May 17, 2023

Minnesota State Executive Council
200 Administration Building
50 Sherburne Avenue
St. Paul, MN 55155

Re: Minnesota Department of Natural Resources (“MNDNR”) Request to Approve Issuance of State Taconite Iron Ore Mining Leases in Itasca County to Cleveland-Cliffs Minnesota Land Development LLC (“Request”)

Dear Members of the Minnesota State Executive Council (“Council”):

Scranton Holding Company (“SHC”) requests that the Council not approve the MNDNR’s Request relating to twelve (12) lease parcels located within the Hill Annex/Majorca Mine areas near Calumet, Minnesota listed on Exhibit A (the “Hill Annex/Majorca Mineral Leases”).

James G. Bougalis, SHC’s President/Chief Executive Officer, requests an opportunity to speak at the Council’s May 25, 2023 meeting as to the Request.

Minn. Stat. § 93.1925, subd. 1(1) provides that State of Minnesota “may issue an iron ore or taconite iron ore mining lease” if “the commissioner finds that the best interests of the state will be served ” and “the state taconite iron ore is adjacent to taconite iron ore owned or leased for mining purposes by the applicant and the commissioner finds that it is impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore…”

SHC commenced negotiations with the MNDNR in January 2022 to lease the real property subject to the Hill Annex/Majorca Mineral Leases (the “Hill Annex/Majorca Mine Area”) and previously leased to Mesabi Metallics Company, LLC. SHC believes that approval of the Request is not in the best interests of the State of Minnesota. Granting the Hill Annex/Majorca Mineral Leases to SHC will provide greater monetary benefits to the State of Minnesota in an expedited time frame, as explained below.

- On November 10, 2022, the MNDNR and SHC entered into Residue Lease No. R-133, Lease for Iron-Bearing Materials Hill Annex Area (“SHC Lease”). The SHC Lease granted SHC the right to remove legacy state-owned iron-bearing materials within certain stockpiles and tailings basins in areas adjacent or near to the Hill Annex/Majorca Mine Area. The area leased to SHC is identified in yellow on Exhibit B and the area subject to the Hill Annex/Majorca Mineral Leases is identified in turquoise on Exhibit B.

- The real property currently co-owned by Cleveland-Cliffs Minnesota Land Development LLC (“CC”) and Mesabi Metallics to the east of the Hill Annex/Majorca Mine Area comprises only two (2) parcels (identified in green/brown on Exhibit B). The Hill Annex/Majorca Mine Area is a significant distance from the main mining operations of CC and its subsidiaries (including Hibbing Taconite Company), which take place in the “Hibbing Residue Lease Area” identified on Exhibit C. The Hill Annex/Majorca Mine Area is therefore not “adjacent to” the bulk of CC’s mining operations.

---

1The real property subject to the Requests was originally leased to Essar Steel Minnesota, LLC, n/k/a Mesabi Metallics Company, LLC (“Mesabi Metallics”) under numerous leases terminated by the MNDNR in May 2021 (which termination was upheld by the Minnesota Supreme Court on January 17, 2023). SHC and others, including CC and U.S. Steel, have been in negotiations and discussions with the MNDNR for leases for such real property, during which discussions SHC submitted a comprehensive mining plan to MNDNR which included the Hill Annex/Majorca Mine Area.
SHC is better suited than CC to mine the Hill Annex/Majorca Mine Area, and the Request is incorrect in asserting that it is “impracticable” for entities other than CC to mine the leases.

The unmined iron-bearing materials (ore) in the Hill Annex/Majorca Mine Area are quite thick and predominately non-magnetic (primarily hematite). The hematite ores (up to 350 feet deep in some areas) lie above a thinner layer of magnetic ore (in some areas, the depth of the magnetic ore underneath non-magnetic ore appears to be as little as 15 feet). SHC estimates that an aggregate of 157 million long tons of non-magnetic ore is situated above 62 million long tons of magnetic ore in the Hill Annex/Majorca Mine Area (Exhibit D). The non-magnetic ore must be removed before mining and processing of magnetic ore may occur.

SHC’s mining plan contemplates processing both non-magnetic ore and magnetic ore in the Hill Annex/Majorca Mine Area. CC’s operations (through its subsidiary Hibbing Taconite Company) exclusively utilize only magnetic ore. Because CC will likely not utilize non-magnetic ore, the State of Minnesota will lose significant royalty income from wasting non-magnetic ore if the Request is approved. In its negotiations with the MNDNR, SHC offered a royalty of $1.50 per long ton for non-magnetic ore in the Hill Annex/Majorca Mine Area (hence, $235,000,000 in royalty revenue for 157 million long tons), which the State of Minnesota University Trust and School Trust referenced at pages C-4 and C-5 of the Request would permanently lose if non-magnetic ore is not mined/processed.

The current SHC Lease allows for termination by MNDNR after SHC commences mining and removal of iron-bearing materials if such activities are interrupted for any one (1)-year time period. Similar provisions can be applied to the twelve (12) lease parcels sought by SHC (Exhibit A), enabling the MNDNR to subsequently lease these parcels to interested parties.

Page C-3 of the Request states “it is anticipated that any future taconite mining within [Hill Annex Mine State Park] will not take place for quite some time…” SHC anticipates commencing its mining of in-ground non-magnetic ore in less than four (4) years, while CC will likely not commence mining of magnetic ore in the Hill Annex/Majorca Mine Area for twelve (12) or more years. Note the distant location of CC’s potential mining operations (Exhibit C) and the volume of non-magnetic ore lying above magnetic ore in the Hill Annex/Majorca Mine Area referenced above (Exhibit D).

SHC estimates creation of one hundred fifty (150) new jobs in Itasca County with respect to the twelve (12) lease parcels sought by SHC in the Hill Annex/Majorca Mine Area.

SHC’s mining plan includes pumping the Calumet, Minnesota mine pits to reduce or eliminate home basement flooding and U.S. Highway 169 overflow in the immediate future, rather than at a deferred time (if at all) if the Request is granted.

SHC respectfully requests that the Council not approve the Request as to the twelve (12) lease parcels sought by SHC, to enable SHC and the MNDNR to enter into mining leases as to same.

Sincerely,

James G. Bougalis, President/Chief Executive Officer
Scranton Holding Company
Parcel Numbers (see map on next page):

18-009-3201
18-009-3202
18-009-4200
18-009-4100
18-009-3300
18-009-3400
18-009-4300
18-009-4400
94-016-1200
94-016-1100
94-016-1400
94-016-4100
Scranon Holding Company - Exhibit C

- Taconite Lease to Cliffs Affiliate
- Taconite Lease Recommendation to Cliffs
- Taconite Lease to US Steel Affiliate
- In-Situ Iron Ore Lease Request by MagIron
- In-Situ Iron Ore Lease Request by Scranton HC
- Residue Lease or Request by MagIron
- Residue Lease or Request by Scranton HC

State Residue Lease Area
Taconite Mine
Natural Ore Mine
Iron-Bearing Rock Stockpile
Fine Tailings Basin
Surface Overburden Stockpile
Iron Formation Subcrop

Scale 1:150,000

Western Mesabi Range

CLARKSON METALLICS

SCRANTON HOLDING COMPANY

MAGIRON

CLEVELAND CLIFFS

UNITED STATES STEEL

Available GIS data may not reflect the current status of all map features.

