

**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 CERTAIN PROCEEDINGS TAKEN IN THE UNITED
STATES BANKRUPTCY COURT WITH RESPECT TO HORSEHEAD HOLDING
CORP., HORSEHEAD CORPORATION, HORSEHEAD METAL PRODUCTS, LLC,
THE INTERNATIONAL METALS RECLAMATION COMPANY, LLC AND
ZOCHEM INC. (collectively, the "Debtors")**

**APPLICATION OF ZOCHEM INC.
UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT***

**FIRST REPORT OF THE INFORMATION OFFICER
RICHTER ADVISORY GROUP INC.**

MARCH 2, 2016

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I. INTRODUCTION

1. On February 2, 2016 (the "**Petition Date**"), Horsehead Holding Corp. ("**Horsehead Holding**"), Zochem Inc. ("**Zochem**"), Horsehead Corporation, Horsehead Metal Products, LLC and the International Metals Reclamation Company, LLC (collectively, the "**Debtors**") commenced voluntary reorganization proceedings (the "**Chapter 11 Proceedings**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**") by each filing a voluntary petition for relief under chapter 11 of title 11 of the *United States Code*, 11 U.S.C. 101-1532 (the "**Bankruptcy Code**").
2. Also on the Petition Date, the Debtors filed various motions (the "**First Day Motions**") for interim and/or final orders in the Chapter 11 Proceedings to permit the Debtors to continue to operate their business in the ordinary course. The First Day Motions included

a motion for entry of an order authorizing Horsehead Holding to act as foreign representative on behalf of the Debtors for the within proceedings, which motion was amended at the hearing before the U.S. Court such that Zochem was appointed as the foreign representative of the Debtors for the within proceedings (in such capacity, the “**Foreign Representative**”).

3. Also on the Petition Date, Horsehead Holding, as the then proposed foreign representative, commenced these proceedings (the “**CCAA Recognition Proceedings**”) by notice of application pursuant to Part IV of the *Companies’ Creditors Arrangement Act* (R.S.C. 1985, c. C-36, as amended) (the “**CCAA**”). The Ontario Superior Court of Justice (Commercial List) (the “**Court**” and together with the U.S. Court, the “**Courts**”) granted an order in these proceedings providing certain interim relief to the Debtors, including an interim stay of proceedings in respect of the property, business and directors and officers of the Debtors in Canada, and providing for the continuation of services required by the Debtors in Canada.
4. Zochem is the only Debtor that is incorporated in Canada. The Debtors, excluding Zochem, are referred to herein as the “**U.S. Debtors**”.
5. On February 3, 2016, the U.S. Court entered various orders sought at the First Day Motions, and on February 4, 2016, the U.S. Court entered various amended Orders (together with the orders entered on February 3, 2016, the “**First Day Orders**”), including an Order authorizing Zochem to act as the Foreign Representative (the “**Foreign Representative Order**”).

6. On February 5, 2016, Justice Newbould granted an initial recognition order in these proceedings (the “**Initial Recognition Order**”) which, among other things: (i) declared that Zochem is a “foreign representative” pursuant to Section 45 of the CCAA; (ii) declared that the centre of main interest for the Debtors is the United States and the Chapter 11 Proceedings are recognized as a “foreign main proceeding” under the CCAA; and (iii) granted a stay of proceedings against the Debtors.

7. Also on February 5, 2016, Justice Newbould granted a supplemental order in these proceedings (the “**Supplemental Order**”), which, among other things, (i) appointed Richter Advisory Group Inc. (“**Richter**”) as the information officer in respect of this proceeding (the “**Information Officer**”); (ii) stayed any proceeding, rights or remedies against or in respect of the Debtors, the business and property of the Debtors, the directors and officers of the Debtors, and the Information Officer; (iii) restrained the right of any person or entity to, among other things, discontinue or terminate any supply of products or services to the Debtors; (iv) granted a super-priority charge up to a maximum amount of \$100,000 over the Debtors’ property in Canada in favour of the Information Officer and its counsel as security for their professional fees and disbursements incurred in respect of these proceedings (the “**Administration Charge**”); (v) granted a super-priority charge over the Debtors’ property in Canada in favour of the DIP Agent (as defined in the Supplemental Order); and (vi) recognized and gave full force and effect in Canada to the following First Day Orders of the U.S. Court:
 - (a) Order Directing Joint Administration of Chapter 11 Cases;
 - (b) the Foreign Representative Order;

- (c) Amended Interim Order Authorizing Debtors to (A) Continue to Operate Their Cash Management Systems, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms and (D) Continue to Perform Intercompany Transactions (the “**Interim U.S. Cash Management Order**”);
- (d) Interim Order Authorizing, But Not Directing, the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, Reimbursable Expenses and Payroll Processing Fees, (B) Pay Withholding Obligations, (C) Continue Employee Benefits Programs and (D) Continue Ordinary Course Incentive Programs for Non-Insiders;
- (e) Order Authorizing Debtors to (A) Pay Prepetition Claims of Shippers and Miscellaneous Lien Claimants, (B) Pay Section 503(B)(9) Claims and (C) Grant Administrative Expense Priority to all Undisputed Obligations for Goods Ordered Prepetition and Delivered Postpetition and Satisfy Such Obligations in the Ordinary Course of Business;
- (f) Interim Order (A) Determining Adequate Assurance of Payment for Future Utility Services, (B) Prohibiting Utility Companies from Altering, Refusing or Discontinuing Services and (C) Establishing Procedures for Determining Adequate Assurance of Payment;
- (g) Interim Order Authorizing Debtors to (A) Continue Insurance Coverage Entered Into Prepetition, (B) Honor Their Prepetition Insurance Premium Financing Agreements and (C) Renew their Premium Financing Arrangements in the Ordinary Course of Business;

- (h) Order Authorizing, but not Directing, Debtors to Remit and Pay Certain Prepetition Taxes, Governmental Assessments and Fees;
 - (i) Interim Order Authorizing Debtors to Pay Certain Prepetition Claims of Critical Vendors;
 - (j) Interim Order Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Stock;
 - (k) Order Authorizing the Debtors to (A) File a Consolidated List of Creditors in Lieu of Submitting Separate Mailing Matrices for Each Debtor and (B) Redact Certain Personal Identification Information for Individual Creditors; and
 - (l) Interim Order (A) Authorizing the Debtors to Obtain Postpetition Secured Financing (the “**DIP Facility**”) Pursuant to Section 364 of the Bankruptcy Code, (B) Authorizing the Debtors to Use Cash Collateral, (C) Granting Adequate Protection to the Prepetition Secured Parties, (D) Scheduling a Final Hearing and (E) Granting Related Relief (the “**Interim U.S. DIP Order**”).
8. A copy of the Initial Recognition Order and Supplemental Order (excluding the schedules thereto) are attached as Exhibits “B” and “C”, respectively, to the Affidavit of James Hensler sworn March 2, 2016 in support of the motion of the Foreign Representative returnable March 3, 2016 (the “**Hensler Affidavit**”). The Foreign Representative’s motion for the Initial Recognition Order and Supplemental Order returnable February 5, 2016 is referred to herein as the “**Initial Recognition Motion**”.

9. In addition to granting the Initial Recognition Order and the Supplemental Order, Justice Newbould issued a written endorsement, a copy of which is attached as Exhibit “G” to the Hensler Affidavit (the “**Endorsement**”). The Information Officer understands that, as directed by the Court, a copy of the Endorsement was provided to Zochem’s directors.
10. Richter, in its capacity as proposed Information Officer, filed with this Court a report (the “**Pre-Filing Report**”) dated February 4, 2016, to provide this Court with information relating to the Debtors’ business and operations, their debt and capital structure, and other matters relevant to this Court’s determination of the Foreign Representative’s request for the Initial Recognition Order and Supplemental Order. A copy of the Pre-Filing Report is attached hereto as Appendix “A”.

II. PURPOSE OF THIS REPORT

11. The purpose of this report (the “**First Report**”) is to provide the Court with information concerning:
 - (a) the motions heard by the U.S. Court in the Chapter 11 Proceedings for the Second Day Orders (as defined below) and the motion of the Foreign Representative returnable March 3, 2016, for recognition of certain of the Second Day Orders in Canada;
 - (b) an update on other matters relating to the Chapter 11 Proceedings;
 - (c) an update on matters relating to Zochem; and
 - (d) the activities of the Information Officer to date.

III. TERMS OF REFERENCE

12. In preparing this First Report, Richter has relied solely on information and documents provided by the Debtors and their advisors and public filings in the Courts (the “**Information**”). Richter has not audited, reviewed or otherwise attempted to independently verify the accuracy or completeness of the Information. Accordingly, Richter expresses no opinion or other form of assurance in respect of the Information.
13. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.
14. The Information Officer has established a website at <http://www.richter.ca/en/folder/insolvency-cases/h/horsehead-holdings> to make available copies of the orders granted in the CCAA Recognition Proceedings as well as motion materials and reports of the Information Officer. As well, there is a link on the Information Officer’s website to the Debtors’ restructuring website maintained by Epiq Bankruptcy Solutions, LLC, as Claims and Noticing Agent for the Debtors (the “**Claims Agent**”), which includes copies of the U.S. Court materials and orders, notices and additional information in respect of the Chapter 11 Proceedings.

IV. RECOGNITION OF SECOND DAY ORDERS

15. On March 1, 2016, the U.S. Court entered the following orders (the “**March 1, 2016 Entered Orders**”):
 - (a) Final Order (I) Authorizing, but not Directing, the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, Reimbursable Expenses and

Payroll Processing Fees, (B) Pay Withholding Obligations, (C) Continue Employee Benefits Programs and (D) Continue Ordinary Course Incentive Programs for Non-Insiders and (II) Granting Related Relief;

- (b) Final Order (I) Determining Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Companies from Altering, Refusing or Discontinuing Services, (III) Establishing Procedures for Determining Adequate Assurance of Payment and (IV) Granting Related Relief (the “**Final U.S. Utilities Order**”);
- (c) Final Order (I) Authorizing the Debtors to (A) Continue Insurance Coverage Entered into Prepetition, (B) Honor Their Prepetition Insurance Premium Financing Agreements, (C) Renew Their Premium Financing Agreements in the Ordinary Course of Business and (II) Granting Related Relief;
- (d) Final Order (I) Authorizing Debtors to Pay Certain Prepetition Claims of Critical Vendors and (II) Granting Related Relief;
- (e) Final Order (I) Approving Notification and Hearing Procedures for Certain Transfers and Declarations of Worthlessness of Common Stock and (II) Granting Related Relief; and
- (f) Order (I) Extending Time to File Schedules of Assets and Liabilities, Schedules of Current Income and Expenditures, Schedules of Executory Contracts and Unexpired Leases, and Statements of Financial Affairs and (II) Granting Related Relief.

16. On March 2, 2016, the U.S. Court heard the Debtors' motion for a Final Order (A) Authorizing the Debtors to Obtain Postpetition Secured Financing Pursuant to Section 364 of the Bankruptcy Code, (B) Authorizing The Debtors to Use Cash Collateral, (C) Granting Adequate Protection to the Prepetition Secured Parties and (D) Granting Related Relief (the "**Final U.S. DIP Order**", collectively with the March 1, 2016 Entered Orders, the "**Second Day Orders**").

17. The Debtors received the following objections (collectively, the "**Objections**") in respect of the motions for certain of the Second Day Orders sought and the Final U.S. Cash Management Order (as defined below):
 - (a) limited objections from one of the U.S. Debtors' prepetition secured lenders, Macquarie Bank Limited ("**Macquarie**"), to the motions for each of the Final U.S. DIP Order and the Final U.S. Cash Management Order (the "**Macquarie Objection**");
 - (b) objection from the Creditors' Committee (as defined below) to the motion for the Final U.S. DIP Order, which objection was joined by a shareholder of Horsehead Holding;
 - (c) a limited objection to the motion for the Final U.S. DIP Order from a materials supplier claiming "20-day goods" rights under U.S. law;
 - (d) a limited objection to the motion for the Final U.S. DIP Order from a mechanic's lien claimant; and

- (e) two objections from utilities companies to the motion for the Final U.S. Utilities Order.
18. The Information Officer understands that, with the exception of one of the members of the Creditors' Committee, none of the above noted objecting parties were creditors of Zochem prior to the commencement of these proceedings.
19. The Debtors' motion for a Final Order (I) Authorizing The Debtors to (A) Continue to Operate their Cash Management Systems, (B) Honor Certain Prepetition Obligations related Thereto, (C) Maintain Existing Business Forms and (D) Continue to Perform Intercompany Transactions and (II) Granting Related Relief (the "**Final U.S. Cash Management Order**"), previously scheduled to be heard on March 2, 2016 together with the motions for the other Second Day Orders (the "**Second Day Motions**"), has been adjourned to the next omnibus hearing on April 6, 2016, and, with the exception of the Macquarie Objection, all of the Objections in respect of the Second Day Orders were resolved and either formally withdrawn or deemed moot in advance of the hearing of the Second Day Motions by the U.S. Court.
20. The Macquarie Objection in respect of the Final U.S. DIP Order was based on claims that the DIP Facility and the Final U.S. DIP Order (i) fail to provide adequate protection to Macquarie, and (ii) inequitably provide for disparity in treatment between Macquarie and other creditors of the Debtors. Macquarie also filed a motion for adequate protection pursuant to Section 105(a), 361, 363(c)(2) and 363(e) of the Bankruptcy Code, which was also heard by the U.S. Court on March 2, 2016. Following the hearing in respect of these matters, the U.S. Court ordered that the Final U.S. DIP Order be revised to provide for

the cash payment of postpetition interest (at default rate) and fees by the Debtors to Macquarie but otherwise indicated it would approve the Final U.S. DIP Order.

