other of any material communication received by such Party from any Governmental Authority or proposed to be made to any Governmental Authority, and shall provide the other Party and its counsel an opportunity to attend and participate in any meetings of a substantive nature with a Governmental Authority, with respect to the Competition Act, the HSR Act, the Investment Canada Act or any other applicable antitrust or foreign investment regulation, provided that (i) the right to attend and participate in meetings in respect of the Investment Canada Act will be on an external counsel basis only and (ii) documents shared in respect of the Investment Canada Act shall be provided on an external counsel basis only and subject to the Buyer's discretionary right to redact competitively sensitive information.

(e) The Buyer shall keep the Sellers fully informed at all times as to its efforts to obtain ICA Approval.

(f) Each of the Sellers and the Buyer will make and use reasonable best efforts to obtain Competition Act Approval, HSR Approval, ICA Approval, if required, and any other approval of any Governmental Authority required to consummate the transactions contemplated by this Agreement. Without limiting the generality of

the foregoing, the Buyer and Sellers shall each (i) use its respective reasonable best efforts to comply as expeditiously as possible with all requests of any Governmental Authority for additional information and documents, including information or documents requested under the Competition Act, the HSR Act or other applicable antitrust regulation and the Investment Canada Act; (ii) not (A) extend any waiting period under the Competition Act, the HSR Act, the Investment Canada Act or any applicable antitrust or foreign investment regulation; or (B) enter into agreement with any Governmental Authority not to consummate the transactions contemplated by this Agreement, except, in each case, with the prior consent of the other Parties hereto; and (iii) cooperate with the other Parties hereto and use reasonable best efforts to contest and resist any action, including legislative, administrative or judicial action, and to have vacated, lifted, reversed or overturned any order (whether temporary, preliminary or permanent) that delays, restricts, prevents or prohibits the consummation of the transactions contemplated by this Agreement. The Sellers shall not agree to any settlements, undertakings, consent decrees, stipulations, Orders or other agreements with any Governmental Authority relating to the transactions contemplated by this Agreement except, in each case, with the prior written consent of the Buyer. The Buyer shall agree to undertakings under the Investment Canada Act that are commercially reasonable having regard to the unique and particular distressed circumstances of the Business, if required.

(g) The Sellers shall be responsible for payment of any applicable filing fees under the Competition Act, the HSR Act or any other applicable antitrust regulation.

(h) As soon as reasonably possible following the date hereof, the Sellers and the Buyer shall make all such filings and seek all such consents, approvals, permits and authorizations with any other Governmental Authorities whose consent is required for consummation of the transactions contemplated by this Agreement, and the Buyer will request any expedited processing available.

(i) The Sellers shall use their commercially reasonable efforts to obtain all consents, approvals and Governmental Authorizations with respect to, and provide any notices under, any Permits or Contracts required in connection with the completion of the transactions contemplated by this Agreement at or before the Closing Time on terms acceptable to the Buyer, acting reasonably. The Buyer shall use its commercially reasonable efforts to cooperate with the Sellers in connection with the foregoing.

7.4 Covenants Relating to this Agreement

(a) Each of the Parties shall perform, and shall cause their affiliates to perform, all obligations required to be performed by the applicable Party under this Agreement, co-operate with the other Parties in connection therewith and, subject to the directions of any applicable courts to the Sellers, do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing, each Party shall and, where appropriate, shall cause each of its affiliates to:

(i) negotiate in good faith and use its reasonable best efforts to take or cause to be taken all actions and to do, or cause to be done, all things necessary, proper or advisable to satisfy the conditions precedent to the obligations of such Party hereunder (including, where applicable, negotiating in good faith with the applicable Governmental Authorities and/or third Persons in connection therewith, including, in the case of the Buyer, with respect to the asset-based lending revolving credit facility referenced in Section 6.2(i)), and to cause the fulfillment at the earliest practicable date of all of the conditions precedent to the other Party's obligations to consummate the transactions contemplated hereby; and

(ii) not take any action, or refrain from taking any action, or permit any action to be taken or not taken, which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the transactions contemplated by this Agreement.

(b) The Buyer hereby agrees, and hereby agrees to cause its representatives to, keep the Sellers informed on a reasonably current basis, and no less frequently than on a weekly basis through teleconference or other meeting, and as reasonably requested by the Sellers or the Monitor, as to the Buyer's progress in terms of the satisfaction of the conditions precedent contained herein.

(c) The Buyer shall, and shall cause its affiliates to, use reasonable best efforts to take or cause to be taken all actions and to do, or cause to be done, all things necessary, proper or advisable to obtain the proceeds of the Backstop Exit Financing and to ensure compliance with the Lender Credit Bid Commitment Letter and the Noteholder Credit Bid Commitment Letter on the terms and conditions described in the Backstop Exit Financing Commitment, the Lender Credit Bid Documents and the Noteholder Credit Bid Documents, as applicable, by no later than the Closing Time, and shall not permit, without the prior written consent of the Sellers, any amendment or modification to be made to, or any waiver or release of any provision or remedy under, the Backstop Exit Financing Commitment, the Lender Credit Bid Documents and the Noteholder Credit Bid Documents. Without limiting the generality of the foregoing, the Buyer shall, and shall cause its affiliates to, use reasonable best efforts to: (i) maintain in effect the Backstop Exit Financing Commitment, the Lender Credit Bid Documents and the Noteholder Credit Bid Documents in accordance with their terms until the transactions contemplated by this Agreement are consummated; (ii) satisfy, on a timely basis, all conditions, covenants, terms, representations and warranties within the control of the Buyer or its affiliates or representatives in the Backstop Exit Financing Commitment, the Lender Credit Bid Documents or the Noteholder Credit Bid Documents at or prior to the Closing Time; (iii) enforce its rights under the Backstop Exit Financing Commitment, the Lender Credit Bid Documents and the Noteholder Credit Bid Documents; (iv) cause the applicable Lenders and the Senior Secured Noteholders to fund the Backstop Exit Financing by no later than the Closing Time, if applicable; (v) cause the Agent under the Lender Credit Bid Documents to take such actions to ensure compliance with the Lender Credit Bid Documents by no later than the Closing Time; and (vi) cause the Indenture

Trustee under the Noteholder Credit Bid Documents to take such actions to ensure compliance with the Noteholder Credit Bid Documents by no later than the Closing Time. The Buyer's obligations under this Section 7.4(c) to enforce rights or take steps to cause compliance under the Backstop Exit Financing Commitment, the Lender Credit Bid Documents or the Noteholder Credit Bid Documents shall be subject to the conditions that (A) all conditions in Section 6.1 and Section 6.2 have been satisfied or waived (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions), (B) the Buyer does not consummate the transactions contemplated by this Agreement within three (3) Business Days of the date the Closing is required to occur pursuant to Section 10.1 or, if earlier, prior to the Sunset Date, and (C) the Sellers have irrevocably confirmed to the Buyer that if specific performance is granted and the Backstop Exit Financing Commitment, the Lender Credit Bid Documents and the Noteholder Credit Bid Documents are funded or performed, then the Sellers would take all actions required of them to cause the Closing to occur. The Buyer shall give the Sellers prompt notice of any material change, breach, default or dispute under or in relation to the Backstop Exit Financing Commitment, the Lender Credit Bid Documents or the Noteholder Credit Bid Documents.

(d) The Buyer agrees to use its reasonable best efforts to obtain, as soon as reasonably practicable, firm commitments, and to enter into contemporaneously with Closing, the credit facilities contemplated by Section 6.2(i).

(e) On or prior to the Closing Date, ESAI will issue the Priority Notes to the Lenders in satisfaction of the amount of accrued and unpaid interest owing by ESAI to each such Lender up to and including the Closing Date.

(f) The Sellers and the Buyer agree to execute and deliver such other documents, certificates, agreements and other writings, and to take such other actions to consummate or implement as soon as reasonably practicable, the transactions contemplated by this Agreement.

7.5 Release; Acknowledgements; Indemnity

(a) Except as otherwise contained herein (including in Section 7.5(b)), effective as of the Closing, each Seller hereby releases and forever discharges the Buyer and its respective affiliates, and their respective successors and assigns, and all officers, directors, partners, members, shareholders, employees and agents of each of them, from any and all actual or potential Claims which such Person had, has or may have in the future to the extent relating to the Purchased Assets, the Excluded Assets or the Excluded Liabilities.

(b) The Buyer hereby agrees to indemnify the Sellers and their respective affiliates and saves each of them fully harmless from and against, and will reimburse or compensate each of them for, all Claims arising from, in connection with or related in any manner whatsoever to:

(i) the Buyer's failure to pay when due, and perform and discharge, the

Assumed Liabilities; and

(ii) the Buyer's access in accordance with Section 7.1.

(c) The Buyer hereby agrees to indemnify the current and former directors and officers of the Sellers and any controlled affiliate thereof solely in respect of the Buyer's failure to pay when due, and perform and discharge, those liabilities for which a present or former director or officer thereof is liable and that constitute Assumed Liabilities under this Agreement.

(d) Except as otherwise contained herein, effective as of the Closing, the Buyer hereby releases and forever discharges the representatives of the Sellers (including their respective present or former directors and officers, employees and agents) from any and all actual or potential Claims which the Buyer had, has or may have in the future to the extent relating to the Business, the Purchased Assets, the Excluded Assets or the Assumed Liabilities; provided that the foregoing parties shall not be released or discharged from any of their respective post-Closing obligations under this Agreement or any document delivered to the Buyer in connection with this Agreement.

7.6 Tax Matters

(a) The Buyer and the Sellers agree to furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the Purchased Assets and the Assumed Liabilities as is reasonably necessary for the preparation and filing of any Tax return, claim for refund or other required or optional filings relating to Tax matters, for the preparation for and proof of facts during any Tax audit, for the preparation for any Tax protest, for the prosecution of any suit or other proceedings relating to Tax matters and for the answer to any governmental or regulatory inquiry relating to Tax matters.

(b) For purposes of any income Tax return related to the transactions contemplated in this Agreement, the Buyer and, to the extent applicable, the Sellers, agree to report the transactions contemplated in this Agreement in a manner consistent with the Allocation Statement determined in accordance with Section 3.2, and the Buyer and the Sellers shall not voluntarily take any action inconsistent therewith in any such Tax return, refund claim, litigation or otherwise, unless required by applicable Tax laws. The Buyer and the Sellers shall each be responsible for the preparation of their own statements required to be filed under the *Income Tax Act* (Canada) and the Code and other similar forms in accordance with applicable Tax laws.

(c) All real property Taxes, personal property Taxes and similar *ad valorem* obligations levied with respect to the Purchased Assets for a taxable period which includes (but does not end on) the Closing Date shall be apportioned between the Sellers and the Buyer based on the number of days of such taxable period up to and including the Closing Date (such portion of such taxable period, the "**Pre-Closing Tax Period**") and the number of days of such taxable period after the Closing Date (such portion of such taxable period, the "**Post-Closing Tax**

Period"). Except as otherwise provided herein, the Sellers shall be liable for the proportionate amount of such Taxes that is attributable to the Pre-Closing Tax Period, and the Buyer shall be liable for the proportionate amount of such Taxes that is attributable to the Post-Closing Tax Period. Notwithstanding the foregoing, pursuant to Section 2.3(f) and subject to Section 6.2(f)(i), the Buyer shall be liable for those pre-Filing Date property Taxes owing by ESAI to the City of Sault Ste. Marie and those post-Filing Date property Tax liabilities owing by ESAI to the City of Sault Ste. Marie set out in sections 1, 3, 4 and 5 of the Property Tax Term Sheet, and in each case to the extent not paid as of the Closing Date.

(d) In respect of the purchase and sale of the Purchased Assets under this Agreement, each Party shall pay direct to the appropriate Governmental Authority all sales and transfer Taxes, registration charges and transfer fees payable by it and, upon the reasonable request of a Party, the requested Party shall furnish proof of such payment except that the Buyer shall be liable for and shall pay to the Sellers an amount equal to any Tax payable by the Buyer and collectible by the Sellers under the GST and HST Legislation and the QST Legislation and under any similar provincial or territorial legislation imposing a similar value-added or multi-staged Tax.

(e) At the Buyer's request within a reasonable period of time prior to Closing and if failure to do so could reasonably be expected to subject the Buyer to any Taxes of the Sellers, the Sellers shall notify all of the Governmental Authorities and receive prior to Closing any applicable Tax clearance certificate ("**Tax Clearance Certificate**") for all jurisdictions in which the Sellers are required to withhold, collect, pay or remit sales and use Taxes and other withholdings in connection with the Business or any of the Purchased Assets. If, in respect to any application for a Tax Clearance Certificate made pursuant to this Section 7.6(e) any Governmental Authority asserts prior to Closing that a Seller is liable for any Tax, such Seller shall promptly pay prior to Closing any and all such amounts and shall provide evidence to the Buyer that such liabilities have been paid in full or otherwise satisfied.

(f) The Buyer and the Sellers shall jointly elect, pursuant to subsection 167(1) of the GST and HST Legislation, Section 75 of the QST Legislation and any equivalent or corresponding provision under any applicable provincial or territorial legislation imposing a similar value added or multi-staged Tax, that no Tax be payable with respect to the purchase and sale of the Purchased Assets under this Agreement. The Buyer and the Sellers shall make such election(s) in prescribed form containing prescribed information and the Buyer shall file such election(s) in compliance with the requirements of the applicable legislation. Notwithstanding such election(s), in the event it is determined by the Canada Revenue Agency or Revenue Quebec (or another applicable provincial Governmental Authority) that there is a liability of the Buyer to pay, or of a Seller to collect and remit, any Taxes payable under the GST and HST Legislation or the QST Legislation (or any applicable provincial legislation) in respect of the sale and transfer of the Purchased Assets, such Taxes shall be paid by the Buyer and the Buyer shall indemnify and save the Sellers (and any present or former directors and officers

of any Seller) harmless with respect to any such Taxes and costs payable resulting from such determination.

(g) If requested by the Buyer, ESAI and the Buyer will jointly execute, and each of them will file promptly following the Closing Date, an election under Section 22 of the *Income Tax Act* (Canada), and any corresponding provisions of any applicable provincial income Tax legislation. For the purposes of such elections, the Buyer and ESAI will, acting reasonably, jointly determine the amount that the parties will designate as the portion of the Purchase Price allocable to the debts in respect of which such elections are made. For greater certainty, ESAI and the Buyer agree to prepare and file their respective Tax returns in a manner consistent with such election(s).

(h) Notwithstanding paragraph (e), the Buyer hereby waives compliance by the Sellers with Section 6 of the *Retail Sales Tax Act* (Ontario) and with any similar provision contained in any other Applicable Law in respect of all sales and transfer Taxes, registration charges and transfer fees payable.

(i) To the extent permitted under Section 221(2) of the GST and HST Legislation and any equivalent or corresponding provision under the QST Legislation and any other applicable provincial or territorial legislation, the Buyer shall self-assess and remit directly to the appropriate Governmental Authority any GST and HST imposed under the GST and HST Legislation and any similar value added or multi-staged tax imposed by the QST Legislation and any other applicable provincial or territorial legislation payable in connection with the transfer of any of the Sault Ste. Marie Property. The Buyer shall make and file a return(s) in accordance with the requirements of Section 228(4) of the GST and HST Legislation and any equivalent or corresponding provision under the QST Legislation and any other applicable provincial or territorial legislation.

(j) At Closing, the Sellers and the Buyer shall collectively execute, acknowledge, deliver and file all such returns and other documents as may be necessary to comply with the Applicable Law regarding the transfer of the Sault Ste. Marie Property in Canada and the United States and all sales and transfer Taxes, registration charges and transfer fees payable on such transfer. Such sales and transfer Taxes, registration charges and transfer fees payable shall be paid to the appropriate Governmental Authority by the Party responsible for such sales and transfer Taxes, registration charges and transfer fees payable under Applicable Law (and for clarity, the Buyer shall be solely responsible and liable for and shall pay all land transfer tax and other similar taxes, duties and fees in respect of the transfer of the Sault Ste. Marie Property from the Sellers to the Buyer).

(k) If requested by the Buyer, ESAI and the Buyer will jointly execute an election in the prescribed manner and within the prescribed time limits, to have the rules in subsection 20(24) of the *Income Tax Act* (Canada), and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply to the obligations of ESAI in respect of undertakings which arise from the operation of the Business and to which paragraph 12(1)(a) and 12(1)(e) of the *Income Tax Act* (Canada) apply. For the purposes of such election(s), the Buyer,

acting reasonably, shall determine the elected amount and the Buyer and ESAI acknowledge that ESAI is transferring assets to the Buyer which have a value equal to such elected amount as consideration for the assumption by the Buyer of such obligations of ESAI.

7.7 Employee Matters

(a) No later than August 1, 2018 the Sellers will deliver a schedule of all non-unionized Employees, together with, their positions and material terms of employment including wages/salary, incentive compensation, service date, benefits and vacation entitlement and accrual and whether any such Employees are on a leave of absence (the "**Employee Schedule**"). The Employee Schedule will be updated periodically, as reasonably requested by the Buyer, to reflect any changes to the information provided in the Employee Schedule occurring between delivery of the Employee Schedule and Closing.

(b) Prior to but conditional on Closing and with effect as of the Closing Time, the Buyer shall offer continuing employment to all of the Sellers' non-unionized Employees who are employed by the Sellers as of August 1, 2018. The terms and conditions of the offers of employment to the non-unionized Employees shall include (i) salary that is substantially comparable to the salary the Employee currently enjoys and (ii) group health and welfare benefits (excluding, for greater certainty, any perquisites or other benefits offered on an individual basis) that are substantially similar in the aggregate to the group health and welfare benefits such Employee currently enjoys, as disclosed by the Sellers to the Buyer.

(c) The Canadian unionized Employees and the non-unionized Employees who accept the Buyer's offer of employment, shall hereinafter be referred to as "**Assumed Employees**". The Buyer shall recognize service of the Assumed Employees with the Sellers. The Sellers will cooperate with the Buyer in giving notice to the Employees concerning such matters referred to in this Section 7.7 as are reasonable under the circumstances. The Sellers shall not take any steps to persuade the non-unionized Employees not to accept such offers of employment.

(d) The Buyer shall assume the Amended Collective Agreements and shall be a successor employer to the unionized Employees of ESAI pursuant to Applicable Law and in such other jurisdictions as may be required by law and in such case shall be bound by and comply with the terms of the Amended Collective Agreements effective immediately following the Closing Date. The Buyer shall be responsible for all liabilities and obligations with respect to the unionized Employees of ESAI under the Amended Collective Agreements. For greater certainty, Buyer shall assume the liabilities set out in Section 2.3(d).

(e) Without limiting the application of Sections 2.3(d), 2.3(g) and 2.4(d), the Buyer shall assume and be responsible for all liabilities and obligations with respect to the Assumed Employees following the Closing Date, including, but not limited to, any required notice of termination, termination or severance pay (required under Applicable Law or under any Contract), employment insurance, workplace safety and insurance/workers' compensation, Canada Pension Plan, salary or wages,

statutory holiday pay, overtime pay, payroll or employer health Taxes, commissions, bonuses or vacation entitlements arising on or after the Closing Date. The Buyer shall also assume and be responsible for any vacation pay or wage liability (including under grievances) with respect to the Assumed Employees, whether accruing or arising prior to or following the Closing Date, in respect of which any present or former director or officer of a Seller or any affiliate thereof would be liable (after having advanced any defences that such directors and officers may have, and provided such directors and officers have cooperated with the Buyer in advancing any such defences, in each case at the cost of the Buyer).

(f) Except for obligations and liabilities which are Assumed Liabilities including as set out in Sections 2.3(d), 7.7(e) and 7.7(i), the Sellers shall be responsible for all liabilities and obligations with respect to any non-unionized Employees up to and including the Closing Date and all liabilities and obligations with respect to any non-unionized Employees who do not accept or receive offers of employment from the Buyer made in accordance with the terms of this Agreement, including, in both cases, liabilities and obligations related to any required notice of termination, termination or severance pay (required under Applicable Law or under Contract), employment insurance, workplace safety and insurance/workers' compensation, Canada Pension Plan, salary or wages, statutory holiday pay, overtime pay, payroll or employer health Taxes, commissions, bonuses, benefit plan payments or contributions (except in respect of Assumed Employee Plans), vacation entitlements and accruals and any other claims.

(g) For individuals who are Employees of the Sellers and as at the Closing Date are (i) not Employees and (ii) entitled to post-retirement benefits from the Sellers other than pursuant to the Amended Collective Agreements (the "**Non-Unionized Retirees**"), the Buyer shall provide post-retirement benefit coverage that is substantially comparable in the aggregate to the coverage such individuals are entitled to under the Employee Plans as at the Closing Date, as disclosed by the Sellers to the Buyer.

(h) The Buyer may, as part of complying with the Buyer's obligations to Employees of the Sellers under the Amended Collective Agreements and under Section 7.7(a) and Section 7.7(g), either:

(i) provide written notice to the Sellers prior to the Closing Date that the Buyer wishes to assume one or more Employee Plans (the "**Assumed Employee Plans**"), and if the Buyer provides such notice, then effective as of the Closing Date, the Sellers shall assign to the Buyer, and the Buyer assumes, the Assumed Employee Plans and all agreements and policies forming part of or relating to any Assumed Employee Plan and all of the Sellers' rights, obligations and liabilities under and in relation to the Assumed Employee Plans accruing under such Assumed Employee Plans with respect to the period from and after the Closing Date and all agreements and policies forming part of or relating to any Assumed

Employee Plan and the Sellers and the Buyer agree to co-operate to take all reasonable steps to effect such assignment; or

(ii) provide benefits to the Employees of the Sellers (or any spouse, beneficiary or dependent of such persons) through new employee plans established effective as of the Closing Date that are sufficient to satisfy the Buyer's obligations under the Amended Collective Agreements and under Section 7.7(a) and Section 7.7(g).

(i) The Buyer shall be responsible for all liabilities and obligations in connection with claims incurred but not yet reported or paid as at the Closing Date under each Employee Plan that: (i) provides group health and welfare benefits; (ii) is not an Assumed Employee Plan; and (iii) provides benefits coverage on a self-insured basis, provided that the Sellers shall take all reasonable steps required to cause any surpluses or claims reserves held in respect of such Employee Plan to be transferred to the Buyer. The Sellers shall be responsible, in accordance with the terms of the applicable Employee Plan, for any and all claims incurred by Employees of the Seller prior to the Closing Date under each Employee Plan that: (i) provides group health and welfare benefits; (ii) is not an Assumed Employee Plan, and (iii) provides benefits coverage on an insured basis.

(j) Effective as of the Closing Date, the Sellers shall assign to the Buyer, and the Buyer shall assume, the Assumed Pension Plans and all agreements and policies forming part of or relating to any Assumed Pension Plans and the Buyer shall from the Closing Date be responsible for funding the Assumed Pension Plans in accordance with the requirements of Applicable Law as modified by the regulation contemplated in Section 6.2(g)(i) and shall assume all of the Sellers' rights, obligations and liabilities under and in relation to all agreements and policies with third parties relating to any Assumed Pension Plans with respect to the period from and after the Closing Date and the Sellers shall make such amendments to the Assumed Pension Plans and shall file such amendments with the applicable Governmental Authority as are necessary to give effect to the assignment of the Assumed Pension Plans to the Buyer and the Seller and Buyer agree to co-operate to take all reasonable steps to effect the assignment contemplated in this Section 7.7(i).

7.8 Certain Payments or Instruments Received from Third Persons

(a) To the extent that, after the Closing Date: (a) the Buyer or any of its affiliates receives any payment or instrument that is for the account of a Seller according to the terms of any Closing Document or relates to any Retained Business, the Buyer shall, and shall cause its affiliates to, promptly deliver such amount or instrument to the relevant Seller; or (b) any of the Sellers or any of their controlled affiliates receives any payment or instrument that is for the account of the Buyer according to the terms of any Closing Document or that relates to the Business, the Sellers shall, and shall cause their controlled affiliates to, promptly deliver such amount or instrument to the Buyer.

(b) All amounts due and payable under this Section 7.8 shall be due and payable by the applicable Party in immediately available funds, by wire transfer to the account designated in writing by the relevant Party. Notwithstanding the foregoing, each Party hereby undertakes to use its commercially reasonable efforts to direct or forward all bills, invoices or like instruments to the appropriate Party.

7.9 Certain Payments Relating to Purchased Assets

(a) On or prior to the Closing Date, or at such later date when disputed Cure Costs are decided by the CCAA Court or the U.S. Bankruptcy Court, the Cure Costs shall be paid in full in cash as follows: (i) in an amount not to exceed $6,000,000 from the Administrative Reserve in accordance with the Administrative Reserve Order; and (ii) for any amount in excess of $6,000,000, by the Buyer.

(b) The Sellers or the Buyer shall pay the obligations and liabilities identified on Schedule 7.9(b) of the Disclosure Letter from the Sellers' cash on hand immediately prior to Closing or following the Closing Date, as specified on Schedule 7.9(b) of the Disclosure Letter.

7.10 Insurance Matters

The Buyer and its affiliates shall have the right to make claims (or to cause the Sellers to make claims) to recover proceeds, and otherwise continue to pursue against the Sellers' insurance policies, with respect to matters existing or arising on or prior to the Closing Date, and prior to the Closing the Sellers and their controlled affiliates shall use their commercially reasonable efforts so that the Buyer is named as an additional insured and loss payee under such policies.

7.11 Intellectual Property Matters

The Sellers shall cooperate with and assist the Buyer, at the Buyer's expense, with the registration of the assignment of the registrable rights relating to Intellectual Property forming part of the Purchased Assets.

7.12 Agreements relating to Environmental Matters

The Parties agree to cooperate, in good faith, with the negotiation with the applicable Governmental Authorities of the matters contemplated by Section 6.2(h) of this Agreement.

7.13 Permits, Surety Bonds or Financial Assurances

The Sellers shall cooperate with and assist the Buyer as reasonably requested to (i) transfer or replace all Permits and surety bonds or other financial assurances (including in obtaining the written confirmation, as may be required, from the Governmental Authorities regarding the transfer of such Permits as the Buyer as the new Permit holder, or as the successor or assign to the Permit, as may be applicable), and (ii) maintain at the Buyer's expense and comply with all required Permits or surety bonds or financial assurances during any transfer or replacement period after the Closing Time, in each case, with respect to Permits and surety

bonds or other financial assurances which are Purchased Assets.

7.14 Notice of Certain Events

The Sellers, on the one hand, and the Buyer, on the other hand, shall give prompt written notice to the other Party of: (i) the occurrence or non-occurrence of any fact, change, condition or event, the occurrence or non-occurrence of which would render any representation or warranty of such Party contained in this Agreement or any of the Closing Documents untrue or inaccurate in any material respect; (ii) any failure of such Party to comply with or satisfy any covenant or agreement to be complied with or satisfied by such Party hereunder in any material respect or any event or condition that would otherwise reasonably be expected to result in the nonfulfillment of any of the conditions to such Party's obligations hereunder; (iii) any notice (whether written or oral) from any Person (including any Governmental Authority or any counterparty to a Contract) alleging that the consent of such Person is or may be required in connection with, or that any Contract with any such Person is or may be breached or otherwise violated in connection with, the consummation of the Closing or any of the other transactions contemplated by this Agreement or any of the Closing Documents; or (iv) any proceeding pending or, to the knowledge of such Party, threatened, against such Party relating to the Agreement and the other transactions contemplated by this Agreement or any of the Closing Documents. The Sellers shall give prompt written notice to the Buyer of the occurrence of any change, event, occurrence or circumstance that has had, or is reasonably likely to have, a Material Adverse Effect.

7.15 Risk of Loss

In the event of any damage to or expropriation of the Purchased Assets or any part thereof that is material on or after the date hereof and prior to the Closing, the Buyer may at its option:

(a) complete the purchase as contemplated under this Agreement in which case the Buyer may elect to receive all proceeds of insurance or expropriation (as the case may be) and all right and claims of the Sellers to any such proceeds not paid on Closing shall be unconditionally assigned to the Buyer with the consent of the insurers, if applicable, on Closing; or

(b) terminate this Agreement in the event that any of such damage or expropriation, individually or in the aggregate, has resulted in a Material Adverse Effect.

7.16 Change Names

As soon as reasonably practicable on or following the Closing Date (and, in any event, within five (5) Business Days of the Closing Date), each of the Sellers shall discontinue use of the name "Algoma" and any variation thereof, except where legally required to advise that its name has been changed to another name or to refer to the historical fact that the Sellers previously conducted the Business under the "Algoma" name, and each Seller shall as soon as reasonably practicable following Closing file articles of amendment to change the corporate names of the Sellers to another name if requested by the Buyer, acting in a commercially reasonably manner, and otherwise not confusingly similar to its present name. To the extent necessary as determined by the Buyer, acting in a commercially reasonable manner, the

Approval and Vesting Order shall authorize and direct the appropriate Governmental Authority to accept such articles of amendment notwithstanding the insolvency of the Sellers.

7.17 Amendments to Acquisition Structure

The Buyer, together with the lenders and agents under the Term Loan Agreement, the Senior Secured Noteholders, and the Indenture Trustee, shall be entitled to structure the acquisition of the Purchased Assets in an alternative manner provided that under any alternative structure, the Assumed Liabilities are fully assumed by the Buyer, the Buyer funds the Administrative Reserve Costs as contemplated herein and the Sellers are fully released from (i) all of the obligations, indebtedness and liabilities under or with respect to the Term Loan Secured Debt and the Senior Secured Debt (including in each case all guarantees and security documents) in full satisfaction thereof and (ii) all security interests and liens securing the Term Loan Secured Debt and the Senior Secured Debt and, provided further that, any such alternative structure shall not materially delay or impede the completion of the transactions contemplated by this Agreement, be adverse to the Sellers in a material manner or result in any liabilities being imposed upon any current or former director, officer or employee of any Seller or of any affiliates of the Sellers.