This information is to be used for general reference purposes only.
Scranton Holding Company Exhibit D

Non-magnetic vs Magnetic Ore

Parcel No

Million Tons


Non magnetic ore tons  Magnetic ore tons
May 17, 2023

RE: Itasca County Testimony, Executive Council – May 25, 2023, meeting date: Agenda Item #6 – Request to Approve Issuance of State Taconite Iron Ore Mining Leases in Itasca County to Cleveland-Cliffs Minnesota Land Development LLC

Executive Council Members,

Itasca County supports the completion and operation of the 7 million ton per annum taconite and palletization project in Nashwauk, Itasca County, Minnesota. The benefit this project would bring to Itasca County, the entire Iron Range, and all of Minnesota cannot be overstated. Specific economic benefits are listed on Itasca County Resolution #2023-26, attached. To date, over 1.5 billion dollars has been invested under the direction of Mesabi Metallics. The Mesabi Metallics project is currently permitted with an additional value added DRI investment but completion and operation are not viable without securing necessary mineral leases.

Itasca County also wants to ensure the future of mining throughout the Iron Range, to include additional mine life at Hibbing Taconite. We believe Cleveland Cliffs is a proven partner to the Iron Range and Minnesota and welcome their activities within Itasca County to ensure Hibbing Taconite’s long-term viability.

Recently, President and COO of Mesabi Metallics, Mr. Larry Sutherland, addressed the Itasca County Board of Commissioners and presented the progress and vision to complete the project which will aid the green steel revolution in the United States. We also received feedback from various local contractors like TNT Hammerlund Inc., and Northern Industrial Erectors (NIE) who affirm that the project construction is ongoing. Some of our board members have visited the construction site and have verified the significant progress in construction activity. As many as fifty (50) trade union workers are already on site and heavy cranes have arrived and are operating. As the activity ramps up, there will be more trade union workers employed. About $500 million worth of equipment is lying at the site and we have seen an increase in activity that convinces us that Mesabi Metallics is on track to complete the project by March 2026.

Accordingly, we believe the State of Minnesota has the opportunity to make both mining projects possible. By directing the DNR to amend their current mineral lease proposal and distribute the mineral leases to both Mesabi Metallics and Cleveland Cliffs, the Executive Council ensures that both operations have enough taconite reserves for sustainable mining operations. We fully support the State mineral leases to be studied and distributed in an equitable and transparent manner to both companies.

Equal Opportunity Employer
With full acknowledgment of past concerns regarding timing and completion of the Nashwauk project, we propose that leases awarded to Mesabi Metallics be kept in reserve until such time the pellet plant construction has progressed to be able to commence operations in nine months – at such time the leases could be executed.

We believe that providing taconite resources to both Cleveland Cliffs and Mesabi Metallics provides the best opportunity for long term investment, employment opportunities, and revenue streams to school trust recipients, the State, and local units of government. We implore the Executive Council to consider the solution proposal from Itasca County and direct the DNR to amend their lease proposal. We believe that without the necessary mineral leases Mesabi Metallics will not be able to move forward, resulting in the loss of jobs and revenue to Itasca County and our region. Itasca County simply cannot weather another economic opportunity lost. Not only does this project have the potential to provide an immediate and multi-generational employment opportunity for Itasca County and the State of Minnesota, it provides a transformational path to the production of green steel in the United States.

Respectfully Submitted,

Burl Ives, Chair
Itasca County Board of Commissioners

Attachment
RESOLUTION 2023-26

RE: STATE MINERAL LEASES PROPOSED DISTRIBUTION NEAR NASHWAUK

WHEREAS, Minnesota Statutes Chapter 93.001 states that "It is the policy of the state to provide for the diversification of the state's mineral economy through long-term support of mineral exploration, evaluation, environmental research, development, production, and commercialization."

WHEREAS, The Minnesota DNR, on May 4, 2023 has recommended issuance of State mineral leases for 66 parcels near Nashwauk for mineral extraction solely to Cleveland Cliffs and the same is likely to be considered by the Minnesota Executive Council on May 25, 2023 and if approved, the DNR will award these leases to Cleveland Cliffs.

WHEREAS, the Itasca County Board and its municipalities and surrounding Iron Range communities, have an immediate and ongoing interest in ensuring that the State of Minnesota mineral leases are distributed to maximize the socio economic benefits to Itasca County and its surrounding regions, to support multi-generational sustainable job creation and the School Trust Land Fund.

WHEREAS, Mesabi Metallics, an ongoing mining and pelletization project in Itasca County has the following attributes which are beneficial for the entire Iron Range and the people and State of Minnesota as a whole and thus it is of vital importance that this project is allowed to be completed and have sufficient taconite reserves for at least 30 years of mine life:

Jobs
1000 – Construction union jobs during the construction period over the next 2 years
350 – New long term, multi-generational jobs during operations
700 – Indirect jobs

Expected economic Benefits of the project to the Itasca County and the State of Minnesota over the mine life of 30 years

Investments
Over $ 800 Million in continuing investment in the present project
Over $ 1 Billion potential investment in the value added DRI facility

Revenues
Over $ 500 M to the School Trust Land Fund
Over $ 300 M to the Itasca County
Over $ 100 M to the DNR

WHEREAS, Itasca County is further cognizant to preserve the 750 jobs at Hibtac which is expected to run out of taconite reserves after 2026.
WHEREAS, the County would therefore like to suggest a win-win proposal by which all of the above objectives are achieved for the benefit of all stakeholders including Itasca County, the Iron Range and all Minnesotans.

NOW THEREFORE BE IT RESOLVED, that the Itasca County Board of Commissioners recommend that the DNR amend its current mineral lease proposal and distribute the mineral leases between both Mesabi and Hibtac such that each operation has enough taconite reserves for their sustainable mining operations;

AND FURTHER BE IT RESOLVED, that the leases thus proposed to be awarded to Mesabi may be kept in reserve until such time as the pellet plant construction has progressed sufficiently such that it is in a position to commence operations in 9 months thereafter, leases will be provided so that crude ore may be ready for processing.

AND FURTHER BE IT RESOLVED, that the Itasca County Board of Commissioners requests the Executive Council scheduled to meet on May 25, 2023 to amend the decision made by the DNR such that the State mineral leases are studied and distributed between the two companies in a fair, equitable and transparent manner to the benefit of each company’s business plans going forward and which would be in the best interests of the State.

AND FURTHER BE IT RESOLVED, that the Itasca County Board of Commissioners be authorized to take such actions as may be required during this period till May 25, 2023 in furtherance of this resolution including calling on the members of the Executive Council, the DNR and any other relevant people and if required also take such legal steps if necessary.

RESULT: APPROVED (5 TO 0)
MOVER: Commissioner John Johnson
SECONDER: Commissioner Cory Smith
AYES: Cory Smith, Terry Snyder, John Johnson, Burl Ives, Casey Venema

STATE OF MINNESOTA
Office of County Administrator
ss. County of Itasca

I, BRETT SKYLES, Administrator of the County of Itasca, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 16th day of May A.D. 2023 and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Grand Rapids, Minnesota, this 16th day of May A.D. 2023.

[Signature]
Administrator
Mesabi Metallics

Presented by Larry Sutherland, President and Chief Operating Officer of Mesabi Metallics at the meeting of Itasca County, Board of Commissioners, Grand Rapids at 2.30 pm on Tuesday, May 16, 2023 at the Itasca County Boardroom

1. Preamble / Background

- Mesabi Metallics Company LLC is building 7 million ton per annum taconite mining and pelletization project in Nashwauk, Minnesota. Investment of $1.5 billion has been made till date. Further investment of $800 million is expected to be made till the completion of the pellet plant with the further potential to build a value added DRI project.
- Unfortunately, the project had a history of delays caused due to various external circumstances. Mesabi Metallics has however continued to persist to complete the project in an efficient manner.
- Construction of the project has been accelerated since April this year and several million dollars have now been further committed by the company to invest in the project which is now scheduled to be completed by 31 March 2026.
- DNR Leases: It is critical for the realization of the project that the state mineral leases are available which Mesabi Metallics were holding but were terminated by State of Minnesota Department of Natural Resources (DNR) in year 2021.
  
