

Minnesota Department of Natural Resources

500 Lafayette Road · Saint Paul, Minnesota · 55155-4037

Office of the Commissioner

651-259-5555



July 8, 2016

VIA CERTIFIED MAIL AND HAND DELIVERY

Madhu Vuppuluri, President and CEO
Essar Steel Minnesota, LLC
222 W. 27th Street
Hibbing, Minnesota 55746

RE: Termination of State Taconite Iron Ore Mining Leases

Dear Mr. Vuppuluri:

By letter agreement dated March 25, 2015, Essar Steel Minnesota LLC agreed to meet the following revised performance requirements for State Taconite Iron Ore Mining Leases Numbered 3109-N through 3126-N and T-5081-N through T-5089-N, as amended by First Amendment dated October 1, 2009, and 3155-N, 3156-N and T-5101-N through T-5103-N, hereinafter collectively referred to as "Taconite Mining Leases":

1. By July 1, 2015, start production of ore from the State Properties.
2. By July 1, 2016, complete construction of plant facilities.
3. Achieve annual total production for calendar year 2016 of at least 5 million tons of crude taconite iron ore.
4. Consider production of iron products with a metallic content greater than 75% by January 1, 2018, or such other later date as is mutually agreed between the Lessor and the Lessee.

Essar Steel Minnesota, LLC did not complete construction of plant facilities by July 1, 2016. This letter notifies you that effective 12:01 PM CST the State of Minnesota is canceling the Taconite Mining Leases for failure to meet the required performance requirement. According to the terms of the leases, termination shall be effective twenty (20) days from July 8, 2016, the date that this notice was hand delivered to Essar at the above referenced address.

We will follow up by separate correspondence with the amount of rent owed by Essar Steel on the Taconite Mining Leases up to the termination date.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Tom Landwehr', is written over a faint, larger version of the signature.

Tom Landwehr
Commissioner

c: Sanjay Bhartia – CFO, Essar Steel Minnesota LLC
Wilmington Trust, N.S.

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