21. A revised version of the Final U.S. DIP Order was subsequently filed on the U.S. docket on the evening of March 2, 2016. The revised version included certain changes to the Zochem Carve-Out (as defined and discussed below). The Information Officer understands the form of the revised Final U.S. DIP Order has been agreed to by the parties in interest and the Debtors expect the U.S. Court to sign the revised Final U.S. DIP Order on the morning of March 3, 2016. The Information Officer understands the Foreign Representative will be filing a copy of the revised Final U.S. DIP Order with the Court.
22. The Foreign Representative has filed a motion with this Court returnable on March 3, 2016, seeking recognition of certain of the Second Day Orders by this Court. Among other things, the DIP Facility requires that recognition of the Final U.S. DIP Order by this Court be obtained by the Debtors by March 4, 2016.

V. UPDATE ON CERTAIN OTHER MATTERS IN THE CHAPTER 11 PROCEEDINGS

A. Changes to DIP Facility and Related Matters

23. At the First Day Motions, the Debtors sought interim approval from the U.S. Court of the DIP Facility in the amount of \$90 million. The proposed DIP Facility contemplated that the liens granted in connection with the DIP Facility would include first-priority liens over a portion of the Debtors' assets, including all of the assets of Zochem in respect of the full amount of the DIP Facility, and second-priority liens with respect to the assets of

the U.S. Debtors that are subject to a first-priority lien in favour of Macquarie. The initial proposed DIP Facility would have permitted up to \$40 million to be drawn in the interim period, with all of the Debtors, including Zochem, being jointly and severally liable for all advances.

24. As at the Petition Date, Zochem's only secured bank debt was pursuant to a \$20 million secured revolving credit facility with PNC Bank, N.A. ("**PNC**"), as agent (the "**Zochem Facility**"), pursuant to which there was approximately \$16.9 million of principal outstanding, plus accrued interest and fees. The Zochem Facility was ultimately repaid from the initial draw under the DIP Facility, as further discussed below.
25. At the First Day Motions, the U.S. Court raised certain concerns with respect to, among other things, the proposed DIP Facility and its impact on Zochem, including the benefit to be derived by Zochem from the contemplated advances under the DIP Facility during the interim period. To address such concerns, the Debtors and the lenders under the DIP Facility (the "**DIP Lenders**") agreed to certain interim amendments to the proposed DIP Facility, including that the maximum liability of Zochem pursuant to the DIP Facility in the interim period would be capped at \$25 million (reduced from the prior contemplated maximum amount of \$40 million in respect of the interim period). The U.S. Court was also advised by the Debtors that approximately \$18.5 million of the DIP Facility would be used to repay the Zochem Facility in the interim period, and that Zochem may require additional liquidity from the DIP Facility during the interim period. The U.S. Court ultimately granted the Interim U.S. DIP Order on the basis of the amended DIP Facility.

26. At the Initial Recognition Motion, Justice Newbould echoed the U.S. Court's concerns and emphasized the need for Zochem to have access to sufficient cash for its working capital requirements during the interim period. The Court ultimately granted the Supplemental Order, recognizing the Interim U.S. DIP Order.
27. The Information Officer understands that since the granting of the Interim U.S. DIP Order and Supplemental Order, discussions have been ongoing among the Debtors, the DIP Lenders, the Creditors' Committee and other stakeholders with respect to the DIP Facility. As discussed above, the Creditors' Committee and certain other stakeholders had initially objected to the Final U.S. DIP Order on various grounds. As a result of these discussions, all such objections, other than the Macquarie Objection, were settled prior to the hearing of the Second Day Motions and resulted in an amended version of the Final U.S. DIP Order being sought by the Debtors.
28. The Information Officer understands that the key negotiated change to the DIP Facility as it relates to Zochem has been an agreement to create a \$12,000,000 "carve-out" (the "**Zochem Carve-Out**") for the benefit of Zochem's postpetition and prepetition unsecured creditors, as described below.¹
29. Specifically, while Zochem will be jointly and severally liable with all of the Debtors for all obligations under the DIP Facility (which is in the principal amount of \$90 million), paragraph 45 of the Final U.S. DIP Order provides that, notwithstanding anything in the Final U.S. DIP Order to the contrary: if (x) the DIP Agent or any DIP Lender receive proceeds from DIP Collateral that are proceeds from Zochem's assets on account of

¹ The Information Officer understands that the Debtors estimate there was approximately \$9.3 million owed to unsecured creditors of Zochem as at the Petition Date.

Superpriority DIP Claims and/or DIP Liens (each as defined in the Final U.S. DIP Order) and/or (y) the Prepetition Senior Secured Notes Collateral Agent or the Prepetition Senior Secured Notes Indenture Trustee (each as defined in the Final U.S. DIP Order) would otherwise receive any proceeds from a sale or any other disposition of Zochem's assets on account of any Senior Secured Note Adequate Protection Obligations (as defined in the Final U.S. DIP Order), all such proceeds in excess of \$25,000,000 but less than \$37,000,001 in the aggregate shall be promptly turned over to the DIP Agent to be held in trust and used solely for payment, subject to further order of the U.S. Court, first, of any allowed postpetition claims against Zochem arising in the ordinary course of business, including claims held by employees, and thereafter, other allowed unsecured claims asserted against Zochem (regardless of whether such claims arose prior to or after the Petition Date); provided that after all such claims are paid, any excess balance shall be distributed by the DIP Agent in accordance with the priority provisions set forth in the Final U.S. DIP Order.

30. The Information Officer understands the intent of the Debtors is for the Zochem Carve-Out to effectively rank: (1) behind (a) the Administration Charge granted in the CCAA Recognition Proceedings, (b) the Carve-Out (as defined in the Final U.S. DIP Order) in respect of certain professional fees in the Chapter 11 Proceedings, (c) adequate protection claims of Macquarie under the adequate protection liens granted in the Final U.S. DIP Order and (d) DIP Facility claims up to \$25 million, and (2) in priority to (i) any remaining amounts owing under the DIP Facility, (ii) adequate protection claims of the holders of the Senior Secured Notes under the adequate protection liens granted in the Final U.S. DIP Order and (iii) any remaining claims against Zochem.

31. As discussed in greater detail below, an independent director has been appointed to Zochem's board of directors as a result of the concerns expressed by the Courts. The Information Officer understands the independent director was involved in reviewing and considering the Zochem Carve-Out.
32. The Information Officer also notes that the Final U.S. DIP Order includes a provision which provides that the Debtors shall not sell, transfer, lease or otherwise dispose of any asset outside the ordinary course of business that is subject to Macquarie's security (both its prepetition and adequate protection liens, which, in the case of the latter, includes Zochem's assets) unless (a) the proceeds from such sale or disposition are used concurrently to satisfy the prepetition Macquarie credit facility obligations or (b) as otherwise authorized pursuant to an order of the U.S. Court. The Debtors have advised the Information Officer that in the event any order was sought approving a sale of Zochem's assets, the sale order could provide that no paydown of Macquarie's obligations would be required in the event Macquarie had no adequate protection claims or was otherwise oversecured.
33. The Information Officer also notes that the various remaining "case milestones" contemplated by the DIP Facility (described at paragraph 63 to the Pre-Filing Report) have been extended by approximately 15 days in each case, including that an acceptable plan and disclosure statement be filed within 55 days of the Petition Date (i.e. by March 28, 2016).

B. Creditors' Committee

34. Since the Initial Recognition Motion on February 5, 2016, an Official Committee of Unsecured Creditors of the Debtors (the "**Creditors' Committee**") has been formed in the Chapter 11 Proceedings pursuant to the Bankruptcy Code. The U.S. Court appointed the Creditors' Committee by Order dated February 16, 2016. The Creditors' Committee consists of:

- (i) Delaware Trust Company as Trustee;
- (ii) Wilmington Trust as Trustee;
- (iii) Hudbay Marketing & Sales, Inc. ("**Hudbay**");
- (iv) Chemicals Inc.;
- (v) Powers Coal and Coke;
- (vi) United Steelworkers; and
- (vii) Dhandho Holdings Corp.

35. The Information Officer understands that Hudbay is Zochem's single largest trade creditor.

36. As noted above, the objection of the Creditors' Committee to the Final U.S. DIP Order was resolved prior to the hearing before the U.S. Court.

C. Upcoming Matters in the Chapter 11 Proceedings

37. The Information Officer understands that a meeting of creditors of the Debtors has been scheduled by the U.S. Trustee for March 11, 2016 in Wilmington, Delaware. A deadline for filing proofs of claim against the Debtors has not yet been set; however, proofs of

claim can be filed against the Debtors by completing a proof of claim form and sending it to the Claims Agent.²

38. The U.S. Court has scheduled a hearing date of April 6, 2016, in respect of the following (the “**April Motions**”):

- (a) applications and motions of the Debtors for retention orders for various professional advisors and agents to the Debtors, including RAS Management Advisors, LLC; Lazard Freres & Co. LLC and Lazard Middle Market LLC; Pachulski Stang Ziehl & Jones LLP; Aird & Berlis LLP; Kirkland & Ellis LLP; and Epiq Bankruptcy Solutions, LLC;
- (b) motion of Traxys North America, LLC for an order compelling the Debtors to assume or reject executory contracts; and
- (c) motion of the Creditors’ Committee for an Order Establishing Procedures for Compliance with 11 U.S.C. 1102(b)(3) and 1103(c).

39. The Information Officer will report further to the Court in respect of the April Motions to the extent the Foreign Representative seeks recognition of any orders granted in connection with the April Motions.

VI. UPDATE ON CERTAIN MATTERS RELATING TO ZOICHEM

A. Changes to Board of Directors

40. Prior to these proceedings, Zochem had four directors, three of whom were also directors of Horsehead Holding. The three directors were also officers of the Debtors and resident

² Further details are available on the Claims Agent’s website at: <http://dm.epiq11.com/HOC/Project>.

in Pennsylvania. The fourth director was a partner with Zochem's Canadian counsel (the "**Initial Canadian Director**"), appointed to satisfy the statutory requirement of 25% Canadian residency on the board of directors.

41. The Information Officer understands that, in response to the concerns of the U.S. Court raised at the First Day Motions that Zochem did not have an independent director that had received independent legal advice, and the similar concerns expressed by this Court, certain changes to Zochem's board of directors have recently been made, including the appointment of a new independent director, Harvey Tepner, who has a background as a restructuring professional. The Information Officer understands that Mr. Tepner has obtained independent Canadian and U.S. legal advice regarding Zochem's participation in the amended DIP Facility.
42. The Information Officer also understands that the following additional changes were made to the board of directors of Zochem:
 - (a) the Initial Canadian Director and one of the three U.S. resident directors resigned from the board of directors; and
 - (b) a new director, who is both a Canadian resident and an officer with the Debtors (the "**Current Canadian Director**"), was appointed to the board of directors.
43. The board of directors of Zochem therefore now consists of Mr. Tepner, the Current Canadian Director and two of the original U.S. resident directors.

B. Zochem Pension Plans

44. Zochem maintains separate pension plans for its salaried and hourly personnel, which have been closed to new members since July 1, 2012. Prior to the commencement of these proceedings, the Zochem salaried pension plan was underfunded on a solvency basis based on its most recent actuarial valuation effective December 31, 2014. The Information Officer understands that since the granting of the Interim U.S. DIP Order, Zochem has made payments totalling CAD\$254,585 to the salaried pension plan to address the solvency deficit. The Zochem hourly pension plan was overfunded based on its most recent actuarial valuation effective December 31, 2013.
45. The Information Officer understands Zochem continues to make current service payments for both pension plans in the normal course.
46. The Information Officer understands that Canadian counsel to the Debtors wrote to the members of the Zochem hourly and salaried pension plans on February 11, 2016 to advise of the current restructuring proceedings and describe the potential impact on the pension plans. The Information Officer further understands that a number of inquiries from Zochem pension plan members were subsequently received and responded to by the Debtors' Canadian counsel, by Zochem's pension benefits consultants and by Zochem's general manager.

C. Changes to Cash Management System

47. Prior to the commencement of these proceedings, Zochem used a cash management system whereby:

- (a) all receipts flowed into a collection account at PNC (the “**PNC Account**”) in the United States, in part via a lockbox maintained at PNC;
 - (b) funds from the PNC Account were transferred daily into an operating account at PNC in the United States; and
 - (c) funds were then transferred, as the Debtors’ treasury department in Pittsburgh determined was required, to a U.S. dollar operating account and a Canadian dollar operating account at Scotiabank in Canada to pay vendors and payroll, as applicable (the “**Scotiabank Account**”).
48. As discussed above, PNC was also a secured creditor of Zochem in respect of the Zochem Facility. As indicated to the Courts during the First Day Motions and Initial Recognition Motion and also discussed above, a portion of the borrowings under the DIP Facility in the interim period was used to repay the Zochem Facility. Notwithstanding the payout of the Zochem Facility, Zochem has been permitted to maintain the PNC Account. Pursuant to the Interim U.S. Cash Management Order, PNC may require the Debtors to close all bank accounts at PNC within 90 days of the Petition Date (i.e. by May 2, 2016).
49. The Debtors have advised the Information Officer that, since the payout of the Zochem Facility, Zochem has been working to transition from the PNC Account to new accounts with Wells Fargo, with which other Debtors already maintain certain accounts. The Debtors expect to complete such transition within the 90-day timeframe under the Interim U.S. Cash Management Order, although additional time may be required in connection with Zochem’s lockbox held at PNC. The Debtors intend to work with PNC in

connection with such transition matters and related timing requirements. Zochem will maintain its Canadian dollar Scotiabank Account.