  Recently, DNR has recommended the award of state leases to Cleveland Cliffs on 4 May 2023. This recommendation is expected to be placed before the Executive Council for approval on 25 May 2023. These state leases are critically important for the Mesabi Metallics plant.
- Itasca County and its community will be severely affected if this decision of DNR is approved by the Executive Council.
- Cleveland Cliffs has stated that Hibbing Taconite plant operations will be closed in 4 to 6 years leading to loss of 750 jobs if the state mineral leases are not awarded to it.

2. Status of the project

- Engineering: Approx. 80% of engineering design completed; has been ongoing for last 2 years and remaining to be completed in next 3 months
- Procurement: Majority of plant and machinery, associated equipments and material of value over $500 million are on site;
• Construction: Construction of project is 50% complete and approx. 4.0 million labor hours have been spent on the project; Construction work has been accelerated since 1 April 2023; Earthwork and civil engineering works has been substantially completed; Balance of Construction will be completed and

• commercial operations are expected to commence by March 2026. Mesabi Metallics has also released advances to various vendors including local contractors to accelerate the construction schedule for the plant.

• All taxes and Royalties payable to DNR / Itasca County have been paid. Mesabi is in good standing with all of its obligations.

3. About Essar

Essar is the holding company of Mesabi Metallics. Essar is a global investor which owns a number of world-class assets diversified across the core sectors. Essar has a net-worth of over $ 6bn as of March 2022 and its portfolio companies have aggregate revenues of around US$15 billion and employ over 7,000 people including 2,000 people employed in the United States by its portfolio company Black Box Limited – US based IT solutions provider in systems integration operations.

4. Benefits to the Itasca County, School Districts, Iron range and State of Minnesota

• Mesabi Metallics will complete the pellet plant construction and this will lead to creation of 1000 construction union jobs, 350 new direct jobs and 700 indirect jobs.

• This will further lead to significant socio economic benefits to the local community, school districts and counties over the life of mine. It is estimated that the Mesabi Metallics project will contribute approximately:
  • $500 million to the School and University trust land funds
  • $300 million revenues to Itasca County; and
  • $100 million revenues to DNR

5. Mesabi Metallics’ vision to aid to the Green Steel Production in the US

• Mesabi Metallics also plans to grow with value added DRI project and pave a definitive path to Green Steel production in the United States by investing in the development of the value added DRI plant at an investment of over $ 1 billion adjacent to its pelletization plant which will be a path to the production of Green Steel in the United States. DRI from Mesabi Metallics will enable Mesabi Iron range to emerge as the leading low carbon steel making region in the United States with lowest carbon footprint, as the United States achieves its NET ZERO target by the year 2050. This combined facility, once operational will be one of the largest in terms of revenue generation and job creation on the entire Iron Range of Minnesota.
• This additional investment in the value added DRI plant in the Iron range shall create employment opportunities for 1500 people from the local communities during the construction period and thereafter generate permanent employment for 250 people in addition to the pelletizing facility.

6. Support requested from the Board of Commissioners of Itasca County

• Mesabi Metallics Project is significantly advanced, has all relevant permits in place and reinstatement of state leases can see taconite being mined and processed at the Nashwauk site by March 2026.
• In view of the criticality of this project and investment, in support of multi-generational future of the people of Itasca County, the local communities, the Iron Range, the State of Minnesota and all Minnesotans, and in view of the various socio-economic benefits that the successful completion of this project brings, Mesabi Metallics requests support of the Board of Commissioners of Itasca County to take any such actions as necessary to ensure that the interests of all stakeholders are protected in a fair and just manner.
Annexure: Nashwauk Lease wise estimated taconite reserves

<table>
<thead>
<tr>
<th>S.No</th>
<th>Lease No</th>
<th>Category of land</th>
<th>Acres</th>
<th>Estimated Tonnage (M Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3109 N</td>
<td>University Trust</td>
<td>123</td>
<td>95,209,343</td>
</tr>
<tr>
<td>2</td>
<td>3110 N</td>
<td>University Trust</td>
<td>42</td>
<td>34,129,078</td>
</tr>
<tr>
<td>3</td>
<td>3111 N</td>
<td>University Trust</td>
<td>160</td>
<td>83,337,119</td>
</tr>
<tr>
<td>4</td>
<td>3112 N</td>
<td>University Trust</td>
<td>80</td>
<td>39,457,387</td>
</tr>
<tr>
<td>5</td>
<td>3113 N</td>
<td>University Trust</td>
<td>49</td>
<td>773,347</td>
</tr>
<tr>
<td>6</td>
<td>3114 N</td>
<td>University Trust</td>
<td>40</td>
<td>3,178,745</td>
</tr>
<tr>
<td>7</td>
<td>3115 N</td>
<td>University Trust</td>
<td>40</td>
<td>-</td>
</tr>
<tr>
<td>8</td>
<td>3116 N</td>
<td>University Trust</td>
<td>240</td>
<td>5,785,272</td>
</tr>
<tr>
<td>9</td>
<td>3117 N</td>
<td>University Trust</td>
<td>80</td>
<td>4,338,012</td>
</tr>
<tr>
<td>10</td>
<td>3118 N</td>
<td>University Trust</td>
<td>80</td>
<td>-</td>
</tr>
<tr>
<td>11</td>
<td>3119 N</td>
<td>University Trust</td>
<td>160</td>
<td>97,246,517</td>
</tr>
<tr>
<td>12</td>
<td>3120 N</td>
<td>University Trust</td>
<td>40</td>
<td>17,307,994</td>
</tr>
<tr>
<td>13</td>
<td>3121 N</td>
<td>University Trust</td>
<td>40</td>
<td>29,927,520</td>
</tr>
<tr>
<td>14</td>
<td>3122 N</td>
<td>University Trust</td>
<td>80</td>
<td>60,833,480</td>
</tr>
<tr>
<td>15</td>
<td>3123 N</td>
<td>University Trust</td>
<td>120</td>
<td>81,528,708</td>
</tr>
<tr>
<td>16</td>
<td>3124 N</td>
<td>University Trust</td>
<td>53</td>
<td>50,800,882</td>
</tr>
<tr>
<td>17</td>
<td>3125 N</td>
<td>School Trust</td>
<td>160</td>
<td>84,504,680</td>
</tr>
<tr>
<td>18</td>
<td>3126 N</td>
<td>School Trust</td>
<td>160</td>
<td>11,260,223</td>
</tr>
<tr>
<td>19</td>
<td>T 5081 N</td>
<td>Tax Forfeit</td>
<td>40</td>
<td>8,032,103</td>
</tr>
<tr>
<td>20</td>
<td>T 5082 N</td>
<td>Tax Forfeit</td>
<td>80</td>
<td>12,471,715</td>
</tr>
<tr>
<td>21</td>
<td>T 5083 N</td>
<td>Tax Forfeit</td>
<td>80</td>
<td>-</td>
</tr>
<tr>
<td>22</td>
<td>T 5084 N</td>
<td>Tax Forfeit</td>
<td>40</td>
<td>7,578,850</td>
</tr>
<tr>
<td>23</td>
<td>T 5085 N</td>
<td>Tax Forfeit</td>
<td>60</td>
<td>46,437,348</td>
</tr>
<tr>
<td>24</td>
<td>T 5086 N</td>
<td>Tax Forfeit</td>
<td>40</td>
<td>30,078,606</td>
</tr>
<tr>
<td>25</td>
<td>T 5087 N</td>
<td>Tax Forfeit</td>
<td>40</td>
<td>29,093,173</td>
</tr>
<tr>
<td>26</td>
<td>T 5088 N</td>
<td>Tax Forfeit</td>
<td>40</td>
<td>30,172,072</td>
</tr>
<tr>
<td>27</td>
<td>T 5089 N</td>
<td>Tax Forfeit</td>
<td>40</td>
<td>-</td>
</tr>
<tr>
<td>28</td>
<td>T 5101 N</td>
<td>Tax Forfeit</td>
<td>157</td>
<td>36,819</td>
</tr>
<tr>
<td>29</td>
<td>T 5102 N</td>
<td>Tax Forfeit</td>
<td>160</td>
<td>130,597</td>
</tr>
<tr>
<td>30</td>
<td>T 5103 N</td>
<td>Tax Forfeit</td>
<td>141</td>
<td>45,909,351</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>2666</td>
<td><strong>909,558,938</strong></td>
</tr>
</tbody>
</table>
The Bureau of Business and Economic Research extends a thank you to industry representatives from ArcelorMittal Minorca; Hibbing Taconite Company; Keewatin Taconite; Mesabi Nugget Delaware, LLC; Mining Resources, LLC; Minntac; Northshore Mining; United Taconite, LLC; PolyMet Mining, Inc.; Teck American, Inc.; Twin Metals, LLC; Vermillion Gold, Inc.; and others for their willingness to provide information. The BBER also thanks representatives from the Minnesota Department of Revenue for their assistance with fact-finding and background information.
# Table of Contents