7.18 Financing Cooperation

(a) The Sellers shall use their reasonable best efforts to, and shall cause their respective subsidiaries and their respective representatives to use their reasonable best efforts to, provide all cooperation in connection with the arrangement, syndication and documentation of any bank debt exit financing to be obtained by the Buyer pursuant to the Exit Bank Financing Letter (the "**Exit Bank Financing**") as may be reasonably requested by Buyer, including:

(i) participation in a reasonable number of meetings, due diligence sessions (including accounting due diligence sessions), drafting sessions, presentations, "road shows" and sessions with prospective financing sources, investors and ratings agencies, in each case on reasonable advance notice, including direct contact between appropriate members of senior management of the Sellers, on the one hand, and the actual and potential Exit Bank Financing Sources, on the other hand;

(ii) cooperating with the marketing efforts of the Buyer and the Exit Bank Financing Sources in connection with the Exit Bank Financing;

(iii) assisting with the preparation of materials for rating agency presentations, offering documents, private placement memoranda, bank information memoranda (including the delivery of customary authorization letters with respect to the bank information memoranda authorizing the distribution of information to prospective Exit Bank Financing Sources or investors and containing a representation to the Exit Bank Financing Sources that the public side versions of such documents, if any, do not include material non-public information about each Seller or its respective subsidiaries or securities and containing a "10b-5" representation by the Sellers) and similar documents required in connection with the Exit Bank Financing;

(iv) furnishing the Buyer and the Exit Bank Financing Sources with the Required Information, all of which shall be provided by the Sellers as promptly as practicable after the date hereof;

(v) assisting Buyer in obtaining any corporate ratings from any ratings agencies contemplated by the Exit Bank Financing;

(vi) furnishing, at least three Business Days prior to the Closing Date, such documentation and information as is reasonably requested in writing by the Buyer at least ten (10) days prior to the Closing Date to the extent required under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act and the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada);

(vii) assisting the Buyer in obtaining borrowing base certificates delivered under the DIP Facility, assisting the Buyer with obtaining appraisals and field exams required in connection with the Exit Bank Financing, assisting the Buyer in completing any borrowing base certificate required in connection with the Exit Bank Financing;

(viii) assisting the Exit Bank Financing Sources in benefiting from the existing lending and investment banking relationships of the Sellers; and

(ix) updating any Required Information provided to Buyer as may be necessary for such Required Information to remain Compliant.

(b) Notwithstanding the foregoing, nothing in Section 7.18(a) shall require the Sellers to:

(i) take any action in respect of the Exit Bank Financing to the extent that such action would cause any condition to Closing set forth in Article 6 to fail to be satisfied by the Sunset Date or otherwise result in a breach of this Agreement by the Sellers;

(ii) take any action in respect of the Exit Bank Financing that would conflict with or violate the Sellers' organizational documents or any Applicable Law;

(iii) take any action to the extent such action would unreasonably interfere with the business or operations of the Sellers;

(iv) execute and deliver any letter, agreement, document or certificate in connection with the Exit Bank Financing (except the authorization letters contemplated by clause (a)(iii) above, notices of prepayment or borrowing notices) or take any action that is not contingent on, or that would be effective prior to, the occurrence of, the Closing;

(v) pay any arrangement fee or other fee or payment to obtain consent or incur any liability with respect to or cause or permit any Encumbrance to be placed on any of their respective assets in connection with the Exit Bank Financing prior to the Closing Date (except the authorization letters contemplated by clause (a)(iii) above);

(vi) issue any bank information memoranda required in relation to the Exit Bank Financing, it being understood that any such memoranda shall reflect the Buyer and/or its subsidiaries as the obligor; or

(vii) provide any legal opinion or other opinion of counsel in connection with the Exit Bank Financing.

(c) The Sellers hereby consent to the use of the Sellers' and their respective subsidiaries' logos in connection with the Exit Bank Financing; *provided that* such logos are used in a manner that is not intended to or reasonably likely to harm or disparage the Sellers' reputation or goodwill.

7.19 Real Property Matters

(a) Any Excluded Real Property Proceeds up to the Northern Properties Reserve Cap shall be paid to the Administrative Reserve in accordance with the Administrative Reserve Order in order to fund amounts payable by any Seller, or any current or former director or officer of any Seller, to Governmental Authorities to settle outstanding Environmental Claims in respect of the Goudreau Mine or the MacLeod Mine in order to satisfy the condition set forth in Section 6.1(h).

(b) Any Excluded Real Property Proceeds remaining in the Northern Properties Reserve following the delivery by the MOECP of the release contemplated in Section 6.1(h) to the parties contemplated by Section 6.1(h) shall be paid to the Buyer in accordance with the Administrative Reserve Order.

(c) If at the time the Buyer registers the Approval and Vesting Order on title to the Sault Ste. Marie Property, (i) title to the Sault Ste. Marie Property is subject to Encumbrances (other than Permitted Encumbrances) that are not otherwise expressly set forth in Schedule "C" to the Approval and Vesting Order to be discharged, expunged or vacated, and/or (ii) if the applicable land registry office requests further information, details or documents to enter the Buyer as owner of the Sault Ste. Marie Property and/or to discharge, expunge or vacate the Encumbrances (other than Permitted Encumbrances), then the Sellers shall, at the sole cost and expense of the Buyer, cooperate with the Buyer and shall supply such assistance as may be reasonably requested by the Buyer to discharge, expunge or vacate, as the case may be, such Encumbrances from title to the Sault Ste. Marie Property and/or to have the Buyer entered as the owner of the Sault Ste. Marie Property, including obtaining a supplemental order of the CCAA Court. This Section shall not merge but shall survive Closing, provided that nothing in this Section 7.19(c) shall operate to prohibit or diminish in any way the right of a Seller to dissolve, wind-up or otherwise cease operations as it may

determine in its sole discretion, or require any Seller to take any illegal action or commit fraud on any Person.

ARTICLE 8
COURT ORDERS

8.1 Court Orders and Related Matters

(a) The Buyer shall cooperate with the Sellers acting reasonably, as may be necessary, in obtaining the Approval and Vesting Order, the U.S. Sale Order, the Recognition Order, and any Canadian Assignment Order and U.S. Assignment Order.

(b) Notice of the motions seeking the issuance of the Approval and Vesting Order and the Recognition Order shall be served by the Sellers on all Persons required to receive notice under Applicable Law and the requirements of the CCAA, the CCAA Court, the U.S. Bankruptcy Code, the U.S. Bankruptcy Court and any other Person determined necessary by the Sellers or the Buyer.

(c) The Sellers covenant and agree that if the Approval and Vesting Order is entered, the terms of any plan submitted by the Sellers to the CCAA Court for confirmation shall not conflict with, supersede, abrogate, nullify, modify or restrict the terms of this Agreement or the rights of the Buyer hereunder, or in any way prevent or interfere with the consummation or performance of the transactions contemplated by this Agreement, including any transaction that is contemplated by or approved pursuant to the Approval and Vesting Order.

(d) If the Approval and Vesting Order or any other Orders of the CCAA Court relating to this Agreement is appealed or motion for rehearing or reargument is filed with respect thereto, the Sellers agree to take all action as may be commercially reasonable and appropriate to defend against such appeal, petition or motion and the Buyer agrees to cooperate in such efforts and take all action as may be commercially reasonable and appropriate to defend against such appeal, petition or motion, including filing supplementary materials in support of the Sellers.

(e) From and after the date of this Agreement and until the Closing Date, the Sellers shall deliver to Buyer drafts of any and all pleadings, motions, notices, statements, applications, schedules, reports, and other papers to be filed or submitted by the Sellers in connection with or related to this Agreement for Buyer's prior review at least three (3) days in advance of service and filing of such materials. The Sellers shall consult and cooperate with Buyer regarding (i) any such pleadings, motions, notices, statements, applications, schedules, reports, or other papers, (ii) any discovery and examinations taken in connection with seeking entry of the Approval and Vesting Order, and (iii) any hearing in respect of any of the foregoing, including the submission of any evidence, including witnesses testimony, in connection with such hearing.

ARTICLE 9

TERMINATION

9.1 Termination

This Agreement may be terminated at any time prior to Closing as follows:

(a) by mutual written consent of the Sellers and the Buyer;

(b) by the Buyer or the Sellers if Closing has not occurred on or before October 31, 2018 or such later date agreed to by both the Sellers and the Buyer in writing in consultation with the Monitor (the "**Sunset Date**"), provided that the terminating Party is not in breach of any representation, warranty, covenant or other agreement in this Agreement to cause the conditions in Article 6 to be satisfied;

(c) by the Buyer upon the appointment of a receiver, trustee in bankruptcy or similar official in respect of any of the Sellers of any of the property of the Sellers;

(d) by the Buyer pursuant to Section 7.15(b);

(e) by the Buyer or the Sellers upon the dismissal or conversion of the CCAA Proceedings;

(f) by the Buyer or the Sellers upon permanent denial of the Approval and Vesting Order, the Competition Act Approval, the HSR Approval and/or the ICA Approval, in each case, to the extent required;

(g) by the Buyer or the Sellers if a court of competent jurisdiction or other Governmental Authority has issued an order or taken any other action permanently restraining, enjoining or otherwise prohibiting the consummation of Closing and such order or action has become final and non-appealable;

(h) by the Sellers, if required under any Order of a court of competent jurisdiction including the CCAA Court;

(i) by the Sellers, if there has been a material violation or breach by the Buyer of any covenant, representation or warranty which would prevent the satisfaction of the conditions set forth in Section 6.1 or Section 6.3, as applicable, by the Sunset Date and such violation or breach has not been waived by the Sellers or cured within ten (10) Business Days after written notice thereof from the Sellers, unless the Sellers are in material breach of their obligations under this Agreement; and

(j) by the Buyer, if there has been a material violation or breach by either of the Sellers of any covenant, representation or warranty which would prevent the satisfaction of the conditions set forth in Section 6.1 or Section 6.2, as applicable, by the Sunset Date and such violation or breach has not been waived by the Sellers or cured within ten (10) Business Days after written notice thereof from the Buyer, unless the Buyer is in material breach of its obligations under this Agreement.

The Party desiring to terminate this Agreement pursuant to this Section 9.1 (other than

pursuant to Section 9.1(a)) shall give written notice of such termination to the other Party or Parties, as applicable, specifying in reasonable detail the basis for such Party's exercise of its termination rights.

9.2 Effect of Termination

In the event of termination of this Agreement pursuant to Section 9.1, this Agreement shall become void and of no further force or effect without liability of any Party to any other Party to this Agreement except that (a) this Section 9.2 and Section 11.1, Section 11.3, Section 11.5, Section 11.6 and Section 11.7 shall survive and (b) no termination of this Agreement shall relieve any Party of any liability for any wilful breach by it of this Agreement, or impair the right of any Party to compel specific performance by any other Party of its obligations under this Agreement in accordance with Section 11.3.

ARTICLE 10
CLOSING

10.1 Location and Time of the Closing

The Closing shall take place at the Closing Time on the Closing Date at the Toronto, Ontario offices of Stikeman Elliott LLP, Suite 5300, Commerce Court West, 199 Bay Street, Toronto, Ontario, Canada M5L 1B9, or at such other location as may be agreed upon by the Parties.

10.2 Sellers' Deliveries at Closing

At Closing, the Sellers shall deliver to the Buyer the following:

(a) a true copy of each of the Approval and Vesting Order, the Recognition Order, and the U.S. Sale Order;

(b) true copies of any Canadian Assignment Order(s) and U.S. Assignment Order(s) obtained by the Sellers pursuant to this Agreement;

(c) documentation evidencing that the Sellers' bank accounts, including cash contained thereon, have been transferred to the Buyer;

(d) the General Assignments and Bills of Sale for the Purchased Assets duly executed by the applicable Sellers;

(e) the Lease Assignment and Assumption Agreements for the Personal Property Leases, Real Property Leases and Real Property Landlord Leases duly executed by the applicable Sellers;

(f) the Contracts Assignment and Assumption Agreements for the Assigned Agreements duly executed by the applicable Sellers;

(g) if applicable, absolute assignments of such Real Property Landlord Leases with Her Majesty the Queen in right of Canada (or any of its Federal Ministries or Departments) and all other documentation required under the *Financial*

Administration Act (Canada);

(h) to the extent that existing realty Tax assessment appeals made on behalf of ESAI respecting the Sault Ste. Marie Property (the "**Assessment Appeals**") remain outstanding and are unresolved before the Assessment Review Board, assignment of full carriage of the Assessment Appeals and all other documents and directions as may be required in order for the Buyer to continue and resolve the Assessment Appeals before the Assessment Review Board, including the right to receive any and all property Tax refund payments from the City of Sault Ste. Marie resulting therefrom;

(i) any necessary certificates of an officer of the Sellers regarding such matters related to the Sault Ste. Marie Property as are reasonably and normally required or requested by a title insurer;

(j) all documents of title and instruments of conveyance (duly executed by the applicable Sellers) necessary to transfer record and/or beneficial ownership to the Buyer of all automobiles, trucks and trailers owned by the Sellers (and any other Purchased Assets owned by the Sellers which require execution, endorsement and/or delivery of a document in order to vest legal or beneficial ownership thereof in Buyer) which are included in the Purchased Assets;

(k) the Permit Transfer Agreements duly executed by the applicable Sellers;

(l) the IP Assignment and Assumption Agreements duly executed by the applicable Sellers;

(m) executed copies of the Monitor's Certificates;

(n) the certificates contemplated by Section 6.2(c);

(o) a certificate of non-foreign status from Algoma USA substantially in the form attached hereto as Exhibit B that complies with the *Treasury Regulations* under Section 1445 of the Code;

(p) the Share Transfer Agreement duly executed by ESAI;

(q) the Senior Secured Notes Interest Agreement duly executed by ESAI; and

(r) all other documents required to be delivered by the Sellers on or prior to the Closing Date pursuant to this Agreement or Applicable Law or as reasonably requested by the Buyer in good faith.

10.3 Buyer's Deliveries at Closing

At Closing, the Buyer shall deliver to the Sellers:

(a) the Cash Purchase Price;

(b) the General Assignments and Bills of Sale for the Purchased Assets duly executed

by the Buyer;

(c) the Lease Assignment and Assumption Agreements for the Personal Property Leases, Real Property Leases and Real Property Landlord Leases duly executed by the Buyer;

(d) the Contracts Assignment and Assumption Agreements for the Assigned Agreements duly executed by the Buyer;

(e) the Permit Transfer Agreements duly executed by the Buyer;

(f) the IP Assignment and Assumption Agreements duly executed by the Buyer;

(g) the certificate contemplated by Section 6.3;

(h) a duly executed election pursuant to GST and HST Legislation and QST Legislation, and any certificates, elections or other documents required to be delivered pursuant to Section 7.6;

(i) cash in an amount necessary to fund the Closing Costs Reserve if the Seller's cash is not sufficient to fund the Closing Costs Reserve at Closing;

(j) the cancelled Priority Notes;

(k) the Buyer Preferred Shares issued to ESAI;

(l) the Share Transfer Agreement duly executed by the Buyer and the Buyer Parent;

(m) the Senior Secured Notes Interest Agreement duly executed by the Buyer and any affiliate of the Buyer party thereto; and

(n) all other documents required to be delivered by the Buyer on or prior to the Closing Date pursuant to this Agreement or Applicable Law or as reasonably requested by the Sellers in good faith.

10.4 Possession of Assets

The Sellers will remain in possession of the Purchased Assets until Closing. On Closing, the Buyer will take possession of the Purchased Assets wheresoever situated at Closing. In no event will the Purchased Assets be sold, assigned, transferred or set over to the Buyer until the conditions set out in the Approval and Vesting Order have been satisfied, and the Buyer has satisfied all delivery requirements outlined in Section 10.3.

10.5 Monitor; Administrative Reserve

(a) The Parties hereby acknowledge and agree that the Monitor will be entitled to file the Monitor's Certificates with the CCAA Court without independent investigation upon receiving written confirmation from the Sellers and the Buyer that all conditions to Closing have been satisfied or waived, and the Monitor will have no liability to the Sellers or the Buyer or any other Person as a result of

filing the Monitor's Certificates.

(b) The Parties hereby acknowledge and agree that the Monitor will establish the Administrative Reserve on the Closing Date in accordance with the Administrative Reserve Order, which order shall be in form and substance satisfactory to the Sellers and the Buyer, each acting in a commercially reasonable manner. From and after the Closing Date, the Monitor may: (i) pay from the Closing Costs Reserve, the Administrative Reserve Costs and from the Northern Properties Reserve, amounts payable by any Seller, or any current or former director or officer of any Seller, to Governmental Authorities to settle outstanding Environmental Claims in respect of the Goudreau Mine or the MacLeod Mine in order to satisfy the condition set forth in Section 6.1(h), each in accordance with the Administrative Reserve Order; and (ii) reduce the amount of the Administrative Reserve as and to the extent it is no longer required to satisfy the Administrative Reserve Costs or amounts payable by any Seller, or any current or former director or officer of any Seller, to Governmental Authorities to settle outstanding Environmental Claims in respect of the Goudreau Mine or the MacLeod Mine in order to satisfy the condition set forth in Section 6.1(h) by distributing the excess funds in the Administrative Reserve to the Buyer in accordance with the Administrative Reserve Order. Any residual balance in the Administrative Reserve after the payment of all Administrative Reserve Costs and the amounts payable by any Seller, or any current or former director or officer of any Seller, to Governmental Authorities to settle outstanding Environmental Claims in respect of the Goudreau Mine or the MacLeod Mine in order to satisfy the condition set forth in Section 6.1(h) shall be an asset of, and owned by, the Buyer.

10.6 Simultaneous Transactions

All actions taken and transactions consummated at the Closing shall be deemed to have occurred simultaneously (subject to the terms of any escrow agreement or arrangement among the Parties relating to the Closing), and no such transaction shall be considered consummated unless all are consummated.

ARTICLE 11
GENERAL MATTERS

11.1 Confidentiality

After the Closing Time, the Sellers shall, and shall cause their controlled affiliates to, maintain the confidentiality of all Confidential Information relating to the Business and the Purchased Assets, except any disclosure of such information and records as may be required by Applicable Law. If the Sellers or any of their controlled affiliates, or any of its or their respective representatives, becomes legally compelled by deposition, interrogatory, request for documents, subpoena, civil investigative demand, or similar judicial or administrative process, to disclose any such information, such Seller shall, or shall cause such affiliate or representative to, provide the Buyer with reasonably prompt prior oral or written notice of such requirement (including any report, statement, testimony or other submission to such Governmental Authority) to the extent legally permissible and reasonably practicable, and cooperate with the Buyer, at the Buyer's

expense, to obtain a protective order or similar remedy to cause such information not to be disclosed; provided, that in the event that such protective order or other similar remedy is not obtained, the Sellers shall, or shall cause such controlled affiliate or representative to, furnish only that portion of such information that has been legally compelled, and shall, or shall cause such affiliate or representative to, exercise its commercially reasonable efforts to obtain assurance that confidential treatment will be accorded such disclosed information. Each of the Sellers shall instruct its controlled affiliates and representatives having access to such information of such obligation of confidentiality and shall be responsible for any breach of the terms of this Section 11.1 by any of its controlled affiliates or representatives.

11.2 Public Notices

No press release or other announcement concerning the transactions contemplated by this Agreement shall be made by the Sellers, on the one hand, or by the Buyer, on the other hand, without the prior consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed); provided, however, that subject to the last sentence of this Section 11.2, any Party may, without such consent, make such disclosure if the same is required by Applicable Law (including the CCAA Proceedings and the U.S. Proceedings) or by any stock exchange on which any of the securities of such Party or any of its affiliates are listed, or by any insolvency or other court or securities commission, or other similar Governmental Authority having jurisdiction over such Party or any of its affiliates, and, if such disclosure is required, the Party making such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other Party to the extent legally permissible and reasonably practicable, and if such prior notice is not legally permissible or reasonably practicable, to give such notice reasonably promptly following the making of such disclosure. Notwithstanding the foregoing: (i) this Agreement may be filed by the Sellers with the CCAA Court and the U.S. Bankruptcy Court; and (ii) the transactions contemplated in this Agreement may be disclosed by the Sellers to the CCAA Court and the U.S. Bankruptcy Court, subject to redacting confidential or sensitive information as permitted by Applicable Law. The Parties further agree that:

(a) the Monitor may prepare and file reports and other documents with the CCAA Court and the U.S. Bankruptcy Court containing references to the transactions contemplated by this Agreement and the terms of such transactions; and

(b) the Sellers, the Buyer, the Lenders and the Senior Secured Noteholders, and their respective professional advisors may prepare and file such reports and other documents with the CCAA Court and the U.S. Bankruptcy Court containing references to the transactions contemplated by this Agreement and the terms of such transactions as may reasonably be necessary to complete the transactions contemplated by this Agreement or to comply with their obligations in connection therewith.

Wherever possible, the Buyer shall be afforded an opportunity to review and comment on such materials prior to their filing. The Parties may issue a joint press release announcing the execution and delivery of this Agreement, in form and substance mutually agreed to by them.

11.3 Injunctive Relief

(a) The Parties agree that irreparable harm would occur for which money damages

would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to enforce compliance with the terms of this Agreement, without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.

(b) Notwithstanding anything to the contrary contained herein, it is explicitly agreed that the Sellers shall be entitled to specific performance of the Buyer's obligations to: (i) enforce its and its affiliates' rights under the Backstop Exit Financing Commitment, the Lender Credit Bid Documents and the Noteholder Credit Bid Documents, as applicable; (ii) cause the applicable Lenders and the Senior Secured Noteholders to fund the Backstop Exit Financing by no later than the Closing Date and in any event prior to the Closing Time, if applicable; (iii) cause the Agent under the Lender Credit Bid Documents to take such actions to ensure compliance with the Lender Credit Bid Documents by no later than the Closing Date; and (iv) cause the Indenture Trustee under the Noteholder Credit Bid Documents to take such actions to ensure compliance with the Noteholder Credit Bid Documents by no later than the Closing Date, and in any event prior to the Closing Time, in each case, including by requiring the Buyer to file one or more lawsuits against the parties to the Backstop Exit Financing Commitment, the Lender Credit Bid Documents and the Noteholder Credit Bid Documents, as applicable, to fully enforce such parties' obligations under the Backstop Exit Financing Commitment, the Lender Credit Bid Documents and the Noteholder Credit Bid Documents, as applicable, in each case subject to the terms and conditions of this Agreement but only if, (A) all conditions in Section 6.1 and Section 6.2 have been satisfied or waived (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions), (B) the Buyer does not consummate the transactions contemplated by this Agreement within three (3) Business Days of the date the Closing is required to occur pursuant to Section 10.1 or, if earlier, prior to the Sunset Date, and (C) the Sellers have irrevocably confirmed to the Buyer that if specific performance is granted and the Backstop Exit Financing Commitment, the Lender Credit Bid Documents and the Noteholder Credit Bid Documents are funded or performed, then Sellers would take all actions required of them to cause the Closing to occur.

(c) Each Party hereby agrees not to raise any objections to the availability of the equitable remedies provided for herein and the Parties further agree that by seeking the remedies provided for in this Section 11.3, a Party shall not in any respect waive its right to seek any other form of relief that may be available to a Party under this Agreement.

(d) Notwithstanding anything herein to the contrary herein, under no circumstances shall a Party be permitted or entitled to receive both monetary damages and

specific performance and election to pursue one shall be deemed to be an irrevocable waiver of the other.

11.4 Survival

None of the representations, warranties, covenants (except the covenants in Article 2, Article 3, Article 11 and Sections 7.5, 7.6, 7.7, 7.8, 7.9, 7.10, 7.11, 7.13, 7.16, 11.1 and 11.2 to the extent they are to be performed after the Closing) of any of the Parties set forth in this Agreement, in any Closing Document to be executed and delivered by any of the Parties (except any covenants included in such Closing Documents, which, by their terms, survive Closing) or in any other agreement, document or certificate delivered pursuant to or in connection with this Agreement or the transactions contemplated hereby shall survive the Closing.

11.5 Non-Recourse

No past, present or future director, officer, employee, incorporator, member, partner, securityholder, affiliate, agent, lawyer or representative of the respective Parties, in such capacity, shall have any liability for any obligations or liabilities of the Buyer or the Sellers, as applicable, under this Agreement, or for any Claim based on, in respect of or by reason of the transactions contemplated hereby.

11.6 Assignment; Binding Effect

No Party may assign its right or benefits under this Agreement without the consent of each of the other Parties, except that without such consent the Buyer may, upon prior notice to the Sellers: (a) assign this Agreement, or any or all of its rights and obligations hereunder, to one or more of its subsidiaries or affiliates; or (b) direct that title to all or some of the Purchased Assets be transferred to, and the corresponding Assumed Liabilities be assumed by, one or more of its subsidiaries or affiliates; provided, that no such assignment or direction shall relieve the Buyer of its obligations hereunder. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns. Except as provided in Section 7.5 and Section 7.6(f), nothing in this Agreement shall create or be deemed to create any third Person beneficiary rights in any Person not a Party to this Agreement; provided that the current and former directors and officers of a Seller and any controlled affiliate thereof shall be entitled to enforce the indemnity set forth in Section 7.5(c).

11.7 Notices

Any notice, request, demand or other communication required or permitted to be given to a Party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed given under this Agreement on the earliest of: (a) the date of personal delivery; (b) the date of transmission by facsimile, with confirmed transmission and receipt (if sent during normal business hours of the recipient, if not, then on the next Business Day); (c) two (2) days after deposit with a nationally-recognized courier or overnight service such as Federal Express; or (d) five (5) days after mailing via certified mail, return receipt requested. All notices not delivered personally or by facsimile will be sent with postage and other charges prepaid and properly addressed to the Party to be notified at the address set forth for such Party:

(a) If to the Buyer at:

1076318 B.C. Ltd
1055 West Hastings Street, Suite 1700
Vancouver, B.C.
V6E 2E9

Attention: Joanna Anderson
Telephone: 312-564-5100
Facsimile: 312-376-0751
Email: joanna.anderson@cortlandglobal.com

and to:

Representative of the lenders under the Term Loan Agreement

Cortland Capital Market Services LLC
225 W. Washington St., 9th floor
Chicago, IL
60606

Attention: Legal Department
Telephone: 312-564-5100
Facsimile: 312-376-0751
Email: legal@cortlandglobal.com /
Cortland_Successor_Agent@cortlandglobal.com

and to:

Osler, Hoskin & Harcourt LLP
Suite 6200
1 First Canadian Place
Toronto, ON M5X 1B8

Attention: Marc Wasserman and Andrea Lockhart
Telephone: 416-862-4908 / 416-862-6829
Facsimile: 416-862-6666
Email: mwasserman@osler.com / alockhart@osler.com

and to:

Davis, Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017

Attention: Damian Schaible and Stephen Salmon
Telephone: 212-450-4580 / 650-752-2000
Facsimile: 212-701-5580
Email: damian.schaible@davispolk.com / stephen.salmon@davispolk.com

and to counsel to the Senior Secured Noteholders:

Goodmans LLP
333 Bay Street
Suite 3400
Toronto, ON M5H 2S7

Attention: Robert J. Chadwick and L. Joseph Latham
Telephone: 416-597-4285 / 416-597-4211
Facsimile: 416-979-1234
Email: rchadwick@goodmans.ca / jlatham@goodmans.ca

(b) If to the Sellers at:

Essar Steel Algoma Inc.
105 West Street
Sault Ste. Marie, ON P6A 7B4

Attention: Kalyan Ghosh, Chief Executive Officer
Telephone: 705-945-2351
Facsimile: 705-945-2203
Email: kaylan.ghosh@algoma.com

and to:

Stikeman Elliott LLP
5300 Commerce Court West
Toronto, ON M5L 1B9

Attention: Ashley Taylor and John Ciardullo
Telephone: 416-869-5236 / 416-869-5235
Facsimile: 416-947-0866
Email: ataylor@stikeman.com / jciardullo@stikeman.com

and to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153

Attention: Ray Schrock and Kelly DiBlasi
Telephone: 212-310-8000
Facsimile: 212-310-8007
Email: ray.schrock@weil.com / kelly.diblasi@weil.com

Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

11.8 Subdivision Legislation

This Agreement shall only be effective to create an interest in the Sault Ste. Marie Property if the subdivision control provisions of the *Planning Act* (Ontario) or similar Applicable Law are complied with on or before Closing. The Sellers have no knowledge that completion of the transactions provided for in this Agreement require any consent under the *Planning Act* (Ontario) or similar Applicable Law.

11.9 Counterparts; Facsimile Signatures

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. Execution of this Agreement may be made by facsimile signature or by electronic image scan which, for all purposes, shall be deemed to be an original signature.

11.10 Language

Les Parties aux présentes ont expressement exigé que le présent convention et tous les documents et avis qui y sont affèrents soient rédigés en anglaise. The Parties have expressly required that this Agreement and all documents and notices relating hereto be drafted in English.

[Signature pages follow]

Exhibit B

RSA

EXECUTION VERSION

AMENDMENTS TO
BACKSTOP COMMITMENT LETTER
AND
AMENDMENT NO. 1 TO
AMENDED AND RESTATED RESTRUCTURING SUPPORT AGREEMENT
AND RESTRUCTURING TERM SHEET

May 15, 2018

1. Reference is made to:

   (a) that certain Amended and Restated Restructuring Support Agreement, dated as of August 15, 2017 and as amended, restated, supplemented or modified from time to time (the "**RSA**"), by and among the parties thereto;

   (b) the Restructuring Term Sheet (as amended, restated, supplemented or modified from time to time, the "**Restructuring Term Sheet**") attached to the RSA; and

   (c) that certain Backstop Commitment Letter, dated as of August 15, 2017, as amended on March 20, 2018 and as further amended, restated, supplemented or modified from time to time (the "**Backstop Commitment Letter**"), by and among 1076318 B.C. Ltd. ("**Newco**") and the other parties thereto.

   Capitalized terms used herein without definition shall have the meanings assigned thereto in the Backstop Commitment Letter.

2. The undersigned other than Newco constitute the "**Requisite Consenting Creditors**", as such term is defined in the Backstop Commitment Letter, and the "**66 2/3 Consenting Lenders**" and "**66 2/3 Consenting Noteholders**", as such terms are defined in the Restructuring Term Sheet. Each Backstop Party or other party that is an assignee of a Backstop Commitment from a Backstop Party in an assignment approved pursuant hereto that is a signatory hereto and any other Backstop Party that executes and delivers to Newco a signature page to this Amendment prior to 5:00 pm New York City time on May 15, 2018 (the "**Original Backstop Termination Time**") shall be an "**Extending Backstop Party**" and, together, the "**Extending Backstop Parties**".