D. Liquidity Position and Use of DIP Facility Funds

50. Subsequent to the granting of the Interim U.S. DIP Order, the Information Officer understands that the Debtors had drawn approximately \$31.8 million under the DIP Facility through the week ending February 13, 2016, of which: (i) \$18.7 million was used to repay the Zochem Facility (including the \$1 million forbearance fee payable to PNC); and (ii) approximately \$4 million was used to pay fees associated with the DIP Facility. On February 22, 2016, an additional \$6.7 million was advanced to the Debtors under the DIP Facility, for a total outstanding balance of \$38.5 million. As at February 26, 2016, the Information Officer understands that the Debtors collectively had approximately \$22.3 million of cash on hand, of which \$2.4 million was related to Zochem.
51. For the four (4) weeks ended February 27, 2016, Zochem had total cash receipts of approximately \$7.5 million as compared to forecast of \$10.6 million, and total disbursements of \$7.6 million as compared to forecast of \$9.5 million, for a net operating cash outflow of \$0.1 million over the period (excluding repayment of the Zochem Facility and associated fees to PNC). The Information Officer understands that approximately \$1.2 million of Zochem's \$7.6 million in disbursements were paid by the U.S. Debtors on Zochem's behalf using proceeds from the DIP Facility. Based on the information provided to the Information Officer, Zochem is projected to be break-even on a cash flow basis during the period from March 2016 to June 2016.

52. The Information Officer understands that the Zochem cash flows do not take into account the payment of any professional or DIP Facility fees associated with these restructuring proceedings, all of which are currently borne by the U.S. Debtors. As at February 20, 2016, the Debtors had paid approximately \$5.1 million in connection with these costs, and are projected to incur and pay an additional \$20 million over the course of these restructuring proceedings.

VII. ACTIVITIES OF THE INFORMATION OFFICER

53. The activities of the Information Officer to date include:
- (a) coordinated the publication of a notice of the Chapter 11 Proceedings and CCAA Recognition Proceedings (the “**Notice**”) in the Globe & Mail, national edition, on February 12, 2016 and February 19, 2016, as required by the Initial Recognition Order and Section 53(b) of the CCAA. Copies of the Notice and published advertisement of the Notice are attached hereto as Appendix “B”;
 - (b) established a website at <http://www.richter.ca/en/folder/insolvency-cases/h/horsehead-holdings> to make available copies of the orders granted in the CCAA Recognition Proceedings as well as motion materials and reports of the Information Officer;
 - (c) completed the requisite CCAA forms to register the CCAA Recognition Proceedings with the Office of the Superintendent of Bankruptcy;
 - (d) responded to creditor inquiries regarding the Chapter 11 Proceedings and CCAA Recognition Proceedings;

- (e) held various discussions with the Debtors' advisors and the Information Officer's counsel regarding the status of matters related to the Chapter 11 Proceedings and the CCAA Recognition Proceedings; and
- (f) reviewed materials filed by various parties in the Chapter 11 Proceedings in connection with the First Day Motions and the Second Day Motions.

54. The Foreign Representative is seeking approval of this First Report and the activities of the Information Officer set out herein in respect of this proceeding.

VIII. INFORMATION OFFICER'S RECOMMENDATION

55. Based on: (i) the Information received and reviewed by the Information Officer to date; and (ii) the inclusion of the Zochem Carve-Out in the Final U.S. DIP Order, the Information Officer believes it is reasonable in the circumstances to recognize the Final U.S. DIP Order and respectfully recommends that this Court grant the recognition order sought by the Foreign Representative.

ALL OF WHICH IS RESPECTFULLY SUBMITTED at Toronto, Ontario this 2nd day of March, 2016.

RICHTER ADVISORY GROUP INC.
in its capacity as Information Officer
of Horsehead Holding Corp. and Zochem Inc. *et al.*
and not in its personal capacity



Adam Sherman, MBA, CIRP
Senior Vice-President



Pritesh Patel, CIRP, CFA, MBA
Vice-President

APPENDIX "A"

REPORT OF THE PROPOSED INFORMATION OFFICER

**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 CERTAIN PROCEEDINGS TAKEN IN THE UNITED
STATES BANKRUPTCY COURT WITH RESPECT TO HORSEHEAD HOLDING
CORP., HORSEHEAD CORPORATION, HORSEHEAD METAL PRODUCTS, LLC,
THE INTERNATIONAL METALS RECLAMATION COMPANY, LLC AND
ZOCHEM INC. (collectively, the "Debtors")**

**APPLICATION OF ZOCHEM INC.
UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, C. C-36, AS AMENDED**

**REPORT OF THE PROPOSED INFORMATION OFFICER
RICHTER ADVISORY GROUP INC.**

February 4, 2016

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**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**

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**APPLICATION OF ZOCHEM INC.
UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, C. C-36, AS AMENDED**

**REPORT OF THE PROPOSED INFORMATION OFFICER
RICHTER ADVISORY GROUP INC.**

February 4, 2016

I. INTRODUCTION

1. On February 2, 2016 (the "**Petition Date**"), Horsehead Holding Corp. ("**Horsehead Holding**"), Horsehead Corporation, Horsehead Metal Products, LLC ("**Horsehead Metals**"), the International Metals Reclamation Company, LLC ("**INMETCO**") and Zochem Inc. ("**Zochem**", and collectively, the "**Debtors**"), commenced voluntary reorganization proceedings (the "**Chapter 11 Proceedings**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**") by each filing a voluntary petition for relief under chapter 11 of title 11 of the *United States Code*, 11 U.S.C. 101-1532 (the "**Bankruptcy Code**").
2. Also on the Petition Date, the Debtors filed various motions for interim and/or final orders (the "**First Day Motions**" and the orders granted by the U.S. Court in respect

thereof, the “**First Day Orders**”) in the Chapter 11 Proceedings to permit the Debtors to continue to operate their business in the ordinary course. The First Day Motions included a motion for entry of an order authorizing Horsehead Holding to act as foreign representative on behalf of the Debtors for the within proceedings. As described in further detail below, that motion was amended at the hearing before the U.S. Court such that Zochem was appointed as the foreign representative of the Debtors.

3. Also on the Petition Date, Horsehead Holding, as the then proposed foreign representative, commenced an application before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) pursuant to Part IV of the *Companies’ Creditors Arrangement Act* (R.S.C. 1985, c. C-36, as amended) (the “**CCAA**”) for:
 - (a) an interim order (the “**Interim Stay Order**”) granting, *inter alia*, an interim stay of proceedings in respect of the property, business and directors and officers of the Debtors in Canada, and providing for the continuation of services required by the Debtors in Canada;
 - (b) an initial recognition order, *inter alia*: (i) declaring that Horsehead Holding is a “foreign representative” pursuant to Section 45 of the CCAA; (ii) declaring that the centre of main interest for the Debtors is the United States and the Chapter 11 Proceedings are recognized as a “foreign main proceeding” under the CCAA; and (iii) granting a stay of proceedings against the Debtors; and
 - (c) a supplemental order (the “**Supplemental Order**”) pursuant to section 49 of the CCAA, *inter alia*: (i) recognizing and giving full force and effect in Canada to certain of the First Day Orders; (ii) appointing Richter Advisory Group Inc.

(“**Richter**” or the “**Proposed Information Officer**”) as the information officer (the “**Information Officer**”) in respect of this proceeding; (iii) staying any proceeding, rights or remedies against or in respect of the Debtors, the business and property of the Debtors, the directors and officers of the Debtors, and the Information Officer; (iv) restraining the right of any person or entity to, among other things, discontinue or terminate any supply of products or services to the Debtors; (v) granting a super-priority charge up to a maximum amount of \$100,000 over the Debtors’ property in Canada in favour of the Information Officer and its counsel as security for their professional fees and disbursements incurred in respect of these proceedings (the “**Administration Charge**”); and (vi) granting a super-priority charge over the Debtors’ property in Canada in favour of the DIP Agent (as defined in the Supplemental Order) (the “**DIP Lenders’ Charge**”).

4. On February 2, 2016, the Court granted the Interim Stay Order, a copy of which is attached hereto as Appendix “A”, and scheduled a hearing for the additional requested relief on Friday, February 5, 2016.
5. On February 4, 2016, the U.S. Court entered an amended Order (the “**Foreign Representative Order**”) authorizing Zochem (rather than Horsehead Holding) to act as foreign representative (in such capacity, the “**Foreign Representative**”) on behalf of the Debtors for the within proceedings and various other First Day Orders, as further described below.

6. Given the authorization of Zochem to act as Foreign Representative pursuant to the Foreign Representative Order, Zochem has requested an amendment to the style of cause of these proceedings and is seeking:
 - (a) an initial recognition order (the “**Initial Recognition Order**”), *inter alia*: (i) declaring that Zochem is a “foreign representative” pursuant to Section 45 of the CCAA; (ii) declaring that the centre of main interest for the Debtors is the United States and the Chapter 11 Proceedings are recognized as a “foreign main proceeding” under the CCAA; and (iii) granting a stay of proceedings against the Debtors; and
 - (b) the Supplemental Order.
7. Other than these proceedings (the “**CCAA Recognition Proceedings**”) and the Chapter 11 Proceedings, there are currently no other foreign proceedings in respect of the Debtors of which the Proposed Information Officer is aware.

II. PURPOSE

8. The purpose of this report of the Proposed Information Officer (the “**Report**”) is to assist the Court in considering the proposed Foreign Representative’s request for the Initial Recognition Order and the Supplemental Order, and to provide the Court with certain background information concerning:
 - (a) the Debtors’ business and operations, including their organizational structure and debt structure;
 - (b) Zochem, the sole Canadian incorporated Debtor;

- (c) the Debtors' centre of main interest;
- (d) the events leading up to the Chapter 11 Proceedings and CCAA Recognition Proceedings;
- (e) the First Day Orders of the U.S. Court that the Debtors are seeking to have recognized pursuant to section 46 of the CCAA;
- (f) the proposed Administration Charge and DIP Lenders' Charge; and
- (g) the proposed initial activities and qualifications of the Information Officer.

III. TERMS OF REFERENCE

9. In preparing this Report, Richter has relied solely on information and documents provided by the Debtors and their advisors, including unaudited financial information, declarations and affidavits of the Debtors' executives and other information provided in the Chapter 11 Proceedings (the "**Information**"). Based on its limited review and limited interaction with the Debtors and their advisors to date, nothing has come to Richter's attention that would cause it to question the reasonableness of the Information. However, Richter has not audited, reviewed or otherwise attempted to independently verify the accuracy or completeness of the Information. Accordingly, Richter expresses no opinion or other form of assurance in respect of the Information.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.

IV. BACKGROUND

A. Corporate Overview and Organizational Structure

11. The Proposed Information Officer understands that the Debtors are part of an integrated group that produces and recycles zinc and zinc-related materials. The Debtors operate through three business units: Horsehead Corporation and its subsidiaries (collectively, “**Horsehead**”), Zochem and INMETCO. Horsehead Corporation, Zochem and INMETCO are each subsidiaries of Horsehead Holding.
12. Horsehead is a recycler of electric arc furnace (“**EAF**”) dust, a zinc-containing waste generated by North American steel “mini-mills”. Horsehead uses the recycled EAF dust to produce specialty zinc and zinc-based products. Zochem is a producer of zinc oxide. INMETCO is a recycler of nickel-bearing wastes and nickel-cadmium batteries, and a producer of nickel-chromium-molybdenum-iron remelt alloy for the stainless steel and specialty steel industries.
13. Collectively, the Debtors hold a market-leading position in zinc production in the United States, zinc oxide production in North America, EAF dust recycling in North America and are a leading environmental service provider to the U.S. steel industry.
14. Horsehead Holding is a publicly-traded company. Its common shares are listed on the NASDAQ Stock Market under the ticker symbol ZINC.
15. A copy of an organizational chart for the Debtors is attached hereto as Appendix “B”. The jurisdiction of organization for each of the Debtors is as follows:

Debtor	Jurisdiction of Organization
Horsehead Holding	Delaware
Horsehead Corporation	Delaware
Horsehead Metals	North Carolina
INMETCO	Delaware
Zochem	Canada

16. Horsehead Holding has three indirect subsidiaries that are not Debtors: Horsehead Zinc Recycling, LLC (incorporated in South Carolina), Chestnut Ridge Railroad Corp. (incorporated in Delaware) and Thirty Ox, LLC (incorporated in North Carolina).
17. Zochem is the only Debtor that is incorporated in Canada. The Debtors, excluding Zochem, are referred to herein as the “**U.S. Debtors**”.

B. Capital Structure – Debt Obligations

18. As at the Petition Date, the Debtors’ consolidated long-term debt obligations totalled approximately \$420.7 million. The Debtors’ consolidated long-term debt obligations outstanding as of the Petition Date are outlined in the table below and detailed in the paragraphs that follow.