Executive Summary ............................................................................................................ vii
I. Project Description ........................................................................................................ 1
   Study Area .................................................................................................................... 2
II. Ferrous and Nonferrous Mining Industry Trends ................................................................ 4
III. Economic Impacts ...................................................................................................... 9
   Inputs Used for Modeling .............................................................................................. 9
   Ferrous Mining Impacts ............................................................................................... 13
   Arrowhead Region and Douglas County, Wisconsin .......................................................... 13
   State of Minnesota ........................................................................................................ 18
   Nonferrous Mining Impacts ........................................................................................... 19
   Arrowhead Region and Douglas County, Wisconsin .......................................................... 19
   State of Minnesota ........................................................................................................ 22
   Ferrous and Nonferrous Mining Impacts ........................................................................ 24
   Arrowhead Region and Douglas County, Wisconsin .......................................................... 24
   State of Minnesota ........................................................................................................ 27
IV. Tax Impacts ................................................................................................................ 30
   Ferrous Mining Tax Impacts ....................................................................................... 30
   Nonferrous Mining Tax Impacts ................................................................................... 32
V. Survey of Mining Related Firms ................................................................................... 33
VI. Conclusions ............................................................................................................... 42
Appendix A. Definitions Used in this Report ...................................................................... 43
Appendix B. Input-Output Modeling ................................................................................ 45
   Data Sources ................................................................................................................ 45
   Modeling Assumptions ................................................................................................. 45
Appendix C. Taxes, School Support, and Minnesota’s Mineral Revenue .............................. 47
Table of Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Location of Mines on the Iron Range in the Arrowhead Region</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Counties of Minnesota’s Arrowhead Region and Douglas County, Wisconsin</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Top 25 Industries in Study Area by Value Added on the Arrowhead Region (2018)</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Production Estimates of Taconite on the Arrowhead Region</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Comparison of Duluth-Superior MSA GRP to Local Industries’ GRPs</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Ferrous and Nonferrous Annual Operating Budget on the Arrowhead Region (2019-2024)</td>
<td>11</td>
</tr>
<tr>
<td>7</td>
<td>Proposed Capital and Construction Spending on the Arrowhead Region (2020-2024)</td>
<td>12</td>
</tr>
<tr>
<td>8</td>
<td>Top 20 Industries Impacted by Ferrous Mining Operations</td>
<td>15</td>
</tr>
<tr>
<td>9</td>
<td>Top 20 Industries Impacted by Ferrous Mining Operations on the Arrowhead Region by Value Added (2019), Millions of Dollars</td>
<td>16</td>
</tr>
<tr>
<td>10</td>
<td>Ferrous Mining Sensitivity Analysis of Projected Employment on the Arrowhead Region</td>
<td>17</td>
</tr>
<tr>
<td>11</td>
<td>Ferrous Mining Sensitivity Analysis of Projected Employment on the State of Minnesota</td>
<td>19</td>
</tr>
<tr>
<td>13</td>
<td>Nonferrous Mining Sensitivity Analysis of Projected Employment on the Arrowhead Region</td>
<td>22</td>
</tr>
<tr>
<td>14</td>
<td>Nonferrous Mining Sensitivity Analysis of Projected Employment on the State of Minnesota</td>
<td>24</td>
</tr>
<tr>
<td>15</td>
<td>Capital Expenditure and Construction Spending’s Sensitivity Analysis of Projected Employment</td>
<td>26</td>
</tr>
<tr>
<td>16</td>
<td>Capital Expenditure and Construction Spending’s Sensitivity Analysis of Projected Employment</td>
<td>29</td>
</tr>
<tr>
<td>17</td>
<td>What sector is your business in? (n=60)</td>
<td>33</td>
</tr>
<tr>
<td>18</td>
<td>How many employees does your business have at your specific location? (n=59)</td>
<td>34</td>
</tr>
<tr>
<td>19</td>
<td>What is the average hourly starting wage paid to employees in each category? (n=48)</td>
<td>35</td>
</tr>
<tr>
<td>20</td>
<td>Of all positions at your company, what percentage of positions requires the following degrees (as a final degree completed)? Total should sum to 100% (n=47)</td>
<td>36</td>
</tr>
<tr>
<td>21</td>
<td>What portion of your company’s annual revenue can be attributed to the mining industry? (n=52)</td>
<td>36</td>
</tr>
<tr>
<td>22</td>
<td>How did the following factors change, if at all, for your business in the past six months? (n=52)</td>
<td>37</td>
</tr>
</tbody>
</table>

Bureau of Business and Economic Research
Labovitz School of Business and Economics
University of Minnesota Duluth
Figure 23. How will the following factors change, if at all, for your business in the next six months? (n=51) ................................................................. 38

Figure 24. How did the general business conditions change, if at all, for ................................................................. 38

Figure 25. How will the general business conditions change, if at all, for ................................................................. 39

Figure 26. How much of the change in business activity over the past six months ................................................. 40

Figure 27. How much does your general business outlook for the next six months depend on your expectations for the region’s mining industry? (n=50) ......................................................... 40

Figure 28. What factors, if any, are limiting your ability to increase business activity? Select all that apply (n=59) ................................................................. 41