3. Effective as of the date hereof, the Extending Backstop Parties, which comprise the Requisite Consenting Creditors, and Newco hereby agree to amend the Backstop Commitment Letter pursuant to Section 17 of the Backstop Commitment Letter ("**BCL Amendment No. 2**") to provide as follows:

   (a) In the event that, immediately prior to the Original Backstop Termination Time, the Outside Date has not been further extended with the consent of Newco and each of the Backstop Parties, then the obligations of each Backstop Party under the Backstop Commitment Letter will terminate automatically as of the Original Backstop Termination Time in accordance with Section 14(a)(iii) of the Backstop

Commitment Letter; *provided* that the rights and obligations of Newco and each Extending Backstop Party (including for the avoidance of doubt, each such Extending Backstop Party's Backstop Commitments) shall simultaneously therewith be extended, without any further action of any party required, until 5:00 pm New York City time on December 31, 2018 (as such date may be further extended, the "**Extended Outside Date**"). Newco and each Extending Backstop Party agrees that the express rights and obligations of the Backstop Commitment Letter shall from such time continue in full force and effect with respect to Newco and each Extending Backstop Party without any termination of the Backstop Commitments of each Extending Backstop Party at the Original Backstop Termination Time. For the avoidance of doubt, the Backstop Commitments of each Backstop Party that is not an Extending Backstop Party (collectively, the "**Non-Extending Backstop Parties**") will terminate automatically at the Original Backstop Termination Time in accordance with Section 14(a)(iii) of the Backstop Commitment Letter.

(b) Each Extending Backstop Party agrees that, effective simultaneously with the Original Backstop Termination Time, its Backstop Commitments shall be adjusted to provide for an overall allocation of 32% of the Backstop Commitments to be based on Backstop Commitments (after reflection of the names, holdings and commitments of each relevant Extending Backstop Party resulting from any Agreed Backstop Transfers and certain other adjustments) made in respect of holdings of Senior Notes and 68% of the Backstop Commitments to be based on Backstop Commitments (after reflection of the names, holdings and commitments of each relevant Extending Backstop Party resulting from any Agreed Backstop Transfers and certain other adjustments) made in respect of holdings of Prepetition Term Loans. Each Extending Backstop Party agrees that its respective Backstop Commitments and Commitment Percentages will be in amounts no lower than communicated to it by Rothschild Inc. on or before May 15, 2018. Each Extending Backstop Party shall maintain its right to receive its Put Option Premium in respect of such Backstop Commitments, and each Extending Backstop Party agrees to an adjustment of its Put Option Premium in ratable proportion to the adjustment to its Backstop Commitments (which, for the avoidance of doubt, means that each Extending Backstop Party shall be entitled to an aggregate Put Option Premium in an amount of 7.5% multiplied by its aggregate Backstop Commitments after giving effect to the adjustment described in this paragraph). As used in this paragraph, "**Agreed Backstop Transfers**" means assignments of Backstop Commitments entered into after the Backstop Record Date and on or prior to May 22, 2018, so long as: (i) the transferee is either an Extending Backstop Party or such transferee duly executes and delivers a joinder to the RSA (as amended hereunder), the Backstop Commitment Letter (as amended hereunder) and these Amendments to become a Consenting Creditor (as defined in the Restructuring Term Sheet) and an Extending Backstop Party thereunder and (ii) notices of such transfers and, if applicable, copies of the applicable joinders have been provided in writing to each of Issuer, Issuer's legal counsel and Rothschild Global Advisory (Rothschild, Inc., 1251 Avenue of the Americas, 33rd Floor, New York, NY 10020 USA, attention

Stephen J Antinelli, Rolf Arnold and Kevin Glodowski or by email stephen.antinelli@rothschild.com, rolf.arnold@rothschild.com; and kevin.glodowski@rothschild.com) no later than May 22, 2018. Reasonably promptly following May 22, 2018, Rothschild, Inc. shall finalize a revised Schedule I to the Backstop Commitment Letter consistent with the provisions of this Section 3 and after giving effect to the Agreed Backstop Transfers, and such revised Schedule I shall serve as the definitive allocation of Backstop Commitments and Commitment Percentages of each Backstop Party under the Backstop Commitment Letter.

(c) To the extent that the New Capital Commitment is not covered in full by the commitments of the Extending Backstop Parties before the Original Backstop Termination Time, the Extending Backstop Parties also agree to fund the Backstop Commitments of the Non-Extending Backstop Parties until the Extended Outside Date and to receive the applicable Put Option Premium in proportion to its increased Backstop Commitment. The Backstop Commitments of the Non-Extending Backstop Parties shall be allocated to the Extending Backstop Parties pro rata: (i) in the event that a Non-Extending Backstop Party's Backstop Commitment is based on holdings of Prepetition Term Loans, to the other Extending Backstop Parties based on Backstop Commitments made in respect of Prepetition Term Loans, and (ii) in the event that a Non-Extending Backstop Party's Backstop Commitment is based on holdings of Senior Notes, to the other Extending Backstop Parties based on Backstop Commitments in respect of Senior Notes.

(d) Newco, or an agent designated by Newco, shall revise Schedule I to the Backstop Commitment Letter showing the Backstop Commitments of the Extending Backstop Parties pursuant to this Section 3 (including reflecting all Agreed Backstop Transfers).

4. Effective as of the date hereof, the Extending Backstop Parties, which comprise the Requisite Consenting Creditors, hereby consent to each Agreed Backstop Transfer and each assignee to an Agreed Backstop Transfer that was not previously a Backstop Party shall be deemed a Backstop Party for all purposes.

5. Effective simultaneously with the Original Backstop Termination Time, the Extending Backstop Parties, which will constitute all of the Backstop Parties at such time in accordance with Section 3 hereof, and Newco hereby agree to amend the Backstop Commitment Letter pursuant to Section 17 (the "**BCL Amendment No. 3**" and, together with BCL Amendment No. 2, the "**BCL Amendments**") by deleting the red stricken text (indicated textually in the same manner as the following example: ~~red stricken text~~) and by inserting the blue underlined text (indicated textually in the same manner as the following example: blue underlined text) as set forth on the pages of the Backstop Commitment Letter attached as Annex A hereto.

6. Effective as of the date hereof, each of the undersigned other than Newco, as the 66 2/3 Consenting Lenders and 66 2/3 Consenting Noteholders, hereby agree pursuant to

Section 22 of the RSA to amend the RSA and the Restructuring Term Sheet by deleting the red stricken text (indicated textually in the same manner as the following example: ~~red stricken text~~) and by inserting the blue underlined text (indicated textually in the same manner as the following example: blue underlined text) as set forth in the pages of the RSA attached as Annex B hereto and the pages of the Restructuring Term Sheet attached as Annex C hereto (such amendments, collectively, the "**RSA Amendment**").

7. None of the BCL Amendments or the RSA Amendment constitutes an amendment or waiver of or consent to any provision of the Backstop Commitment Letter, RSA or Restructuring Term Sheet except as expressly stated herein or in the BCL Amendments or the RSA Amendment. If any provision of the BCL Amendments or the RSA Amendment is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of the BCL Amendments and the RSA Amendment shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8. Each of the undersigned hereby authorize and direct Osler, Hoskin & Harcourt LLP to provide notice of the BCL Amendments and the RSA Amendment to the Backstop Parties, the Consenting Lenders, the Consenting Noteholders and ESAI.

9. Except as expressly provided for herein, all provisions of the Backstop Commitment Letter, RSA and Restructuring Term Sheet remain in full force and effect, unamended. This letter shall be governed by and interpreted in accordance with: (i) as this letter relates to the RSA and the Restructuring Term Sheet, the laws of the Province of Ontario, and the federal laws of Canada applicable in the Province of Ontario, and (ii) as this letter relates to the Backstop Commitment Letter, the laws of the State of New York applicable to contracts executed in and to be performed in that State, without regard to the conflicts of law rules of such State. These amendments may be signed in counterparts, each of which, when taken together, shall be deemed an original. The execution of each of these amendments is effective if a signature is delivered by facsimile transmission or electronic (e.g. "pdf") transmission.

[*Signature pages follow.*]

Annex A

Amendment No. 3 to Backstop Commitment Letter

EXECUTION VERSION

BACKSTOP COMMITMENT LETTER

August 15, 2017 and as amended on March 20, 2018 and May 15, 2018.

1076318 B.C. Ltd.
1055 West Hastings Street, Suite 1700
Vancouver, B.C.
V6E 2E9

Re: Essar Steel Algoma Inc. Restructuring
Exit Term Loan and Rights Offering Backstop Commitments

Reference is made to:

- that certain Term Loan Credit Agreement, dated as of November 14, 2014, by and among Essar Tech Algoma, Inc., Algoma Holdings B.V., Essar Steel Algoma Inc. ("**ESAI**"), certain subsidiaries of ESAI, the various lenders from time to time party thereto (collectively, the "**Prepetition Term Lenders**"), Cortland Capital Market Services LLC, as administrative agent and collateral agent and the other parties thereto (as amended, amended and restated, supplemented, waived and/or otherwise modified from time to time, the "**Prepetition Term Loan Credit Agreement**," the loans under such Prepetition Term Loan Credit Agreement, the "**Prepetition Term Loans**", and the Required Lenders (as defined in the Prepetition Term Loan Credit Agreement), the "**Majority Lenders**");

- that certain indenture (the "**Senior Notes Indenture**"), dated as of November 14, 2014, for the issuance of 9.50% Senior Notes due 2019 (the "**Senior Notes**," the holders of the Senior Notes, collectively, the "**Senior Noteholders**," and the holders of a majority in principal amount of outstanding Senior Notes, the "**Majority Noteholders**") by and among ESAI, as Issuer, the other guarantors party thereto and Wilmington Trust, National Association, as Trustee;

- that certain Amended and Restated Restructuring and Support Agreement dated August 15, 2017 (the "**RSA**") by and among certain Prepetition Term Lenders and Senior Noteholders, and the restructuring term sheet (the "**Restructuring Term Sheet**") attached thereto as Exhibit A;

- the terms and conditions for a secured term loan set forth on the Restructuring Term Sheet (the "**Exit Term Loan**");

- the terms and conditions for a rights offering set forth on the Restructuring Term Sheet (the "**Rights Offering**" and each participant in the Rights Offering, a "**Rights Offering Participant**");

- each Backstop Party that is a party hereto (the "**Backstop Parties**"); and

- Backstop Parties composed of at least three arms-length institutions that (i) collectively represent at least 66 2/3% of the Backstop Commitments (as defined below) and (ii) for all but the two supporting institutions with the largest Backstop Commitment amounts, are one or more additional supporting Backstop Parties which individually or together own in excess of the lesser of (A) 5% of all Backstop Commitments or (B) 20% of the Backstop Commitments not owned by the two supporting institutions with the largest Backstop Commitment amounts; (the "**Requisite Consenting Creditors**"); *provided* that one or more Backstop Parties that represent at least 85% of the Backstop Commitments may also constitute the Requisite Consenting Creditors without regard to the foregoing.

This backstop commitment letter agreement (as it may be amended, restated, supplemented or modified from time to time, this "**Agreement**") is being entered into by and among 1076318 B.C. Ltd. ("**Newco**"), certain Prepetition Term Lenders party hereto and certain Senior Noteholders party hereto pursuant to the RSA and in connection with proceedings of ESAI and certain of its affiliates pending in the Ontario Superior Court of Justice (Commercial List) under the *Companies' Creditors Arrangement Act* (Canada). Where appropriate in the context, any reference to a Backstop Party herein shall include any affiliates (including at the institutional level), special purpose investment vehicles, investment accounts or funds managed, advised or sub-advised by such Backstop Party, an affiliate or the same investment manager, advisor or subadvisor or an affiliate of such investment manager, advisor or subadvisor (each, a "**Related Fund**").

Capitalized terms used herein without definition shall have the definitions assigned thereto in the RSA, except as specified in Section 20.

1. Backstop Commitments

(a) On and subject to the terms and conditions of this Agreement, including the conditions precedent set forth in Section 2, each Backstop Party hereby grants to Newco, Restructured Algoma or a subsidiary, affiliate or successor of Newco or Restructured Algoma (the "**Issuer**") an option (collectively, the "**Loan Put Option**") to require such Backstop Party, severally and not jointly, to fund the Exit Term Loan in an aggregate amount determined by the Requisite Consenting Creditors, in their sole discretion, up to US$300 million (the "**Exit Term Loan Amount**") in accordance with such Backstop Party's Commitment Percentage set forth opposite its name on Schedule I (the "**Commitment Percentages**") attached hereto. Each Backstop Party's Backstop Commitment in respect of the Exit Term Loan shall be reduced proportionally based upon its Commitment Percentage by any term loan commitment allocated to one or more reputable, nationally recognized financial institutions or investment banks for syndication or otherwise (collectively, the "**Other Exit Term Loan Funders**"), and such amount and such institutions or investment banks shall be determined by the Requisite Consenting Creditors in their sole discretion. The Other Exit Term Loan Funders shall agree to fund a term loan on

terms no less favorable to the Issuer than the Exit Term Loan terms and conditions set forth on the Restructuring Term Sheet, as determined by the Requisite Consenting Creditors in their sole discretion. Notwithstanding the foregoing, if any portion of the Exit Term Loan Amount is not committed by the Other Exit Term Loan Funders (the "**Unfunded Loans**"), then upon the exercise by Issuer of the Loan Put Option, the Backstop Parties agree to fund the Unfunded Loans in accordance with their Commitment Percentages before the date of the closing (the "**Closing**" and the date of the Closing, the "**Closing Date**") of the Transactions (as defined in the Restructuring Term Sheet).

(b) On and subject to the terms and conditions of this Agreement including the terms and conditions set forth in Section 2, each Backstop Party hereby grants to the Issuer an option (collectively, the "**Equity Put Option**") to require such Backstop Party, severally and not jointly, to purchase:

(i) its pro rata share of direct or indirect equity~~(~~ interests, debt interests or both (collectively, the "**New Equity**") ~~interests~~ in the Issuer offered to all Rights Offering participants in the Rights Offering (the "**Rights Offering Equity**"); and

(ii) such number of New Equity interests offered in the Rights Offering but not subscribed for by the Rights Offering Participants (the "**Unsubscribed Equity**") resulting from multiplying such Backstop Party's Commitment Percentage by the number of Unsubscribed Equity interests.

The aggregate dollar amount of the Rights Offering Equity (the "**Rights Offering Amount**") shall be determined by the Requisite Consenting Creditors, in their sole discretion, up to a maximum of US$200 million. The Requisite Consenting Creditors shall determine the per interest price of the Rights Offering Equity (including the Unsubscribed Equity) based on (1) a buy-in equity value for the Company of US$245.0 million plus or minus, as applicable, the difference resulting from subtracting the Exit Term Loan Amount from US$100.0 million (the "**Buy-in Equity Value**") and (2) the New Money Equity Allocation (as defined below). For the avoidance of doubt, if the Exit Term Loan Amount is US$0.0, the Buy-in Equity Value shall be US$345.0 million.

(c) The Loan Put Option, Equity Put Option and the obligation of each Backstop Party to purchase its pro rata share of New Equity in the Rights Offering are referred to herein as, collectively, the "**Backstop Commitments**".

(d) The sum of the Exit Term Loan Amount and the Rights Offering Amount, each as determined by the Requisite Consenting Creditors, shall not exceed US$300 million (the "**New Capital Commitment**") in the aggregate.

2. Conditions Precedent

Each of the Backstop Commitments is subject to the following conditions precedent:

(a) pursuant to the RSA, (1) with respect to a restructuring of ESAI pursuant to an asset purchase agreement (the "**APA**"), the issuance by the CCAA Court of the Approval and Vesting Order and any requisite Assignment Order(s), or (2) with respect to a restructuring of ESAI pursuant to a Plan (such entity, "**Restructured Algoma**"), the issuance by the CCAA Court of the Meeting Order, the acceptance of the Plan by the requisite majority of affected creditors in conformity with the CCAA and the Sanction Order, and in each case, each such order shall not have been stayed, appealed, varied (except with the consent of the Issuer) or vacated, and all time periods within which such order could at law be appealed shall have expired;

(b) the written notice by the Requisite Consenting Creditors of the satisfaction or waiver of all of the conditions to consummate the Transactions on the terms and conditions specified in the RSA, the Restructuring Term Sheet and, if applicable, the APA;

(c) the Issuer's compliance with the terms and conditions of this Agreement, including the Exit Term Loan and the Rights Offering being in form and substance substantially as set forth on the Restructuring Term Sheet;

(d) with respect to the Loan Put Option, the Issuer's exercise of the Loan Put Option pursuant to Section 5; and

(e) with respect to the Equity Put Option, the Issuer's exercise of the Equity Put Option pursuant to Section 5.

3. Put Option Premium

(a) As an inducement to the Backstop Parties to grant the Loan Put Option and the Equity Put Option and as consideration for the related costs (including opportunity costs) incurred by the Backstop Parties to fund the Unfunded Loans and to purchase the Unsubscribed Equity, the Issuer shall, if the Closing Date occurs, issue or cause to be issued a non-refundable aggregate put option premium equal to 7.5% of the maximum New Capital Commitment (the "**Put Option Premium**"), which shall be paid in the form of additional New Equity (the "**Put Option Equity**") valued based on the Buy-in Equity Value and the New Money Equity Allocation (as defined below), and shall be allocated among each Backstop Party (but excluding any Defaulting Backstop Parties (as defined below)) in proportion to each Backstop Party's Commitment Percentage. For the avoidance of doubt, the Put Option Premium will not be decreased if there is any reduction in the Exit Term Loan Amount or the Rights Offering Amount, and the Put Option Premium will be payable regardless of the amount of Unfunded Loans actually funded or Unsubscribed Equity actually required to be purchased by the Backstop Parties pursuant to this Agreement.

(b) The Put Option Premium shall be fully earned and nonrefundable upon execution of this Agreement and shall be paid by the Issuer on or promptly after the Closing Date

free and clear of any withholding or deduction for any applicable taxes unless the Issuer determines in its sole discretion that any withholding or deduction is required pursuant to applicable law; *provided* that the Put Option Premium is only payable if the Closing occurs; *provided further* if this Agreement is terminated ~~other than pursuant to Section 14(a)(ii)~~with respect to a Backstop Party other than in connection with the Closing and the consummation of the Transactions, all obligations of the Issuer to pay the Put Option Premium to such Backstop Party shall be cancelled and deemed to be null and void.

4. New Money Equity Allocation

(a) The Rights Offering Equity and the Put Option Equity will constitute a percentage of the fully-diluted equity of the Issuer (the "**New Money Equity Allocation**") equal to (1) the sum of the Rights Offering Amount and the Put Option Premium (2) divided by the Buy-in Equity Value; *provided* that the Exchange Equity (as defined in the Restructuring Term Sheet), the Rights Offering Equity and the Put Option Equity are all subject to dilution by any employee equity incentive plan. Examples of the New Money Equity Allocation are provided on Schedule II for illustrative purposes only.

(b) The Requisite Consenting Creditors shall determine the number of interests and per interest price of the Rights Offering Equity, Put Option Equity, Unsubscribed Equity and Exchange Equity in accordance with the New Money Equity Allocation.

5. Funding Procedures

(a) Promptly following any selection of Other Exit Term Loan Funders, the Issuer shall provide written notice to each Backstop Party setting forth the terms of any such funding and the aggregate amount of Unfunded Loans. Upon the determination by the Requisite Consenting Creditors of the satisfaction or waiver of all of the conditions to consummate the Transactions pursuant to Section 2(b) and no later than ten business days before the Closing Date, the Issuer shall provide written notice to each Backstop Party which shall set forth (i) the Issuer's irrevocable exercise of the Exit Term Loan Put Option, (ii) the Closing Date, (iii) the final Exit Term Loan Amount as determined by the Requisite Consenting Creditors, (iv) the required funding for the Exit Term Loan of such Backstop Party calculated in accordance with such Backstop Party's Commitment Percentage (the "**Exit Term Loan Commitment**") and (v) wire transfer instructions for an escrow account (the "**Exit Term Loan Escrow Account**"). Each Backstop Party shall deposit in the Exit Term Loan Escrow Account an amount equal to such Backstop Party's required Exit Term Loan Commitment payment (as described in the notice from the Issuer) in immediately available funds no later than the close of business on the day that is five business days before the Closing Date (the "**Commitment Funding Date**").

(b) Promptly following the expiration date of the Rights Offering, the Issuer shall provide written notice to each Backstop Party setting forth the amount of funds and Rights Offering Equity subscribed for in the Rights Offering and the amount of

Unsubscribed Equity. After the completion of the Rights Offering, upon the determination by the Requisite Consenting Creditors of the satisfaction or waiver of all of the conditions to consummate the Transactions pursuant to Section 2(b) and no later than ten business days before the Closing Date, the Issuer shall provide written notice to each Backstop Party which shall set forth (i) the Issuer's irrevocable exercise of the Equity Put Option, (ii) the Closing Date, (iii) the final Rights Offering Amount as determined by the Requisite Consenting Creditors, (iv) the amount of required funding for each Backstop Party to purchase the Unsubscribed Equity calculated with respect to such Backstop Party's Commitment Percentage and to purchase its pro rata share of the Rights Offering (collectively, the "**Equity Commitment**") and (v) wire transfer instructions for an escrow account (the "**Equity Escrow Account**" and together with the Exit Term Loan Escrow Account, the "**Escrow Accounts**"). Each Backstop Party shall deposit in the Equity Escrow Account an amount equal to such Backstop Party's required Equity Commitment payment (as prescribed in the notice from the Issuer) in immediately available funds no later than the Commitment Funding Date.

(c) The Rights Offering Participants will generally be required to wire funds to purchase Rights Offering Equity before the expiration of the Rights Offering. However, the Backstop Parties shall not be required to wire funds to purchase Rights Offering Equity and Unsubscribed Equity until the Commitment Funding Date.

(d) Each Backstop Party that fails to timely fund its Backstop Commitments in accordance with this Section 5 (each, a "**Defaulting Backstop Party**") shall be liable for the consequences of its breach and shall forfeit its right to the Put Option Premium. The parties hereto may enforce such breach in accordance with Section 8 below. In the event a Backstop Party fails to fund its Backstop Commitment, each non-Defaulting Backstop Party shall have the right, but not the obligation, within five (5) business days after receipt of written notice from the Issuer to all Backstop Parties of such default, to fund such Defaulting Backstop Party's Backstop Commitment and shall receive the applicable Put Option Premium; *provided* that each Backstop Party, together with its affiliates and Related Funds, electing to cover a defaulted Backstop Commitment must cover the same applicable percentage of both the defaulted Exit Term Loan Commitment and Equity Commitment.

(e) If more than one non-Defaulting Backstop Party elects to fund a Defaulting Backstop Party's Backstop Commitment, such Backstop Commitment shall be allocated pro rata: (i) first, (A) in the event that the failure to fund is in respect of a Backstop Commitment based on holdings of Prepetition Term Loans, to the other Backstop Parties based on Backstop Commitments made in respect of Prepetition Term Loans, and (B) in the event that the failure to fund is in respect of a Backstop Commitment based on holdings of Senior Notes, to the other Backstop Parties based on Backstop Commitments in respect of Senior Notes; and (ii) second, to the extent such Backstop Commitment is not fully allocated, among such other non-defaulting

Backstop Parties based on their aggregate Backstop Commitments (applied iteratively, if applicable).

(f) If this Agreement is terminated with respect to a Backstop Party in accordance with its terms, other than pursuant to the Closing and the consummation of the Transactions ~~and the Closing~~, the funds contributed by such Backstop Party held in the Exit Term Loan Escrow Account and the Equity Escrow Account shall be promptly released no later than five business days thereafter, and the cash amount actually funded by each Backstop Party to each Escrow Account shall be returned to such Backstop Party, without any interest accrued thereon. If for any reason the Closing Date does not occur within 10 business days of the date specified as the Closing Date in the notices contemplated by Sections 5(a) and 5(b) (unless a longer time is agreed by the Requisite Consenting Creditors), the funds held in the Exit Term Loan Escrow Account and the Equity Escrow Account shall be promptly released no later than five business days thereafter, and the cash amount actually funded by each Backstop Party to each Escrow Account shall be returned to such Backstop Party, without any interest accrued thereon, following which the amounts contemplated by Sections 5(a) and 5(b) shall be funded on or prior to the fifth business day prior to the rescheduled Closing Date (unless this Agreement has been terminated in accordance with its terms prior to the Closing and the consummation of the Transactions with respect to such Backstop Party).

(g) The Issuer, or an agent or representative appointed by the Issuer in its sole discretion, shall determine each Backstop Party's amount of funding pursuant to its Exit Term Loan Commitment and Equity Commitment and all allocations and adjustments of the Exit Term Loan Commitments, Equity Commitments, Unsubscribed Equity, Rights Offering Equity, Put Option Premium and Put Option Equity, and all other amounts referred to within this Agreement, in each case in accordance with this Agreement and the Restructuring Term Sheet; *provided* that in each case, such amounts shall be rounded solely to avoid fractional interests as the Issuer, or such agent or representative, may determine in its sole discretion. The parties hereto agree that such determination by the Issuer or its agent or representative shall be final absent manifest error.

6. Backstop Party Representations and Warranties

Each Backstop Party, severally and not jointly, represents and warrants on behalf of itself and no other person as of ~~the date hereof and~~August 15, 2017 (the "**Backstop Record Date**") or, with respect to an assignee of Backstop Commitments after the Backstop Record Date, as of May 15, 2018 (the "**Backstop Joinder Date**"), and in all cases as of the Closing Date that:

(a) such Backstop Party has been duly organized or formed, as applicable, and, to the extent applicable, is validly existing and in good standing under the laws of the jurisdiction of its organization;

(b) such Backstop Party has the requisite corporate or similar power and authority to enter into, execute and deliver this Agreement and to perform its obligations hereunder and has taken all necessary action required for the due authorization, execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly and validly executed and delivered by such Backstop Party and constitutes its valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law;

(d) such Backstop Party has available sufficient funds on the ~~date hereof~~Backstop Record Date or the Backstop Joinder Date, as applicable, and is reasonably expected to have sufficient funds on the Commitment Funding Date to pay such Backstop Party's aggregate Backstop Commitments;

(e) the execution, delivery and performance by such Backstop Party of this Agreement does not and will not (i) violate its organizational and governing documents, (ii) violate any applicable law or judgment or (iii) result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or loss of any benefit under, any contract binding on it or its assets or to which it is a party, in the case of clauses (ii) or (iii) as would not reasonably be expected, individually or in the aggregate, to prevent it from consummating the funding of its Backstop Commitments provided hereunder;

(f) no consent, approval, authorization, order, registration or qualification of or with any governmental entity having jurisdiction over such Backstop Party or any of its properties is required for the execution and delivery by such Backstop Party of this Agreement, the compliance by such Backstop Party with the provisions hereof and thereof and the consummation of the Transactions and the Closing (including the funding of such Backstop Party of its Backstop Commitments) contemplated herein, except for (x) any consent, approval, authorization, order, registration or qualification which, if not made or obtained, would not reasonably be expected, individually or in the aggregate, to have a material adverse effect on such Backstop Party or prevent it from consummating its Backstop Commitments provided hereunder, or (y) any filings, notifications, authorizations, approvals, consents or clearances that shall be obtained, or the termination or expiration of any applicable waiting period in connection with any such filings or the transactions contemplated by this Agreement that shall have occurred, before the Closing;

(g) such Backstop Party is the beneficial owner (or will be upon consummation of all agreed acquisitions pending settlement) as of the Backstop Record Date or the Backstop Joinder Date, as applicable, of the face amount of the Prepetition Term Loans or Senior Notes, or is the nominee, investment manager, or advisor for

beneficial holders of such amount of the Prepetition Term Loans or Senior Notes, in each case as reflected in its signature page hereto;

(h)

(i) such Backstop Party is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "**Securities Act**") or a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act, or

(ii) if such Backstop Party is located in a Canadian jurisdiction, such Backstop Party is either: (A) an "accredited investor" within the meaning of National Instrument 45-106 – *Prospectus Exemptions* ("**NI-45-106**") if such Backstop Party is in a Canadian jurisdiction other than Ontario or (B) an accredited investor within the meaning of subsection 73.3(1) of the *Securities Act (Ontario)* if such Backstop Party is in Ontario, and in either case was not created and is not being used solely to acquire securities as an accredited investor under subparagraph (m) of the definition of that term in NI 45-106, it is purchasing as principal and has delivered an accredited investor certificate (if required);

(i) such Backstop Party:

(i) has sufficient knowledge and experience in financial and business matters to evaluate properly the terms and conditions of this Agreement and the Restructuring Term Sheet, to consult with its legal and financial advisors with respect to its investment decision to execute this Agreement, to make its own analysis and investment decision to enter into this Agreement and to evaluate the merits and risks of its investment in the Issuer, including the obligations pursuant to this Agreement and the Backstop Commitments, the acquisition of the Unfunded Loans and the Unsubscribed Equity and the receipt of the Put Option Equity;

(ii) understands and is able to bear any economic risks associated with such investment in the Rights Offering Equity, Unsubscribed Equity and Put Option Equity (including the necessity of holding such equity for an indefinite period of time) (the "**Subject Securities**");

(iii) is agreeing to acquire the Subject Securities for its own account (or the account of an Related Fund), not otherwise as a nominee or agent, and not otherwise with the view to, or for resale in connection with, any distribution thereof not in compliance with applicable securities laws, and it has no present intention of selling, granting any other participation in, or otherwise distributing the same, except in compliance with applicable securities laws; and

(iv) understands that (A) the Subject Securities have not been registered or qualified under the Securities Act or any applicable securities laws of any jurisdiction by reason of a specific exemption from such registration or qualification provisions, the availability of which depends on, among other things, the bona fide nature of the investment intent and the accuracy of such Backstop Party's representations as expressed herein or otherwise made pursuant hereto, and (B) the Subject Securities are "restricted securities" under applicable U.S. federal and state securities laws, subject to applicable resale restrictions under Canadian and U.S. federal securities laws and that, pursuant to these laws, such Backstop Party must hold the Subject Securities indefinitely unless they are registered with the United States Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements and any applicable Canadian prospectus requirements is available, and if such an exemption is available, it may be conditioned on, among other things, the time and manner of sale, the holding period for the Unsubscribed Equity and Put Option Equity, information requirements or affiliate restrictions, and there can be no assurances that such requirements can be satisfied; (C) no public market now exists for the Subject Securities, and there can be no assurances that a public market will ever exist for such securities; and (D) the Subject Securities and any securities issued in respect of or in exchange for the Subject Securities may be notated with the following or any substantially similar legends, together with any other legend pursuant to applicable securities laws of any other state or jurisdiction, the Definitive Documentation or the Governance Documents:

"THE SECURITIES REFERENCED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR AN EXEMPTION THEREFROM, WITH RESPECT TO WHICH THE COMPANY MAY, UPON REQUEST, REQUIRE AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH TRANSFER DOES NOT VIOLATE THE SECURITIES ACT OF 1933, AS AMENDED, THE RULES AND REGULATIONS THEREUNDER OR OTHER APPLICABLE SECURITIES LAW.";

If issued to a Backstop Party subject to Canadian securities laws:

"Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after

the later of (i) [insert the distribution date], and (ii) the date the issuer became a reporting issuer in any province or territory."; and

(j) such Backstop Party is not a party to any contract with any person (other than this Agreement) that would give rise to a valid claim against the Issuer, ESAI or any of their respective subsidiaries or affiliates for a brokerage commission, finder's fee or like payment in connection with the Exit Term Loan, Rights Offering or the transactions contemplated by this Agreement.