Indebtedness	Principal Outstanding (\$ millions)
Macquarie Credit Facility	\$ 27.2
10.50% Secured Notes	205.0
Zochem Secured Credit Facility	16.9
9.00% Unsecured Notes	40.0
3.80% Convertible Notes	100.0
Banco Bilbao Credit Facility	17.4
NMTC Loans	14.2
Total	\$ 420.7

19. Only the “Zochem Secured Credit Facility” is a pre-petition obligation of Zochem.
- (i) *The Macquarie Credit Facility*
20. On June 30, 2015, each of the U.S. Debtors entered into an \$80 million secured revolving credit facility (the “**Macquarie Credit Facility**”) as borrowers or guarantors with Macquarie Bank Limited (“**Macquarie**”). The Macquarie Credit Facility matures on May 15, 2017. Obligations arising under the Macquarie Credit Facility are secured by first priority liens (subject to certain permitted liens) on substantially all of the U.S. Debtors’ assets. Certain of the assets securing the U.S. Debtors’ obligations under the Macquarie Credit Facility also secure the U.S. Debtors’ obligations under the Senior Secured Notes (as defined and discussed below).
21. On the same date the U.S. Debtors’ entered into the Macquarie Credit Facility, the collateral agents for the Senior Secured Notes and the Macquarie Credit Facility also entered into an intercreditor agreement (the “**Intercreditor Agreement**”), which, among other things, assigned relative priority between Macquarie and holders of the Senior Secured Notes with regard to certain shared collateral. Pursuant to the Intercreditor Agreement, liens granted by the U.S. Debtors to secure the Macquarie Credit Facility are:

(a) senior to any liens granted by the U.S. Debtors to secure the Senior Secured Notes with respect to (i) all INMETCO assets, and (ii) certain personal property of Horsehead and its subsidiaries, including accounts receivables, inventory, cash and deposit accounts; and (b) junior to (i) any liens granted to secure the Senior Secured Notes with respect to real property, fixtures and equipment of Horsehead and its subsidiaries, and (ii) any liens granted on Horsehead Holding's assets.

22. As of the Petition Date, approximately \$27.2 million was outstanding under the Macquarie Credit Facility.

(ii) The Senior Secured Notes

23. In July 2012, Horsehead Holding completed a private placement of \$175 million of 10.50% senior secured notes due in 2017 (the "**Senior Secured Notes**") at an issue price of 98.188% of par. Proceeds from the Senior Secured Notes were used primarily for construction costs of a zinc processing facility located in Mooresboro, North Carolina (the "**Mooresboro Facility**"). On June 3, 2013, Horsehead Holding issued \$20 million of additional Senior Secured Notes at an issue price of 106.50% of par. It issued a further \$10 million of Senior Secured Notes at an issue price of 113.00% of par on July 29, 2014.

24. As of the Petition Date, approximately \$205.0 million of Senior Secured Notes are outstanding.

25. The Senior Secured Notes were issued by Horsehead Holding and guaranteed by each of the other U.S. Debtors, and obligations arising under the Senior Secured Notes are secured by the U.S. Debtors' existing and future property and assets. As described above, the relative priority of the liens securing the Senior Secured Notes and the Macquarie

Credit Facility are governed by the Intercreditor Agreement. In addition, the Senior Secured Notes are secured by a first-priority pledge from Horsehead Holding of 65% of Horsehead Holding's equity interest in Zochem.

(iii) Zochem's Secured Credit Facility

26. On April 29, 2014, Zochem, as borrower, and Horsehead Holding, as guarantor, entered into a \$20 million secured revolving credit facility (the "**Zochem Facility**") with PNC Bank, N.A., as agent ("**PNC**"). The Zochem Facility is secured by a first priority lien (subject to certain permitted liens) on substantially all of Zochem's tangible and intangible personal property, and, pursuant to the PNC Forbearance Agreement (as defined below), a mortgage on the Ontario Premises (as defined below). Horsehead Holding unconditionally guaranteed Zochem's obligations under the Zochem Facility, and pursuant to a Pledge Agreement dated as of April 29, 2014, pledged 65% of its equity interest in Zochem to PNC as additional collateral. As of the Petition Date, approximately \$16.9 million was outstanding under the Zochem Facility. The Proposed Information Officer understands PNC has assigned its position as lender under the Zochem Facility to an arm's length party, but that it remains the agent under the Zochem Facility.
27. The Proposed Information Officer notes that it has not conducted a security review of PNC's security with respect to Zochem's assets. The Interim U.S. DIP Order (as defined below) preserves the ability of certain parties to challenge the claims and collateral of, among other creditors of the Debtors, PNC for a specified period subject to certain terms and limitations as specified therein.

(iv) *Other Indebtedness of the U.S. Debtors*

28. As more fully described in the Declaration of James M. Hensler filed in the Chapter 11 Proceedings in support of the First Day Motions (the “**Hensler Declaration**”) (included as Exhibit “F” to the Affidavit of James M. Hensler sworn February 2, 2016, and filed in the within proceedings), the U.S. Debtors also have certain additional outstanding debt obligations, including approximately \$17.4 million under the Banco Bilbao Credit Facility (as defined in the Hensler Declaration), approximately \$40 million of Unsecured Notes (as defined in the Hensler Declaration), approximately \$100 million of Convertible Notes (as defined in the Hensler Declaration), and certain guarantees in respect of obligations of a non-Debtor indirect subsidiary of Horsehead Holdings under certain construction loan agreements. Zochem does not have any obligations in respect of the foregoing debt obligations.

C. Overview of Zochem’s Business

29. Zochem is a wholly-owned subsidiary of Horsehead Holding incorporated under the *Canada Business Corporations Act*.
30. The head office of Zochem is located in Pittsburgh, Pennsylvania, and operations are located at its registered office at 1 Tilbury Court, Brampton, Ontario (the “**Ontario Premises**”).
31. Zochem is one of the largest single-site producers of zinc oxide in North America. Zinc oxide is used as an additive in various materials and products, including plastics, ceramics, glass, rubbers, cement, lubricants, pigments, sealants, ointments, fire retardants and batteries. The Debtors sell zinc oxide to over 250 producers of tire and rubber

products, chemicals, paints, plastics and pharmaceuticals, and have supplied zinc oxide to the majority of their largest customers for over ten years. Zochem has the capacity to produce approximately 72,000 tons of zinc oxide a year.

D. Financial Position of Zochem

32. As of November 30, 2015 (the date of the most recent unaudited financial statements of Zochem), Zochem had total assets with a book value of approximately \$79 million and total liabilities of approximately \$33 million (plus deferred income taxes of approximately \$2 million).
33. As noted above, Zochem's sole credit facility is the Zochem Facility with an outstanding amount owing as at the Petition Date of approximately \$16.9 million. In addition, as discussed in greater detail below, Zochem has agreed to pay PNC a forbearance fee of \$1 million in connection with the Zochem Facility.
34. As at February 1, 2016, Zochem's outstanding trade payables were approximately \$7.3 million.
35. As at the Petition Date, the Proposed Information Officer understands the Debtors (collectively) had approximately \$1.1 million of cash on hand. Based on discussions with the Debtors' advisors, the Proposed Information Officer understands the Debtors have collected various cash receipts since the Petition Date such that as at February 3, 2016: (i) the Debtors (collectively) had approximately \$5.0 million of cash on hand; and (ii) Zochem had approximately \$2.3 million cash on hand. The Interim U.S. DIP Order authorizes the use of this cash collateral in the Debtors' business. In the absence of such

authorization, the Proposed Information Officer understands such cash may not be available to the Debtors.

36. The Proposed Information Officer is advised by the Debtors' advisors that on February 3, 2016, one of Zochem's largest suppliers demanded pre-payment for future supply.

E. Canadian Employees and Employee Benefit Programs

37. As of December 31, 2015, Zochem had 19 salaried personnel and 25 hourly personnel. Approximately 25 of these employees are organized under Unifor and its Local 591-G-850 (successor by merger to the Communications, Energy and Paperworkers Union Local 591-G-850), whose collective labour agreement expires on June 30, 2016. Zochem uses ADP as its payroll service provider.
38. Zochem maintains separate pension plans for its salaried and hourly personnel, which have been closed to new members since July 1, 2012. Newer employees have joined Zochem's group RRSP. According to a report prepared by Corporate Benefit Analysis, Inc., the pensions were, collectively, overfunded as at December 31, 2015, though the salaried plan had an unfunded projected benefit obligation in the amount of CAD\$181,499. Neither plan has been wound up.
39. The Proposed Information Officer is advised by counsel to the Debtors that Zochem intends to make all required pension payments during the current 13-week budget period contemplated by the Proposed DIP Facility (as defined below).

F. Zochem's Cash Management System

40. Zochem uses a cash management system whereby:

- (a) all receipts flow into a collection account at PNC in the United States, in part via a lockbox maintained at PNC;
- (b) funds from the PNC collection account are transferred daily into an operating account at PNC in the United States; and
- (c) funds are then transferred, as the Debtors' treasury department in Pittsburgh determines is required, to a U.S. dollar operating account and a Canadian dollar operating account at Scotiabank in Canada to pay vendors and payroll, as applicable.

41. The Proposed Information Officer is advised by the Debtors' advisors that, notwithstanding the intended payout of the Zochem Facility, Zochem will be permitted to use its accounts with PNC for some further period of time following the Petition Date. The Proposed Information Officer has requested that the Debtors advise it of their intended course of action with respect to Zochem's cash management system and bank accounts moving forward.

V. CENTRE OF MAIN INTEREST

42. The Debtors operate a highly integrated business managed out of the United States where the Debtors maintain their head office. Although Zochem's registered office is the Ontario Premises, the Proposed Information Officer understands:

- (a) all local functions associated with managing and operating the Ontario Premises are performed from the Debtors' Pittsburgh, Pennsylvania headquarters;

- (b) all internal and external communications, pricing decisions and business development decisions for Zochem are made from the head office in Pittsburgh;
- (c) Zochem's accounts receivable, accounts payable and treasury departments are located in Pittsburgh;
- (d) three out of four of Zochem's officers, and three out of four of its directors, are residents of Pennsylvania, and most of Zochem's officers are also officers of each of the other Debtors; and
- (e) Zochem's statutorily required one Canadian director (representing 25% of the board) is a partner at the law firm Aird & Berlis LLP, the Debtors' Canadian counsel.

43. Based on the foregoing, the Proposed Information Officer believes it is reasonable to conclude that the Debtors' (including Zochem's) "centre of main interest" is in the United States.

VI. EVENTS LEADING TO THE CHAPTER 11 PROCEEDINGS AND CCAA RECOGNITION PROCEEDINGS

44. The Proposed Information Officer understands the Debtors' financial position has been negatively impacted by low commodity prices coupled with weaker near-term global demand for zinc, as well as by operational challenges at their zinc processing facility located in Mooresboro, North Carolina.

45. On January 5, 2016, the U.S. Debtors received a notice of default due to, among other things, an over-advance position under the Macquarie Credit Facility. Macquarie

subsequently froze certain of the U.S. Debtors' bank accounts, including their main operating account, resulting in the U.S. Debtors being unable to access a material portion of their liquidity.

46. On January 6, 2016, PNC asserted an event of default arising under the Zochem Facility on account of, among other things, Zochem's failure to comply with a fixed charge covenant test as of November 30, 2015. On January 13, 2016, PNC froze certain of Zochem's bank accounts, and demanded immediate payment of all outstanding obligations. PNC's demand was accompanied by a notice of intention to enforce security under section 244 of the *Bankruptcy and Insolvency Act*.
47. Since these events, the Debtors and their advisors have engaged in ongoing negotiations with their lenders to obtain incremental access to liquidity. On January 14, 2016, Zochem and Horsehead Holdings entered into a forbearance agreement with PNC with respect to the Zochem Facility (the "**PNC Forbearance Agreement**"), pursuant to which PNC agreed to temporarily forbear from exercising its rights and remedies related to certain events of defaults. In consideration for the PNC Forbearance Agreement, Zochem and Horsehead Holdings agreed, among other things, to pay a forbearance fee to PNC of \$1 million, due and payable at the termination of the forbearance period, and to provide a mortgage on Zochem's then unencumbered Ontario Premises. The forbearance period in respect of the PNC Forbearance Agreement terminated on February 1, 2016.
48. The U.S. Debtors also entered into a forbearance agreement with Macquarie (the "**Macquarie Forbearance**") with respect to the Macquarie Credit Facility on January 15, 2016. Pursuant to the Macquarie Forbearance, Macquarie agreed to temporarily forbear

from exercising its rights and remedies related to certain events of default. In exchange, the U.S. Debtors agreed to, among other things, pay down borrowings under the Macquarie Credit Facility, pay a restructuring fee in the minimum amount of \$1 million in the event that obligations under the Macquarie Credit Facility are not paid, in full, by February 1, 2016, with the fee increasing over time. The forbearance period in respect of the Macquarie Forbearance terminated on February 1, 2016.

49. As noted above, on February 2, 2016, the Debtors commenced the Chapter 11 Proceedings (thereby obtaining an automatic stay of proceedings in the United States) and obtained the Interim Stay Order in Canada.

VII. THE PROPOSED DIP FACILITY

50. As of the Petition Date, the Debtors total available cash balance was approximately \$1.1 million and they lacked sufficient funds to operate their business and to pay debts as they came due. Further, the Debtors did not have readily available sources of additional financing.
51. As noted above, the Debtors have collected certain receipts since the Petition Date such that their aggregate cash on hand is now \$5.0 million; however, in the absence of obtaining access to additional financing and the requested relief being granted, the Debtors, including Zochem, will be unable to operate their business and pay their debts as they fall due in the near term.
52. The Debtors, with the assistance of their advisors, began evaluating the Debtors' financing needs and funding alternatives in December 2015, and conducted a marketing

process to identify a solution to the Debtors' financing needs. The Debtors, with the assistance of their advisors, solicited debtor-in-possession ("**DIP**") financing from twenty-eight potential sources, including third party lenders, hedge funds and financial institutions. The Debtors also engaged in discussions with an ad hoc group of holders of the Senior Secured Notes (the "**Senior Noteholder Group**").