Table of Tables

<table>
<thead>
<tr>
<th>Table Number</th>
<th>Table Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Percentage Change in Employment on the Arrowhead Region (2009-2018) and Location Quotient by Super Sector</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>Participating Ferrous and Nonferrous Mines</td>
<td>9</td>
</tr>
<tr>
<td>3</td>
<td>Inputs Used in Modeling Ferrous Mining Impacts on the Arrowhead Region (2019-2024), Millions of Dollars</td>
<td>10</td>
</tr>
<tr>
<td>4</td>
<td>Inputs Used in Modeling Nonferrous Mining Impacts on the Arrowhead Region (2019-2024), Millions of Dollars</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>Sectors Used in Modeling Ferrous and Nonferrous Mining Operations in the Arrowhead Region (2019-2024)</td>
<td>12</td>
</tr>
<tr>
<td>6</td>
<td>Sectors Used in Modeling Capital and Construction Expenditures in the Arrowhead Region (2020-2024)</td>
<td>12</td>
</tr>
<tr>
<td>7</td>
<td>Economic Impacts from Ferrous Mining Operations on the Arrowhead Region (2019), Millions of Dollars</td>
<td>13</td>
</tr>
<tr>
<td>8</td>
<td>Projected Economic Impacts from Ferrous Mining Operations on the Arrowhead Region (2019-2024), Millions of Dollars</td>
<td>14</td>
</tr>
<tr>
<td>9</td>
<td>Projected Ferrous Mining Sensitivity Analysis on the Arrowhead Region (2024), Millions of Dollars</td>
<td>17</td>
</tr>
<tr>
<td>10</td>
<td>Economic Impacts from Ferrous Mining Operations</td>
<td>18</td>
</tr>
<tr>
<td>11</td>
<td>Projected Economic Impacts from Ferrous Mining Operations</td>
<td>18</td>
</tr>
<tr>
<td>12</td>
<td>Projected Ferrous Mining Sensitivity Analysis for the State of Minnesota (2024), Millions of Dollars</td>
<td>19</td>
</tr>
<tr>
<td>13</td>
<td>Economic Impacts from Nonferrous Mines Operations on the Arrowhead Region (2019), Millions of Dollars</td>
<td>20</td>
</tr>
<tr>
<td>14</td>
<td>Projected Economic Impacts from Nonferrous Mining Operations on the Arrowhead Region</td>
<td>20</td>
</tr>
</tbody>
</table>
Table 15. Projected Nonferrous Mining Sensitivity Analysis on the Arrowhead Region (2024), Millions of Dollars ......................................................................................................................... 20
Table 16. Economic Impacts from Nonferrous Mining Operations .................................................................................................................................................................................. 21
Table 17. Projected Economic Impacts from Nonferrous Mining Operations .................................................................................................................................................. 23
Table 18. Projected Nonferrous Mining Sensitivity Analysis on the State of Minnesota (2024), Millions of Dollars ........................................................................................................................................ 23
Table 19. Economic Impacts from Ferrous and Nonferrous .................................................................................................................................................................................................... 24
Table 20. Projected Economic Impacts from Ferrous and Nonferrous .................................................................................................................................................................................. 25
Table 21. Projected Ferrous and Nonferrous Mining Sensitivity Analysis on the Arrowhead Region (2024), Millions of Dollars ........................................................................................................ 25
Table 22. Projected Economic Impacts from Ferrous and Nonferrous .................................................................................................................................................................................. 26
Table 23. Projected Construction and Capital Expenditure Sensitivity Analysis on the Arrowhead Region (2021), Millions of Dollars ........................................................................................................................................... 26
Table 24. Top 25 Industries Impacted by Ferrous and Nonferrous Mining .................................................................................................................................................................................................. 27
Table 25. Economic Impact Modelling for Combined Mining Operations ............................................................................................................................................................. 28
Table 26. Total Projected Economic Impacts from Combined Mining Operations .................................................................................................................................................................. 28
Table 27. Total Projected Impacts from Capital Expenditure and Construction on the State of Minnesota .............................................................................................................................................. 28
Table 28. Minnesota's Iron Mines Direct Support for the State of Minnesota, 2019 ........................................................................................................................................................................ 30
Table 29. Minnesota's Iron Mining Industry Support for Education, 2018, in Millions ........................................................................................................................................................................... 31
Table 30. Minnesota Ferrous Mineral Royalties and Rentals Receipts, 2017 and 2018, in Millions of Dollars .................................................................................................................................................................................. 31
Table 31. Minnesota Nonferrous Mineral Royalties and Rentals Receipts, 2017 and 2018 in Thousands of Dollars .................................................................................................................................................................................. 32

DISCLAIMER – The Bureau of Business and Economic Research (BBER) at the University of Minnesota Duluth’s (UMD) Labovitz School was contacted by the Iron Mining Association (IMA) and Mining Minnesota as an unbiased research entity. Publication and dissemination of this report, or any of its data, is not an endorsement by the BBER/UMD of the IMA/Mining Minnesota or their projects. The BBER was asked to supply an economic impact analysis only. This analysis does not consider the social or environmental impacts of the project and should not be viewed as a cost benefit analysis or environmental impact assessment.

Bureau of Business and Economic Research
Labovitz School of Business and Economics
University of Minnesota Duluth
Executive Summary

The northeast region of Minnesota, often referred to as the Iron Range, has a history of iron ore mining dating back to the 1880s. While the focus of mining to date has been iron deposits (known as ferrous mining), the ores also contain a variety of base and precious metals including copper and nickel. Minnesota currently has six operating taconite plants, all located on the Mesabi Range. In addition, a number of companies are pursuing copper-nickel mining in the same area.

The UMD Labovitz School of Business and Economics’ research bureau, the Bureau of Business and Economic Research (BBER), was contacted by the Iron Mining Association of Minnesota and Mining Minnesota to study and estimate the economic impacts of construction and operations for ferrous and nonferrous mining on Minnesota and the Arrowhead Region including Douglas County, Wisconsin.

The objectives of the study include:

- To study the recent economic trends of the ferrous and nonferrous mining industries and describe the size of the mining industry relative to the economic base of the study area.
- To model the economic impacts of the ferrous and nonferrous mining industry, including the current and projected impacts of the industry’s operations and projected capital expenditures.
- To report on Minnesota mining-related taxes paid by the mining industry.
- To report on the business confidence of mining-related firms in the study area.

According to 2018 data from the Quarterly Census of Employment and Wages (QCEW), the mining industry grew by 37% between 2009 and 2018, adding 1,138 jobs. This growth rate was significantly higher than any of the other top 20 industries in the Arrowhead Region. Relative to the size of the area’s economy, mining also employs a significant number of workers. In the past ten years, the industry has seen a significant growth in production and GDP levels, with much of that growth during the most recent three-year period. In 2018, the mining industry directly contributed more than $2.0 billion to the economy of the Arrowhead Region.

To estimate the current and projected economic impacts of the ferrous and nonferrous mining industry, the research team developed a survey that asked representatives from each of the mines in the study area to estimate the current and projected number of employees, wages/benefits, annual operation expenditures, and investment projections at their location. Of the 13 existing and planned mine locations in the study area (eight ferrous and five nonferrous), 12 mines participated in the survey, for a 92% response rate.

According to company expectations, the number of employees at the ferrous mines is not expected to increase, but annual operating expenses are expected to increase at a rate of 1% annually.

In 2019, there were 46 people directly employed by the nonferrous mining companies within the study area and operating expenses for the industry were more than $63 million. By the year 2024, one of the four nonferrous mines is expected to be operational, and an additional one to two will have proposed mine projects in environmental review. By that time, the nonferrous mines are expecting to have employed 436 workers, an increase of roughly 950% over the 2019 baseline. Similarly, by 2024, operating expenses are projected to quadruple in size in comparison to the baseline year. The nonferrous mines predict sizable construction and capital projects as they become operational, with construction spending expected to peak in 2022.