7. Tax Matters

Each of the Backstop Parties and the Issuer agree to cooperate in good faith to structure the Exit Term Loan, the Rights Offering and the Backstop Commitments in a tax efficient manner.

8. Damages; Specific Performance

The parties hereto agree that irreparable damage would occur if any provision of this Agreement was not performed in accordance with the terms hereof and that each of the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity, including money damages.

9. Limitations on Liability

(a) Notwithstanding anything that may be expressed or implied in this Agreement, each of the parties hereto, by its acceptance of the benefits hereof, covenants, agrees and acknowledges that no recourse hereunder or under any documents or instruments delivered in connection herewith shall be had against any former, current or future affiliates or any former, current or future director, officer, employee, general or limited partner, manager, member, stockholder, successor, assign, controlling person, accounting, financial or legal advisor, agent or other representative of such party or its affiliates, in each case, other than the Backstop Parties or the Issuer party hereto (collectively, the "**Related Parties**"), whether by piercing the corporate veil, by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, and it is expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on, or otherwise be incurred by any Related Party for any obligations of any party under this Agreement or any documents or instruments delivered in connection herewith or for any claim based on, in respect of, or by reason of, such obligations.

(b) Any liability of any Backstop Party hereunder shall be several and not joint, and limited to the extent of such Backstop Party's Backstop Commitments, and none of the parties hereto shall be liable for any indirect, special, punitive or consequential damages; *provided* that such limitations shall not apply to any damages resulting from a willful and material breach of this Agreement, the RSA or the Restructuring Term Sheet.

10. Indemnification

(a) If, and only if, the Closing occurs and the Transactions are consummated, then from and after the Closing, the Issuer (the "**Indemnifying Party**") shall indemnify and hold harmless each Backstop Party ~~and its~~that fully funded its Backstop Commitments in accordance with this Agreement, along with such Backstop Party's Related Funds and Related Parties (each, an "**Indemnified Person**") from and against any and all losses, claims, damages, liabilities and costs and expenses (other than taxes of the Backstop Parties and their Related Funds and Related Parties except to the extent otherwise provided for in this Agreement) (collectively, "**Losses**") that any such Indemnified Person may incur or to which any such Indemnified Person may become subject arising out of or in connection with this Agreement and the RSA, and the transactions contemplated hereby and thereby (including the Transactions), including the Backstop Commitments, the Rights Offering, the payment of the Put Option Premium, or the use of the proceeds of the Exit Term Loan or the Rights Offering, or any claim, challenge, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any Indemnified Person is a party thereto, whether or not such proceedings are brought by the Issuer, its respective equity holders, affiliates, creditors or any other person, and reimburse each Indemnified Person upon demand for reasonable, documented (with such documentation subject to redaction to preserve attorney client and work product privileges) out-of-pocket legal or other third-party expenses incurred in connection with investigating, preparing to defend or defending, or providing evidence in or preparing to serve or serving as a witness with respect to, any lawsuit, investigation, claim or other proceeding relating to any of the foregoing (including in connection with the enforcement of the indemnification obligations set forth herein); *provided* that the foregoing indemnity will not, as to any Indemnified Person, apply to Losses or Indemnified Claims (as defined below) (a) with respect to a Defaulting Backstop Party (and any Related Funds, Related Parties or any Indemnified Person that acted in connection with such default) or (b) to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the bad faith, willful misconduct or gross negligence of such Indemnified Person.

(b) Promptly after receipt by an Indemnified Person of notice of the commencement of any claim, challenge, litigation, investigation or proceeding for which indemnification is available (an "**Indemnified Claim**"), such Indemnified Person will, if a claim is to be made hereunder against the Indemnifying Party in respect thereof, notify the Indemnifying Party in writing of the commencement thereof; *provided*, that (x) the omission to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability that it may have hereunder except to the extent it has been materially prejudiced by such failure and (y) the omission to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability that it may have to such Indemnified Person otherwise than on account of this Section 10. In case any such Indemnified Claims are brought against any Indemnified Person and it notifies the Indemnifying Party of the commencement thereof, the Indemnifying Party will be entitled to participate therein, and, at its

election by providing written notice to such Indemnified Person, the Indemnifying Party will be entitled to assume the defense thereof, with counsel reasonably acceptable to such Indemnified Person; *provided* that if the parties (including any impleaded parties) to any such Indemnified Claims include both such Indemnified Person and the Indemnifying Party and based on advice of such Indemnified Person's counsel there are legal defenses available to such Indemnified Person that are different from or additional to those available to the Indemnifying Party, such Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such Indemnified Claims. Upon receipt of notice from the Indemnifying Party to such Indemnified Person of its election to so assume the defense of such Indemnified Claims with counsel reasonably acceptable to the Indemnified Person, the Indemnifying Party shall not be liable to such Indemnified Person for expenses incurred by such Indemnified Person in connection with the defense thereof or participation therein (other than reasonable costs of investigation) unless (i) such Indemnified Person shall have employed separate counsel (in addition to any local counsel) in connection with the assertion of legal defenses in accordance with the proviso to the immediately preceding sentence (it being understood, however, that the Indemnifying Party shall not be liable for the expenses of more than one separate counsel representing the Indemnified Persons who are parties to such Indemnified Claims (in addition to one local counsel in each jurisdiction in which local counsel is required)), (ii) the Indemnifying Party shall not have employed counsel reasonably acceptable to such Indemnified Person to represent such Indemnified Person within a reasonable time after the Indemnifying Party has received notice of commencement of the Indemnified Claims from, or delivered on behalf of, the Indemnified Person, (iii) after the Indemnifying Party assumes the defense of the Indemnified Claims, the Indemnified Person determines in good faith that the Indemnifying Party has failed or is failing to defend such claim and provides written notice of such determination and the basis for such determination, and such failure is not reasonably cured within ten (10) business days of receipt of such notice, or (iv) the Indemnifying Party shall have authorized in writing the employment of counsel for such Indemnified Person. Notwithstanding anything herein to the contrary, the Issuer and its subsidiaries shall have sole control over any tax controversy or tax audit and shall be permitted to settle any liability for taxes of the Issuer and its subsidiaries.

(c) In connection with any Indemnified Claim for which an Indemnified Person is assuming the defense in accordance with this Section 10, the Indemnifying Party shall not be liable for any settlement of any Indemnified Claims effected by such Indemnified Person without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed). If any settlement of any Indemnified Claims is consummated with the written consent of the Indemnifying Party or if there is a final judgment for the plaintiff in any such Indemnified Claims, the Indemnifying Party agrees to indemnify and hold harmless each Indemnified Person from and against any and all Losses by reason of such settlement or judgment to the extent such Losses are otherwise subject to indemnification by the Indemnifying Party hereunder in accordance with, and

subject to the limitations of, this Section 10. The Indemnifying Party shall not, without the prior written consent of an Indemnified Person (which consent shall be granted or withheld, conditioned or delayed in the Indemnified Person's sole discretion), effect any settlement of any pending or threatened Indemnified Claims in respect of which indemnity or contribution has been sought hereunder by such Indemnified Person unless (i) such settlement includes an unconditional release of such Indemnified Person in form and substance satisfactory to such Indemnified Person from all liability on the claims that are the subject matter of such Indemnified Claims and (ii) such settlement does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

(d) If for any reason the foregoing indemnification is unavailable to any Indemnified Person or insufficient to hold it harmless from Losses that are subject to indemnification pursuant to this Section 10, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Person as a result of such Loss in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnifying Party, on the one hand, and such Indemnified Person, on the other hand, but also the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Person, on the other hand, as well as any relevant equitable considerations. It is hereby agreed that the relative benefits to the Indemnifying Party, on the one hand, and all Indemnified Persons, on the other hand, shall be deemed to be in the same proportion as (a) the total value received or proposed to be received by the Issuer pursuant to the Exit Term Loans and the issuance and sale of the Rights Offering Equity contemplated by this Agreement bears to (b) the Put Option Premium paid or proposed to be paid to the Backstop Parties. The Indemnifying Parties also agree that no Indemnified Person shall have any liability based on their comparative or contributory negligence or otherwise to the Indemnifying Parties, any person asserting claims on behalf of or in right of any of the Indemnifying Parties, or any other person in connection with an Indemnified Claim.

(e) The indemnity, contribution and expense reimbursement obligations set forth herein (i) shall be in addition to any liability the Issuer may have to any Indemnified Person at law, in equity or otherwise, (ii) shall survive the expiration or termination of this Agreement but only if ~~terminated pursuant to Section 14(a)(ii) in connection with~~ the Closing occurs and ~~the consummation of~~ the Transactions~~,~~ are consummated, (iii) shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Backstop Parties or any other Indemnified Person and (iv) shall be binding on any successor or assign of the Issuer and the successors or assigns to any substantial portion of its business and assets. For the avoidance of doubt, if this Agreement is terminated ~~in accordance with its terms other than pursuant to Section 14(a)(ii) and~~with respect to a Backstop Party other than in connection with the consummation of the Transactions and the Closing or such Backstop Party did not fully fund its Backstop Commitments in accordance with this

Agreement, the obligations under this Section 10 shall not become operative and shall be deemed to be null and void with respect to such Backstop Party.

11. No Fiduciary Relationship

The Issuer and each Backstop Party acknowledges and agrees that:

(a) no fiduciary, advisory or agency relationship among the Issuer and any Backstop Party is intended to be or has been created in respect of any of the transactions contemplated by this Agreement, irrespective of whether the Backstop Parties have advised or are advising any party hereto on other matters, and each Backstop Party has been, is and will be acting solely as a principal and, except as otherwise expressly agreed in writing by it and the relevant parties, has not been, is not and will not be acting as an advisor, agent or fiduciary to any party hereto or any of such parties' affiliates or any other person or entity;

(b) the Backstop Parties, on the one hand, and the Issuer, on the other hand, have an arm's length business relationship that does not directly or indirectly give rise to, nor does the Issuer or any other Backstop Party rely on, any fiduciary duty to the Issuer or any of the Backstop Parties;

(c) each party hereto is capable of evaluating and understanding, and each party hereto understand and accept, the terms, risks and conditions of the transactions contemplated by this Agreement;

(d) each of the Issuer and the Backstop Parties has been advised that each of the Backstop Parties may be engaged in a broad range of transactions that may involve interests differing from the interests of each of the Issuer and the Backstop Parties, and each of the Backstop Parties has no obligation to disclose such interests and transactions to any other party hereto;

(e) each party hereto has consulted its own legal, accounting, regulatory and tax advisors to the extent each party deems appropriate; and

(f) none of the parties hereto has any obligation or duty (including any implied duty) to any other party hereto or its affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein or in any other express writing executed and delivered by such party.

12. Binding Effect; Assignment; No Third Party Beneficiaries

This Agreement shall be binding upon and inure to the benefit of the parties and their respective permitted successors and assigns, except no party hereto may assign (by operation of law or otherwise) its rights, benefits or obligations under this Agreement except in compliance with the provisions of this Section 12.

(a) Newco, upon prior written notice to the Backstop Parties, may assign this Agreement or any or all of its rights, benefits and obligations hereunder to the Issuer; *provided* that in the event of such assignment, all such references to "Newco" or "the Issuer" in this Agreement will be deemed to be references to such assignee.

(b)

(i) Each Backstop Party (the "**Assignor**") may assign all or a portion of its Backstop Commitments in its discretion to one or more of its affiliates or Related Funds (the "**Assignee**"); *provided* that (A) each such Assignee must first, as a precondition to such assignment, confirm in writing the accuracy of the representations and warranties set forth in Section 6, agree to be fully bound by the terms of this Agreement as if an original party hereto, and execute a joinder to the RSA confirming the representations and warranties set forth in the RSA and agreeing to be fully bound by the terms of the RSA; (B) each such Assignor must first, as a precondition to such assignment, confirm in writing its good faith belief that the Assignee has available sufficient funds on the date ~~hereof~~of such assignment and is reasonably expected to have sufficient funds on the Commitment Funding Date to pay such Assignee's aggregate Backstop Commitments and otherwise perform all of the Assignee's obligations under the Commitment Letter as if an original Backstop Party thereto; and (C) each such Assignor and Assignee must execute an Assignment Agreement in the form attached as Annex A hereto (an "**Assignment Agreement**") and deliver such executed Assignment Agreement to the Issuer and its external legal advisors.

(ii) From and after the date that the Assignor and Assignee have delivered a valid and duly executed Assignment Agreement to the Issuer and its external legal advisors, the Assignee shall be a party hereto and, to the extent that the Assignor's rights, interests and obligations hereunder have been assigned to the Assignee, the Assignee shall have the rights, interests and obligations of a Backstop Party under this Agreement, and the Assignor shall relinquish its rights and interests and be released from its obligations under this Agreement, in each case, to the extent of the assigned Backstop Commitments (including any entitlement to receive the Put Option Premium to the extent of the transferred Backstop Commitments), and, to the extent the Assignor assigns all of its Backstop Commitments in compliance with this Section 12 and delivers one or more Assignment Agreements to the Issuer in compliance thereof, the Assignor shall automatically cease to be a Backstop Party to this Agreement, shall no longer have any rights or interests and shall be released from any obligations pursuant to this Agreement; *provided* that any such release shall not relieve the Assignor from any liability in connection with a breach of this Agreement that occurred before such release. The Issuer reserves the right, based on the advice of its external legal advisors, to reject any

purported assignment or Assignment Agreement that does not comply with the terms of this Section 12 and if so rejected such purported assignment shall be null and void *ab initio*.

(c) Notwithstanding the foregoing, any party hereto may assign any of its rights, benefits or obligations under this Agreement, including any Backstop Commitments, with the prior written consent of the Requisite Consenting Creditors.

Except for the rights of the Issuer's and the Backstop Parties' Related Parties provided under Section 9 and the rights of the Indemnified Persons provided under Section 10, no party other than each of the Backstop Parties and the Issuer (or their respective permitted successors and assigns) shall have any rights, benefits, remedies, obligations or liabilities under this Agreement.

13. Confidentiality

The parties acknowledge that the Backstop Parties have previously executed the RSA, which contains certain confidentiality provisions which apply to this Agreement and the transactions contemplated hereby. For the avoidance of doubt, this Agreement, including, without limitation, the Schedules and Annex attached hereto and the transactions contemplated herein, constitute "Information" as defined in the RSA.

14. Termination

The obligations of each Backstop Party under this Agreement, including the obligation to fund the Backstop Commitments contemplated hereby, shall terminate:

(a) automatically and immediately upon the earliest to occur of:

(i) the termination of the RSA in accordance with its terms;

(ii) the consummation of the Closing, the funding of the Backstop Commitments in accordance with the terms of this Agreement and the payment of the Put Option Premium, at which time all obligations under this Agreement will be fulfilled; or

(iii) if the Transactions are not consummated by 5:00 pm New York City time on March 31, 2018 (the "**Outside Date**"); *provided* that the Outside Date may be extended up to 45 calendar days by the Requisite Consenting Creditors; *provided further* that the Outside Date shall be automatically extended once in the event of a Backstop Commitment default pursuant to Section 5(d) for ten (10) business days;

(b) upon the mutual agreement of both the Majority Lenders and Majority Noteholders; or

(c) upon the determination of the Requisite Consenting Creditors;

provided, in each case, that any such termination shall not relieve any party hereto from any liability in connection with a breach of this Agreement that occurred before such termination.

Notwithstanding the termination of this Agreement pursuant to this Section 14, Sections 8, 9 and Sections 11 through 18 shall survive such termination and remain in full force and effect. Section 10 of this Agreement shall only survive the termination of this Agreement if this Agreement is terminated pursuant to Section 14(a)(ii) in connection with the Closing and the consummation of the Transactions.

15. Notices

All notices and other communications from any party hereunder shall be in writing and shall be deemed to have been duly given if personally delivered by courier service, messenger, facsimile, email or other electronic means to the other parties at the applicable addresses below, or such other addresses as may be furnished hereafter by notice in writing by 5:00 pm New York City time. Any notice of termination or breach shall be delivered to all other parties as provided hereunder.

(a) if to a Backstop Party, to the contact information provided on the signature pages hereto; or

(b) if to the Issuer:

1076318 B.C. Ltd
1055 West Hastings Street, Suite 1700
Vancouver, B.C.
V6E 2E9

Attention: Joanna Anderson
Telephone: 312-564-5100
Fax: 312-376-0751
Email: joanna.anderson@cortlandglobal.com

with copies (which shall not in themselves constitute notice) to:

Davis Polk & Wardwell LLP
Attn: Damian S. Schaible, Stephen Salmon
450 Lexington Avenue
New York, NY 10017
Fax: (212) 701-5580
Email: damian.schaible@davispolk.com; stephen.salmon@davispolk.com

Osler, Hoskin & Harcourt LLP
Attn: Marc Wasserman, Michael De Lellis
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50

Toronto, ON M5X 1B8
Fax: (416) 862-6666
Email: mwasserman@osler.com; mdelellis@osler.com

16. Governing Law; Jurisdiction; Jury Waiver

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed in that State, without regard to the conflicts of law rules of such State. Each of the parties hereto irrevocably and unconditionally (i) consents to submit itself to the personal jurisdiction of the courts of the State of New York or the federal courts of the United States located in the Borough of Manhattan, New York City, New York in the event any dispute arises out of this Agreement, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion, objection or other request for leave from such court, and (iii) agrees that it will not bring any action relating to this Agreement in any other such court. Without limiting the foregoing, each party agrees that service of process on such party as provided by the notice provisions above shall be deemed effective service of process on such party.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

17. Amendments; Waiver

(a) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed:

(i) in the case of an amendment, by the Issuer and the Requisite Consenting Creditors; or

(ii) in the case of a waiver, by each party against whom the waiver is to be effective;

provided, that each Backstop Party's prior written consent shall be required for any amendment that would, directly or indirectly: (i) modify the maximum New Capital Commitment, the maximum Exit Term Loan Amount, the maximum Rights Offering Amount or the New Money Equity Allocation, (ii) modify such Backstop Party's Commitment Percentage except pursuant to Section 1, Section 5 or Section 12, (iii) modify, waive or amend Section 14(a), 14(b) or this Section 17 or (iv) have a materially adverse and disproportionate effect on such Backstop Party.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other

right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by applicable law.

18. Entire Agreement; Severability

(a) This Agreement and the RSA, including its exhibits, annexes and schedules thereto (including the Restructuring Term Sheet), constitute the entire agreement between the parties hereto with respect to the subject matter of this Agreement and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

(b) If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other governmental authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

19. Miscellaneous

This Agreement may be executed in and delivered (including by facsimile transmission or PDF) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same instrument.

20. Extended Outside Date

Subject to the terms hereof, and only after giving effect to paragraph 3 of that certain letter amending this Agreement, dated May 15, 2018 (the "**Amending Letter**") with respect to Newco and each "Extending Backstop Party" as defined therein, this Agreement and the rights and obligations hereunder shall continue in full force and effect, and all provisions of paragraph 3 of that Amending Letter shall be deemed implemented by, and incorporated and integrated into, this Agreement. Furthermore, commencing immediately following the Outside Date, Section 14(a)(iii) of this Agreement shall be of no further force and effect. For the avoidance of doubt, this Agreement may not be terminated by the mutual agreement of both the Majority Lenders and Majority Noteholders pursuant to Section 14(b) or by the Requisite Consenting Creditors pursuant to Section 14(c), unless the RSA shall have been previously terminated or shall terminate simultaneously therewith.

If the Closing and the consummation of the Transactions shall not have occurred on or before 5:00 pm New York City time on December 31, 2018 (as such date may be further extended from time to time in accordance with this Section 20, the "**Extended Outside Date**"), the Extended Outside Date will be automatically extended without action of any party by successive additional

forty five (45) day periods; *provided* that any Backstop Party that agrees to extend its Backstop Commitments to the Extended Outside Date (collectively, the "**Extending Backstop Parties**") may elect to terminate its Backstop Commitment and forfeit its right to any Put Option Premium (it being agreed that such Put Option Premium is canceled and deemed null and void for no consideration with respect to such terminating Backstop Party) by giving written notice to Newco no later than 5:00 pm New York City time on the day that is ten (10) business days before the date on which the Extended Outside Date shall be automatically extended pursuant to this Section 20 with such termination to take effect at 5:00 pm New York City time on such Extended Outside Date unless the Closing and the consummation of the Transactions shall have occurred on or before such time (each such Extending Backstop Party terminating its Backstop Commitment, a "**Terminating Backstop Party**"); *provided further* that any such termination shall not otherwise affect any rights or obligations of, or terminate this Agreement with respect to, any other Extending Backstop Party; *provided further* that if all Extending Backstop Parties terminate their respective Backstop Commitments or the RSA is terminated in accordance with its terms, this Agreement shall terminate in its entirety; *provided further* any such termination shall not relieve any Backstop Party from any liability in connection with a breach of this Agreement that occurred before such termination and Section 8, Section 9 and Sections 11 through 18 shall survive such termination and remain in full force and effect with respect to such Backstop Party. In the event one or more Terminating Backstop Parties terminate their respective Backstop Commitments, each Backstop Party that has not terminated its Backstop Commitment pursuant to this Section 20 (each, a "**Non-Terminating Backstop Party**") shall have the right, but not the obligation, within five (5) business days after receipt of written notice from the Issuer to all Non-Terminating Backstop Parties of such non-extension, to cover the Backstop Commitments of such Terminating Backstop Parties and to receive the applicable Put Option Premium by providing written notice to Newco. If more than one Non-Terminating Backstop Party elects to cover a Terminating Backstop Party's Backstop Commitment, such Backstop Commitment shall be allocated pro rata: (i) first, (A) in the event that the Terminating Backstop Party's Backstop Commitment is based on holdings of Prepetition Term Loans, to the Non-Terminating Backstop Parties based on Backstop Commitments made in respect of Prepetition Term Loans, and (B) in the event that the Terminating Backstop Party's Backstop Commitment is based on holdings of Senior Notes, to the Non-Terminating Backstop Parties based on Backstop Commitments in respect of Senior Notes; and (ii) second, to the extent such Terminating Backstop Party's Backstop Commitment is not fully allocated, among such other Non-Terminating Backstop Parties based on their aggregate Backstop Commitments (applied iteratively, if applicable). Commencing immediately following the Outside Date, all references in this Agreement to the "Backstop Parties" shall be deemed to be references to the Extending Backstop Parties other than any Terminating Backstop Parties and all references to the "Backstop Commitments" shall be deemed to be to the Backstop Commitments of the Extending Backstop Parties other than any Terminating Backstop Parties.

[*Signature pages follow*]

Annex B

Amendment No. 1 to
Amended and Restated Restructuring Support Agreement

EXECUTION VERSION

AMENDED AND RESTATED RESTRUCTURING SUPPORT AGREEMENT

This Amended and Restated Restructuring Support Agreement, dated as of August 15, 2017, as amended as of May 15, 2018 and as may be further amended or restated (this "**Agreement**"), is among:

(i) Each of the holders identified on the signature pages hereto or that becomes a party to this Agreement by executing and delivering a Transferee Joinder (as defined below) (in such capacity, collectively, the "**Consenting Lenders**") of outstanding term loans (collectively, the "**Term Loans**") under that certain Term Loan Credit Agreement, dated as of November 14, 2014 (as may be amended, restated, modified or supplemented, the "**Term Loan Credit Agreement**"), by and among ESAI (as defined below), as Borrower, certain affiliates of ESAI, as Guarantors, Cortland Capital Market Services LLC (the "**Term Agent**"), as successor Administrative Agent and Collateral Agent, the lenders from time to time party thereto (collectively, the "**Term Loan Lenders**"), and the other parties thereto; and

(ii) each of the beneficial holders identified on the signature pages hereto or that becomes a party to this Agreement by executing and delivering a Transferee Joinder (in such capacity, collectively, the "**Consenting Noteholders**") of outstanding notes (collectively, the "**Senior Secured Notes**") issued pursuant to that certain Indenture, dated as of November 14, 2014 (as may be amended, restated, modified or supplemented, the "**Senior Secured Notes Indenture**"), for the issuance of 9.50% Senior Notes due 2019 among ESAI, as Issuer, the other Guarantors party thereto, and Wilmington Trust, National Association (the "**Senior Notes Trustee**"), as Indenture Trustee. This Agreement collectively refers to the Consenting Lenders and the Consenting Noteholders as the "**Parties**" and each individually as a "**Party**".

RECITALS

A. Essar Steel Algoma Inc. ("**ESAI**"), Essar Tech Algoma Inc., Algoma Holdings B.V., Essar Steel Algoma (Alberta) ULC, Cannelton Iron Ore Company and Essar Steel Algoma Inc. USA ("**Algoma USA**") (each, a "**Debtor**" and, collectively, the "**Debtors**") are applicants in proceedings (collectively, the "**CCAA Proceedings**") in the Ontario Superior Court of Justice (Commercial List) (the "**CCAA Court**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and debtors and debtors-in-possession in proceedings (collectively, the "**Proceedings**") in the Bankruptcy Court for the District of Delaware (the "**Chapter 15 Court**" and, together with the CCAA Court, the "**Courts**").

B. The Debtors, in consultation with their advisors and certain key stakeholders, developed a sale and investment solicitation process (the "**SISP**") to solicit interest in and

opportunities for a sale, restructuring or recapitalization of the Debtors' business. The SISP was approved by the CCAA Court on February 10, 2016.

C. On May 23, 2016, certain Term Loan Lenders submitted an Asset Purchase Agreement (as may be amended, restated, modified or supplemented from time to time, the "**APA**") pursuant to the SISP for the purchase of substantially all of the assets of ESAI and Algoma USA.

D. The Parties have agreed to support a restructuring transaction (such restructuring transaction, the "**Restructuring Transaction**") for the Debtors pursuant to the terms and conditions set forth in the amended Restructuring Term Sheet attached hereto as Exhibit A (as it may be amended or modified in accordance with Section 22 hereof, the "**Restructuring Term Sheet**"). The Restructuring Term Sheet contemplates, among other things, either a restructuring plan (affecting claims under the Term Loan Credit Agreement, the Senior Secured Notes and such other claims as the Parties agree) or the acquisition of substantially all of the assets of ESAI and Algoma USA (which may be effectuated through the SISP pursuant to an amended APA). Capitalized terms used without definition shall have the meanings assigned thereto in the Restructuring Term Sheet.

E. The Restructuring Term Sheet, which is expressly incorporated herein by reference and made part of this Agreement as if fully set forth herein, is the product of arm's-length, good faith negotiations among the Parties and their respective professionals. In the event of any inconsistency between the terms of this Agreement and the Restructuring Term Sheet, the Restructuring Term Sheet shall control and govern.

F. On September 15, 2016, a Restructuring Support Agreement (the "**Previous RSA**") was entered into by the Parties hereto, which is being terminated and replaced by this Agreement on the date hereof.

THEREFORE, each of the Parties hereby agrees as follows:

AGREEMENT

1. RSA Effective Date; Time of the Essence. This Agreement shall become effective, and the obligations contained herein shall become binding upon the Parties, upon the first date (such date, the "**RSA Effective Date**") that this Agreement has been executed by (a) Consenting Lenders holding, in aggregate, at least 66 2/3% in principal amount outstanding of the Term Loans (the "**66 2/3 Lenders**") and (b) Consenting Noteholders holding, in aggregate, at least 66 2/3% in principal amount outstanding of the Senior Secured Notes (the "**66 2/3 Noteholders**"). Notwithstanding any proposed deadlines in relation to the Restructuring Transaction, the Parties (i) acknowledge and agree that time is of the essence and (ii) intend to complete the Restructuring Transaction as expeditiously as possible.