53. Including the Senior Noteholder Group proposal, the Debtors received term sheets from four potential sources of DIP financing and engaged in negotiations with each potential DIP lender. Ultimately, the Debtors selected the DIP financing proposed by the Senior Noteholder Group (the "**DIP Lenders**") as the best facility available to meet their needs.
54. The Debtors have advised that no other identified potential third party lender was willing to provide DIP financing with less than first priority security over all of the Debtors' assets, including all of the assets of Zochem. Further, the Proposed Information Officer is advised by the Debtors' advisors that the DIP Lenders' proposal provided the Debtors with the most liquidity to fund their operations and restructuring activities.

(i) Proposed DIP Facility

55. On February 3, 2016, the Debtors sought interim approval from the U.S. Court of a senior secured super priority DIP credit facility in the amount of \$90 million offered by the DIP Lenders (the "**Proposed DIP Facility**"). The Proposed DIP Facility contemplated that the liens granted in connection with the DIP Facility would be first-priority liens over a portion of the Debtors' assets (including all of the assets of Zochem and the assets of the Debtors subject to a first-priority lien in respect of the Senior Secured Notes), and

second-priority liens with respect to the assets of the U.S. Debtors that are presently subject to a first-priority lien in favour of Macquarie.

56. Under the Proposed DIP Facility, the maximum amount permitted to be advanced on an interim basis was \$40 million, and it was contemplated that all of the Debtors would be jointly and severally liable for all advances made. The contemplated uses of the initial \$40 million DIP advance were approximately \$18 million to pay out the Zochem Facility (including the \$1 million forbearance fee), with the balance of the advances being used to fund the operations and restructuring activities of the Debtors during the interim period (the “**Interim Period**”) until a final order approving the Proposed DIP Facility is sought from the U.S. Court in late February.

(i) *Amended Interim DIP*

57. At the hearing of the First Day Motions, the U.S. Court raised certain concerns with respect to the Proposed DIP Facility and its impact on Zochem, including the benefit to be derived by Zochem from a portion of the contemplated DIP advances during the Interim Period.
58. To address such concerns, the Debtors and the DIP Lenders agreed to certain interim amendments to the Proposed DIP Facility as follows:
- (a) the maximum liability of Zochem pursuant to the Proposed DIP Facility in the Interim Period would be capped at \$25 million (reduced from the prior contemplated maximum amount of \$40 million), with a maximum amount of \$38.5 million permitted to be advanced under the Proposed DIP Facility during the Interim Period;

- (b) the DIP Lenders would receive an additional 2% commitment fee (in addition to the already contemplated 2.5% commitment fee); and
 - (c) the previously unpledged 35% of the shares of Zochem held by Horsehead Holdings would be subject to the priority lien securing the Proposed DIP Facility and the respective “adequate protection” liens of each of Macquarie and the Senior Secured Noteholders (discussed in greater detail below).
59. In addition, the Debtors and DIP Lenders agreed that no repayments would be made on account of amounts advanced under the Proposed DIP Facility during the Interim Period.
60. On the basis of the foregoing changes, the U.S. Court approved the Proposed DIP Facility on an interim basis (the Order entered by the U.S. Court approving the Proposed DIP Facility on an interim basis, the “**Interim U.S. DIP Order**”). In so doing, the U.S. Court accepted certain testimony proffered by the Debtors as follows:
- (a) that Zochem is approximately break-even on a cash flow basis, and was projected to be approximately \$1 million dollars cash flow positive over the following 4 week period, not accounting for any disruption in its business;
 - (b) that the referenced break-even cash position did not take into account any bankruptcy related costs, all of which are allocated to Horsehead; and
 - (c) that the Debtors, in their business judgement, determined that it would not be prudent to operate the business on a break-even basis given these business pressures, and liquidity from the Proposed DIP Facility would be available to Zochem to provide a liquidity cushion for the first four weeks of this case.

61. The Proposed Information Officer understands the above noted changes to the Proposed DIP Facility were agreed to by the DIP Lenders for the Interim Period only, and that for purposes of seeking a final order from the U.S. Court approval may be sought on the terms originally contemplated, including that all borrowings and liabilities under the Proposed DIP Facility be secured by a first-priority charge on the assets of Zochem.

62. Additional material provisions of the Interim U.S. DIP Order include the following:
 - (a) in addition to not priming Macquarie's pre-petition liens, the Interim U.S. DIP Order grants an "adequate protection" lien in favour of Macquarie over substantially all the Debtors' assets (including all of the assets of Zochem) to secure payment of an amount equal to any diminution in the value of Macquaries' pre-petition collateral arising from, among other things, the Debtors' incurrence of DIP financing;

 - (b) the Interim U.S. DIP Order also grants an "adequate protection" lien in favour of holders of the Senior Secured Notes over substantially all the Debtors' assets (including all of the assets of Zochem) to secure payment of an amount equal to any diminution in the value of the pre-petition collateral relating to the Senior Secured Notes arising from, among other things, the Debtors' incurrence of DIP financing and the granting of the priming liens and claims with respect thereto;

 - (c) the Interim U.S. DIP Order also authorizes the Debtors to provide cash collateral in an amount not to exceed \$150,000 to PNC, as agent for the Zochem Facility, as security for indemnity and expense obligations of Zochem under the Zochem

Facility and grants adequate protection liens for such indemnity and expense obligations on the DIP collateral securing the Zochem Facility;

- (d) the Interim U.S. DIP Order provides certain rights for professional advisors to the Debtors (among others) upon the delivery of a specified notice upon an event of default under the Proposed DIP Facility that the Proposed Information Officer understands is designed to provide security to such professionals with respect to the payment of their fees and obligations in certain circumstances. In the event such a notice were to be delivered, the Debtors are obligated to fund a reserve for such professional fees (subject to a cap) from cash on hand, which reserve is to be held in trust for the benefit of such professionals; and
 - (e) following the giving of five (5) business days written notice to the Debtors and certain other parties of an event of default under the Proposed DIP Facility, unless the U.S. Court orders otherwise during such period, the automatic U.S. bankruptcy stay shall be terminated and the agent to the DIP Lenders shall be permitted to exercise all rights and remedies available to it.
63. The agreements relating to the Proposed DIP Facility (the “**DIP Documents**”) also contemplate the completion of certain “case milestones” as follows (the “**Milestones**”):
- (a) entry of the Interim U.S. DIP Order within three (3) days of the Petition Date;
 - (b) entry of an Order of this Court recognizing the Interim U.S. DIP Order within four (4) days of the Petition Date;

- (c) entry of an Order of the U.S. Court approving the Proposed DIP Facility (the “**Final U.S. DIP Order**”) within twenty-one (21) days of the Petition Date;
- (d) entry of an Order of this Court recognizing the Final U.S. DIP Order within twenty-three (23) days of the Petition Date;
- (e) filing of a plan of reorganization that is acceptable to the Required Lenders (as defined in the DIP Documents) and the Senior Noteholder Group, on the one hand, and the borrowers, on the other hand (an “**Acceptable Plan**”) and the filing of a disclosure statement with respect to the Acceptable Plan (the “**Disclosure Statement**”) with the U.S. Court within forty (40) days of the Petition Date;
- (f) entry by the U.S. Court of an order approving the Disclosure Statement within seventy-five (75) days of the Petition Date;
- (g) entry by this Court of an order recognizing the order approving the Disclosure Statement within seventy-seven (77) days of the Petition Date;
- (h) entry by the U.S. Court of an order confirming the Acceptable Plan within 115 days of the Petition Date;
- (i) entry by this Court of an order recognizing the order confirming the Acceptable Plan within 117 days of the Petition Date; and
- (j) consummation of the Acceptable Plan within 130 days of the Petition Date.

64. It is a condition of initial advances being made under the Proposed DIP Facility that both the Initial Recognition Order and Supplemental Order shall have been granted by this Court.
65. In addition to recognizing and giving effect to the Interim U.S. DIP Order, it is proposed that this Court grant a super-priority charge over the Debtors' property in Canada to secure the Proposed DIP Facility consistent with the liens and charges created by the Interim U.S. DIP Order.

VIII. PROPOSED INFORMATION OFFICER'S OBSERVATIONS IN RESPECT OF THE PROPOSED DIP FACILITY

66. As discussed above, as at the Petition Date Zochem's sole credit facility was the Zochem Facility with an outstanding amount owing of approximately \$16.9 million. A further \$1 million is due to PNC in respect of the forbearance fee. In addition, as at February 1, 2016, Zochem's trade payables totalled approximately \$7.3 million.
67. The Proposed Information Officer understands the Debtors currently have approximately \$5.0 million of cash on hand to fund their operations but that, absent the proposed relief being granted and advances under the Proposed DIP Facility being made, the ability to use such cash could be jeopardized and the Debtors will otherwise run out of liquidity and possibly be forced to cease operations.
68. It is estimated by the Debtors that up to \$38.5 million will be drawn under the Proposed DIP Facility in the Interim Period to be used as follows:

- (a) approximately \$18.5 million will be used to repay the Zochem Facility (including the \$1 million forbearance fee payable to PNC);
 - (b) approximately \$4 million will be used to pay fees associated with the Proposed DIP Facility; and
 - (c) approximately \$15.6 million will be used to finance the Debtors' operations and restructuring activities pursuant to an agreed upon budget, including payment of professional fees, utility deposits and certain critical materials and freight vendors.
69. The Proposed Information Officer was engaged on February 1, 2016, and has not had an opportunity to perform a liquidation analysis in respect of the assets of Zochem. However, it notes that the Debtors have indicated that:
- (a) Zochem's accounts receivable and inventory are valued at more than \$25 million; and
 - (b) they have received multiple expressions of interest from parties interested in acquiring Zochem for amounts materially in excess of the outstanding amounts under the Macquarie Credit Facility (i.e. materially in excess of approximately \$27 million).
70. In light of the concerns expressed by the U.S. Court, the maximum liability of Zochem with respect to the Proposed DIP Facility in the Interim Period has been capped at \$25 million. As approximately \$18.5 million of the DIP advances in the Interim Period will be used to repay the Zochem Facility and the related forbearance fee, the maximum

incremental priority obligation being incurred by Zochem in the Interim Period with respect to the Proposed DIP Facility is approximately \$6.5 million.

71. The Proposed Information Officer also notes that the Interim U.S. DIP Order cross-collateralizes, to a degree, certain pre-petition obligations of the U.S. Debtors over the assets of Zochem through the adequate protection liens described above.
72. Following the agreement of the Debtors and DIP Lenders to cap Zochem's liability for the Interim Period at \$25 million, the U.S. Court heard and accepted testimony proffered by the Debtors as to the benefit of the Proposed DIP Facility to Zochem, including the Debtors' determination that, in their business judgement, it would not be prudent to operate the business on a break-even basis given the business pressures it faced, and liquidity from the Proposed DIP Facility would be available to Zochem to provide a liquidity cushion for the first four weeks of this case.
73. Based on: (i) the Information received and reviewed by the Proposed Information Officer to date; (ii) the capping of Zochem's liability under the DIP Facility for the Interim Period at \$25 million; and (iii) the evidence outlined at paragraph 60 hereof, the Proposed Information Officer believes it is reasonable in the circumstances to recognize the Interim U.S. DIP Order and to grant the DIP Lender's Charge sought in connection therewith.

IX. OTHER FIRST DAY ORDERS OF THE U.S. COURT FOR WHICH RECOGNITION IS SOUGHT

74. In addition to the Interim U.S. DIP Order, Zochem is also seeking recognition of the following First Day Orders that have been entered by the U.S. Court in the Chapter 11

Proceedings, each of which is attached to the supplemental affidavit of Aaron Collins sworn February 4, 2016:

- (a) Order (I) Directing Joint Administration of Chapter 11 Cases, and (II) Granting Related Relief Filed By Horsehead Holding Corp.;
- (b) the Foreign Representative Order;
- (c) Interim Order (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management Systems, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, and (D) Continue to Perform Intercompany Transactions, and (II) Granting Related Relief Filed By Horsehead Holding Corp.;
- (d) Interim Order (I) Authorizing, But Not Directing, the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, Reimbursable Expenses, and Payroll Processing Fees, (B) Pay Withholding Obligations, (C) Continue Employee Benefits Programs, and (D) Continue Ordinary Course Incentive Programs for Non-Insiders, and (II) Granting Related Relief Filed By Horsehead Holding Corp.;
- (e) Interim Order (I) Authorizing Debtors to (A) Pay Prepetition Claims of Shippers and Miscellaneous Lien Claimants, (B) Pay Section 503(B)(9) Claims, and (C) Grant Administrative Expense Priority to all Undisputed Obligations for Goods Ordered Prepetition and Delivered Postpetition and Satisfy Such Obligations in

the Ordinary Course of Business and (II) Granting Related Relief Filed by Horsehead Holding Corp.;

- (f) Interim Order (I) Determining Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Services, (III) Establishing Procedures for Determining Adequate Assurance of Payment, and (IV) Granting Related Relief Filed By Horsehead Holding Corp.;
- (g) Interim Order (I) Authorizing the Debtors to (A) Continue Insurance Coverage Entered Into Prepetition, (B) Honor Their Prepetition Insurance Premium Financing Agreements in the Ordinary Course of Business, and (II) Granting Related Relief Filed by Horsehead Holding Corp.;
- (h) Order (I) Authorizing, but not Directing, the Payment of Certain Prepetition Taxes, Governmental Assessments, and Fees, and (II) Granting Related Relief Filed By Horsehead Holding Corp.
- (i) Interim Order (I) Authorizing Debtors to Pay Certain Prepetition Claims of Critical Vendors and (II) Granting Related Relief Filed By Horsehead Holding Corp.;
- (j) Interim Order (I) Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Stock and (II) Granting Related Relief Filed by Horsehead Holding Corp.; and

(k) Order (I) Authorizing the Debtors to File a Consolidated List of Creditors in Lieu of Submitting a Separate Mailing Matrix for Each Debtor, (II) Authorizing the Debtors to Redact Certain Personal Identification Information for Individual Creditors, and (III) Granting Related Relief Filed by Horsehead Holding Corp.