According to the results of modeling, in 2019 ferrous mining contributed nearly 8,800 jobs in the Arrowhead Region. Nearly 4,000 of those were
employed directly in the mining industry, while an additional 4,960 were created in other parts of the regional economy through indirect and induced effects. The employment multiplier of 2.25 suggests that for every individual job created within the mining industry an additional 1.25 jobs were created in other industries within the region. It is projected that in 2024 the ferrous mining industry will support more than 8,350 jobs in the Arrowhead Region and contribute nearly $790 million in labor income (wages), $1.5 billion in value added, and $3.29 billion in output to the region’s economy.

In 2019, 46 jobs were supported directly by nonferrous mining and 71 additional jobs were indirectly supported by the nonferrous mining industry in the region for a total employment effect of 117 jobs in 2019 (2.55 multiplier). In total, the nonferrous mining industry added more than $10 million in labor income, $62 million in value added spending, and more than $77 million in output to the Arrowhead Region’s economy in 2019. By 2024, it is projected that the nonferrous mining industry could contribute $45 million in labor income, $210 million in value added, and $307 million in output to the study area’s economy.

Economic impacts from ferrous and nonferrous mining are even greater when using the state of Minnesota as the study area, as the initial round of spending from the mines’ operations has a larger ripple effect in a larger study area.

For example, when the mines purchase goods and services from companies that are located beyond the Arrowhead Region but within the state, those purchases are included in the economic impacts for the state.

In 2019, ferrous and nonferrous mining combined contributed more than 11,600 jobs, $1.0 billion labor income, $2.1 billion in value added spending, and more than $4.0 billion to the state’s economy. By 2024, the ferrous and nonferrous mining industry combined is expected to support roughly 11,200 jobs, $1.1 billion in labor income, and $4.1 billion in output statewide.

Impacts from the mines’ capital and construction spending are projected to peak in 2022. In that year alone, construction and capital spending on the part of the ferrous and nonferrous mines is expected to add more than 12,000 jobs, $815 million in labor income, $776 million in value added spending, and $1.5 billion in total output to the state of Minnesota.

In addition, Minnesota’s iron mines paid $158.7 million in production tax, occupation tax, sales and use tax, income tax, various Ad Valorem and property taxes and royalties and rentals on state minerals in 2018. Nearly $53 million of that total went directly to fund the state’s education system, $7 million to university-related expenses and $46 million to public schools.

Finally, a survey of mining-related businesses found that businesses that depend upon and support the mining industry tend to have higher-than-average wages than the average for the state. In addition, nearly 40% of occupations at mining-related firms required only a high school diploma as a final degree completed. Surveyed businesses were very positive about recent business performance but cautious about the future. The most common reason given for factors limiting companies’ ability to increase business activity included lack of demand, competition, and uncertainty about the performance of the mining industry.

★★★★

Bureau of Business and Economic Research
Labovitz School of Business and Economics
University of Minnesota Duluth
Economic Impact of Ferrous and Nonferrous Mining on Minnesota and the Arrowhead Region with Douglas County, Wisconsin

I. Project Description

The northeast region of Minnesota, often referred to as the "Iron Range," has a history of iron ore mining dating back to the 1880s. While the focus of mining to date has been iron deposits (known as ferrous mining), the ores also contain a variety of base and precious metals including copper, nickel, platinum, palladium, cobalt, and gold.¹ Minnesota currently has six operating taconite plants, all located on the Mesabi Range. In addition, a number of companies are pursuing copper-nickel mining in the same area.² The locations of current mines are shown in Figure 1.

The mining industry is an integral part of the state’s economy, especially in Northern Minnesota. According to Minnesota’s Department of Employment and Economic Development (DEED), the industry paid more than $500 million in wages to nearly 6,000 workers in 2018; nearly all of those workers were employed in Minnesota’s Arrowhead Region.

Figure 1. Location of Mines on the Iron Range in the Arrowhead Region

¹ https://www.leg.state.mn.us/lrl/guides/guides?issue=coppernickel
² https://www.dnr.state.mn.us/education/geology/digging/mining.html

SOURCE: IRON MINING ASSOCIATION OF MINNESOTA
The UMD Labovitz School of Business and Economics’ research bureau, the Bureau of Business and Economic Research (BBER), was contacted by the Iron Mining Association of Minnesota and Mining Minnesota to study and estimate the economic impacts of construction and operations for ferrous and nonferrous mining on Minnesota and the Arrowhead Region including Douglas County, Wisconsin. The BBER completed a similar study in 2012.

The objectives of the study are:

- To study the recent economic trends of the ferrous and nonferrous mining industries and describe the size of the mining industry relative to the economic base of the study area.
- To model the economic impacts of the ferrous and nonferrous mining industry, including the current and projected impacts of the industry’s operations and projected capital expenditures.
- To report on Minnesota mining-related taxes paid by the mining industry.
- To report on the business confidence of mining-related firms in the study area.

**Study Area**

There are two geographic scopes for this economic impact analysis. The first study area is the Arrowhead Region of Minnesota—Aitkin, Cook, Itasca, Koochiching, Lake, St. Louis, and Carlton Counties along with Douglas County in Wisconsin. The second study area includes the state of Minnesota. The figures below and on the following page provide insight on the regional economy of both study areas as background information for the results of the report.

**Figure 2. Counties of Minnesota’s Arrowhead Region and Douglas County, Wisconsin**

---

3 For a full list of definitions, please see Appendix A.
Figure 3 provides the top 25 industries in the Arrowhead/Douglas County study area ranked by value added. The figure shows the amount of value added each industry directly contributes to the gross regional product of the study area. The iron ore mining industry was the second largest contributor to value added in the study area’s economy, and the largest contributor among the private industries. In 2018, iron ore mining contributed over $1 billion in value added to the study area, behind hospitals at nearly $1.2 billion. The third largest contributing industry was petroleum refineries, which contributed $705 million to the study area’s GRP in 2018.

**Figure 3. Top 25 Industries in Study Area by Value Added on the Arrowhead Region (2018)**

- **Hospitals**: $1,189.5
- **Iron ore mining**: $1,026.7
- **Petroleum refineries**: $705.5
- **Employment and payroll of local govt, non-education**: $667.7
- **Employment and payroll of local govt, education**: $596.7
- **Paper mills**: $541.5
- **Offices of physicians**: $434.0
- **Tenant-occupied housing**: $405.5
- **Electric power transmission and distribution**: $394.6
- **Wholesale - Petroleum and petroleum products**: $358.5
- **Employment and payroll of state govt, education**: $339.6
- **Rail transportation**: $312.5
- **Electric power generation - Fossil fuel**: $303.7
- **Monetary authorities and depository credit intermediation**: $299.1
- **Nursing and community care facilities**: $251.5
- **Other local government enterprises**: $233.2
- **Employment and payroll of state govt, non-education**: $228.5
- **Full-service restaurants**: $223.4
- **Insurance carriers, except direct life**: $223.0
- **Employment and payroll of federal govt, non-military**: $216.7
- **Residential mental health, substance abuse and other**: $209.7
- **Other real estate**: $202.4
- **Truck transportation**: $192.7
- **Employment and payroll of federal govt, military**: $184.1
- **Aircraft manufacturing**: $181.9

**Source: IMPLAN**

---

4 Values shown reflect each industry’s direct contribution and do not include indirect or induced effects.
II. Ferrous and Nonferrous Mining Industry Trends

This chapter examines recent economic trends of the ferrous and nonferrous mining industry, including the industry’s contribution to gross regional product (GRP), taconite production estimates, and iron ore prices.