2. Definitive Documentation. The definitive documents and agreements (the "**Definitive Documentation**") governing or relating to the Restructuring Transaction shall include the following documents:

(a) if the Restructuring Transaction proceeds through an Acquisition:

(i) the APA, amended to be consistent with the Restructuring Term Sheet and including any other amendments thereto, and any documents or agreements in connection therewith;

(ii) an order of the CCAA Court approving the APA and vesting the purchased assets in the Buyer (the "**Approval and Vesting Order**") and any materials in support of a motion seeking the issuance of the Approval and Vesting Order (the "**Sale Motion**");

(iii) any order of the Chapter 15 Court recognizing and giving effect to the Approval and Vesting Order, and approving the sale of U.S. assets of the Debtors (the "**U.S. Sale Order**"), and any motion seeking entry of the U.S. Sale Order (the "**U.S. Sale Motion**");

(iv) one or more orders of the CCAA Court assigning any of the Debtors' contracts to the Buyer (each an "**Assignment Order**") and any materials in support of a motion seeking the issuance of an Assignment Order (each an "**Assignment Motion**"); and

(v) one or more orders of the Chapter 15 Court recognizing and giving effect to the Assignment Order(s) and/or assigning any of Algoma USA's contracts to the Buyer, authorizing the assumption of certain executory contracts or unexpired leases and granting related relief (each a "**U.S. Assignment Recognition Order**") and any motion seeking entry of a U.S. Assignment Recognition Order;

(b) if the Restructuring Transaction proceeds by way of a Plan:

(i) a Plan of Compromise or Arrangement effectuating the Restructuring Transaction (including all exhibits, schedules, supplements, appendices, annexes and attachments thereto);

(ii) an order of the CCAA Court authorizing the filing of the Plan and establishing the terms of a meeting of creditors to vote on the Plan (the "**Meeting Order**"), and any materials in support of a motion seeking the filing of the Plan and the issuance of the Meeting Order;

(iii) any order of the Chapter 15 Court recognizing and giving effect to the Meeting Order (the "**U.S. Meeting Order**") and any motion seeking entry of the U.S. Meeting Order;

(iv) an order of the CCAA Court sanctioning the Plan (the "**Sanction Order**"), and any materials in support of a motion seeking the issuance of the Sanction Order;

(v) an order of the Chapter 15 Court recognizing and giving effect to the Sanction Order (the "**U.S. Confirmation Order**") and any motion seeking entry of the U.S. Confirmation Order;

(c) any material amendment to the credit agreement governing the DIP Facilities to give effect to an Amended DIP;

(d) any documents or agreements for the organization and governance of Restructured Algoma or the Buyer, including any shareholders' agreements, articles of incorporation, bylaws, partnership or LLC agreements or substantially similar organizational documents (the "**Governance Documents**");

(e) the Backstop Commitment Letter executed simultaneously herewith; and

(f) any documents or agreements for the Exit ABL Facility or Exit Term Loan.

Any document that is included within the definition of "Definitive Documentation," including any amendment, supplement, or modification thereof, shall be in form and substance acceptable to the Requisite Consenting Creditors (as defined below).

3. Requisite Consenting Creditors. Unless expressly provided otherwise herein or in the Restructuring Term Sheet, the satisfaction of all conditions precedent in this Agreement (including, for greater certainty, in the Restructuring Term Sheet) shall be subject to the approval of the Requisite Consenting Creditors (as defined in the Restructuring Term Sheet), and the Definitive Documentation, including any amendment, supplement, or modification of the Definitive Documentation, shall be in form and substance acceptable to the Requisite Consenting Creditors.

4. Agreements of the Parties.

(a) *Support of Restructuring Transaction*. Each Party (severally and not jointly), as the legal owner, beneficial owner, and/or investment advisor or manager of or with power and/or authority to bind any claims held by it, from the RSA Effective Date and for so long as this Agreement has not been terminated in accordance with the terms hereof by or as to a Party, unless otherwise consented to in writing by the Requisite Consenting Creditors, shall:

(i) if the Restructuring Transaction is effectuated by an Acquisition pursuant to the APA, support, and direct the Term Agent under the Term Loan Credit Agreement or the Senior Notes Trustee under the Senior Secured Notes Indenture, as applicable, to support, the CCAA Sale Motion, the U.S. Sale Motion, any Assignment Motion and any U.S. Assignment Motion and instruct the Term Agent or the Senior Notes Trustee, as

applicable, in connection with the applicable credit bid for the Debtors' assets under the APA;

(ii) if the Restructuring Transaction is effectuated pursuant to the Plan,

(I.) vote (and direct the Term Agent under the Term Loan Credit Agreement or the Senior Notes Trustee under the Senior Secured Notes Indenture, as applicable, to vote) all of its claims against the Debtors now or hereafter owned by such Party (or for which such Party now or hereafter has voting control over) to accept the Plan in a timely manner and in accordance with applicable procedures, as established by the Meeting Order;

(II.) not withdraw, amend, or revoke (and direct the Term Agent under the Term Loan Credit Agreement or the Senior Notes Trustee under the Senior Secured Notes Indenture, as applicable, not to withdraw, amend, or revoke), its tender, consent, or vote with respect to the Plan; *provided*, *however*, that such vote may be revoked (and, upon such revocation, deemed void ab initio) by such Party at any time if this Agreement is terminated with respect to such Party (it being understood by the Parties that any modification of the Plan that results in a termination of this Agreement pursuant to Section 5 hereof shall entitle such Party an opportunity to change its vote);

(iii) not, directly or indirectly, in its capacity as a Term Loan Lender, a holder of Senior Secured Notes, a holder of 14.00% Junior Secured Notes due 2020 issued by an affiliate of ESAI, a holder of any other claim or interest with respect to ESAI or any of its affiliates, or in any other capacity whatsoever, object to, delay, impede, or take any other action to interfere with the Restructuring Transaction, or propose, file, support, or vote for any restructuring, workout, or plan of arrangement for the Debtors other than the Restructuring Transaction and the Plan;

(iv) direct the Term Agent under the Term Loan Credit Agreement or the Senior Notes Trustee under the Senior Secured Notes Indenture, as applicable, not to object to, delay, impede, or take any other action to interfere with the Restructuring Transaction, or propose, file, support, or vote for any restructuring, workout, or plan of arrangement for the Debtors other than the Restructuring Transaction and the Plan;

(v) support, and direct the Term Agent under the Term Loan Credit Agreement or the Senior Notes Trustee under the Senior Secured Notes Indenture, as applicable, to support, any motion to extend the Debtors' existing debtor-in-possession financing on the terms and conditions set

forth in the Restructuring Term Sheet (as it may be amended or modified in accordance with Section 22 hereof);

(vi) support, and direct the Term Agent under the Term Loan Credit Agreement or the Senior Notes Trustee under the Senior Secured Notes Indenture, as applicable, to support, any other motion supported by the Requisite Consenting Creditors in furtherance of the Restructuring Transaction and consistent with this Agreement; and

(vii) not take any other action, and direct the Term Agent under the Term Loan Credit Agreement or the Senior Notes Trustee under the Senior Secured Notes Indenture, as applicable, not to take any other action, that is materially inconsistent with its obligations under this Agreement.

(b) *Rights of Parties Unaffected*. Nothing contained herein shall limit (i) the rights of the Parties to take or not take, or direct the Term Agent under the Term Loan Credit Agreement or the Senior Notes Trustee under the Senior Secured Notes Indenture, as applicable, to take or not take, any action relating to the maintenance, protection or preservation of their security interests in and liens on collateral under the Term Loan Credit Agreement and related security documents or the Senior Secured Notes Indenture and related security documents, as applicable; (ii) the rights of a Party under any applicable bankruptcy, insolvency, foreclosure or similar proceeding, including, without limitation, appearing as a party in interest in any matter to be adjudicated in order to be heard concerning any matter arising in the CCAA Proceedings or the Chapter 15 Proceedings, in each case, so long as the exercise of any such right is not inconsistent with such Party's obligations hereunder; (iii) the ability of a Party to purchase, sell or enter into any transactions in connection with the Term Loans or the Senior Secured Notes, subject to the terms hereof; (iv) subject to the terms hereof, any right of any Party under (x) the Term Loan Credit Agreement or the Senior Secured Notes Indenture, or constitute a waiver or amendment of any provision of the Term Loan Credit Agreement or the Senior Secured Notes Indenture, as applicable, and (y) any other applicable agreement, instrument or document that gives rise to a Party's claims or interests, or constitute a waiver or amendment of any provision of any such agreement, instrument or document; (v) the ability of a Party to consult with other parties or the Debtors; or (vi) the ability of a Party to enforce any right, remedy, condition, consent or approval requirement under this Agreement or any of the Definitive Documentation.

(c) *Transfers of Term Loans or Senior Secured Notes*. Each Party shall not, from the RSA Effective Date and for so long as this Agreement has not been terminated in accordance with the terms hereof, (i) sell, transfer, assign, pledge, grant a participation interest in, or otherwise dispose of, directly or indirectly, its right, title, or interest in respect of any Term Loans or Senior Secured Notes, in whole or in part, or (ii) deposit any such Term Loans or Senior Secured Notes into a voting trust, or grant any proxies, or enter into a voting agreement with respect to any such claims or interests (the actions described in clauses (i) and (ii) are

collectively referred to herein as a "**Transfer**" and the Party making such Transfer is referred to herein as the "**Transferor**"), unless such Transfer is to another Party or any other entity that first agrees in writing to be bound by the terms of this Agreement (the "**Transferee**"), by executing and delivering to the legal counsel listed in Section 20 hereof a Transferee Joinder substantially in the form attached hereto as Exhibit B (the "**Transferee Joinder**"); *provided* that, for the avoidance of doubt, upon any Transfer to a Party of any Term Loans or Senior Secured Notes, such Term Loans or Senior Secured Notes, as applicable, shall automatically be deemed to be subject to the terms of this Agreement. Upon consummation of a Transfer and, if applicable, execution of a Transferee Joinder in accordance herewith, a transferee is deemed to make all of the representations, warranties, and covenants of a Party, as applicable, set forth in this Agreement. Upon compliance with the foregoing, the Transferor shall be deemed to relinquish its rights (and be released from its obligations, except for any claim for breach of this Agreement that occurs prior to such Transfer) under this Agreement to the extent of such transferred rights and obligations. Any Transfer made in violation of this Section 4(c) shall, as against the Parties, be deemed null and void *ab initio* and of no force or effect, regardless of any prior notice provided to any Party, and shall not create any obligation or liability of any Party to the purported transferee. Notwithstanding the foregoing, the restrictions on Transfer set forth in this Section 4(c) shall not apply to the grant of any liens or encumbrances on any claims and interests in favor of a bank or broker-dealer holding custody of such claims and interests in the ordinary course of business and which lien or encumbrance is released upon the Transfer of such claims and interests.

(d) *Qualified Market Maker*. Notwithstanding anything herein to the contrary, any Party may Transfer any of its claims and interests to an entity that is acting in its capacity as a Qualified Marketmaker (as defined below) without the requirement that the Qualified Marketmaker be or become a Party; *provided*, *however*, that the Qualified Marketmaker subsequently Transfers all right, title and interest in such claims and interests to a Transferee that is or becomes a Party as provided above, and the Transfer documentation between the transferring Party and such Qualified Marketmaker shall contain a requirement that provides as such. Notwithstanding the foregoing, if, at the time of the proposed Transfer of such claims and interests to the Qualified Marketmaker, the Requisite Consenting Creditors have chosen to pursue the Restructuring Transaction pursuant to the Plan, such claims and interests (x) may be voted on the Plan, the proposed transferor Party must first vote such claims and interests in accordance with the requirements of Section 4(a), or (y) have not yet been and may not yet be voted on the Plan and such Qualified Marketmaker does not Transfer such claims and interests to a subsequent Transferee prior to the fifth (5th) business day prior to the expiration of the voting deadline (such date, the "**Qualified Marketmaker Joinder Date**"), such Qualified Marketmaker shall be required to (and the Transfer documentation to the Qualified Marketmaker shall have provided that it shall), on the first business day immediately following the Qualified Marketmaker Joinder Date, become a Party with respect to such claims and interests in accordance with the terms hereof (*provided* that the Qualified Marketmaker shall automatically, and

without further notice or action, no longer be a Party with respect to such claims and interests at such time that the Transferee of such claims and interests becomes a Party with respect to such claims and interests). For these purposes, "**Qualified Marketmaker**" means an entity that (X) holds itself out to the market as standing ready, willing and able in the ordinary course of business to purchase from and sell to customers claims and interests, or enter with customers into long and/or short positions in claims and interests, in its capacity as a dealer or market maker in such claims and interests; and (Y) is in fact regularly in the business of making a market in claims, interests and/or securities of issuers or borrowers.

(e) *Termination of Previous RSA and Previous BCL*.

(i) Effective on the date the Current Noteholder Expenses are paid by ESAI, the Parties hereby terminate the Previous RSA by mutual agreement pursuant to Section 6(ii) thereof, and the Previous RSA shall be void and of no further effect, without liability of any party thereto (or any stockholder, director, officer, employee, agent, consultant or representative of such party) to the other parties thereto; *provided, however*, that such termination shall not relieve any party thereto from (i) liability for any breach or non-performance of its obligations thereunder prior to the date of termination and (ii) obligations under the Previous RSA or the term sheet attached as Exhibit A thereto (the "**Previous Term Sheet**") which by their terms expressly survive termination of the Previous RSA and *provided, further* that, in accordance with Section 11 of the Previous RSA, Sections 7 and 9 through 29 of the Previous RSA (and any defined terms used in any such Sections) shall survive termination of the Previous RSA and shall continue in full force and effect for the benefit of the parties thereto.

(ii) The Parties further acknowledge that the backstop commitment letter (the "**Previous BCL**") dated September 30, 2016 among 1076318 B.C. LTD and certain Term Loan Lenders and Senior Secured Noteholders has terminated automatically; *provided, however* that such termination shall not relieve any party thereto from any liability in connection with a breach of the Previous BCL that occurred before such termination and *provided, further* that, in accordance with Section 14 of the Previous BCL, Sections 8, 9 and 11 through 18 of the Previous BCL shall survive such termination and remain in full force and effect.

5. Termination Events. This Agreement may be terminated upon five (5) business days advance written notice by the 66 2/3 Consenting Lenders or the 66 2/3 Consenting Noteholders, as applicable, to the other Parties upon the occurrence and continuation of any of the following events, unless such event is waived, in writing, by the Requisite Consenting Creditors on a prospective or retroactive basis (each, a "**Termination Event**"):

(a) the conversion of the CCAA Proceedings to a case under the Bankruptcy and Insolvency Act, R.S.C. 1985 c. B-3, as amended

(b) the dismissal of the Chapter 15 Proceedings;

(c) the appointment of a trustee, receiver, or examiner with expanded powers in one or more of the CCAA Proceedings or Chapter 15 Proceedings, other than the expansion of the Monitor's powers in connection with the motion of the lenders under the Debtors' debtor-in-possession financing facility to expand the powers of Ernst & Young Inc., in its capacity as the Court-appointed Monitor of the Debtors (the "**Monitor**"), in connection with the 2014 conveyance by ESAI of its port facility assets to Port of Algoma Inc. and certain other related-party transactions between ESAI and Essar Global Fund Limited or its affiliates (the "Monitor's Powers Motion");

(d) the failure of any Definitive Documentation to comply with Section 2 hereof;

(e) a breach by another Party of any representation, warranty, or covenant of such Party set forth in this Agreement that could reasonably be expected to have a material adverse impact on the Restructuring Transaction or the consummation of the Restructuring Transaction;

(f) the issuance by any governmental authority, including either Court, any regulatory authority, or any other court of competent jurisdiction, of any ruling or order that would, or would reasonably be expected to, frustrate the purpose of this Agreement:

(g) if ESAI enters into a restructuring transaction agreement with another party or parties that is inconsistent with the terms and conditions of this Agreement and the Restructuring Term Sheet;

(h) the CCAA Court grants relief terminating the Stay Period (as defined in the Initial Order of the CCAA Court dated November 9, 2015 and as such Stay Period may be extended by the Court from time to time) with regard to any assets of the Debtors having an aggregate fair market value in excess of US$250,000;

(i) the CCAA Court enters an order disallowing, subordinating or recharacterizing claims or interests held by any party hereto arising under the Term Loan Credit Agreement or the Senior Secured Notes Indenture or in respect of the Term Loans or the Senior Secured Notes; or

(j) the occurrence of any other material breach of this Agreement or the Restructuring Term Sheet not otherwise covered in this Section 5 by any other Party, and such breach continues for more than three (3) business days after the defaulting Party receives notice of such default from another Party hereto.

6. Mutual Termination; Automatic Termination. This Agreement and the obligations of all Parties hereunder may be terminated by written agreement (i) among the 66 2/3

Consenting Lenders, on the one hand, and the 66 2/3 Consenting Noteholders, on the other hand or (ii) among the Requisite Consenting Creditors. Notwithstanding anything in this Agreement to the contrary, this Agreement ~~(i)~~ shall terminate automatically (A) upon consummation of the Restructuring Transaction (which, for the avoidance of doubt, would be deemed to occur upon the Implementation Date of a Plan effectuating the Restructuring Transaction or the closing under the APA effectuating the Restructuring Transaction) ~~and (ii) may be terminated by either the 66 2/3 Consenting Lenders or the 66 2/3 Consenting Noteholders on March~~, (B) upon the termination of the Backstop Commitment Letter in accordance with its terms, or (C) on December 31, 2018 (the "**Outside Date**"); *provided* that, if the consummation of the Restructuring Transaction shall not have occurred on or before 5:00 pm New York City time on December 31, 2018, the Outside Date ~~may be~~shall be automatically extended without action of any party by up to two successive additional forty five (45 ~~calendar days by~~) day periods unless the Requisite Consenting Creditors~~. For the avoidance of doubt, if the Outside Date is timely extended, neither the 66 2/3 Consenting Lenders or the 66 2/3 Consenting Noteholders may terminate before the extended Outside Date. For greater certainty, the Backstop Commitment Letter shall terminate automatically on the Outside Date (as same may be extended above) or the termination of this Agreement by its terms, such that each Backstop Party shall thereupon be relieved of its rights, obligations and commitments therein.~~ decline any such automatic extension by giving written notice to the other Parties prior to the time that any such extension would otherwise take effect.

7. Effect of Termination. Upon the termination of this Agreement in accordance with Sections 5 or 6 and except as provided in Section 11 herein, this Agreement shall forthwith become void and of no further force or effect and each Party shall, except as otherwise expressly provided in this Agreement, be immediately released from its liabilities, obligations, commitments, undertakings and agreements under or related to this Agreement and shall have all the rights and remedies that it would have had and shall be entitled to take all actions, whether with respect to the Restructuring Transaction or otherwise, that it would have been entitled to take had it not entered into this Agreement, including all rights and remedies available to it under applicable law or the Term Loan Credit Agreement, the Senior Secured Notes Indenture and, in each case, any ancillary documents or agreements thereto; *provided*, *however*, that in no event shall any such termination relieve a Party hereto from (i) liability for any breach or non-performance of its obligations hereunder prior to the date of such termination and (ii) obligations under this Agreement or the Restructuring Term Sheet which by their terms expressly survive termination of this Agreement. Notwithstanding anything to the contrary herein, any of the Termination Events may be waived in accordance with the procedures established in this Agreement in which case the Termination Event so waived shall be deemed not to have occurred, this Agreement shall be deemed to continue in full force and effect, and the rights and obligations of the Parties hereto shall be restored, subject to any modification or condition set forth in such waiver.

8. Representations and Warranties. Each Party hereby represents and warrants on a several and not joint basis for itself and not any other person or entity that as of the date hereof:

(a) it has the requisite organizational power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement;

(b) the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate or other organizational action on its part;

(c) the execution, delivery and performance by it of this Agreement does not violate any provision of law, rule, or regulation applicable to it, or its certificate of incorporation, or bylaws, or other organizational documents;

(d) it is:

(i) an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended, (the "**1933 Act**") or a "qualified institutional buyer" as defined under Rule 144A of the 1933 Act, or

(ii) if located in a Canadian jurisdiction either: (A) an "accredited investor" within the meaning of National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") if the Party is in a Canadian jurisdiction other than Ontario or (B) an accredited investor within the meaning of subsection 73.3(1) of the *Securities Act (Ontario)* if the Party is in Ontario, and in either case was not created and is not being used solely to acquire securities as an accredited investor under subparagraph (m) of the definition of that term in NI 45-106, it is purchasing as principal and has delivered an accredited investor certificate (if required),

(e) it:

(i) has sufficient knowledge and experience in financial and business matters to evaluate properly the terms and conditions of this Agreement and the Restructuring Term Sheet, to consult with its legal and financial advisors with respect to its investment decision to execute this Agreement, to make its own analysis and investment decision to enter into this Agreement and to evaluate the merits and risks of its investment in the Buyer or Restructured Algoma, including (A) if the Restructuring Transaction proceeds through a sale of assets, as a credit bid for the Debtors' assets under the APA in exchange for the Exchange Equity (as defined in the Restructuring Term Sheet), the right to subscribe to the Rights Offering Equity (as defined in the Restructuring Term Sheet) in the Rights Offering (as defined in the Restructuring Term Sheet) and, if a Backstop Party, the right to backstop the Rights Offering pursuant to the Backstop Commitment Letter and receive the Backstop Fee Equity (as defined in Restructuring Term Sheet) (the Exchange Equity, Rights Offering Equity and Backstop Fee Equity, collectively, the "**Transaction Securities**"), and

(B) if the Restructuring Transaction is effectuated pursuant to the Plan, the exchange of its claims under the Term Loans and/or Senior Notes and any other claims against the Debtors for the same or substantially similar Transaction Securities;

(ii) is agreeing to acquire the Transaction Securities for its own account (or the account of an investment fund or account that it (or one of its affiliates) manages or advises), not otherwise as a nominee or agent, and not otherwise with the view to, or for resale in connection with, any distribution thereof not in compliance with applicable securities laws, and it has no present intention of selling, granting any other participation in, or otherwise distributing the same, except in compliance with applicable securities law; and

(iii) understands that (A) none of the Transaction Securities have been or will be registered or qualified under the 1933 Act or any applicable securities laws of any jurisdiction by reason of a specific exemption from such registration or qualification provisions, the availability of which depends on, among other things, the bona fide nature of the investment intent and the accuracy of such Party's representations as expressed herein or otherwise made pursuant hereto; (B) the Transaction Securities are "restricted securities" under applicable U.S. federal and state securities laws and subject to applicable resale restrictions under Canadian securities laws that, pursuant to these laws, the Party acquiring such Transaction Securities must hold them indefinitely unless they are registered with the United States Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements and any applicable Canadian prospectus requirements is available, and if such an exemption is available, it may be conditioned on, among other things, the time and manner of sale, the holding period for the Transaction Securities, information requirements or affiliate restrictions, and there can be no assurances that such requirements can be satisfied; (C) no public market now exists for the Transaction Securities and there can be no assurances that a public market will ever exist; and (D) the Transaction Securities and any securities issued in respect of or in exchange for such securities may be notated with the following or a substantially similar legends, together with any other legend pursuant to applicable securities laws of any other state or jurisdiction, the Definitive Documentation or the Governance Documents:

"THE SECURITIES REFERENCED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS

AMENDED, OR AN EXEMPTION THEREFROM, WITH RESPECT TO WHICH THE COMPANY MAY, UPON REQUEST, REQUIRE AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH TRANSFER DOES NOT VIOLATE THE SECURITIES ACT OF 1933, AS AMENDED, THE RULES AND REGULATIONS THEREUNDER OR OTHER APPLICABLE SECURITIES LAW.";

If issued to a Party subject to Canadian securities laws:

"Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after the later of (i) [insert the distribution date], and (ii) the date the issuer became a reporting issuer in any province or territory."

(f) it either (1) is (or will be upon consummation of all agreed acquisitions pending settlement) the sole legal owner, beneficial owner, and/or investment advisor or manager of or with power and/or authority to bind the claims and interests identified below its name on its signature page hereof and in the amounts set forth therein (the "**Owned Claims**"), or (2) has all necessary investment or voting discretion with respect to the Owned Claims, and has the power and authority to bind the owner(s) of such Owned Claims to the terms of this Agreement;

(g) it has (or will have upon consummation of all agreed acquisitions pending settlement) the full power and authority to act on behalf of, vote and consent to matters concerning the Owned Claims; and

(h) its Owned Claims are (or will be upon consummation of all agreed acquisitions pending settlement) free and clear of any pledge, lien, security interest, charge, claim, equity, option, proxy, voting restriction, right of first refusal, or other limitation on disposition, transfer, or encumbrances of any kind, that would materially jeopardize its ability to perform any of its obligations under this Agreement at the time such obligations are required to be performed.

9. Confidentiality; Public Disclosure.

(a) In connection with the Restructuring Transaction, each Party hereto may desire to disclose to the other certain information it considers to be non-public, confidential, personal or proprietary in nature and which is not available to the general public (the "**Information**"). The Information will be kept confidential and will not, without prior written consent of the Party disclosing the Information (the "**Originator**"), or as expressly provided in this Section 9, be disclosed by the Party receiving the Information (the "**Recipient**") in any manner whatsoever, in whole or in part.

(b) The term Information includes (a) any information of whatever nature relating to the Originator and its affiliates and/or accounts and funds that it manages, the Debtors or any of their affiliates, or any customer of or supplier or lender to any

of the foregoing parties, regardless of whether the Information was communicated orally, in writing or by electronic transmission; and (b) any summaries, notes, analyses, compilations, studies or other records that contain or otherwise reflect or have been generated, wholly or partly, or derived from such Information ("**Derivative Information**"). The term Information shall not include such portions of the Information which (i) is, was or becomes within the public domain other than as a result of a disclosure by the Recipient or its Representatives, or (ii) are received from an independent third party who had not to the knowledge of the Recipient obtained the Information unlawfully and was not to the knowledge of the Recipient under any obligation of secrecy or duty of confidentiality, or (iii) the Recipient can show were in its lawful possession before it received such Information from the Originator, or (iv) the Recipient can show were independently developed by it or on its behalf by personnel having no access to the Information at the time of its independent development.

(c) Each Recipient shall store the Information properly and securely and ensure that reasonable physical, technological and organizational measures are in place to protect the Information against unauthorized or unintended access, use or disclosure in accordance with its internal processes reasonably designed to protect the confidentiality of its internal proprietary and confidential information.

(d) Each of the Parties may reveal or permit access to the Information only to those agents, representatives (including lawyers, consultants, experts, accountants, financing sources and financial and other advisors), directors, partners, officers and employees (each a "**Representative**") who need to know the Information for evaluating and completing the Restructuring Transaction, who are informed of the confidential nature of the Information, who are directed to hold the Information in confidence and who agree to act in accordance with the terms and conditions of the confidentiality provisions of this Agreement. Each of the Parties will take all necessary precautions or measures as may be reasonable in the circumstances to prevent improper access to the Information or use or disclosure of the Information by its Representatives and will be responsible for any breach of the obligations set forth in this Section 9 by any of its Representatives. In the event of a breach of the obligations set forth in this Section 9 or any disclosure of Information by the Recipient or any of its Representatives, other than as permitted by this Agreement, the Recipient will notify the Originator of the nature of the breach upon discovery of the breach or disclosure.

(e) All copies of the Information will be returned to the Originator or destroyed, ~~as~~at the Originator's option, promptly upon the request of the Originator (and, in any event, within ten (10) business days after such request), except for that portion of the Information which consists of Derivative Information, which will be destroyed and, in the case of information stored in electronic form, will be permanently erased. Notwithstanding the foregoing: (i) the Recipient may retain copies of the Information in secure storage, subject to the terms of this Agreement, for use only in disputes relating to the confidentiality provisions of this Agreement; (ii) the Recipient may retain copies of the Information to the

extent that such retention is required to comply with applicable law, regulation or professional standards or a pre-existing document retention policy, provided that it is kept strictly confidential; (iii) Information that is electronically stored may be retained in back up servers if not intentionally made available to any person, and is deleted in accordance with the Recipient's normal policies with respect to the retention of electronic records; and (iv) the Recipient may retain that portion of the Information that is memorialized in notes, analyses, compilations, studies, interpretations or other documents prepared by the Recipient. Notwithstanding the return or destruction of the Information, each Party and their respective Representatives shall continue to be bound by the confidentiality and other obligations hereunder.

(f) Each of the Parties acknowledges that neither the Originator nor any of its Representatives makes any express or implied representation or warranty as to the accuracy or completeness of the Information, and agrees that neither the Originator nor its Representatives shall have any liability, direct or indirect, to the Recipient or its Representatives relating to or resulting from the Information or the use thereof, errors therein or omissions therefrom, and except in accordance with any specific representations and warranties made in any definitive agreement entered into regarding the Restructuring Transaction.

(g) In the event that a Recipient or any of its Representatives becomes legally compelled or is required by regulatory authorities having appropriate jurisdiction to disclose any of the Information, the Recipient will promptly provide the Originator with written notice so that it may seek a protective order or other appropriate remedy and/or waive compliance with the confidentiality provisions of this Agreement. The Recipient will cooperate with the Originator on a reasonable basis to obtain a protective order or other remedy, *provided* that the Originator shall bear all reasonable costs and expenses of such cooperation. In the event that such protective order or other remedy is not obtained or the Originator waives compliance with the confidentiality provisions of this Agreement, the Recipient will furnish only that portion of the Information which it is advised, by written opinion of counsel, is legally required to be disclosed and will exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Information so furnished, *provided* that the Originator shall bear all reasonable costs and expenses in connection therewith. No notification under Section 9 of this Agreement shall be required for disclosures to regulatory authorities having jurisdiction over the Recipient in connection with routine audits or examinations not targeting the Originator or the Information, nor will the Recipient be required to obtain a written opinion or assurance of confidential treatment of such disclosure.

(h) In connection with the CCAA Proceedings and the Chapter 15 Proceedings, the Parties (i) shall disclose, on the RSA Effective Date, the existence of, and the material terms of, this Agreement or any other material term of the transaction contemplated herein to all Term Lenders and Senior Secured Noteholders and (ii) may disclose the existence of, and the material terms of, this Agreement or any

other material term of the transaction contemplated herein in connection with seeking approval from the Courts of the transaction contemplated herein; *provided*, *however*, that notwithstanding anything in this paragraph 9(h) to the contrary, the Parties may not disclose, and shall redact, the names and holdings information of every Party to this Agreement as of the date hereof and at any time hereafter.

10. Common Interest Privilege.

(a) The Parties acknowledge that:

(i) they share a common interest in pursuing and successfully consummating the Restructuring Transaction and in defending against reasonably anticipated litigation that may be brought by creditors or other third parties in connection with the Restructuring Transaction;

(ii) they will cooperate together by sharing information, including legal advice, with a view to advancing their common interests. The Parties are doing so on the basis that their solicitor-client privilege, transactional privilege, attorney-client privilege, work product doctrine and common interest litigation privilege, and other privileges and confidentialities (together, the "**Privileges**") are preserved to the maximum extent recognized by Canada, the United States and/or other applicable law as against the world;

(iii) the Parties, as well as outside and in-house legal counsel for the Parties and the Term Agent (collectively, "**Counsel**"), intend to share information, including business information and other business documentation that is or was produced for or communicated for the purpose of obtaining legal advice, and exchanging and discussing documentation, correspondence, conclusions, opinions, legal theories and other work product of Counsel (the "**Privileged Material**"). The Parties intend to exchange and discuss Information, which is not otherwise publicly available, for the purpose of assisting in the giving of legal advice; and

(iv) the Parties intend the Privileges to apply to the Privileged Material and Information, and to all exchanges of and all discussions with respect to the Privileged Material and the Information that have taken place, and will continue to take place (the "**Communications**").