75. The Foreign Representative Order authorizes Zochem to act as the Foreign Representative on behalf of the Debtors' estates in the CCAA Recognition Proceedings, and grants Zochem, in its capacity as a Foreign Representative, the power to act in any way permitted by applicable foreign law. In paragraph 3 of the amended Foreign Representative Order, the U.S. Court requests the aid and assistance of this Court to recognize the Chapter 11 Proceedings as a "foreign main proceeding" and Zochem as a "foreign representative" under the CCAA.

X. PROPOSED CHARGES

76. Pursuant to the proposed Supplemental Order, Zochem is seeking an Administration Charge and a DIP Lenders' Charge.

(i) Administration Charge

77. The draft Supplemental Order contemplates an Administration Charge in respect of the fees and disbursement of the Information Officer and its counsel in an amount not to exceed \$100,000. The Administration Charge is required to protect the Information Officer and its counsel in the event that their reasonable fees and expenses are unpaid. The Proposed Information Officer considers the amount of the proposed Administration Charge to be reasonable and appropriate in the circumstances. The Administration

Charge would rank in priority to any other security interests, trust, liens, charges and encumbrances on the Debtors' property in Canada, including the DIP Lenders' Charge.

(ii) *DIP Lenders' Charge*

78. As noted above, the draft Supplemental Order contemplates the granting of the DIP Lenders' Charge to secure amounts owing under the Proposed DIP Facility consistent with the liens and charges created by the Interim U.S. DIP Order. The proposed DIP Lenders' Charge would rank in priority to any other security interests, trust, liens, charges and encumbrances on the Debtors' property in Canada except for the Administration Charge.

XI. PROPOSED INITIAL ACTIVITIES OF THE INFORMATION OFFICER

79. The draft Supplemental Order provides that following its appointment, the initial activities of the Information Officer would include, *inter alia*:
- (a) publishing a notice of the Chapter 11 Proceedings and the CCAA Recognition Proceedings in The Globe and Mail, National Edition, as soon as practicable following the date of the Supplemental Order, if granted, once a week for two consecutive weeks;
 - (b) providing such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;
 - (c) reporting to the Court with respect to the status of these proceedings and the Chapter 11 Proceedings at such times and intervals as the Information Officer deems appropriate, which reports may include information relating to the property

and business of the Debtors or such other matters as may be relevant to these proceedings; and

- (d) establishing a website at <http://www.richter.ca/en/folder/insolvency-cases/h/horsehead-holdings> to make available copies of the Orders granted in the CCAA Recognition Proceedings, reports of the Information Officer and other materials as the Court may order or the Information Officer deems appropriate.

XII. RICHTER'S QUALIFICATION TO ACT AS INFORMATION OFFICER

- 80. Richter has significant experience in connection with proceedings under the CCAA, including in acting as a Monitor in various cases.
- 81. Paul van Eyk and Adam Sherman, the individuals at Richter with primary carriage of this matter, are certified Chartered Insolvency and Restructuring Professionals and are licensed trustees within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada).
- 82. Richter has consented to act as Information Officer should this Court approve the requested Supplemental Order.

XIII. PROPOSED INFORMATION OFFICER'S RECOMMENDATIONS

- 83. The Proposed Information Officer believes the terms of the Initial Recognition Order relating to its proposed role as Information Officer are fair and reasonable, and consistent with the terms of appointments of information officers in other recognition proceedings under the CCAA.

84. In addition, based on: (i) the Information received and reviewed by the Proposed Information Officer to date; (ii) the capping of Zochem's liability under the DIP Facility for the Interim Period at \$25 million; and (iii) the evidence outlined at paragraph 60 hereof, the Proposed Information Officer believes it is reasonable in the circumstances to recognize the Interim U.S. DIP Order and to grant the DIP Lender's Charge sought in connection therewith.
85. Accordingly, the Proposed Information Officer respectfully recommends that this Court grant the relief requested by the Debtors in the Initial Recognition Order and the Supplemental Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED at Toronto, Ontario this 4th day of February, 2016.

RICHTER ADVISORY GROUP INC.
in its capacity as Proposed Information Officer
of Horsehead Holding Corp. and Zochem Inc. *et al.*
and not in its personal capacity



Adam Sherman, MBA, CIRP
Senior Vice-President



Pritesh Patel, CIRP, CFA, MBA
Vice-President

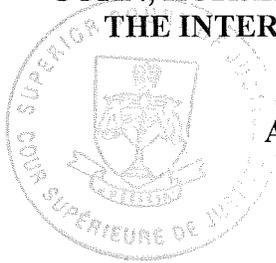
APPENDIX "A"

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.) TUESDAY, THE 2ND
)
JUSTICE NEWBOULD) DAY OF FEBRUARY, 2016

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

AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED STATES BANKRUPTCY COURT WITH RESPECT TO HORSEHEAD HOLDING CORP., HORSEHEAD CORPORATION, HORSEHEAD METAL PRODUCTS, LLC, THE INTERNATIONAL METALS RECLAMATION COMPANY, LLC AND ZOICHEM INC. (collectively, the "Debtors")



APPLICATION OF HORSEHEAD HOLDING CORP.
UNDER SECTION 46 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT

INTERIM ORDER
(FOREIGN MAIN PROCEEDING)

THIS APPLICATION, made by Horsehead Holding Corp. in its capacity as the proposed foreign representative (the "Foreign Representative") of the Debtors in respect of the proceedings commenced on February 2, 2016, in the United States Bankruptcy Court for the District of Delaware, under chapter 11 of title 11 of the United States Code (the "Foreign Proceeding"), for an Order substantially in the form enclosed in the Application Record, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of James M. Hensler sworn February 2, 2016, and on hearing the submissions of counsel for the Foreign Representative, counsel to Richter Advisory Group Inc., in its capacity as proposed information officer (the "Proposed Information Officer"), counsel to PNC Bank, National Association, counsel to

the Ad Hoc Group of Senior Secured Noteholders and proposed Post-Petition Lenders (the “**DIP Lenders**”) and Cantor Fitzgerald Securities, as administrative agent (the “**DIP Agent**”), no one else appearing although duly served as appears from the affidavit of service of Daphne Porter sworn February 2, 2016, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

STAY OF PROCEEDINGS

2. **THIS COURT ORDERS** that from the date hereof until and unless otherwise ordered by the Court (the “**Stay Period**”) no proceeding or enforcement process in any court or tribunal in Canada (each, a “**Proceeding**” and, collectively, “**Proceedings**”) including, without limitation, a Proceeding taken or that might be taken against the Debtors under the *Bankruptcy and Insolvency Act*, R.S.C., 1985 c. B-3, as amended, or the *Winding-up and Restructuring Act*, R.S.C. 1985, c. W-11, as amended, shall be commenced or continued against or in respect of the Debtors or affecting their business in Canada (the “**Business**”) or their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate in Canada, including all proceeds thereof (the “**Property**”), except with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

3. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, agency, governmental or quasi-governmental body, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against, in respect of or affecting the Debtors, or affecting the Business or the Property, are hereby stayed and suspended except with leave of this Court, provided that nothing in this Order shall (i) prevent the assertion of or the exercise of rights and remedies in the Foreign

Proceedings, (ii) empower any of the Debtors to carry on any business in Canada which that Debtor is not lawfully entitled to carry on, or (iii) affect such investigations or Proceedings by a regulatory body as are permitted by section 11.1 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA").

NO INTERFERENCE WITH RIGHTS

4. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Debtors in Canada, except with leave of this Court.

ADDITIONAL PROTECTIONS

5. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services in Canada, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services provided in respect of the Property or Business of the Debtors, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Debtors, and that the Debtors shall be entitled to the continued use in Canada of their, among other things, their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices and charges for all such goods and services received after the date of this Order are paid by the Debtors in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the relevant Debtor(s), or as may be ordered by this Court.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

6. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Debtors with respect to any

claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations until a plan of reorganization in respect of the Debtors, if one is filed in the Foreign Proceeding, is recognized by this Court and becomes effective in accordance with its terms, or unless otherwise ordered by this Court.

NO SALE OF PROPERTY

7. **THIS COURT ORDERS** that each of the Debtors is prohibited from selling or otherwise disposing of, outside the ordinary course of its business, any of its Property in Canada that relates to the Business and from selling or otherwise disposing of any of their other Property in Canada, provided however, that nothing herein shall prevent the Debtors from seeking approval in the Foreign Proceeding or from this Court to sell or otherwise dispose of the Property.

SERVICE AND NOTICE

8. **THIS COURT ORDERS** that that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission.

9. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Debtors, the Foreign Representative is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors’ creditors or other interested parties at their respective addresses as last shown on the records of the applicable

Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

10. **THIS COURT ORDERS** that any party may, from time to time, apply to this Court for such further or other relief as it may advise from time to time, including for directions in respect of the proper execution of this Order.

11. **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, to give effect to this Order and to assist the Debtors and the Foreign Representative, and respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtors and the Foreign Representative, as may be necessary or desirable to give effect to this Order, or to assist the Debtors and the Foreign Representative, and their respective agents in carrying out the terms of this Order.

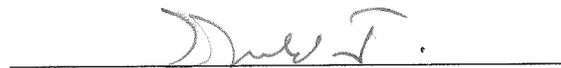
12. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days notice to the Debtors, the Foreign Representative, the Proposed Information Officer and their respective counsel, to counsel to the DIP Lenders and DIP Agent, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

13. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 a.m. on the date of this Order.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:



FEB 02 2016



**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED,
IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED STATES BANKRUPTCY COURT WITH RESPECT
TO THE DEBTORS, AND APPLICATION OF HORSEHEAD HOLDING CORP. UNDER SECTION 46 OF THE
*COMPANIES' CREDITORS ARRANGEMENT ACT***

Court File No. CV-16-11271-00CL

***ONTARIO*
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

INTERIM ORDER

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Lawyers for the Applicant

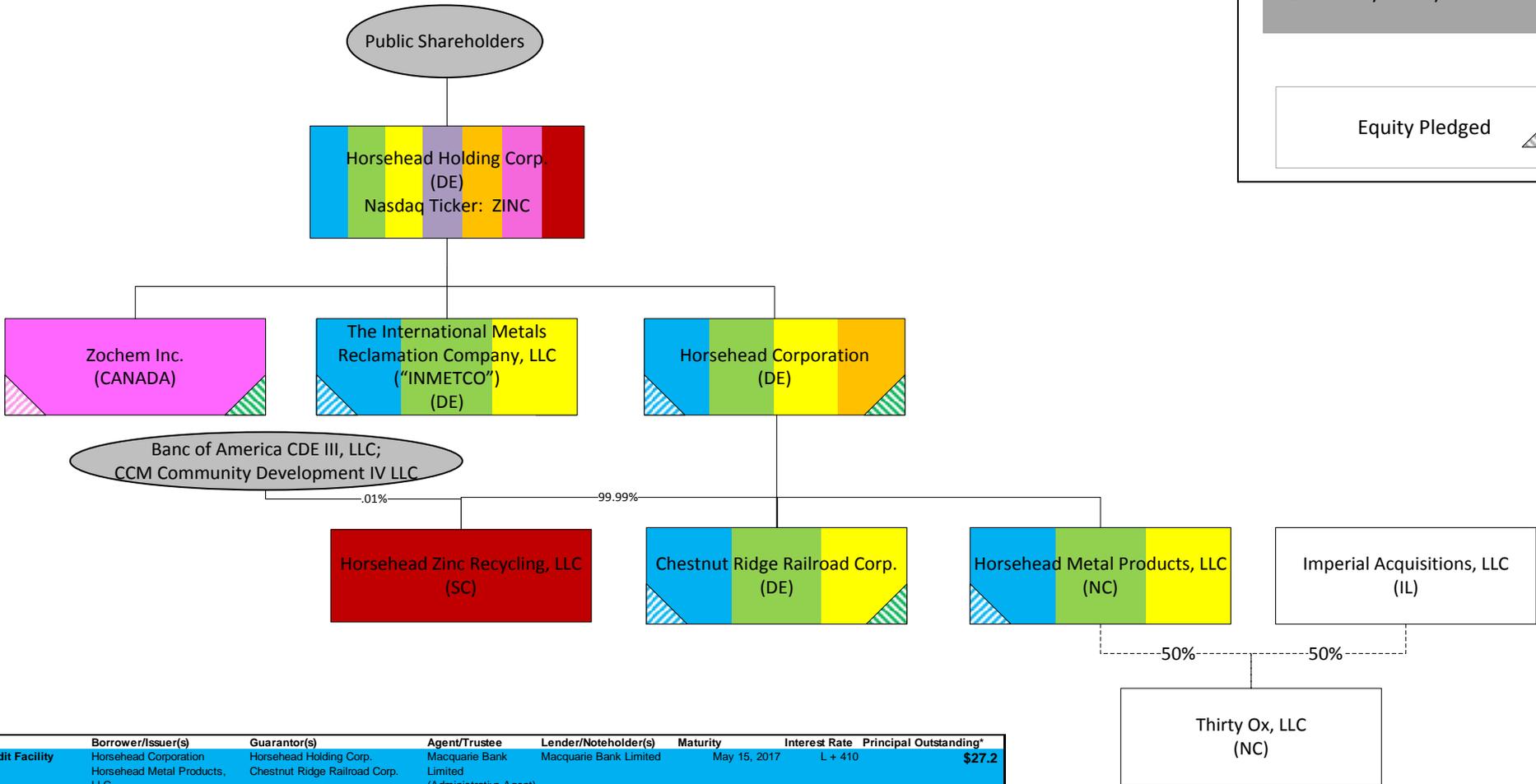
APPENDIX “B”