Figure 4 shows the taconite production estimates compared to the price of iron ore (measured by U.S. dollars per metric ton). Production values are for all operational taconite mines in the state of Minnesota, which include ArcelorMittal Minorca, Hibbing Taconite, Northshore Mining, U.S. Steel–Keewatin Taconite, U.S. Steel–Minntac, and United Taconite. The price of iron ore represents the average annual commodity price as estimated by Index Mundi.

The graph shows that the mining sector went from producing roughly 17 million long tons in 2009 to nearly 40 million in 2019. However, most of the growth in production happened immediately following the Great Recession and coincided with significant increases in the price of iron ore. In the two years following the Great Recession, the price of iron ore doubled (from $80 to $168 per metric ton) then fell to less than $60 per metric ton in 2015, before gradually recovering to $93.8 per metric ton in 2019.

Since 2010, taconite production levels have been stable, with the exception of a two-year dip in 2015-2016. The decrease in production between 2015 and 2016 was due partially to the decrease in the price of iron ore but also to illegal steel dumping by China. In response, the U.S. Commerce Department imposed duties on Chinese and Mexican structural steel in 2019 after determining that producers in both countries had dumped

---

5 In Minnesota, nearly all high-grade iron ore has been mined, but advancements in technology have made usage of taconite feasible. Taconite is a low-grade iron ore that can be processed into hard, marble-sized pellets that are melted in blast furnaces and blown with oxygen to make steel.

6 The price of iron ore is measured in metric tons, and taconite production is measured in long tons. A metric ton is 2,205 pounds, whereas a long ton is 2,240 pounds.
fabricated structural steel on the U.S. market at prices below fair market value. After 2016, the price of iron ore remained low, but taconite production rebounded to pre-2015 production.

Figure 5. Comparison of Duluth-Superior MSA GRP to Local Industries’ GRPs

**Total GRP**

Total GRP was negatively impacted by the mining downturn in 2015 but has since recovered. Total GRP has doubled since 2001.

**Mining**

Mining has grown by 600% since 2001, with peak performance in 2011 and 2018.

**Manufacturing**

Manufacturing has shown relatively consistent growth and has recovered well since the recession.

**Tourism**

Tourism has experienced slow but consistent growth since 2001.

**Source: BEA, Storytelling with Data, BBER**

Figure 5 shows total GRP growth for the Duluth-Superior MSA from 2001-2018 along with the GRP contribution of three local industries of mining (both ferrous and nonferrous), manufacturing, and tourism. The longer time period allows us to see the impacts of the Great Recession on the economy of the region and each of the three industries. These three industries were selected as they are all relatively similar in size and

---


8 GRP for the MSA is shown rather than for the eight-county study area as GRP estimates are not available by county. The Duluth/Superior MSA is comprised of St. Louis and Carlton Counties in Minnesota and Douglas County in Wisconsin. However, based on IMPLAN estimates for GRP in 2018, the GRP for the Duluth-Superior MSA represented nearly 90% of the GRP for the eight-county study area.
have both economic and cultural significance to the Arrowhead Region. Each graph inside the figure has its own vertical axis, while all graphs share a horizontal axis. This allows us to compare fluctuations in industry trends with trends in the broader economy.

As shown in the figure, the total GRP of the Duluth-Superior MSA has doubled since 2001, from $8 billion to $16 billion (200% growth). Of the industries shown, mining experienced the largest amount of growth over the past two decades. In 2001, the mining industry’s contribution to the region’s GRP was roughly $349 million. By 2018 that value had increased to $2.1 billion, a growth rate of roughly 600%. The mining industry’s contribution to GRP peaked in 2011 at $2.4 billion, but it has been able to recover well after a decline in output in 2015. Notably, the mining sector represents 13% of the total GRP in the MSA, the largest percentage of the three sectors shown in the figure.

By comparison, the manufacturing industry saw consistent but relatively slower growth during the same time period. In 2001, the manufacturing industry contributed roughly $656 million to the region’s GRP, and in 2018, it produced roughly $1.5 billion in output, a 228% increase. Of the three industries shown, the tourism industry experienced the slowest level of growth during the time period consistently, increasing from $310 million in 2001 to $622 million in 2018.

The Great Recession, which strongly affected the global economy, is shown in Figure 5 as a vertical bar. Total GRP, mining, and manufacturing all declined during the Great Recession but were able to recover. The mining industry went on to increase production rapidly with a peak in 2011, contributing roughly $2.4 billion to the region’s GRP. Meanwhile, the tourism industry maintained stable but slow growth during the recession and subsequent several years.
Finally, Table 1 shows the percentage change in employment between 2009 and 2018 and location quotients for the 20 economic super sectors that are defined by the North American Industry Classification System (NAICS). The 20 super sectors (or sectors) are the main categories identified by NAICS. They are then broken down into sub-sectors and then industries. The percentage change in employment measures the growth in each sector’s employment between 2009 and 2018. A location quotient is used as a way to quantify a region’s industrial specialization relative to a larger geographic area (e.g. the respective state or nation). In this case, the table compares the level of employment in Minnesota’s Arrowhead Region in 2018 to the state of Minnesota as a whole. A location quotient of 1.0 means that the specialization of the industry in the Arrowhead Region is equal to the state’s. A location quotient greater than 1.0 suggests that the Arrowhead Region has a higher concentration in that industry than the state. And a location quotient less than 1.0 indicates that the Arrowhead Region has a lower concentration in that industry than the state.

Table 1. Percentage Change in Employment on the Arrowhead Region (2009-2018) and Location Quotient by Super Sector

<table>
<thead>
<tr>
<th>NAICS Sector</th>
<th>% Change in Employment (2009-2018)</th>
<th>Employment Location Quotient**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>37%</td>
<td>14.28</td>
</tr>
<tr>
<td>Utilities</td>
<td>-6%</td>
<td>2.27</td>
</tr>
<tr>
<td>Public administration, and recreation</td>
<td>6%</td>
<td>1.65</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>8%</td>
<td>1.39</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>7%</td>
<td>1.30</td>
</tr>
<tr>
<td>Retail trade</td>
<td>1%</td>
<td>1.17</td>
</tr>
<tr>
<td>Other services</td>
<td>20%</td>
<td>1.15</td>
</tr>
<tr>
<td>Educational services</td>
<td>4%</td>
<td>1.05</td>
</tr>
<tr>
<td>Construction</td>
<td>12%</td>
<td>1.04</td>
</tr>
<tr>
<td>Real estate and rental and leasing</td>
<td>14%</td>
<td>0.75</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>15%</td>
<td>0.74</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>-9%</td>
<td>0.63</td>
</tr>
<tr>
<td>Agriculture, forestry, fishing and hunting</td>
<td>0%</td>
<td>0.55</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1%</td>
<td>0.54</td>
</tr>
<tr>
<td>Information***</td>
<td>-19%</td>
<td>0.54</td>
</tr>
<tr>
<td>Waste management and remediation services</td>
<td>-7%</td>
<td>0.52</td>
</tr>
<tr>
<td>Professional, scientific, and technical services</td>
<td>12%</td>
<td>0.52</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>-1%</td>
<td>0.46</td>
</tr>
<tr>
<td>Management of companies and enterprises</td>
<td>-19%</td>
<td>0.18</td>
</tr>
<tr>
<td>Total, all industries</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

* Northeast Minnesota considers seven counties including Cook, Lake, St. Louis, Koochiching, Itasca, Aitkin, and Carlton.