(b) In furtherance of the provision of legal services by Counsel for the Parties and the Term Agent, it has been and will be advisable and necessary for the Parties, the Term Agent and/or Counsel, in each Party's sole discretion, to communicate and share Privileged Material and/or Information with one another.

(c) The Parties recognize, acknowledge and understand that the exchange of Privileged Material and Information, and any Communications in respect of the

Privileged Material and Information, are made in confidence with the intent to preserve any Privileges that are applicable to the Privileged Material, Information and any such Communications. The Parties expressly affirm that they do not waive any such Privileges and protections as a result of such communications and exchanges among the Parties, the Term Agent and Counsel.

(d) The Parties agree that the Privileges and other protections available at law and under the terms of this Agreement applicable to the Privileged Material, Information and any Communications may not be waived by any Party with respect to the Privileged Material, Information and any Communications provided by any other Party, without the prior written consent of the Party which produced the documents or information sought to be disclosed and to which such Privileges or other protections apply. Each Party shall only assert Privilege over Privileged Material, Information and any Communications where the Party holds a good faith belief that Privilege may apply, and each Party shall honor any other Party's claim that particular Privileged Material, Information and any Communications are potentially subject to Privileges.

(e) Each Party reserves the right to determine what information and documents will be shared and under what circumstances, and no obligation or duty to share any such information or documents is created by this Agreement. All Privileged Material and Information and Communications disclosed by any Party to another Party shall remain the property of the disclosing Party and the disclosing Party shall retain unrestricted privileged, protections and immunities with respect thereto.

(f) Each Party agrees that it (i) will keep the Privileged Material, Information and Communications privileged, (ii) will not use any other Party's Privileged Material, Information, and Communications for any purpose other than planning for the Restructuring Transaction, absent the express consent of the other Party, and (iii) will not share another Party's Privileged Material, Information, and Communications with any other person, with the exception of its directors, officers, employees, and advisors and the Term Agent and its counsel, directors, officers, employee and advisors, in each case who need to know, on the condition that they agree to comply with and be bound by this Agreement with respect to such Privileged Material, Information and Communications.

(g) All persons permitted access to Privileged Material, Information, and Communications shall be specifically advised that these materials are confidential, privileged and/or protected from disclosure and subject to the terms of this Agreement and shall agree to abide by the terms of this Agreement prior to being given access to any such protected materials.

(h) The rights of any Party to the protection of the Privileges in connection with Privileged Material, Information and Communications shall not be waived by any other Party's unauthorized and/or accidental disclosure of any Privileged Materials, Information or Communications. If a Party to this Agreement

inadvertently produces to any person who is not a Party any Privileged Material, Information or Communications subject to Privileges provided by another Party, the production of that information shall not be deemed to destroy any Privileges or be deemed a waiver of any Privileges. In such circumstances, the Party who inadvertently produced the Privileged Material, Information or Communications shall immediately upon learning of the inadvertent production notify any affected Parties in writing and must further take reasonable steps, at their own cost and expense, to seek and if reasonably possible obtain, the return or confirm the destruction of the protected materials, including any derivative works thereof.

(i) Should any third party, including any regulatory authority, demand or require disclosure by a Party of any of the Privileged Material, Information or any Communications received from another Party or Parties, such other Party or Parties shall be notified promptly. The party receiving the demand shall consult and cooperate with such other Parties concerning the appropriate response to such demand and shall take all reasonable steps necessary to oppose the disclosure on the grounds of Privilege. The provisions of this Section 10(i) shall not apply to routine regulatory audits or examinations not targeting the Originator or the Information as set forth in Section 9, provided that such routine regulatory audits or examinations do not target Privileged Material received from another Party or Parties or Communications relating to such Privileged Material.

(j) Regardless of the date of execution of this Agreement, this Section 10 is effective as of, and applies to all exchanges of Privileged Material, Information and any Communications that have taken place before, on, or after, such date.

(k) Nothing in this Agreement shall establish or impute a solicitor-client or attorney-client relationship between any Counsel and any other Party other than the party for whom that Counsel is formally retained. In other words, Counsel for one Party shall not become, or be deemed to be, Counsel for another Party. Neither the substance of this Agreement, nor the exchange of Privileged Material, Information or any Communications, shall be asserted by any Party as a basis for a claim that Counsel to another Party is or should be disqualified from representing the other Party in connection with the Restructuring Transaction. It is herein represented by each Party that it has specifically been made aware of, and consents to, the provisions of this Section 10(k). Nothing contained in this Agreement shall be construed to be a waiver of any rights or claims of any Party against the other and such rights are hereby reserved.

(l) If Privileged Material, Information or any Communications are used, divulged, or disclosed other than as allowed by this Agreement (or by court order or regulatory order), the use or disclosure shall be a breach of this Agreement, but shall not constitute a waiver of any applicable Privileges or confidentiality protection. No waiver of any nature, in any one or more instances, shall be deemed or construed a waiver of any breach of any term of this Agreement.

11. Survival of Agreement. Notwithstanding the termination of this Agreement pursuant to Sections 5 or 6 hereof, the agreements and obligations of the Parties in this Section 11 and Sections 7, 9, 10, 12 through 29 hereof (and any defined terms used in any such Sections), and the obligations related to the payment of the Current Consenting Noteholders Expenses and the Future Consenting Noteholders Expenses under the Restructuring Term Sheet, and strictly subject to the terms of the Restructuring Term Sheet, shall survive such termination and shall continue in full force and effect for the benefit of the Parties in accordance with the terms hereof; *provided, however*, that any liability of a Party for failure to comply with the terms of this Agreement shall survive such termination.

12. Relationship Among Parties. Notwithstanding anything herein to the contrary, the duties and obligations of the Parties under this Agreement shall be several, not joint. No Party shall have any responsibility by virtue of this Agreement for any trading by any other entity. No prior history, pattern, or practice of sharing confidences among or between the Parties shall in any way affect or negate this Agreement.

13. Specific Performance. It is understood and agreed by the Parties that money damages may be an insufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to seek specific performance and injunctive or other equitable relief as a remedy of any such breach of this Agreement, including, without limitation, an order of either Court or other court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder.

14. Further Assurances. Each of the Parties shall do all such things in their respective control, take all such actions as are reasonable, deliver to other Parties such further information and documents and execute and deliver to the other Parties such further instruments and agreements as another party shall reasonably request to consummate or confirm the Restructuring Transaction, to accomplish the purpose of this Agreement or to assure to such other Parties the respective benefits of this Agreement.

15. Governing Law and Jurisdiction. This Agreement, the rights and obligations of the Parties under this Agreement, and any claim or controversy directly or indirectly based upon or arising out of this Agreement or the transactions contemplated by this Agreement (whether based on contract, tort or any other theory), including all matters of construction, validity and performance, shall in all respects be governed by, and interpreted, construed and determined in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to the conflicts of law principles thereof. The Parties consent to the jurisdiction and venue of the courts of Ontario and, while the CCAA Proceedings are ongoing, specifically to the jurisdiction and venue of the CCAA Court for the resolution of any such disputes arising under this Agreement. Each Party agrees that service of process on such Party as provided in Section 20 of this Agreement shall be deemed effective service of process on such Party.

16. Representation by Counsel. Each Party acknowledges that it has been represented by, or provided a reasonable period of time to obtain access to and advice by, counsel with this Agreement and the Restructuring Transaction contemplated herein. Accordingly, any rule

of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

17. Waiver of Right to Trial by Jury. Each of the Parties waive any right to have a jury participate in resolving any dispute, whether sounding in contract, tort or otherwise, between any of the Parties arising out of, connected with, relating to, or incidental to the relationship established between any of them in connection with this Agreement. Instead, any disputes resolved in court shall be resolved in a bench trial without a jury.

18. Successors and Assigns. Except as otherwise provided in this Agreement, this Agreement is intended to bind and inure to the benefit of each of the Parties and each of their respective permitted successors, assigns, heirs, executors, administrators, and representatives.

19. No Third-Party Beneficiaries. Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third-party beneficiary of this Agreement.

20. Notices. All notices (including, without limitation, any notice of termination or breach) and other communications from any Party hereunder shall be in writing and shall be deemed to have been duly given if personally delivered by courier service, messenger, email, or facsimile to the other Parties at the applicable addresses below, or such other addresses as may be furnished hereafter by notice in writing. Any notice of termination or breach shall be delivered to all other Parties.

(a) If to the Consenting Lenders:

Davis Polk & Wardwell LLP
Attn: Damian S. Schaible
450 Lexington Avenue
New York, NY 10017
Fax: (212) 701-5580
Email: damian.schaible@davispolk.com
Email: stephen.salmon@davispolk.com

Osler, Hoskin & Harcourt LLP
Attn: Marc Wasserman, Michael De Lellis
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto, ON M5X 1B8
Facsimile: (416) 862-6666
Email: mwasserman@osler.com
Email: mdelellis@osler.com

(b) If to the Consenting Noteholders:

Goodmans LLP
Attn: Robert J. Chadwick, L. Joseph Latham
333 Bay Street
Suite 3400
Toronto, ON M5H 2S7
Fax: 416-979-1234
Email: rchadwick@goodmans.ca
Email: jlatham@goodmans.ca

21. Entire Agreement. This Agreement (including the Restructuring Term Sheet) constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes all prior negotiations, agreements, and understandings, whether written or oral, among the Parties with respect to the subject matter of this Agreement.

22. Amendments. The Definitive Documentation may not be modified, amended, or supplemented without the prior written consent of the Requisite Consenting Creditors; *provided* that any modification of, or amendment or supplement to, this Agreement or the Restructuring Term Sheet shall require the written consent of both the 66 2/3 Consenting Lenders and the 66 2/3 Consenting Noteholders.

23. Reservation of Rights.

(a) Except as expressly provided in this Agreement or the Restructuring Term Sheet, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict the ability of any Party to protect and preserve its rights, remedies and interests, including without limitation, its claims against any of the other Parties.

(b) If the Restructuring Transaction is not consummated in the manner set forth, and on the timeline set forth in this Agreement and the Restructuring Term Sheet, or if this Agreement is terminated for any reason, nothing shall be construed herein as a waiver by any Party of any or all of such Party's rights, remedies, claims, and defenses and the Parties expressly reserve any and all of their respective rights, remedies, claims and defenses. This Agreement, the Restructuring Term Sheet, and any related document shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the claims or defenses which it has asserted or could assert.

(c) Subject to Sections 9 and 10, the Parties acknowledge that this Agreement, the Restructuring Term Sheet and all negotiations relating hereto are part of a proposed settlement of matters that could otherwise be the subject of litigation. Pursuant to Rule 408 of the Federal Rules of Evidence, any applicable state or provincial rules of evidence and any other applicable law, foreign or domestic, this Agreement, the Restructuring Term Sheet, any related documents, and all

negotiations relating thereto shall not be admissible into evidence in any proceeding, or used by any party for any reason whatsoever, including in any proceeding, other than a proceeding to enforce its terms.

(d) Notwithstanding the other provisions of this Agreement, upon the closing of the Restructuring Transaction, each of the Consenting Lenders and the Consenting Noteholders shall execute, and shall direct the Term Agent and the Senior Notes Trustee, respectively, to execute, together with the Debtors, customary full and final mutual releases of any and all rights, remedies, claims, actions, causes of action or liabilities relating to all matters involving the restructuring of the Debtors up to the date of closing.

24. Enforceability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the terms of this Agreement remain as originally contemplated to the fullest extent possible.

25. Counterparts. This Agreement may be executed in one or more counterparts, each of which, when so executed, shall constitute the same instrument, and the counterparts may be delivered by facsimile transmission or by electronic mail in portable document format (.pdf).

26. Headings. The section headings of this Agreement are for convenience of reference only and shall not, for any purpose, be deemed a part of this Agreement.

27. Interpretation. This Agreement is the product of negotiations among the Parties, and the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement or any portion hereof, shall not be effective in regard to the interpretation hereof.

28. Requisite Majority; Exculpation. Each Party hereby acknowledges and agrees that certain terms of this Agreement provide that it may be bound by the consent, waiver or other action of the Requisite Consenting Creditors, the 66 2/3 Noteholders, the 66 2/3 Lenders, the 66 2/3 Consenting Noteholders and/or the 66 2/3 Consenting Lenders, as the case may be. No Party nor any of its affiliates or representatives (collectively, the "**Exculpated Parties**") shall be liable to any other Party or any of its respective affiliates or representatives for, and each Party (on behalf of themselves and their respective affiliates and representatives) hereby waives and releases, all claims, demands, liabilities and causes of action of any nature whatsoever, whether in law or equity, whether known or unknown, whether existing now or anytime hereafter, against any Exculpated Party, arising out of or in connection with any conduct, communication, statement, omission,

action or inaction by the Requisite Consenting Creditors, the Majority Noteholders and/or the Majority Lenders pursuant to and in accordance with this Agreement.

29. Acting Through Counsel. Except as may be otherwise specifically provided for under this Agreement, where this Agreement provides that a matter shall have been approved, agreed to, consented to, waived or amended by the 66 2/3 Lenders, the 66 2/3 Noteholders, the 66 2/3 Consenting Lenders or the 66 2/3 Consenting Noteholders, or that a matter must be satisfactory or acceptable to the Requisite Consenting Creditors, the 66 2/3 Lenders, the 66 2/3 Noteholders, the 66 2/3 Consenting Lenders or the 66 2/3 Consenting Noteholders, as the case may be, such approval, agreement, consent, waiver, amendment, satisfaction, acceptance or other action shall be effective or shall have been obtained or satisfied, as the case may be, for the purposes of this Agreement where the requisite majority or majorities shall have confirmed their approval, consent, waiver, amendment, satisfaction or acceptance, as the case may be, to Osler, Hoskin & Harcourt LLP ("**Osler**") or Davis Polk & Wardwell LLP ("**Davis Polk**") in the case of the 66 2/3 Lenders or the 66 2/3 Consenting Lenders and Goodmans LLP ("**Goodmans**") in the case of the 66 2/3 Noteholders or the 66 2/3 Consenting Noteholders, in which case Osler, Davis Polk and Goodmans (as the case may be) shall communicate any such approval, agreement, consent, waiver, amendment, satisfaction, acceptance, or other action the other Parties for purposes of this Agreement and the terms and conditions hereof. The Parties shall be entitled to rely on any such confirmation of approval, agreement, consent, waiver, amendment, satisfaction, acceptance, or other action communicated by Osler, Davis Polk and/or Goodmans without any obligation to inquire into Osler's, Davis Polk's or Goodmans' authority to do so on behalf of their respective clients, and such communication shall be effective for all purposes of this Agreement and the terms and conditions hereof.

[*Signatures and exhibits follow*.]

Annex C

Amendment No. 1 to Restructuring Term Sheet

EXECUTION VERSION

Essar Steel Algoma Inc. and Essar Steel Algoma Inc. USA
~~Summary of Select Indicative~~ Restructuring ~~Terms~~Term Sheet

This Restructuring Term Sheet (as it may be further amended, restated, supplemented or modified, this "Term Sheet") is ~~indicative and for discussion purposes only and does not constitute an offer to provide or accept the transactions discussed herein. Any final agreement with respect to any such transactions, in full or in part, or to provide any other specific service, if reached between the parties, is subject to, amongst other things, satisfactory legal documentation. The information contained herein is made available on a confidential basis and pursuant to the applicable confidentiality agreements.~~being agreed to in connection with the entry by the Consenting Lenders (as defined below) and the Consenting Noteholders (as defined below) into that certain Amended and Restated Restructuring Support Agreement, dated as of September 15, 2016, as amended and restated on August 15, 2017 (the "First Amended RSA") and on May 15, 2018 and as may be further amended, restated, supplemented or modified pursuant to the terms thereof (the "RSA"). Pursuant to the RSA, the parties thereto have agreed to support the transactions contemplated therein and herein.

Entities	Essar Steel Algoma Inc. ("ESAI") and Essar Steel Algoma Inc. USA ("Algoma USA" and together with ESAI, "Sellers") The lenders (collectively, the "Term Lenders") that hold term loans ("Term Loans") under that certain term loan credit agreement dated as of November 14, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "Term Loan Credit Agreement") among ESAI as Borrower, certain subsidiaries and affiliates of ESAI as Guarantors, Cortland Capital Market Services LLC as successor Administrative Agent and Collateral Agent, the Term Lenders party thereto and the other parties thereto (such Term Lenders that are or become a party to the ~~Restructuring Support Agreement (the "RSA" and as being amended and restated on the date hereof, the "Amended RSA")~~RSA are the "Consenting Lenders", the Consenting Lenders that constitute the Required Lenders (as defined in the Term Loan Credit Agreement) are the "Majority Lenders", the Consenting Lenders that hold in the aggregate at least 66 2/3% in principal amount outstanding of the Term Loans are the "66 2/3 Lenders" and the Consenting Lenders that hold in the aggregate at least 66 2/3% in principal amount outstanding of the Term Loans that are held by other Consenting Lenders and that are subject to the RSA, the "66 2/3 Consenting Lenders"). The holders (collectively, the "Senior Secured Noteholders") of those certain 9.50% Senior Secured Notes due 2019 (collectively, the "Senior Secured Notes") issued under that certain Indenture dated as of November 14, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "Senior Secured Notes Indenture") among ESAI, as Issuer, Wilmington Trust, National Association ("Wilmington" or the "Senior

	Secured Notes Trustee"), as Trustee and Collateral Agent and certain subsidiaries and affiliates of ESAI, as Guarantors (such Senior Secured Noteholders that are or become a party to the RSA are the "Consenting Noteholders", and together with the Consenting Lenders are the "Consenting Creditors", the Consenting Noteholders that constitute holders of a majority in principal amount of the outstanding Senior Secured Notes are the "Majority Noteholders", the Consenting Noteholders that hold in the aggregate at least 66 2/3% in principal amount outstanding of the Senior Secured Notes are the "66 2/3 Noteholders" and the Consenting Noteholders that hold in the aggregate at least 66 2/3% in principal amount outstanding of the Senior Secured Notes that are held by other Consenting Noteholders and that are subject to the RSA, the "66 2/3 Consenting Noteholders"). The RSA and this Term Sheet shall only become binding when Consenting Creditors representing both the 66 2/3 Lenders and the 66 2/3 Noteholders execute the RSA. ESAI, Algoma USA and certain other entities are applicants in proceedings (the "CCAA Proceedings") in the Ontario Superior Court of Justice (Commercial List) (the "CCAA Court") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and debtors and debtors-in-possession in proceedings in the Bankruptcy Court for the District of Delaware (the "Chapter 15 Court" and, together with the CCAA Court, the "Courts").
Transaction Summary	• A restructuring plan (affecting claims under the Term Loan Credit Agreement, the Senior Secured Notes and such other claims as the parties agree) (the "Plan") or an acquisition (the "Acquisition") of substantially all of the assets of the Sellers which would be concluded through 1076318 B.C. Ltd. or an affiliate ("Buyer") (which may be effectuated through the asset purchase agreement submitted by the Term Lenders on May 23, 2016 pursuant to the Sellers' sale and investor solicitation process covering substantially all of the Sellers' assets, amended as necessary to reflect the transactions contemplated hereby), in either case to reflect the economics set out in this Term Sheet and to involve (i) the extinguishment of all prepetition secured and unsecured claims, including outstanding principal amount and accrued and unpaid interest, under the Term Loan Credit Agreement and the Senior Secured Notes Indenture, in exchange for direct or indirect equity interests ~~(~~, debt interests or both (collectively, the "New Equity") in either the restructured ESAI, the Buyer or an affiliate of restructured ESAI or the Buyer (as applicable, the "Issuer"), (ii) the assumption of certain liabilities and (iii) cash in an amount on terms described below (the foregoing collectively, whether consummated through a Plan or an Acquisition and including the organization of, and establishment of corporate governance in the Governance Documents (as defined in the ~~Amended~~ RSA) for, the Issuer on terms consistent with this Term Sheet, the "Restructuring").

	• The term and revolving credit facilities under the senior secured, priming and superpriority debtor-in-possession amended and restated credit agreement among ESAI (as borrower), certain subsidiaries and affiliates of ESAI (as guarantors), Deutsche Bank AG New York Branch (as administrative and collateral agent) and the lenders party thereto dated as of November 9, 2015, as amended through July 21, 2017 (the "DIP Facility") and as may be further amended and restated with approval of the Court. • The funds for the Restructuring are to be provided through an Exit ABL Facility (defined below), Exit Term Loan (defined below) and, if so determined by the Requisite Consenting Creditors (defined below), a Rights Offering (defined below) (the Restructuring and the transactions contemplated in connection with the Exit ABL Facility, the Exit Term Loan, the Rights Offering, the Backstop Commitment Letter and the other transactions contemplated hereby and by such Restructuring, collectively, the "Transactions"). • The sum of the Exit Term Loan Amount (defined below) and the Rights Offering Amount (defined below) shall not exceed US$300 million (the "New Capital Commitment"), and the New Capital Commitment will be committed and backstopped in full by certain Consenting Lenders and Consenting Noteholders, in each case that are parties to the RSA and the Backstop Commitment Letter (as defined below) (the "Backstop Parties") based on the terms described herein. • The "Requisite Consenting Creditors" shall be Backstop Parties composed of at least three arms-length institutions that (i) collectively represent at least 66 2/3% of the Backstop Commitments (which, for the avoidance of doubt, shall be calculated based on the aggregate dollar amount of Backstop Commitments for the Exit Term Loan and the Rights Offering combined) and (ii) for all but the two supporting institutions with the largest Backstop Commitment amounts, are one or more additional supporting Backstop Parties which individually or together own in excess of the lesser of (A) 5% of all Backstop Commitments or (B) 20% of the Backstop Commitments not owned by the two supporting institutions with the largest Backstop Commitment amounts; *provided* that one or more Backstop Parties that represent at least 85% of the Backstop Commitments may also constitute the Requisite Consenting Creditors without regard to the foregoing.
Recoveries through Transactions	DIP Facility: Payment in full of all amounts outstanding under the DIP Facility (including all applicable fees) with proceeds of new money (and draw on Exit ABL Facility, if required) Prepetition ABL Facility (as defined below): Payment in full with proceeds of new money Term Loans: ~~78.0~~68.0% of the Exchange Equity (as

	defined below), plus the ability to participate for up to ~~78.0~~68.0% of the Rights Offering, if any, and subject to complying with the terms and conditions of the Rights Offering Senior Secured Notes: ~~22.0~~32.0% of the Exchange Equity, plus the ability to participate for up to ~~22.0~~32.0% of the Rights Offering, if any, and subject to complying with the terms and conditions of the Rights Offering Other junior creditors and existing equity to be extinguished.
Exit ABL Facility	• US$125 million or greater from third party lender(s) (the "Exit ABL Facility") • First lien on the collateral (accounts receivable, inventory and related intangibles) over which the revolving loan facility (the "Prepetition ABL Facility") had first ranking priority (the "ABL Collateral") under the revolving credit agreement dated as of November 14, 2014 between ESAI (as borrower), certain subsidiaries and affiliates of ESAI (as guarantors) and Deutsche Bank AG (acting through its Canada Branch) (as the administrative and collateral agent) and the lenders party thereto • Second lien on the collateral (PP&E and other intangibles) over which the Term Loan Credit Agreement and the Senior Secured Notes Indenture shared a first ranking priority (the "Fixed Assets") • Subject to standard borrowing base formula • Rate and fees to be dictated by market and determined by the Requisite Consenting Creditors in consultation with the Consenting Noteholders • Participation rights (pro rata by claim amount) to fund any portion of the Exit ABL Facility will be offered ~~78.0~~68.0% to Term Lenders (pro rata by claim amount) and ~~22.0~~32.0% to Senior Secured Noteholders (pro rata by claim amount), subject to pro rata reduction by any amounts syndicated to one or more reputable, nationally recognized financial institutions or investment banks • The Exit ABL Facility shall, effective upon closing of the Transactions (the "Closing"), be transferable in customary form for a syndicated ABL facility pursuant to the terms of its definitive documentation • All other terms and the definitive documentation with respect to the Exit ABL Facility shall be in form and substance acceptable to the Requisite Consenting Creditors in consultation with the Consenting Noteholders
Exit Term Loan	• The amount of the Exit Term Loan (the "Exit Term Loan") shall be determined by the Requisite Consenting Creditors, in their sole discretion, up to US$300 million (the "Exit Term Loan Amount") • The participation in the Exit Term Loan or portions thereof will be offered to one or more reputable, nationally recognized financial

	institutions or investment banks ("Other Exit Term Loan Funders") for syndication or otherwise, determined by the Requisite Consenting Creditors in their sole discretion, on market terms • Participation rights (pro rata by claim amount) to fund any portion of the Exit Term Loan Amount not so funded by Other Exit Term Loan Funders will be offered ~~78.0~~68.0% to Term Lenders (pro rata by claim amount) and ~~22.0~~32.0% to Senior Secured Noteholders (pro rata by claim amount) through the Backstop Commitment Letter. In the event there are no Other Exit Term Loan Funders, the Backstop Parties shall be required to fund the Exit Term Loan on the terms and conditions specified in this Term Sheet. • First lien on Fixed Assets • Second lien on ABL Collateral • LIBOR + 8.50 % (1.50% LIBOR floor) (PIK election at +100 basis points) • 1.00% annual amortization, paid quarterly • The Exit Term Loan shall, effective upon Closing be transferable in customary form for a syndicated term loan facility pursuant to the terms of its definitive documentation • The Exit Term Loan will be backstopped as described herein. • All other terms and the definitive documentation with respect to the Exit Term Loan shall be in form and substance acceptable to the Requisite Consenting Creditors in consultation with the Consenting Noteholders
Rights Offering	• The Requisite Consenting Creditors, in their sole discretion, may elect to raise up to US$200 million (the "Rights Offering Amount") in a rights offering (the "Rights Offering") of New Equity (the "Rights Offering Equity") open for participation by all eligible Term Lenders and Senior Secured Noteholders, inclusive of the Backstop Parties: o ~~78.0~~68.0% of the participation rights in the Rights Offering to be allocated among eligible Term Lenders based on pro rata beneficial ownership (including beneficial ownership upon consummation of all agreed acquisitions pending settlement) ("Beneficially Own" or "Beneficial Ownership") of Term Loans, including Beneficial Ownership through any Term Lender's affiliates (including at the institutional level), or funds, accounts or investment vehicles controlled, managed, advised or sub-advised by such person, an affiliate of such person or the same investment manager, advisor or subadvisor or an affiliate of such investment manager, advisor or subadvisor (each, a "Related Fund"), and o ~~22.0~~32.0% of the participation rights in the Rights Offering to be allocated among eligible Senior Secured Noteholders (collectively with the Term Lenders, the "Rights Offering Participants") based on

	pro rata Beneficial Ownership of Senior Secured Notes, including Beneficial Ownership through any Senior Secured Noteholder's affiliates (including at the institutional level) or Related Funds. • The record date for the Rights Offering (the "Rights Offering Record Date") shall be determined by the Requisite Consenting Creditors in consultation with the Consenting Lenders and Consenting Noteholders. The Rights Offering Record Date shall be publicly announced in the future and shall be not less than seven (7) days following such public announcement. The Rights Offering will be backstopped as described herein. • Rights to participate in the Rights Offering shall be allocated to holders of Term Loans and Senior Secured Notes based on ownership as of the Rights Offering Record Date and shall be limited to holders who are eligible under applicable securities laws. The rights to participate in the Rights Offering may not be transferred separately from the Term Loans or Senior Secured Notes; *provided* that rights to participate in the Rights Offering may be assigned in connection with a transfer of Term Loans or Senior Secured Notes after the Rights Offering Record Date on terms and conditions to be specified in the procedures governing the Rights Offering (the "Rights Offering Procedures").
Backstop Commitment Terms	• To compensate the Backstop Parties for the New Capital Commitment and the related costs (including the opportunity costs) for backstopping the Exit Term Loan and the Rights Offering, the Backstop Parties shall receive a backstop fee (the "Backstop Fee") equal to 7.5% of the New Capital Commitment in the form of additional New Equity valued as described above based on the Buy-in Equity Value (as defined below) (for the avoidance of doubt, without regard to whether there is a Rights Offering) (the "Backstop Fee Equity"), which shall be in addition to any Rights Offering Equity. The Backstop Fee Equity shall be issued to the Backstop Parties pro rata by the amount of their Backstop Commitments (as defined below) on or promptly after the Closing. • The backstop commitments for each of the Exit Term Loan and the Rights Offering (collectively, the "Backstop Commitments") will be allocated to the Backstop Parties: ~~78.0~~68.0% in respect of Beneficial Ownership of Term Loans as of the Backstop Record Date and ~~22.0~~32.0% in respect of Beneficial Ownership of the Senior Secured Notes as of the Backstop Record Date, subject to adjustment as provided herein and in any amendment to the Backstop Commitment Letter. The Backstop Commitments shall be allocated pro rata based on each Backstop Party's Beneficial Ownership of Term Loans and Senior Secured Notes, respectively, including through affiliates and Related Funds, on the Backstop Record Date (as defined below). • The Backstop Commitments of each of the Exit Term Loan and the Rights Offering shall be pursuant to ~~the~~a backstop commitment letter ~~(the~~

	~~"Backstop Commitment Letter") to be~~initially executed by the Backstop Parties simultaneously with the First Amended RSA on August 15, 2017 (such date of execution, the "Backstop Record Date" and such backstop commitment letter, which may be amended, restated or extended from time to time, the "Backstop Commitment Letter"). ~~• The Backstop Commitments of each of the Exit Term Loan and the Rights Offering shall be pursuant to the backstop commitment letter (the "Backstop Commitment Letter") to be executed by the Backstop Parties simultaneously with the RSA.~~ • Each Backstop Party, together with its affiliates and Related Funds, must propose to backstop the same percentages of each of the Exit Term Loan and the Rights Offering. For the avoidance of doubt, any Backstop Party may allocate its Backstop Commitment to its affiliates or Related Funds in its reasonable discretion. • After the Backstop Commitment Letter is executed, if a Backstop Party defaults in the funding of its applicable Backstop Commitment, then such default may be enforced for monetary damages or by specific performance to the maximum extent permitted by applicable law, and such defaulting Backstop Party shall forfeit its right to the Backstop Fee. Each non-defaulting Backstop Party shall have the right, but not the obligation, to fund such defaulting Backstop Party's Backstop Commitment and shall receive the applicable Backstop Fee; *provided* that, if there is a default by a Backstop Party, together with its affiliates and Related Funds, each Backstop Party, together with its affiliates and Related Funds, electing to cover such defaulted Backstop Commitment must cover the Backstop Commitment of both the Exit Term Loan and the Rights Offering by the same applicable percentage. • If more than one non-defaulting Backstop Party elects to fund a defaulting Backstop Party's Backstop Commitment, such Backstop Commitment shall be allocated pro rata (i) first, (A) to non-defaulting Backstop Parties based on Backstop Commitments in respect of Term Loans in the event that the default is in respect of a commitment based on Beneficial Ownership of the Term Loans, and (B) to non-defaulting Backstop Parties based on Backstop Commitments in respect of Senior Secured Notes in the event that the default is in respect of a commitment based on Beneficial Ownership of the Senior Secured Notes, in each case pro rata based on the amount of Backstop Commitments (in respect of Term Loans or Senior Secured Notes, as the case may be), and (ii) second, among such other non-defaulting Backstop Parties based upon their aggregate Backstop Commitments (applied iteratively if applicable). • The Backstop Fee Equity shall be allocated pro rata to the Backstop Parties in accordance with their Backstop Commitment percentages. • No oversubscription rights will be available to the Rights Offering Participants.