Horsehead Holding Corp. -- Corporate and Capital Structure Chart

Key

Borrower/Issuer/Guarantor

Equity Pledged



Loan	Borrower/Issuer(s)	Guarantor(s)	Agent/Trustee	Lender/Noteholder(s)	Maturity	Interest Rate	Principal Outstanding*
Macquarie Credit Facility	Horsehead Corporation Horsehead Metal Products, LLC INMETCO	Horsehead Holding Corp. Chestnut Ridge Railroad Corp.	Macquarie Bank Limited (Administrative Agent)	Macquarie Bank Limited	May 15, 2017	L + 410	\$27.2
10.50% Senior Secured Notes	Horsehead Holding Corp.	Horsehead Corporation Horsehead Metal Products, LLC INMETCO Chestnut Ridge Railroad Corp.	U.S. Bank, N.A. (Trustee and Collateral Agent)	Greywolf Capital Management; Other Unknown Noteholders	June 1, 2017	10.50%	205.0
9.00% Senior Unsecured Notes	Horsehead Holding Corp.	Horsehead Corporation Horsehead Metal Products, LLC INMETCO Chestnut Ridge Railroad Corp.	U.S. Bank, N.A. (Trustee)	Unknown	June 1, 2017	9.00%	40.0
3.80% Convertible Senior Notes	Horsehead Holding Corp.	None	U.S. Bank, N.A. (Trustee)	Unknown	July 1, 2017	3.80%	100.0
Banco Bilbao Credit Facility	Horsehead Corporation	Horsehead Holding Corp.	Banco Bilbao Vizcaya Argentaria, S.A.	Banco Bilbao Vizcaya Argentaria, S.A.	August 15, 2023	L + 320	17.4
Zochem Credit Facility	Zochem Inc.	Horsehead Holding Corp.	PNC Bank, N.A.	Poseidon Holdings II, LP	September 28, 2016	L + 250	16.9
NMTC Loans	Horsehead Zinc Recycling, LLC Horsehead Holding Corp.	N/A	N/A	CCM Community Development IV LLC; Banc of America CDE III, LLC	June 17, 2016	3.3-7.3%	14.2
Total Funded Debt:							\$420.7

*All dollars in millions unless otherwise noted

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED,
IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED
STATES BANKRUPTCY COURT WITH RESPECT TO THE DEBTORS, AND
APPLICATION OF HORSEHEAD HOLDING CORP. UNDER SECTION 46 OF
THE COMPANIES' CREDITORS ARRANGEMENT ACT**

Court File No. CV-16-11271-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**REPORT OF THE PROPOSED
INFORMATION OFFICER**

GOODMANS LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Robert J. Chadwick LSUC#: 35165K
rchadwick@goodmans.ca
Christopher G. Armstrong LSUC#: 55148B
carmstrong@goodmans.ca
Caroline Descours LSUC#: 58251A
cdescours@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Proposed Information Officer

APPENDIX "B"

COPIES OF THE NOTICE AND PUBLISHED ADVERTISEMENT OF THE NOTICE

**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 CERTAIN PROCEEDINGS TAKEN IN THE UNITED
STATES BANKRUPTCY COURT WITH RESPECT TO HORSEHEAD HOLDING
CORP., HORSEHEAD CORPORATION, HORSEHEAD METAL PRODUCTS, LLC,
THE INTERNATIONAL METALS RECLAMATION COMPANY, LLC AND
ZOCHEM INC. (collectively, the "Debtors")**

**APPLICATION OF ZOCHEM INC.
UNDER SECTION 46 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT**

NOTICE OF RECOGNITION ORDERS

PLEASE BE ADVISED that this Notice is being published pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**"), granted on February 5, 2016.

PLEASE TAKE NOTICE that on February 2, 2016, Horsehead Holding Corp., Horsehead Corporation, Horsehead Metal Products, LLC, the International Metals Reclamation Company, LLC and Zochem Inc. ("collectively, the "**Debtors**") commenced voluntary reorganization proceedings (the "**Chapter 11 Proceedings**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**") by each filing a voluntary petition for relief under chapter 11 of title 11 of the *United States Code*, 11 U.S.C. 101-1532 (the "**Bankruptcy Code**"). In connection with the Chapter 11 Proceedings, the Debtors have appointed Zochem Inc. as their foreign representative (the "**Foreign Representative**").

PLEASE TAKE FURTHER NOTICE that an Initial Recognition Order (Foreign Main Proceeding) and a Supplemental Order (Foreign Main Proceeding) dated February 5, 2016 (together, the "**Recognition Orders**" and the proceedings commenced thereby, the "**Recognition Proceedings**") have been granted by the Canadian Court under Section 47 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, that, among other things: (i) recognize the Chapter 11 Proceedings as a foreign main proceeding; (ii) recognize Zochem Inc. as the Foreign Representative of the Debtors; (iii) recognize certain orders granted by the U.S. Court in the Chapter 11 Proceedings; (iv) stay all proceedings against the Debtors and their directors and officers; and (v) appoint Richter Advisory Group Inc. as the Information Officer with respect to the Recognition Proceedings.

PLEASE TAKE FURTHER NOTICE that persons who wish to receive a copy of the Recognition Orders or obtain any further information in respect of the Recognition Proceedings

or the matters set forth in this Notice, should contact the Information Officer at the address below:

RICHTER ADVISORY GROUP INC.
in its capacity as Information Officer
of Horsehead Holding Corp. and Zochem Inc. *et al.*
and not in its personal capacity
181 Bay Street, Suite 3320
Bay Wellington Tower
Attention: Pritesh Patel
Tel: 416.642.9421
Fax: 416.488.3765
E-mail: ppatel@richter.ca

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ZOCHEM INC. (the Foreign Representative)
1 Tilbury Court
Brampton, ON L6T 3T4
Attention: Gary Whitaker
Tel: 724.773.2270
E-mail: gwhitaker@horsehead.net

AIRD & BERLIS LLP (counsel to the Foreign Representative)
Brookfield Place, 181 Bay Street
Suite 1800, Box 754
Toronto, ON M5J 2T9
Attention: Sam Babe
Tel: 416.865.7718
Fax: 416.863.1515
E-mail: sbabe@airdberlis.com

DATED AT TORONTO, ONTARIO, this 12th day of February, 2016.

RICHTER ADVISORY GROUP INC.
in its capacity as Information Officer
of Horsehead Holding Corp. and Zochem Inc. *et al.*
and not in its personal capacity

Oil firms tap markets amid rout

JEFFREY JONES
JEFF LEWIS CALGARY

Streetwise

Canadian oil companies have raised \$500-million selling shares in the past week, a sign that investors are willing to waver on a handful of producers that are successfully navigating the collapse in oil prices.

Advantage Oil & Gas Ltd. is the latest exploration and production firm to go to market, raising \$100-million in a bought deal. It joins **Raging River Exploration Inc.** and **Seven Generations Energy Ltd.** in issuing stock as oil prices remain depressed.

The three have outperformed the broader market as crude prices slumped — rewarded for efficient operations and conservative debt levels. Advantage shares are up more than 20 per cent in the past year, compared with a drop of about a third in the S&P/TSX energy group.

Companies are using proceeds from the stock issues to shore up their balance sheets and help fund capital spending, rather than to finance major acquisitions — at least, so far. It's an exclusive club.

Investors, burned by 10 months of worsening industry conditions, will likely not give many players

such a warm reception. The Advantage deal, at \$7.45 a share, sold out along with a 15-per-cent overallocation option, a source familiar with the issue said. Raging River's \$99.5-million bought deal was said to be several times oversubscribed. Seven Generations upsize its offering last week by \$40-million to \$300-million on strong demand.

Equity issues had stalled in recent months as crude prices sank below \$30 (U.S.) a barrel, putting more financial strain on an already-hurting industry. Rather than issuing shares, numerous exploration and production companies have sought to cope by slashing capital spending, laying off staff, cutting dividends and putting assets on the auction block.

The slowdown has also hit investment dealers with large energy franchises as fees dwindled. However, the recent financings have been led or co-led by **Peters & Co. Ltd.** and **FirstEnergy Capital Corp.**, showing the benefit of their long-time relationships within the mid-sized Calgary-based energy sector.

In the first quarter of 2015, **Encaena Corp.** and **Genus Energy Inc.** were among oil-patch companies that raised a record amount of money from share issues to repair finances that had begun to show the strains of weakening crude

markets. But the business dropped off as the rout persisted. Now, investors are starting to sense that the worst of the market turmoil has subsided and are eager to deploy capital into companies seen as best positioned to benefit from strengthening energy prices, said Robert Mark, a director of research at **MacDougall MacDougall & MacTier Inc.**

The window for financings opened first in the United States. In January, shale producer **Pioneer Natural Resources** issued \$1.4-billion in shares. This week, **Oklahoma City-based Devon Energy Corp.** said it would use proceeds from a \$1.2-billion upsized offering to pay down debt as it lays off 1,000 workers and cuts its spending and dividend.

The appetite for new issues will extend only so far, and some heavily indebted producers will remain on no-buy lists. For instance, limited access to capital was among the factors that drove Calgary-based **Argent Energy Trust** to seek creditor protection this week.

"I think more people are confident they've seen the bottom, or if not, close to the bottom," said **Laura Lau**, senior portfolio manager at **Brompton Funds** in Toronto. "And then, if you're going to pick your horses, you typically pick the horses that you think are going to survive."

FROM PAGE 1

Toyota: Rear seat belts shear off

The recall applies to 2.87 million vehicles globally, including 148,966 in Canada, where the RAV4 was the second-best-selling vehicle for Toyota Canada Inc. in 2015.

It's also the second-best-selling Toyota vehicle in the U.S. market.

The Canadian recall covers the 2005 to 2012 model years.

"This is more than just a case of Transport Canada finding a safety problem and doing a thorough investigation," Transport Minister **Marc Garneau** said in a statement.

"These findings have a real-world impact — and it's measured in human life."

The Transport Canada test used dummies similar in weight to the passengers and conducted it at a speed and angle that aligned with the actual crash.

The vast majority of the RAV4s sold in the United States and Canada are built at a Toyota Motor Manufacturing Canada Inc. assembly plant in Woodstock, Ont.

"The RAV4 is expected to be the No. 1 seller in both countries by the end of the decade amid surging sales of compact crossover vehicles."

Toyota is so convinced that the segment will continue to grow that it will begin assembling RAV4s at its Cambridge,

Ont., plant in 2019 when Corolla production is shifted to Mexico. Toyota said it could not confirm whether the seat belt failure had caused the fatalities, but is recalling the vehicles as a precaution.

The recall also covers vehicles that were sold in China, Japan, Europe and other regions.

The vehicles were produced between 2005 and 2014 in all markets except Japan, where the recall affects models as recent as 2016.

The seat belts themselves are safe and the problem was not caused by a supplier, Toyota said.

That is in contrast to another recent problem involving auto safety devices, the extensive recall of vehicles equipped with defective airbags produced by the Japanese manufacturer **Takata Corp.**

Dealers will fix the problem in the RAV4s by adding resin covers to the metal seat-cushion frames, the auto maker said. That will take 30 minutes to 60 minutes per vehicle.

"The condition does not occur in other vehicles, because the shape of the metal seat-cushion frame is different," Toyota added.

With a report from The New York Times

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LEGALS

Court File No. CV-16-11271-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE
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HORSEHEAD HOLDING CORP., HORSEHEAD CORPORATION,
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ZOICHEM INC. (the Foreign Representative)
1 Tibury Court
Brampton, ON L6T 3T4
Attention: Gary Whitaker
Tel: 724-773-2270 • E-mail: gwhitaker@horsehead.net

AIRD & BERLIS LLP (counsel to the Foreign Representative)
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Toronto, ON M5J 1T9
Attention: Sam Babe
Tel: 416-866-7718 • Fax: 416-863-1515 • E-mail: sbabe@airberliss.com

DATED AT TORONTO, ONTARIO, this 12th day of February 2016.

RICHTER
Richter Advisory Group Inc.
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Bay Wellington Tower
Toronto, ON M5J 2T3
T: 416-488-2945 / 1-888-808-1793
F: 514-934-8603

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NOTICE TO CREDITORS AND OTHERS

All persons having claims against the ESTATE OF MALCOLM EDWIN GILBERT, late of 67-1574 Bathurst Street, Toronto, Ontario, M5H 4E5, deceased, who died on or about March 9, 2015, are hereby notified to send particulars of the same to the undersigned on or before March 4, 2016, after which date the Estate will be distributed with regard only to the claims of which the undersigned shall then have notice and the undersigned will not then be liable to any person of whose claims they shall not then have notice.

Dated at Sarnia, Ontario, this 11th day of February, 2016.

Donald John Gilbert, Estate Trustee, by his solicitors,
ELLIOTT & PORTER,
205 Streetcar North, Suite 101,
Sarnia, ON N7T 7X1

NOTICE TO CREDITORS AND OTHERS

All claims against the Estate of Paul David Reynolds, late of the City of Toronto, in the Province of Ontario, who died on April 1, 2015, of any nature or kind and inclusive of any actions in respect of his acting as a director and/or officer or such other capacity, must be filed with the undersigned personal representatives on or before March 5, 2016, after which date the Estate will be distributed having regard only to the claims of which the Estate Trustees then shall have notice.

DATED at Toronto, Ontario, this 5th day of February 2016.