<table>
<tr><td></td><td>

- Other terms to be agreed.

</td></tr>
<tr><td>New Money Equity Allocation</td><td>

- The Rights Offering Equity and the Backstop Fee Equity (defined below) will constitute a percentage of the fully-diluted equity value of the Issuer (the "New Money Equity Allocation") equal to (1) the sum of the Rights Offering Amount and the Backstop Fee (2) divided by the Buy-in Equity Value. The "Buy-in Equity Value" shall be equal to US$245.0 million plus or minus, as applicable, the difference resulting from subtracting the Exit Term Loan Amount from US$100.0 million (for the avoidance of doubt, if the Exit Term Loan Amount is US$0.0, the Buy-in Equity Value shall be US$345.0 million).
- An amount of New Equity equal to the percentage resulting from subtracting the New Money Equity Allocation from 100% (the "Exchange Equity") shall be allocated ~~78.0~~68.0% to the Term Lenders and ~~22.0~~32.0% to the Senior Secured Noteholders; *provided* that the Exchange Equity, Rights Offering Equity and Backstop Fee Equity are all subject to dilution by any employee equity incentive plan.
- The following examples are shown below for illustrative purposes only:

<table>
<tr><th>Term</th><th>Example 1</th><th>Example 2</th><th>Example 3</th></tr>
<tr><td>Exit Term Loan Amount</td><td>$175.0 million</td><td>$200.0 million</td><td>$250.0 million</td></tr>
<tr><td>Rights Offering Amount</td><td>$75.0 million</td><td>$50.0 million</td><td>$0.0 million</td></tr>
<tr><td>Buy-in Equity Value</td><td>$170.0 million</td><td>$145.0 million</td><td>$95.0 million</td></tr>
<tr><td>Backstop Fee</td><td>$22.5 million</td><td>$22.5 million</td><td>$22.5 million</td></tr>
<tr><td>Exchange Equity</td><td>42.6%</td><td>50.0%</td><td>76.3%</td></tr>
<tr><td>Rights Offering Equity</td><td>44.1%</td><td>34.5%</td><td>0.0%</td></tr>
<tr><td>Backstop Fee Equity</td><td>13.2%</td><td>15.5%</td><td>23.7%</td></tr>
</table>

- Other terms to be agreed and set forth, as applicable, in the Backstop Commitment Letter, an information statement describing the Rights Offering and the Rights Offering Procedures.

</td></tr>
<tr><td>Securities Law Matters</td><td>

- The Rights Offering Equity, Backstop Fee Equity and Exchange Equity will be issued pursuant to applicable exemptions from registration and qualification requirements under applicable Canadian and U.S. law, and all of such securities may be "restricted securities," with applicable holding period and other restrictions on transfer and resale pursuant to applicable law.
- Each Backstop Party and Rights Offering Participant will represent and

</td></tr>
</table>

	warrant that it is a "qualified institutional buyer" under the U.S. federal securities laws or an "accredited investor" under applicable Canadian securities laws, along with other customary representations and warranties.
Use of Proceeds	Payment in full of all amounts outstanding under the DIP Facility and Prepetition ABL Facility, and payment of certain expenses and fees associated with the Closing, with excess proceeds, if any, to be added to the balance sheet of the Issuer to fund its business plan.
Fees and Expenses of Consenting Noteholders	The effectiveness of the First Amended RSA shall be conditional on the payment by ESAI of all accrued and unpaid professional fees and expenses (the "Current Consenting Noteholder Expenses") of the Ad Hoc Committee of Senior Secured Noteholders (the "Ad Hoc Committee") outstanding as of the date of the First Amended RSA. ESAI shall also pay: (i) for so long as the RSA remains effective, all going forward reasonable and documented legal fees from the date of the First Amended RSA incurred by Wilmington (up to a maximum amount of C$50,000); and (ii) for so long as the RSA remains effective, all going forward reasonable and documented legal fees incurred by the Consenting Noteholders of (A) Goodmans LLP, in connection with (I) the review and preparation of materials and court attendances concerning the approval of the Restructuring, (II) any other motions in the CCAA Court, and (III) all matters related to the advancement, effectuation and implementation of the Transactions and/or the Restructuring, and (B) Quinn Emanuel Urquhart & Sullivan LLP, solely in connection with U.S. legal issues relating to the Transactions and/or related documents and U.S. approval or other motions before the Chapter 15 Court in respect of the Transactions ((i) and (ii), collectively, the "Future Consenting Noteholder Expenses", and which shall be invoiced and paid monthly until the closing of the Transactions)~~.~~; *provided* that the obligation to pay any Future Consenting Noteholder Expenses are limited to reasonable and documented legal fees incurred in support of the Transactions or the Restructuring as each is contemplated by this Term Sheet, and, without limiting the generality of the foregoing, shall not include any fees incurred in connection with any claims or challenges to the validity or the terms of the RSA, the Backstop Commitment Letter or this Term Sheet or to the validity or the terms of any amendment, restatement, supplement or modification thereof. ESAI shall have no obligation to pay any Future Consenting Noteholder Expenses incurred after the RSA is terminated or otherwise no longer

effective. Notwithstanding the foregoing, ESAI shall not pay any Current Consenting Noteholder Expenses or Future Consenting Noteholder Expenses (to the extent incurred while the RSA is effective), in the event that the RSA is terminated as a result of actions by the Majority Noteholders as set forth below:

(a) the Majority Noteholders fail to support, or fail to direct the Senior Secured Notes Trustee to support (if necessary), any motion relating to the Transactions, including, without limitation, any motion to approve any amendment, modification, extension or refinancing of the DIP Facility (an "**Amended DIP**") before any of the Courts. For greater certainty, the obligation of the Majority Noteholders to support or not oppose the motion to approve any Amended DIP shall be subject to the "Participation in DIP Financing" section below.

(b) if the Transactions are contemplated to be effectuated pursuant to a Plan, and the Majority Noteholders fail to vote, or fail to direct the Senior Secured Notes Trustee to vote, all of the Majority Noteholders' claims against the Sellers now or hereafter Beneficially Owned by the Majority Noteholders (or for which the Majority Noteholders now or hereafter have voting control over) to accept the Plan, or if the Majority Noteholders withdraw, amend or revoke, or direct the Senior Secured Notes Trustee to withdraw, amend or revoke, the Majority Noteholders' votes in respect of the Plan such that the Plan is not approved by the Courts or otherwise not consummated; or

(c) if the Majority Noteholders object to, delay, impede or take any other action to interfere with any of the Transactions, including, without limitation, any amendment, restatement or modification of the RSA, Backstop Commitment Letter or this Term Sheet, or propose, file, support or vote for any restructuring, workout, plan of arrangement, acquisition or comparable transaction or transactions for the Sellers other than the Transactions or the Plan, or direct the Senior Secured Notes Trustee to do any of the foregoing such that the Transactions are not consummated.

The Term Lenders and the lenders under the DIP Facility consent to ESAI funding to Goodmans LLP, on or before August 31, 2017, a retainer in the amount of CDN$100,000 as security for the payment of Future Consenting Noteholder Expenses incurred until the earlier to occur of the closing of the Transactions or termination of the RSA, which retainer shall not detract from the obligation of ESAI to pay Future Consenting Noteholder Expenses on a monthly basis as set forth above.

For greater certainty, should the RSA terminate because the Transactions are not consummated prior to the Outside Date (as defined in the RSA), such decision shall not constitute an action relieving ESAI of an obligation to pay

	the remaining Current Consenting Noteholder Expenses or any Future Consenting Noteholder Expenses incurred prior to the termination of the RSA.
Participation in DIP Financing	The Consenting Noteholders shall collectively have the right, but not the obligation, upon the stated maturity date of the DIP Facility (as may be extended as provided for in an approved Amended DIP) to backstop, commit to or otherwise acquire ~~22~~32% of the term loans of such Amended DIP Financing that are being further extended at the stated maturity date (as may be extended as provided for in the approved Amended DIP).
Definitive Documentation	Except as otherwise provided for in this Term Sheet, the Definitive Documentation (as defined in the RSA) for the Transactions and all determinations with respect to closing conditions shall be required to be in form and substance reasonably acceptable to the Requisite Consenting Creditors; *provided* that this Term Sheet and RSA shall be approved by both the 66 2/3 Term Lenders and the 66 2/3 Noteholders upon execution of the RSA, and neither this Term Sheet nor the RSA may be amended without the mutual agreement of the 66 2/3 Consenting Lenders and the 66 2/3 Consenting Noteholders.
~~**Outside Date**~~	~~The RSA may be terminated by either the 66 2/3 Consenting Lenders or 66 2/3 Consenting Noteholders if the Transactions are not consummated by 5:00 pm New York City time on March 31, 2018 (the "Outside Date"); *provided* that the Outside Date may be extended up to 45 calendar days by the Requisite Consenting Creditors. For greater certainty, should the RSA terminate because the Transactions are not consummated prior to the Outside Date, such decision shall not constitute an action relieving ESAI of an obligation to pay the remaining Current Consenting Noteholder Expenses or any Future Consenting Noteholder Expenses incurred prior to the termination of the RSA.~~ ~~The Backstop Commitment Letter will terminate automatically on the Outside Date (as extended up to 45 calendar days by the Requisite Consenting Creditors).~~
Disclosure of Transactions	The material terms of the Transactions shall be disclosed upon the execution of the RSA to all Term Lenders and Senior Secured Noteholders to the fullest extent practicable.
Conditions to Closing for the Benefit of the Buyer	All closing conditions specified below will be agreed by or subject to waiver by the Requisite Consenting Creditors.
	Government: • Environmental release • Revised suspended particulate matter standard • Acceptable Benzo(a)pyrene standard • Pension regulatory relief

		• Financial support • Other operating permit issues
	Union / Employees:	• Amended CBAs • Pensions / OPEB relief • Management agreements • EIP • Other employee benefits

	Company / Operating:	• Amendment of PortCo Agreements
		• Amendments to Cogen Agreements
		• Long-Term Supply Agreements
		  o Iron-ore
		  o Coal
		• Local tax authority agreements

Board of Directors	The Board of Directors (the "Board") of the Issuer shall include no less than seven and no greater than nine directors, with such number to be determined by the Requisite Consenting Creditors in consultation with the Consenting Noteholders. The right to designate one or more directors to the Board shall be determined based on percentage Beneficial Ownership of the New Equity on a *pro forma* post-Restructuring basis as customary in other restructurings. The Board shall determine the terms and conditions of any employee equity incentive plan with the initial equity reserve to be determined by the Requisite Consenting Creditors.	
OTC Quotation	The Consenting Lenders and Consenting Creditors will work in good faith to increase the liquidity and marketability of the post-restructuring New Equity, including exploring the feasibility of making the New Equity available for quotation on an OTC quotation system effective at the Closing or reasonably practicably thereafter subject to the requirements of applicable securities laws and regulations and the rules of the securities exchanges and OTC quotation systems.	
Information Rights	From and after the Closing, the Issuer shall provide for reasonably appropriate information rights with respect to financial and other information in form and timing acceptable to the 66 2/3 Lenders and the 66 2/3 Noteholders, which information shall include: (a) within 45 days of each quarter-end, all quarterly financial information that would be required to be included in a filing with the Securities and Exchange Commission (the "SEC") on Form 10-Q if the Issuer was required to file this form, including MD&A; (b) within 90 days of year-end, all annual financial information (which	

	annual financial results shall be audited) that would be required to be included in a filing with the SEC on Form 10-K if the Issuer was required to file this form, including MD&A; (c) within 10 days of the delivery of the information referenced in paragraphs (a) and (b) above, customary conference calls with one or more members of senior management to discuss the results of operations and other related matters that are material to the business of the Issuer. Shareholders shall have the opportunity to ask questions of the Issuer's management team on such calls; and (d) periodic reporting of information, including information that would be required to be filed with the SEC on Form 8-K if the Issuer was required to file this form, and the availability to equityholders of the same regular and periodic reports made available to the Issuer's lenders. The information referenced above shall be either posted publicly or within a confidential datasite (to permit access to all qualified institutional investors, subject to appropriate protections to maintain confidentiality and subject to restrictions to prevent access by competitors to the Issuer), to be determined by the Requisite Consenting Creditors in consultation with the Consenting Noteholders.
Provision of Restructuring Materials; Consultation Rights	The Consenting Lenders and Consenting Noteholders agree to cooperate in good faith in the negotiation of the Restructuring with the applicable stakeholders. The Consenting Lenders agree to use commercially reasonable efforts to provide to Goodmans LLP, as counsel to the Consenting Noteholders: • all material correspondence, draft materials (including court materials) or other documents they receive from ESAI or the Monitor and provide timely updates and information to Goodmans LLP relating to the CCAA proceedings, the Restructuring or other restructuring, financing (including DIP financing), sale or other transactions in respect of ESAI; and • the opportunity to be consulted in advance of, and where reasonably practicable, participate in, any material meetings in respect of ESAI subject to the objections of ESAI, the Monitor or other stakeholders of such meetings. All terms and conditions of the Restructuring and the Definitive Documentation shall be reviewed by and discussed with the Consenting Noteholders and be in form and substance acceptable to the Requisite Consenting Creditors. The Requisite Consenting Creditors agree to consult with the Consenting Noteholders with respect to the Definitive Documentation, including with respect to the following matters:

	• the terms and conditions of the definitive documentation for the Exit ABL Facility and the Exit Term Loan; • the composition of the Board and the initial term of each Board member; • providing for the Restructuring to be consummated, and the Issuer to be structured, in a tax-efficient matter; • increasing liquidity of the New Equity, including the potential listing on a securities exchange or OTC quotation system; and other customary and reasonable minority equityholder rights to be provided for in the Governance Documents (as defined in the RSA), including without limitation matters such as tag along rights, drag along rights, pre-emptive rights on new equity issuances, and the requirement of a super majority of equity holders for approval of certain actions; *provided*, for the avoidance of doubt, the Consenting Lenders shall not have a collective right of first offer with respect to transfers of the New Equity.
Allocation of Additional Consideration	In connection with the Closing of the Restructuring and the finalization of definitive documentation, the Requisite Consenting Creditors shall, in consultation with the Ad Hoc Committee, review and consider, in their sole discretion, the allocation of additional consideration (whether in the form of warrants, transaction or restructuring fees, or otherwise) to the Ad Hoc Committee having regard to the final terms of the Restructuring and the contribution of the Ad Hoc Committee and its advisors to the successful completion of the Restructuring.
Tax Cooperation	The Consenting Creditors shall cooperate in good faith to structure the Transactions ~~and related transactions~~, the organizational structure of the Issuer and the form of New Equity in a tax efficient manner. It is agreed (i) that this structure may involve one or more intermediate holding company and parent company entities of the Buyer or the restructured ESAI, (ii) that the New Equity may be issued by an entity organized under the laws of Luxemburg or such other jurisdiction that is tax efficient and (iii) that the New Equity may involve direct or indirect equity interests, debt interests or both, in each case of the immediately preceding clauses (i) through (iii) as determined by the Requisite Consenting Creditors in consultation with the Consenting Noteholders.

Exhibit C

Monitor's Report

Court File No. CV-15-000011169-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ESSAR STEEL ALGOMA INC., ESSAR TECH ALGOMA INC., ALGOMA HOLDINGS B.V., ESSAR STEEL ALGOMA (ALBERTA) ULC, CANNELTON IRON ORE COMPANY AND ESSAR STEEL ALGOMA INC. USA

FORTY-FIFTH REPORT OF THE MONITOR

July 31, 2018

INTRODUCTION

1. On November 9, 2015, Essar Steel Algoma Inc. ("**Algoma**"), Essar Tech Algoma Inc., Essar Steel Algoma (Alberta) ULC, Cannelton Iron Ore Company and Essar Steel Algoma Inc. USA ("**Algoma USA**" and collectively, the "**Applicants**") applied for and were granted protection from their creditors by the Ontario Superior Court of Justice (Commercial List) (the "**Court**") under the Companies' Creditors Arrangement Act (the "**CCAA**") (as amended and restated, the "**Initial Order**"). Pursuant to the Initial Order, Ernst & Young Inc. (the "**Monitor**") was appointed Monitor of the Applicants in these CCAA proceedings (the "**CCAA Proceedings**").

2. The Initial Order was amended and restated on November 20, 2015 to provide for a stay of proceedings in respect of the Applicants through January 15, 2016. Pursuant to an Order of this Court dated July 13, 2018, the stay of proceedings was most recently extended to September 30, 2018 (the **"Stay Period"**).

3. The Initial Order approved a senior secured, priming and superpriority debtor-in-possession credit agreement dated as of November 9, 2015 (as amended, restated, supplemented or modified from time to time, the "**DIP Agreement**"), among Algoma, as borrower, certain of Algoma's affiliates, as guarantors, Deutsche Bank AG New York Branch, as the administrative agent and collateral agent, and the lenders from time to time party thereto (the "**DIP Lenders**"). The DIP Agreement provides for a term loan facility (the "**DIP Facility**") under which the current outstanding balance is approximately US$109 million, and an undrawn accordion facility in the amount of US$30 million.

4. On November 9, 2015, the Applicants also commenced ancillary insolvency proceedings under chapter 15 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware (the "**Chapter 15 Cases**"). In the Chapter 15 Cases, Algoma (in its capacity as foreign representative for the Applicants) sought and obtained various Orders recognizing and enforcing certain Orders granted in the CCAA Proceedings in the United States.

5. Since the Filing Date (as defined in the APA, as defined below), the Court has issued a number of further orders, including:

   (a) an Order dated February 10, 2016 (the "**SISP Approval Order**") authorizing the Applicants, with the assistance of the Monitor, CDG Group, LLC (now carrying on business as "**FTI Consulting**") as Chief Restructuring Advisor (the "**CRA**") to the Applicants, and Evercore Group LLC in its capacity as financial advisor to the Applicants ("**Evercore**"), to conduct a sale and investment solicitation process (the "**SISP**");

(b) an endorsement dated March 6, 2017 (the "**Labour Stay Endorsement**"), ordering that mediation among Algoma, the Consenting Creditors, the Unions (all as defined below) and Algoma's retirees (collectively, the "**Labour Mediation Parties**") be held from March 22, 2017 to March 31, 2017 before the mediator, the Honourable Warren Winkler (the "**Mediator**"), and staying negotiations and remedies under the *Labour Relations Act* (the "**LRA**");

(c) an endorsement dated March 6, 2017 (the "**SISP Endorsement**") dismissing a motion by Essar Capital Limited to re-open the SISP and dismissing a motion by USW Local 2251 requesting advice and directions as to whether USW Local 2251 was permitted to engage in transactional discussions with Ontario Steel Investments Ltd. ("**OSI**");

(d) an Order dated May 17, 2017, authorizing Algoma to pay $350,000 per month on account of post-filing property taxes and an Order dated September 27, 2017, authorizing Algoma to increase the monthly payment to $500,000, retroactive to August 2017;

(e) an endorsement dated January 28, 2018 directing that, among other things, parties begin good faith negotiations in Sault Ste. Marie towards collective bargaining agreements, and that the Mediator make himself available to the parties in Sault Ste. Marie and the parties may voluntarily meet with the Mediator either together or separately (the "**Labour Negotiation Endorsement**");

(f) an endorsement dated May 14, 2018 ordering mediation among Algoma, the Consenting Creditors, GIP, and Portco (all as defined below) (collectively, the

"**Port Mediation Parties**"), which was held from May 23, 2018 to May 24, 2018 before the Mediator, and adjourning motions by GIP Primus Ltd. and Brightwood Loan Services LLC (collectively, "**GIP**") and Port of Algoma Inc. ("**Portco**"); and

(g) an endorsement and Orders dated July 13, 2018 granting a stay extension until September 30, 2018 and approving a further amendment and extension of the DIP Agreement.

PURPOSE

6. The purpose of this Forty-Fifth Report is to provide the Court with information concerning the Applicants' motion for:

(a) an Order approving the APA and the transaction contemplated therein and vesting all of the Purchased Assets in the Buyer free and clear of any security, charge or other restriction other than the Permitted Encumbrances (as such terms are defined in the APA) (the "**Approval and Vesting Order**");

(b) an Order, among other things, approving the Administrative Reserve (as defined below) (the "**Administrative Reserve Order**");

(c) two orders to address the Port Condition (as defined below) set forth in the APA, only one of which shall become effective on the Closing of the Recapitalization Transaction (as defined below) at the option of the Buyer:

(i) an Order permitting the assignment of the Port Operations Agreements (as defined in the APA) notwithstanding the Assignment of Material Contracts (as defined below) and staying the exercise of certain rights and remedies

by GIP and/or Portco against the Buyer or the Port Subsidiary (as defined in the APA) (the "**Port Stay Order**"); and

(ii) an Order approving the Transition Services Agreement (as defined in the APA) providing for certain transition services for the Buyer in relation to the Port (as defined below) (the "**Transition Services Order**").

7. This Forty-Fifth Report also provides the Court with a summary of the implementation of the SISP that resulted in the APA and the Recapitalization Transaction (as defined below).

TERMS OF REFERENCE AND DISCLAIMER

8. In preparing this Forty-Fifth Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records and financial and other information prepared or provided by the Applicants and discussions with management of the Applicants ("**Management**") (the "**Information**").

9. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited 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 ("**GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

10. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Forty-Fifth Report concerning the Applicants and their business is based on the Information and not independent factual determinations made by the Monitor.

11. Capitalized terms not defined in this Forty-Fifth Report are as defined in the previous reports of the Monitor. Unless otherwise indicated, all references to monetary amounts in this Forty-Fifth Report are denominated in Canadian dollars.

12. Copies of the Monitor's Reports, including a copy of this Forty-Fifth Report, and all motion records and Orders in the CCAA Proceedings are available on the Monitor's website at www.ey.com/ca/essaralgoma. The Monitor has also established a toll free phone number that is referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the CCAA Proceedings.

BACKGROUND

Workforce

13. Algoma operates one of Canada's largest integrated steel mills, located in Sault Ste. Marie, Ontario. Algoma is one of the largest local employers with approximately 2,966 full-time employees as of March 31, 2018. Of these employees, approximately 78% are paid on an hourly basis and approximately 22% are salaried. About 95% of Algoma's employees are subject to collective bargaining agreements and are represented by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (the "**USW**"), and its Locals 2251 and 2724 (together with the USW, the "**Unions**"), which represent the unionized hourly and salaried employees, respectively.

Pension Plans

14. Algoma sponsors three defined benefits plans (the "**DB Pension Plans**") registered under the *Pension Benefits Act* (Ontario)[1] (the "**PBA**"):

    (a) the Essar Steel Algoma Inc. Pension Plan for Hourly Employees (the "**Hourly Plan**");

    (b) the Essar Steel Algoma Inc. Pension Plan for Salaried Employees (the "**Salaried Plan**"); and

    (c) the Essar Steel Algoma Inc. Wrap Pension Plan (the "**Wrap Plan**").

15. The DB Pension Plans had 2,098 active members and 6,308 retired and deferred vested members (including spouses) as of April 1, 2017 for the Hourly Plan and Salaried Plan and as of December 1, 2016 for the Wrap Plan.

16. The Applicants also sponsor one defined contribution plan (Essar Steel Algoma Inc. Money Purchase Pension Plan for Exempt Employees) and supplementary pension plans for certain former executives.

[1] R.S.O. 1990, c.P.8

Pre-filing Debt Structure

17. As described in previous reports of the Monitor, Algoma has four tranches of pre-filing secured debt:

    (a) an asset-based revolving facility in the principal amount of approximately US$42.5 million (the "**ABL**"), provided by certain lenders (the "**ABL Lenders**");

    (b) a 7.5% senior secured term loan facility due August 2019 in the principal amount of approximately US$371 million outstanding (the "**Term Loan**"), provided by certain lenders that are parties to a term loan credit agreement (the "**Term Lenders**");

    (c) 9.5% senior secured notes due November 2019 (the "**Senior Secured Notes**") in the principal amount of approximately US$375 million outstanding to various noteholders (the "**Senior Noteholders**"); and

    (d) 14% junior secured notes due February 2020 in the principal amount of approximately US$252.1 million outstanding to various noteholders (the "**Junior Noteholders**").

18. The priorities of the security charges associated with these pre-filing secured debts are established by an Intercreditor Agreement between all four groups of pre-filing debt holders and a Pari Pasu Intercreditor Agreement between the Term Lenders and Senior Noteholders. Both agreements are dated as of November 14, 2014.

19. With the exception of the ABL, interest on each of the pre-filing secured facilities has been accruing during the CCAA Proceedings and has not been paid since the Filing Date.

DIP Loan

20. The DIP Agreement and its subsequent amendments require that any bid accepted by the Applicants under the SISP include a cash component sufficient to pay all amounts outstanding in respect of the DIP Loan and all amounts outstanding in respect of the ABL and Term Loan provided under the pre-petition senior credit documents, or such other consideration as may be acceptable to the DIP Lenders, the ABL Lenders and the Term Lenders. Under the terms of the DIP Agreement the DIP Lenders, the ABL Lenders and the Term Lenders reserved the option to make a credit bid up to the full amount of their claims.

CONDUCT AND RESULTS OF THE SISP

21. As detailed in the affidavit of John Strek sworn July 23, 2018 (the "**Strek Affidavit**"), the Applicants conducted a robust two-stage SISP between February and June 2016. The Court-approved SISP was developed by the Applicants in accordance with the Initial Order and DIP Agreement, following extensive negotiations with the DIP Lenders, the ABL and Term Lenders, the Senior Noteholders, Junior Noteholders, the Unions and the Algoma retirees.

22. Pursuant to the SISP Approval Order, the Applicants, with the assistance of their advisors and under the supervision of the Monitor, carried out the SISP, which resulted in a joint bid by certain of the Term Lenders and ABL Lenders and KPS Capital Partners, LP ("**KPS**") being declared as a "Qualified Phase II Bid". The parties negotiated and entered into an asset purchase agreement, which contemplated the acquisition of substantially all of

Algoma's and Algoma USA's assets. The Monitor discussed in detail the development, scope and conduct of the SISP in its Fourteenth Report dated June 30, 2016.

23. On July 13, 2016, the Applicants were advised that KPS and the Term Lenders had agreed to terminate the consortium agreement governing the terms of their joint bid. Despite this, the Term Lenders reiterated their commitment to closing the transaction to acquire the Applicants' operations and assets without the involvement of KPS.

24. On September 15, 2016, certain of the Term Lenders entered into a restructuring support agreement (as amended or extended from time to time, the "**Restructuring Support Agreement**" or "**RSA**") with certain consenting senior secured noteholders (together with the Term Lenders, the "**Consenting Creditors**"). Pursuant to the Restructuring Support Agreement, the Consenting Creditors committed to completing a restructuring transaction to acquire substantially all of the Applicants' assets on a going-concern basis (the "**Recapitalization Transaction**"). The outside date under the Restructuring Support Agreement was most recently extended to December 31, 2018.

OTHER INTERESTED PARTIES

25. Outside the SISP, from time to time certain parties were advanced as potential purchasers of the Applicants' business. As discussed in the Twenty-Fifth Report of the Monitor dated February 10, 2017, in light of the SISP outcome, Algoma's capital structure and the priority of secured debt encumbering Algoma's assets and undertaking, the Monitor encouraged any party serious about acquiring or restructuring the business of Algoma to engage in negotiations with the Consenting Creditors.

26. On December 9, 2016, Local 2251 filed a Notice of Motion requesting, among other things, permission and directions of this Court to engage in transactional discussions with OSI, an entity ultimately controlled by Algoma's parent company. In January 2017, Essar Capital Limited, an affiliate of Algoma's parent company, applied to this Court to re-open the SISP. Both of these motions were dismissed by this Court in the SISP Endorsement.

27. As described in the Thirty-Sixth Report of the Monitor, dated September 22, 2017, in or around August 2017, the Applicants, with the assistance of the Monitor, and in consultation with the Consenting Creditors, facilitated due diligence processes by three interested parties introduced by the Unions, being:

(a) MAGA Steel Corporation and its financial backers; and

(b) two other interested parties.

28. However, these efforts did not give rise to any viable restructuring proposals being presented to the Applicants or the Consenting Creditors.