Neil Johnson and John Christopher Thomas, Estate Trustees
c/o Corina S. Weigl
Fasken Martineau DuMoulin LLP
333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20
Toronto, ON M5H 2T6

Agrium Inc. NOTICE TO SHAREHOLDERS

Notice is hereby given that the Board of Directors of Agrium Inc. has fixed the date of record for shareholders who will be entitled to receive notice of the Annual Meeting of Shareholders of the Corporation to be held at Agrium Place, Main Floor Rotunda, 3333 Lake Fraser Drive S.E., Calgary, Alberta, on Wednesday, May 4, 2016 at 11:00 a.m. (Mountain Daylight Time).

By Order of the Board of Directors
Gary J. Daniel,
Corporate Secretary
Calgary, Alberta
February 19, 2016

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MEETING NOTICES

Company	Meeting Type	Record Date	Meeting Date/Time	Meeting Location
Enbridge Inc.	Annual	March 17, 2016	Thursday, May 12, 2016 at 1:30 p.m.	Calgary, AB
Enbridge Income	Annual	March 23, 2016	Thursday, May 12, 2016 at 10:00 a.m.	Calgary, AB
Fund Holdings Inc.	Annual	March 23, 2016	Thursday, May 12, 2016 at 10:00 a.m.	Calgary, AB

TOROMONT

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders of Toromont Industries Ltd. will be held in the Toscana Ballroom located at The Hilton Garden Inn Toronto Vaughan, 2301 Highway 7 West, Vaughan, Ontario, L4K 5Z7 on Wednesday, April 27, 2016, at 10:00 a.m. local time. The Board of Directors has fixed the date of business on March 9, 2016 as the record date for the determination of shareholders entitled to receive notice of the Annual Meeting.

By Order of the Board,
David C. Wetherald
Vice President, HR & Legal
February 2016

NOTICE OF RECORD DATE

Sun Life Financial Inc.
NOTICE OF RECORD DATE

NOTICE IS HEREBY GIVEN that the record date for common shareholders eligible to receive notice of the Annual Meeting of common shareholders of Sun Life Financial Inc. is March 21, 2016.

The Annual Meeting of common shareholders will be held at the Sun Life Financial Tower, 150 King Street West, 2nd Floor, Toronto, Ontario at 9 a.m. on Wednesday, May 11, 2016. Toronto, February 19, 2016.

Brigitte K. Cautel
Vice-President, Associate General Counsel & Corporate Secretary

Sun Life Financial

DIVIDENDS

CST DIVIDEND/DISTRIBUTION INFORMATION

The following dividends/distributions have been declared.

Company	Issue	Record Date	Payable Date	Rate
Enbridge Income Fund Holdings Inc.	Common	February 29, 2016	March 15, 2016	\$0.1955 CAD
TransAlta Renewables Inc.	Common	March 31, 2016	April 15, 2016	\$0.07333 CAD
TransAlta Renewables Inc.	Common	April 1, 2016	April 29, 2016	\$0.07333 CAD
TransAlta Renewables Inc.	Common	May 2, 2016	May 21, 2016	\$0.07333 CAD

TOROMONT

Dividend Notice

On February 9, 2016, the Board of Directors of Toromont Industries Ltd. approved a 5% increase in Toromont's regular quarterly cash dividend, representing the twenty-seventh consecutive annual increase.

A quarterly dividend at the new rate of 8 cents (¢) per share, payable April 1, 2016 to shareholders of record at the close of business on March 10, 2016, was declared by the Company's Board of Directors.

In respect of shareholders whose address as of the record date is in the United States, Toromont will pay cash dividends in equivalent U.S. funds by translating the total amount of each said shareholder's dividend, net of Canadian withholding taxes, at the noon day exchange rate for Canadian and U.S. funds on March 10, 2016.

David C. Wetherald
Vice President, HR & Legal
February 9, 2016

IGM FINANCIAL INC.

Dividend Notice

NOTICE is hereby given that:

1. a quarterly dividend of \$0.368750 per share on the outstanding **5.90% Non-Cumulative First Preferred Shares, Series B** of the Corporation has been declared payable on May 2, 2016 to shareholders of record at the close of business on March 31, 2016; and

2. a quarterly dividend of \$0.5625 per share on the outstanding **Common Shares** of the Corporation has been declared payable on April 29, 2016 to shareholders of record at the close of business on March 31, 2016.

BY ORDER OF THE BOARD
Donald J. MacDonald
Senior Vice-President,
General Counsel & Secretary

Winnipeg, Manitoba
February 12, 2016

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CONSUMER AND INDUSTRY INFORMATION

GLOBAL MARKETS

FROM PAGE 1

Oil: Cenovus slashes payout and cuts budget in response to fourth-quarter loss

» Tough medicine by some of the sector's leading lights is an indication of more pain to come in the next few weeks as companies announce financial results. The industry has shed well over 40,000 people, and it is unlikely they will be hired back quickly, even if a recovery takes hold later this year. Meanwhile, share prices in many cases are at or near multiyear lows.

Cenovus, one of the country's largest oil sands producers, reduced its quarterly payout by 69 per cent to 5 cents (Canadian) a share. It also cut its 2016 dividend by around 16 per cent to \$1.2-billion to \$1.3-billion. It made the reductions as it reported a fourth-quarter net loss of \$64-million, or 77 cents a share, compared with a loss of \$472-million, or 62 cents a share.

Cenovus lost money on all its oil sands production in January as crude prices withered, chief executive Brian Ferguson said. He stressed that the company has the financial resources, including \$8-billion of cash and undrawn credit facilities, to weather the storm.

"The changes we've made and announced today on capital, operating cost, work force and the dividend - if the prices we're experiencing today run through 2016, given the strength we've got on our balance sheet, we're still in good shape financially," he said in an interview. "We do have more flexibility if we need it, but at this point we've done everything we need to do at these prices. If prices drop further, we're prepared to make additional changes."

Mr. Ferguson said Cenovus has yet to determine the size of coming staff cuts, but he told a conference call that it is unlikely to come close to the 1,500 let go in 2015.

ARC Resources halved its 2016 capital budget by nearly 30 per cent to \$300-million. The company lost a net \$55-million, or 16 cents a share, in the fourth quarter, compared with profit a year earlier of \$114-million, or 36 cents a share. ARC has about 15-per-cent fewer workers than it did two years ago. Chief executive Myron Stadnyk said this is due to the oil-price downturn and the fact that some focus has shifted to the Montney basin in Alberta and British Columbia from more labour-intensive Southern Alberta wells.

But Mr. Stadnyk said the company is better-positioned than many companies due to its low debt. The oil rout has driven home the message that the Canadian energy industry has to be efficient enough to compete against U.S. natural-gas plays as well as oil producers around the world, he said. "I think everyone has always kind of known this. But it's just right in our faces now," he said in an interview.

Precision, the country's largest contract driller, suspended its dividend as it reported drilling activity in the fourth quarter dropped by about half from a year earlier because energy companies slammed the brakes on spending. Its net loss totalled \$271-million, or 93 cents a share, compared with a net loss of \$14-million, or 39 cents a share. The

company also booked \$7-million in restructuring costs in the fourth quarter, primarily due to severance payments.

Kevin Neveu, Precision's CEO, didn't disclose how many employees have been laid off but hinted how drastically the oil field service company's manpower has been reduced.

"We're running about half the number of rigs now that we were a year ago. And in that structure, there's probably 30-40 jobs tied to a rig - between the rig crew and support operations," Mr. Neveu said. "It's been deep and meaningful, and painful for our company and for our employees - and for the people who are at home right now."

Cenovus Energy (CVE)
Close: \$13.95, up 43¢

FROM PAGE 1

Milner: Even conservative financial institutions are sounding the alarm

» "Frightened people are grasping at excuses," David Ader, head of government bond strategy with CRT Capital Group, said in a note Thursday. "The market is off simply because it's got to run its course until the panic is exhausted."

For that to happen, though, we'll need more evidence that the global and U.S. economies are resilient enough to weather coming storms and that central banks can keep propping up financial assets.

Fleeting markets in the midst of a stampede sounds like a terrible idea. But dashed expectations

lead investors to expect the worse to come. And waiting out a prolonged slump may take more time and patience than most worried market players are willing to bear.

Ms. Yellen took pains Thursday to deny that the Fed was responsible for the investor angst, though her warning the previous day about the potential impact of global market turbulence on U.S. prospects triggered more of that very turbulence.

She also waded into the negative-rate debate. "We wouldn't take those off the table, but we have work to do to judge whether

they would be workable here."

No wonder investors are so jittery. It's essentially an admission that we are right to assume central banks have used up the tools that inflated so many risk assets. And some analysts argue that negative rates will make things worse.

The International Monetary Fund has lowered its global growth forecast for this year only slightly to 3.4 per cent, but many analysts say this is overoptimistic and counts heavily on a rebound in developed economies that has yet to materialize.

"The next recession will come a

lot sooner than people think," long-time permabear Albert Edwards, Société Générale's London-based global strategist, told me last month. He expects the Fed to eventually join the negative-rate club. So, studying such a policy now is more than an academic exercise.

"The key thing is this is an elderly, fragile [business] cycle" that began in June, 2009. "It won't die of old age. But you'd expect margins to be turning down. You'd expect underlying profits to be slowing as productivity growth slows. It's very vulnerable to being blown off course."

Even conservative financial institutions are sounding the alarm.

Last month, Royal Bank of Scotland, which barely survived the meltdown of 2008, bluntly warned clients that the end was nigh. "Sell everything except high-quality bonds," the bank told clients in a note. "This is about return of capital, not return on capital. In a crowded hall, exit doors are small."

It now appears more and more market players, many of whom retain bitter memories of the previous global crisis, are taking that advice.

LEGALS

Court File No. CV-16-11271-00CL

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Toronto, ON M5J 2T9
Attention: Sam Babbe
Tel: 416.865.7718 - Fax: 416.863.1515 - E-mail: sbabbe@airberlis.com

DATED AT TORONTO, ONTARIO, this 12th day of February 2016.

RICHTER
Richter Advisory Group Inc.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto, ON M5J 2T3
T. 416.488.2245 / 1.888.805.1793
F. 416.534.8603

RECEIVERSHIP SALE
OKKO HOMES INC. AND OKKO COMMUNITIES INC.

Okko Homes Inc. and Okko Communities Inc. (collectively "Okko") substantially completed a 55 lot serviced residential development located in the City of Kimberley, British Columbia known locally as Sullivan Landing.

Hardie & Kelly Inc. in its capacity as Court appointed Receiver (the "Receiver") of Okko is accepting offers for Okko's right, title and interest in Sullivan Landing, inclusive of two duplex show homes, one of which has been furnished.

To obtain further information and/or to arrange for a viewing of the above assets, please contact Ms. Joanne Kiff of RE/MAX Caldwell Agencies at (877) 427-2221 or joanne@calldwellagencies.com.

The deadline for offers is 2:00 p.m. MST on Monday, March 14, 2016. Any sale will be subject to approval by the Court of Queen's Bench of Alberta and the Supreme Court of British Columbia and the Receiver reserves the right to enter into any sale prior to the deadline and is not obligated to accept the highest, or any offer.

Hardie & Kelly
TRUSTEE IN BANKRUPTCY

110, 5800 - 2nd Street S.W.
Calgary, AB T2H 0R2
Tel: 403-271-9999
Fax: 403-640-0591

DIVIDENDS

THOMSON REUTERS CORPORATION
DIVIDEND NOTICE

Notice is hereby given that the following will be the record dates for the purpose of determining shareholders entitled to payment of dividends on the payment dates indicated below on the Common Shares in the capital of Thomson Reuters Corporation.

Record Date	Payment Date
February 23, 2016	March 15, 2016
May 19, 2016	June 15, 2016
August 18, 2016	September 15, 2016
November 17, 2016	December 15, 2016

Notice is also given that the following will be the record dates for the purpose of determining shareholders entitled to payment of dividends on the payment dates indicated below on the Cumulative Redeemable Floating Rate Preference Shares, Series II in the capital of Thomson Reuters Corporation.

Record Date	Payment Date
March 17, 2016	March 31, 2016
June 16, 2016	June 30, 2016
September 16, 2016	September 30, 2016
December 20, 2016	January 31, 2017

By Order of the Board
Paula R. Monaghan,
Assistant Secretary
Toronto, Ontario
February 12, 2016

MEETING NOTICES

NOTICE OF MEETING **Computershare**

Notice is hereby given that the following meeting of shareholders has been declared.

ISSUER	TYPE	RECORD DATE	MEETING DATE	MEETING LOCATION
Canadian Oil Sands Ltd	Special	February 19, 2016	March 21, 2016	Calgary, AB

NOTICE TO CREDITORS AND OTHERS

All claims against the Estate of Paul David Reynolds, late of the City of Toronto, in the Province of Ontario, who died on April 1, 2015, of any nature or kind and inclusive of any actions in respect of his acting as a director and/or officer or such other capacity, must be filed with the undersigned personal representatives on or before March 5, 2016, after which date the Estate will be distributed having regard only to the claims of which the Estate Trustees then shall have notice.

DATED at Toronto, this 5th day of February 2016.

Neil Johnson and John Christopher Thomas,
Estate Trustees
c/o Corina S. Weigl
Fasken Martineau DuMoulin LLP
333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20
Toronto, ON M5H 2T6

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INVESTMENT OPPORTUNITIES
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED,
IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED
STATES BANKRUPTCY COURT WITH RESPECT TO THE DEBTORS, AND
APPLICATION OF HORSEHEAD HOLDING CORP. UNDER SECTION 46 OF
THE *COMPANIES' CREDITORS ARRANGEMENT ACT***

Court File No. CV-16-11271-00CL

***ONTARIO*
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**FIRST REPORT OF THE
INFORMATION OFFICER**

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