PROGRESS TOWARDS RECAPITALIZATION TRANSACTION

29. Advancing the Recapitalization Transaction has required the resolution of a variety of issues between the Consenting Creditors and certain key stakeholders. In order to progress the Recapitalization Transaction, the Consenting Creditors and their advisors have engaged in negotiations with the Applicants and key stakeholders, and made significant progress as outlined in this section.

Labour Agreements

30. As described in previous reports of the Monitor and in the Strek Affidavit, commencing in November 2016 the Consenting Creditors and the Unions engaged in various negotiations, including mediated discussions with the Mediator in March 2017 and direct negotiations commencing in February 2018. For a significant period, progress in these labour negotiations was very limited.

31. The Applicants, the Consenting Creditors and the Unions made various efforts to help break the impasse. On December 19, 2017, the Applicants brought a motion (the "**Labour Stay Motion**"), seeking to lift the suspension imposed by the Labour Stay Endorsement in order to allow the parties to access the remedies available under the LRA. As described above, this Court issued the Labour Negotiation Endorsement on January 28, 2018 in connection with the Labour Stay Motion.

32. As directed in the Labour Negotiation Endorsement, labour negotiation sessions resumed in February 2018 in Sault Ste. Marie. The Mediator and the Monitor were present in Sault Ste. Marie throughout these meetings, and held various discussions with the parties in order to facilitate the negotiations.

33. As described in the Forty-Third Report of the Monitor, dated May 11, 2018, on May 10, 2018 the Unions announced that they had reached tentative agreements with the Consenting Creditors on amendments to the collective bargaining agreements.

34. On June 15 and June 19, 2018, the Consenting Creditors entered into separate Memoranda of Agreement with Local 2251 and Local 2724, respectively (the "**MOAs**"), with respect to collective bargaining arrangements. Concurrently, Algoma and the locals signed

Memoranda of Settlement (as part of the corresponding MOAs) agreeing to implement certain amendments to the collective bargaining agreements pending closing of the Recapitalization Transaction. As outlined in the Strek Affidavit, on June 26, 2018, the members of Local 2251 and Local 2724 ratified these amended collective agreements. The Monitor understands that the amended collective agreements only require necessary consents and approvals from the Ontario Labour Relations Board in order to satisfy the relevant condition in the APA.

35. As part of the MOAs, the Consenting Creditors and Unions, with the assistance of the Applicants, the Mediator and the Monitor, negotiated and entered into a pension agreement (the "**Pension Agreement**"). As described in the Strek Affidavit, Algoma will require the coming into effect of a legislative change and special regulations under the *Pension Benefits Act*[2] (the "**PBA**") to implement the Pension Agreement. This process will involve numerous steps and require approval and support from stakeholders including the provincial government, the Unions, the Algoma retirees and the Superintendent of Pensions, among others. As described above, the Applicants must also undertake a process to determine support for the Pension Agreement by those retirees who continue to be represented by representative counsel.

Property Taxes

36. Pursuant to the Property Tax Order, the Applicants have been paying $500,000 per month to the City of Sault Ste. Marie (the "**City**") on account of post-filing property tax obligations accruing on a going forward basis since October 1, 2017.

[2] R.S.O. 1990, c. P.8

37. As described in the Thirty-Fourth Report of the Monitor, dated August 11, 2017, the Mayor of the City sent a letter to the Monitor confirming that the City had reached an agreement in principle with the Consenting Creditors with respect to the municipal tax obligations of the Applicants (the "**Property Tax Term Sheet**"). As discussed in the Strek Affidavit, the Consenting Creditors and the City "are well advanced at completing definitive documentation to reflect the Property Tax Term Sheet".

Environmental Matters

38. As set out in the Strek Affidavit, the Consenting Creditors have been negotiating a framework agreement related to legacy environmental contamination at the Sault Ste. Marie main plant site (the "**Environmental Framework Agreement**") with Her Majesty the Queen in Right of the Province of Ontario (as represented by the Minister of the Environment, Conservation and Parks, the "**MECP**"). The Environmental Framework Agreement addresses, among other things, financial assurance and ongoing reporting to the MECP.

39. In addition, the Applicants are engaged in ongoing negotiations with the MECP in an attempt to address potential director and officer liability related to legacy environmental liabilities, which is the subject of one of the APA closing conditions discussed further below.

Capital Expenditures

40. The Consenting Creditors continue to have discussions with federal and provincial government representatives concerning support for capital expenditure funding for the

business post-Closing and the Monitor understands that these discussions have been favourable to date.

Essar Power Canada Ltd.

41. As described in the Strek Affidavit, the Consenting Creditors have reached an agreement with Essar Power Canada Inc. ("**EPC**") regarding acceptable amendments to the following agreements (the "**Cogen Agreements**") in accordance with the terms of the APA:

(a) the land lease between Algoma and EPC dated December 21, 2009;

(b) the energy supply agreement between Algoma and EPC dated December 21, 2009; and

(c) the shared services agreement between Algoma and EPC dated December 21, 2009.

Asset Purchase Agreement

42. The Applicants, with the assistance of their advisors and under the supervision of the Monitor, negotiated and entered into an Asset Purchase Agreement, dated July 20, 2018 (the "**APA**"), subject to approval of this Court. Key terms of the APA are set out under the following section of this Report entitled "The APA and Recapitalization Transaction".

THE APA AND RECAPITALIZATION TRANSACTION[3]

43. As described in greater detail in the Strek Affidavit, the Buyer, a special purpose entity established by the Consenting Creditors, will acquire substantially all of the assets of the

[3] Capitalized terms used in this section of this Report but not otherwise defined have the meaning attributed to them in the APA.

Sellers (which constitute substantially all of the business of the Applicants) under the terms of the APA, subject to approval of this Court. The terms of ownership of the Buyer and the terms of the Recapitalization Transaction as between the Term Lenders and Senior Noteholders are set out in the RSA. A copy of the APA is attached as Exhibit "A" to the Strek Affidavit.

44. The most material terms[4] of the APA are as follows:

(a) *Purchase Price* – An amount equal to the total of:

(i) the amount of cash required to repay the DIP Facility and ABL Facility in full on Closing and to fund the Administrative Reserve to the extent required (collectively, the "**Cash Purchase Price**");

(ii) the aggregate amount of the Term Loan and Senior Secured Notes outstanding on Closing (including accrued interest, fees and other penalties) by way of a credit bid implemented through a tax structure described below; and

(iii) the assumption of the Assumed Liabilities (as defined below) on Closing.

(b) *Administrative Reserve* – Certain pre and post-Closing obligations of the Applicants will be paid out of a reserve (the "**Administrative Reserve**") to be established by the Monitor out of the Sellers' cash on the Closing Date (as set out below) up to a total of US$39 million, provided that the Buyer will fund any deficiency if the Sellers' available cash is less than US$39 million. In addition, the

[4] This is not an exhaustive list of the APA terms. In the event of any inconsistency between this summary and the APA, the APA governs.

Administrative Reserve will include the proceeds of the sale of the Excluded Real Estate Properties (as described below) up to $5 million[5], which are earmarked for application to assist resolution of potential director and officer liabilities relating to certain of the Excluded Real Estate Properties.

(c) *Purchased Assets* – Substantially all of the assets that comprise the Sellers' business, save and except the Excluded Assets, which are comprised of the Excluded Real Estate Properties (as described below), Contracts of the Sellers that are not Assumed Contracts under the terms of the APA, and certain other specified property.

(d) *Assumed Liabilities and Excluded Liabilities* – All liabilities of the Sellers are excluded except certain specified assumed liabilities, which include:

(i) post-filing trade payables;

(ii) post-Closing obligations under the Assigned Contracts and agreed or determined cure costs in excess of US$6 million[6];

(iii) certain employee obligations as set out in sections 2.3 and 7.7 of the APA;

(iv) environmental liabilities relating to post-Closing acts or omissions, including pre-existing matters dealt with pursuant to any to any agreement entered into between the Buyer and the MECP;

[5] Details of the Administrative Reserve Costs are set out in the Strek Affidavit and in the APA. Any balance remaining after the payment of all Administrative Reserve costs will constitute an asset of the Buyer.
[6] Cure costs up to US$6 million are to be paid from the Administrative Reserve.

(v) property taxes and certain other tax obligations accruing on or after the Closing Date;

(vi) claims for which a former or current director or officer would be liable under section 13 of the Construction Lien Act or section 110 of the PBA; and

(vii) claims ranking in priority to the Term Loan and the Senior Notes, after final determination through the priority claims process contemplated under the Approval and Vesting Order;

(the "**Assumed Liabilities**").

(e) *Closing Conditions for the benefit of the Buyer* – These include, without limitation:

(i) the Port Condition as defined and discussed in greater detail below;

(ii) definitive documentation of the amendments to the Cogen Agreements;

(iii) the ratification of the Amended Collective Agreements by the Union membership and necessary consents and approvals from the Ontario Labour Board;

(iv) approval of regulations relieving the Buyer of obligations under the Assumed Pension Plans save and except for fixed and variable payments agreed to by the Buyer, and exempting the Buyer from certain deemed trust provisions of the PBA;

(v) agreements with relevant governmental authorities satisfactory to the Buyer with respect to:

a) the definitive documentation of the Property Tax Term Sheet; and

b) the Buyer's continued participation in the Northern Industrial Electricity Rate (NIER) program;

(vi) certain specified relief for the Buyer and certain directors and officers of the Seller in relation to pre-Closing environmental liabilities;

(vii) a minimum US$125 million asset-based lending revolving credit facility shall be secured by the Buyer (the "**Exit ABL Facility**");

(viii) no occurrence of a Material Adverse Effect; and

(ix) the assignment of the Required Consent Contracts upon Closing.

(f) *Closing Conditions for the mutual benefit of the Buyer and the Sellers* – These include, without limitation:

(i) securing necessary Regulatory Approvals (being Competition Act Approval, U.S. HSR Approval, the Approval and Vesting Order and related U.S. Approval Orders);

(ii) securing Investment Canada Approval if both the Buyer and the Sellers agree that it is necessary; and

(iii) obtaining a release from the MECP for Algoma's directors and officers and certain former directors in relation to potential liabilities from certain of the Excluded Real Estate Properties (the "**Northern Environmental Release**").

(g) *Closing Conditions for the benefit of the Sellers* – These include, without limitation:

(i) the issuance of the Administrative Reserve Order and the establishment of the Administrative Reserve in accordance with the APA; and

(ii) that the funds under the Backstop Exit Financing Commitment are available and ready to be funded to the Buyer or as it may direct.

(h) *Closing and Termination* – Closing is to be no later than five business days after the Closing conditions set out in Section 6 of the APA have been satisfied or waived. In any event, the Closing Date shall be no later than September 30, 2018 or such later date as may be agreed by the Sellers and the Buyer, with the consent of the Monitor. The APA may be terminated if the Closing has not occurred by December 31, 2018 or such later agreed date.

Status of Closing Conditions

45. As described in the Strek Affidavit and in the section of this report above entitled "Progress Towards Recapitalization Transaction", the Consenting Creditors and the Applicants have made significant progress on the conditions to the Closing of the Recapitalization Transaction, such that the Port Condition is the sole remaining condition that is not reasonably close to satisfaction. In particular, the Applicants and the Consenting Creditors have either satisfied or are reasonably close to satisfying the conditions relating to the

Cogen Agreements, collective bargaining arrangements, pension arrangements, exit financing, environmental matters and capital expenditures support. The Northern Environmental Release is the subject of ongoing discussions involving Algoma and the MECP.[7]

46. The status of the Port Condition and the approach to matters related to treatment of the Port taken by the Applicants and the Consenting Creditors is described in further detail below under the heading entitled "Portco Dispute".

Exit Financing and Post-Closing Corporate and Capital Structure

47. The RSA contemplates the following capital structure of the Buyer following the consummation of the Recapitalization Transaction:

(a) the Exit ABL Facility of at least US$125 million;

(b) new capital not exceeding US$300 million provided by a combination of the following, as determined by the Consenting Creditors:

(i) an exit term loan facility not to exceed US$300 million backstopped by the Consenting Creditors; and

(ii) a rights offering of new equity in the Buyer up to US$200 million allocated between the participating Term Lenders and Senior Noteholders of 68% and 32%, respectively; and

[7] As noted, the Administrative Reserve to be established under the terms of the APA contemplates application of proceeds from the Excluded Real Estate Properties up to a prescribed limit to assist in reaching a satisfactory agreement with the MECP concerning these issues.

(c) the allocation of remaining equity in the Buyer, after allocation of equity to the rights offering participants and backstop providers, and between the Term Lenders and Senior Noteholders, respectively.

48. The Buyer is expected to obtain at least US$125 million in available liquidity under the Exit ABL Facility. The Monitor understands that the Consenting Creditors are engaged in ongoing discussions with the Applicants, potential lenders, and certain other parties to secure the requisite exit financing.

PORTCO DISPUTE

Port Condition

49. As noted above, one of the primary closing conditions for the benefit of the Buyer relates to the treatment in the APA of the Port Lease and Port Operations Agreements (collectively, the "**Portco Agreements**"), subject to the approval of this Court (the "**Port Condition**"). Unless there is an agreement to amend the Portco Agreements satisfactory to the Buyer, to which all required parties have consented, the Port Condition contemplates two scenarios:

(a) **Scenario 1**: If the Portco Agreements are designated as Assigned Agreements, the Port Operations Agreements shall be assigned to a newly established subsidiary of the Buyer (the "**Port Subsidiary**") upon Closing, and the Buyer and the Port Subsidiary shall enter into a support agreement, subject to periodic renewal, to enable the Port Subsidiary to perform its obligations under the Port Operations Agreement. In this scenario, Algoma shall rely upon the Port Stay Order barring Portco and its lenders from enforcing certain rights or remedies against the Buyer or the Port Subsidiary.

(b) **Scenario 2**: If the Portco Agreements are not designated as Assigned Agreements, Algoma will rely upon the Transition Services Order approving a transition services agreement between the Seller and the Buyer, which agreement shall provide for, among other things, continued access to the Port and related services for an agreed period of time after Closing.

50. In the absence of a consensual resolution with respect to the Portco Agreements, the Port Condition will be satisfied if the Court grants either the Port Stay Order or the Transition Services Order.

51. The specific provisions of the proposed Port Stay and Transition Services Orders are summarized in detail below under the heading "Orders re: Port Condition" in the "Orders Sought" section of this Report. In both scenarios, the lands comprising the Port and the Port Lease will be transferred to the Buyer.

Port Mediation

52. On March 21, 2018 GIP and Portco brought motions seeking, among other things:

(a) to prevent the Applicants from exploring alternatives to the Port; and

(b) to cause the Applicants to pay the arrears owing, and to resume payments going forward, under the Portco Agreements (the "**Port Motions**").

53. As noted earlier, on May 14, 2018 this Court made an endorsement adjourning the Port Motions to a date to be set by the Court, and ordering the Port Mediation Parties to proceed to mediation. Mediation sessions were held amongst the Port Mediation Parties on May

23 and May 24, 2018. At the time of this Report, the mediation has been adjourned and may be resumed at the discretion of the Mediator.

54. On July 26, 2018 GIP and Portco served amended motion materials in respect of the Port Motions, seeking various additional relief in opposition to the Orders sought by the Applicants in relation to the Port Condition.

55. The Monitor views the Port Condition dispute as a matter that involves legal issues for determination by the Court or to be agreed between the parties and, as set out in more detail below, takes no position on these issues.

ORDERS SOUGHT

Approval and Vesting Order

56. The Approval and Vesting Order provides for approvals of the APA and the Recapitalization Transaction in customary form and for the vesting of the Purchased Assets in the Buyer, free and clear of encumbrances, subject to certain limited and prescribed permitted encumbrances.[8] The Order specifically provides for the discharge of certain of the charges arising under the Initial Order on the basis that the claims they secured have either been discharged, satisfied or in the case of the DIP Lenders' Charge will be paid on Closing.

[8] The definition of Permitted Encumbrances in the APA includes the usual inchoate liens and other customarily permitted encumbrances but also includes the interests of equipment lessors whose arrangements are being assumed by the Buyer.

57. The priority claims process provided for in the Approval and Vesting Order permits claimants to bring their claims before the Court and provides for the barring of any claim to priority not asserted.

58. Following agreement or adjudication in respect of claims brought in accordance with the priority claims process, the Approval and Vesting Order will vest out those claims not agreed or adjudicated to rank in priority to the security of the Term Lenders and the Senior Noteholders that are not Permitted Encumbrances. The claims agreed or adjudicated to rank in priority to the security of the Term Lenders and the Senior Noteholders will form Assumed Liabilities of the Buyer under the APA and shall be paid by the Buyer within prescribed time periods.

59. Included in the Purchased Assets vested in the Buyer under the Approval and Vesting Order is the real property of the Port and the Port Lease. The Strek Affidavit describes the Applicants' request to vest out the right of first offer provided to Portco under the Port Lease as part of the Approval and Vesting Order. Algoma's rights under the Oppression Judgment are also specifically assigned to either the Buyer or its Port Subsidiary, depending upon the option elected by the Buyer, as described below.

60. In accordance with the APA, the Approval and Vesting Order provides for distribution of cash from the Cash Purchase Price to pay off the DIP Facility and the ABL Facility. The funding of the Administrative Reserve will also occur on Closing from cash[9] and is a condition precedent to the Closing of the APA.

[9] Administrative Reserve funding is sourced from the Applicants' cash on hand at Closing and payment by the Buyer of any further amounts required to fund the total amount of the reserve.

61. The Approval and Vesting Order provides for two types of certificates to be issued by the Monitor: the Monitor's Sale Certificate and the Monitor's Shares Certificate. The Monitor's Sale Certificate is the customary certificate to be provided once it is confirmed that the conditions to the Closing of the Recapitalization Transaction have been satisfied and triggers the vesting of the Purchased Assets. The Monitor's Shares Certificate applies to trigger the seizure and transfer from Algoma of certain preferred shares in the Buyer to the Buyer's parent as part of the tax structure adopted for the Recapitalization Transaction.

Administrative Reserve Order

62. The Administrative Reserve Order provides for the establishment of the Closing Costs Reserve of US $39 million and its administration by the Monitor. The funds paid into the Closing Costs Reserve are to be applied by the Monitor in the name of and on behalf Algoma in respect of the following five categories of liability:

(a) costs and fees of the Monitor and Algoma incurred following the Closing Date in connection with the completion of the CCAA Proceedings and the dissolving, winding-up or otherwise liquidating of the Applicants, including the fees and disbursements of counsel, the CRA and other professionals;

(b) liabilities secured by the Critical Supplier Charge, the Financial Advisor's Charge or the Administration Charge under the Initial Order incurred prior to the Closing Date to the extent they remain unpaid after the Closing Date;

(c) property taxes owing to the City of Sault Ste. Marie in accordance with the Property Tax Term Sheet and the definitive agreements entered into by the Buyer and the City of Sault Ste. Marie;

(d) Cure Costs in respect of Assigned Agreements up to the threshold prescribed in the APA and as agreed between the relevant parties or as determined by Court Order; and

(e) amounts owing to non-unionized employees of Algoma under Algoma's short-term incentive compensation program as at the Closing Date.

63. After the liabilities to be addressed by the Closing Costs Reserve have been satisfied, the Administrative Reserve Order provides for the termination and discharge of the applicable charges established under the Initial Order and other Orders of this Court.

64. The Administrative Reserve Order provides the Monitor with discretion to hold and distribute amounts from the Administrative Reserve. The Monitor is to provide an accounting for the Administrative Reserve, on request to the Buyer and Algoma and to report on variances from projected costs. Once the Monitor has completed its functions under the Administrative Reserve Order, the Monitor is to file the Administrative Reserve Certificate and remaining funds, if any, are to be paid to the Buyer.

65. The Administrative Reserve Order also provides for the application of proceeds from the Excluded Real Estate Properties (up to the threshold provided for under the APA) for the purposes of funding a resolution of environmental claims against directors and officers of Algoma arising from certain of the Excluded Real Estate Properties.

Orders re: Port Condition

66. As set out above, if no consensual arrangements are made concerning the Portco Agreements, the Port Condition in the APA can be satisfied either by the making of the

Port Stay Order or the Transition Services Order. As the Monitor understands it, Algoma is asking the Court to make both the Port Stay Order and the Transition Services Order. However, only one of the two Orders will be effective upon the Buyer's election to proceed either by way of an assignment of the Port Operations Agreements to the Port Subsidiary (in which case the Port Stay Order would become effective and the Transition Services Order would not) or by way of a Transition Services Agreement providing Algoma with access to the Port for an agreed period of time after Closing (in which case the Transition Services Order would become effective and the Port Stay Order would not).

Port Stay Order

67. The Port Stay Order contemplates that the Port Operations Agreements shall be assigned to the Port Subsidiary notwithstanding the terms of GIP's Assignment of Material Contracts. The Port Stay Order further provides that Portco, GIP, future lenders to Portco and persons claiming through them are stayed from exercising rights in respect of specified non-monetary defaults, in particular defaults arising from the transfer of the Port, the Port Lease and the Port Operations Agreements.

68. The Monitor understands that the Buyer's intention is that the Port Subsidiary will assume Algoma's obligations under the Cargo Handling Agreement, subject to the stays in the Port Stay Order and that a support agreement will be entered into between the Buyer and the Port Subsidiary under which the Buyer will provide financial, operational and other support to assist the Port Subsidiary in performing its obligations.

69. The Port Stay Order also contemplates Algoma being authorized but not required to disclaim the Assignment of Material Contracts.

70. Under the Port Stay Order, the Buyer's election to proceed by way of the Port Stay Order is to be exercised by the designation of the Port Operations Agreements as Assigned Agreements under the APA. To evidence this, the Monitor is to issue a certificate to the parties in interest upon being notified that the Port Operations Agreements have been so designated (the "**Monitor's Assignment Certificate**"). The issuance of the Monitor's Assignment Certificate will cause the Port Stay Order (but not the Transition Services Agreement) to come into effect.

Transition Services Order

71. If on the Closing Date the Port Operations Agreements are not designated by the Buyer as Assigned Agreements, the Buyer will have thereby elected to proceed by way of the Transition Services Agreement and the Monitor is to issue a certificate to the parties in interest upon being notified of that fact (the "**Monitor's TSA Certificate**"). The issuance of the Monitor's TSA Certificate will cause the Transition Services Order (but not the Port Stay Order) to come into effect.

72. The Transition Services Order approves a Transition Services Agreement under which Algoma is to provide the Buyer with access to the Port while the Buyer is to provide the employees necessary to Algoma to operate the Port and to reimburse Algoma for amounts incurred under the Port Operations Agreements in performing its post-Closing obligations. Under the Transition Services Agreement, the Buyer is also to cover maintenance and repair costs and pay property taxes in relation to the Port.

73. It is a further term of the Transition Services Order that Algoma is to continue to have unimpeded access to the Port in accordance with the terms of the Initial Order and is to be

entitled to provide access to the Port to the Buyer under the Transition Service Agreement. It is part of the APA condition addressing the Transition Services Agreement option that the stay of proceedings under the Initial Order in relation to Algoma and remedies under the Portco Agreements is to be extended for a period of at least one year after the completion of the Recapitalization Transaction.

MONITOR'S ASSESSMENT

74. On the basis of the facts set out above, the Monitor is of the view that the SISP and other efforts used to arrive at the proposed Recapitalization Transaction were robust, thorough, fair and reasonable, and included extensive marketing of the Applicants' business and assets, consideration of all available alternatives, extensive consultation and negotiation with and among key stakeholders, all with the supervision of the Court.

75. It took many months of negotiations, significant concessions by certain key stakeholders, and accommodation and certain financial contributions by the Consenting Creditors to arrive at the proposed Recapitalization Transaction. In settling the terms of the APA, the Applicants and their advisors engaged in robust arm's length negotiations with the Consenting Creditors. The agreement and transaction which have emerged were reached through a commercially reasonable process in which the Monitor provided input and oversight.

76. The Monitor concurs with the Applicants' view that the Recapitalization Transaction will, if completed successfully, create a number of benefits to key stakeholders, including the following:

(a) a de-leveraged improved balance sheet that enhances the long term viability of the business;

(b) sufficient liquidity through the exit financing facilities to fund operations and capital projects;

(c) preservation of jobs in the City of Sault Ste. Marie;

(d) continuing Algoma's pension plans and OPEB obligations in a manner that is agreed to by relevant stakeholders; and

(e) providing confidence to customers that Algoma's business is stable and viable.

77. In light of the operational and financial reasons outlined in the Strek Affidavit, and the challenges arising from the recently imposed U.S. steel tariffs, the Monitor believes it is critically important for Algoma to emerge from its restructuring as soon as possible.

78. Accordingly, the Monitor is of the view that when considered in its totality the Recapitalization Transaction represents the best available transaction for the body of Algoma's stakeholders and is far more beneficial than any foreseeable outcome in a bankruptcy. The Monitor therefore supports the approval of the APA and the Recapitalization Transaction, subject to:

(a) the Court's determination of the legal issues in dispute between the Consenting Creditors and GIP and Portco concerning the Port, on which the Monitor takes no position; or

(b) an agreement between the Consenting Creditors and GIP and Portco resolving their dispute in relation to the Port.

MONITOR'S RECOMMENDATION

79. Given the information described in this Report, the Monitor recommends that the Court:

(a) grant the Approval and Vesting Order; and

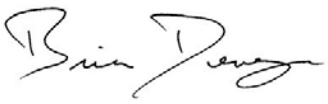
(b) grant the Administrative Reserve Order.

80. The Monitor's above recommendation is subject to a consensual resolution of the Port Condition dispute or the Court's decision concerning the granting of the Port Stay Order and the Transitional Services Order.

All of which is respectfully submitted this 31st day of July 2018.

ERNST & YOUNG INC.

Solely in its capacity as Court-appointed Monitor of the Applicants, and not in its personal capacity

Per: 

Brian M. Denega
Senior Vice President

Court File No. CV-15-000011169-00CL

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO ESSAR STEEL ALGOMA INC., ESSAR TECH ALGOMA INC., ALGOMA HOLDINGS B.V., ESSAR STEEL ALGOMA (ALBERTA) ULC, CANNELTON IRON ORE COMPANY AND ESSAR STEEL ALGOMA INC. USA

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

FORTY-FIFTH REPORT OF THE MONITOR
July 31, 2018

GOWLING WLG (CANADA) LLP
1 First Canadian Place, Suite 1600
100 King Street West
Toronto, Ontario M5X 1G5

Derrick Tay (LSUC No.: 21152A)
derrick.tay@gowlingwlg.com

Clifton Prophet (LSUC No. 34845K)
clifton.prophet@gowlingwlg.com

Nicholas Kluge (LSUC No. 44159T)
nicholas.kluge@gowlingwlg.com

Tel: (416) 862-7525
Fax: (416) 862-7661

Lawyers for the Monitor, Ernst & Young Inc.

Exhibit D

Canadian Endorsement

CITATION: Essar Steel Algoma Inc. (Re), 2017 ONSC 5710
COURT FILE NO.: CV-15-11169-00CL
DATE: 20180822

SUPERIOR COURT OF JUSTICE – ONTARIO

COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ESSAR STEEL ALGOMA INC., ESSAR TECH ALGOMA INC., ALGOMA HOLDINGS B.V., ESSAR STEEL ALGOMA (ALBERTA ULC), CANNELTON IRON ORE COMPANY AND ESSAR STEEL ALGOMA INC. USA

Applicants

BEFORE: HAINEY J.

COUNSEL: *Ashley Taylor, Lee Nicholson, Sanja Sopic,* for the Applicants

Cliff Prophet, Nick Kluge, for the Monitor

P. Griffin, M. Jilesen, for GIP et al.

S. Valair and A. Sinnadurai, for Her Majesty the Queen in Right of Ontario

Corey Shefman, for Garden River First Nation

Jeremy R. Opolsky, Alexander Shelley, for Portco

Tony Reyes, for the Board of Directors of Esser Steel Algoma Inc.

Tracey Henry, Alex St. John, for the United Steelworkers Union, Local 2251

Karen Ensslen, Katherine O'Rourke, for the Retiree Representative Counsel

M. Starnino, for USW and Local 2724

John MacDonald and Andrea Lockhart, for the Term Lender

Ian Aversa and Jeremy Nemers, for the City of Sault Ste. Marie

Robert J. Chadwick, L. Joseph Latham, Bradley Wiffen, for the Ad Hoc Committee of Essar Algoma Noteholders

D. Magisano, for ICICI Bank Canada

HEARD: August 22, 2018

ENDORSEMENT

[1] The Applicants have brought a motion for approval of an Asset Purchase Agreement between Algoma and the Buyer and certain ancillary related relief. GIP and PortCo have objected to certain aspects of the Asset Purchase Agreement and, in particular, certain orders sought by the Applicants. I understand there is an agreement in principle between GIP and the Consenting Creditors to resolve GIP`s objections.

[2] I am satisfied that the Asset Purchase Agreement and the Sale Transaction will be in the best interests of Algoma and its stakeholders, and it should be approved.

[3] It is an important milestone for Algoma in moving towards its emergence from CCAA protection. Approval of the Asset Purchase Agreement is without prejudice to the rights of GIP and PortCo in all respects, and GIP and PortCo are entitled to come back to Court to raise any objection at a later date to be set by the Court until such time as the Approval and Vesting Order is granted. At any such comeback hearing, GIP and PortCo do not have to overcome any onus in respect of approval of the Sale Transaction. I am making no decision with respect to the Port Stay Order or the Transition Services Order sought by the Applicants, or the form of the Approval and Vesting Order. No order relating to the Sale Transaction will be signed today, and the parties may return to Court if the orders can be signed on consent or the objections to the orders sought by the Applicants cannot be resolved.

[4] I am further adjourning the motions brought by GIP and PortCo returnable today that were originally returnable May 14, 2018. My endorsement dated May 15, 2018 remains in effect.

[5] The motion by the Garden River First Nations is also being adjourned on consent *sine die*.

[6] I am satisfied that the Compendium of Cross-Examination Transcripts and Undertakings, Under Advisements, and Refusals, and the Compendium of Exhibits to Cross-Examinations, both dated August 20, 2018, which were filed under seal should be sealed pursuant to the principals set out in the *Sierra Club of Canada* case.

[7] Finally, I want to commend counsel and their clients for all their hard work in arriving at this agreement in principle.

HAINEY, J.

Date: August 22, 2018