**Location Quotient = (NE MN Sector Employment / NE MN Total Employment) / (MN Sector Employment / MN Total Employment).

*** Information sector data for 2009 was unavailable, so percentage change in employment for that sector is 2013-2018, the first year in which data was available for the sector.

Source: QWEC

As shown in Table 1, the mining sector has a location quotient of 14.28, considerably larger than all of the other sector’s location quotients. This demonstrates that mining has a higher concentration in northeastern Minnesota than in the State of Minnesota, and that within Northeast Minnesota mining is the dominant...
sector relative to the size of the local economy. Also, according to 2018 quarterly census of employment and wages, the mining sector grew by 37% between 2009 and 2018, adding 1,138 jobs. This growth rate was significantly higher than any of the other top 20 sectors in the region.

As shown in this chapter, Minnesota’s Arrowhead Region is heavily dependent on the mining sector. Relative to the size of the region’s economy, mining employs a significant number of workers and has shown significant employment growth. The industry also saw significant growth in production and GDP levels over the past ten years, with much of that growth during the most recent three-year period. In 2018, the mining sector contributed more than $2.0 billion to the region’s economy.
III. Economic Impacts

The second objective of the research project is the modeling of the economic impacts of the ferrous and nonferrous mining industry, including the current and projected impacts of the industry’s operations and projected construction and capital expenditures. This chapter includes a description of inputs used for modeling and the estimated economic impacts of the ferrous and nonferrous mining industries, shown in terms of employment, labor income, value added, and output. The research team used IMPLAN software version 3.1 to estimate economic impacts. All operational scenarios were modeled using IMPLAN’s 2018 dataset, the most recent data available. All operations and capital expenditures were modeled in the year of the incurred expenses. All results are adjusted for inflation, so dollar amounts reflect the year in which the activities were modeled.

*Inputs Used for Modeling*

Inputs required for modeling included the current and projected number of employees, employee compensation, proprietor income, and industry sales for both the ferrous and nonferrous mining industries. These inputs were used to create a baseline model for mining operations. Further models were built to estimate the predicted impact over the next five years and the additional impact of proposed capital and construction investment over the next five years (2020-2024).

The research team developed a survey that asked representatives from each of the study area mines to estimate the current and projected number of employees, wages/benefits, annual operation expenditures, and investment estimates at their location. The survey was distributed to 11 representatives at 13 existing and planned mine locations. Of the 13 mine locations in the study area (eight ferrous and five nonferrous), 12 mines participated in the survey, for a 92% response rate. Table 2 shows the mines that participated in the survey.

<table>
<thead>
<tr>
<th>Participating Mines</th>
<th>Owner</th>
<th>Mine Location in MN</th>
<th>Headquarters</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ferrous</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ArcelorMittal Minarca</td>
<td>ArcelorMittal USA</td>
<td>Virginia</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Hibbing Taconite Company*</td>
<td>ArcelorMittal USA</td>
<td>Hibbing</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Keewatin Taconite</td>
<td>U.S. Steel Corp.</td>
<td>Keewatin</td>
<td>Pittsburgh, PA</td>
</tr>
<tr>
<td>Mesabi Nugget Delaware, LLC**</td>
<td>Steel Dynamics, Inc.†</td>
<td>Aurora</td>
<td>Fort Wayne, IN</td>
</tr>
<tr>
<td>Mining Resources, LLC</td>
<td>Steel Dynamics, Inc.†</td>
<td>Chisholm</td>
<td>Fort Wayne, IN</td>
</tr>
<tr>
<td>Minntac</td>
<td>U.S. Steel Corp.</td>
<td>Mountain Iron</td>
<td>Pittsburgh, PA</td>
</tr>
<tr>
<td>Northshore Mining</td>
<td>Cleveland Cliffs, Inc.</td>
<td>Silver Bay</td>
<td>Cleveland, OH</td>
</tr>
<tr>
<td>United Taconite, LLC</td>
<td>Cleveland Cliffs, Inc.</td>
<td>Eveleth</td>
<td>Cleveland, OH</td>
</tr>
<tr>
<td><strong>Nonferrous</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PolyMet Mining, Inc.</td>
<td>PolyMet Mining Corp.</td>
<td>Hoyt Lakes</td>
<td>St. Paul, MN</td>
</tr>
<tr>
<td>Teck American, Inc.</td>
<td>Teck Resources Limited</td>
<td>Babbitt</td>
<td>Spokane, WA</td>
</tr>
<tr>
<td>Twin Metals, LLC</td>
<td>Antofagasta, PLC</td>
<td>Ely</td>
<td>St. Paul, MN</td>
</tr>
<tr>
<td>Vermillion Gold, Inc.</td>
<td>Vermillion Gold, Inc.</td>
<td>Vermillion</td>
<td>Minneapolis, MN</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Greenstone Belt</td>
<td></td>
</tr>
</tbody>
</table>

*According to the Mining Tax Guide 2019, Hibbing Taconite Company is owned by ArcelorMittal USA (62.3%), Cleveland Cliffs, Inc. (23%), and U.S. Steel (14.7%).

**Mesabi Nugget Delaware, LLC is owned by Steel Dynamics, Inc. (81%) and Kobe Steel, Ltd (19%).

†Mesabi Nugget Delaware, LLC and Mining Resources, LLC, both owned by Steel Dynamics, Inc., are not currently operational.

Source: BBER Mining Impact Survey

Bureau of Business and Economic Research
Labovitz School of Business and Economics
University of Minnesota Duluth

9
The data provided by the mines’ representatives was used to model the current and projected operation impacts as well as impacts from proposed construction and capital investment. The research team assumed that each company provided good-faith estimates. In instances where data was not provided by the client and the mines, the research team relied on IMPLAN estimates and secondary data sources\(^9\) as inputs.

Table 3 shows the estimated number of employees, wages and benefits, and annual operating expenses for each year for the ferrous mines that participated in the survey. These values are based on the previous year’s employment and spending as well as the companies’ projected operation activity for the next five years.

Table 3. Inputs Used in Modeling Ferrous Mining Impacts (Total Effects) on the Arrowhead Region (2019-2024), Millions of Dollars

<table>
<thead>
<tr>
<th></th>
<th># of Employees</th>
<th>Wages/Benefits</th>
<th>Annual Operating Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current (2019 Baseline)</td>
<td>3,982</td>
<td>$543.4</td>
<td>$2,294.8</td>
</tr>
<tr>
<td>2020 (Projected)</td>
<td>3,982</td>
<td>$548.7</td>
<td>$2,296.4</td>
</tr>
<tr>
<td>2021</td>
<td>3,982</td>
<td>$554.1</td>
<td>$2,297.9</td>
</tr>
<tr>
<td>2022</td>
<td>3,982</td>
<td>$559.7</td>
<td>$2,299.4</td>
</tr>
<tr>
<td>2023</td>
<td>3,982</td>
<td>$565.4</td>
<td>$2,301.0</td>
</tr>
<tr>
<td>2024</td>
<td>3,982</td>
<td>$571.3</td>
<td>$2,302.6</td>
</tr>
</tbody>
</table>

\(^{9}\) Secondary data sources included company 10-K reports in which some companies included predicted capital expenditures.

According to company expectations, the number of employees is not expected to increase, but wages and benefits are expected to grow by roughly 1% annually, from $543 million in 2019 to over $570 million in 2024. Annual operating expenses are expected to increase at a rate of 1% annually as well.

Table 4 shows the same estimates for the nonferrous mines that participated in the survey. In 2019, there were 46 people employed by the nonferrous mining industry within the study area and operating expenses for the industry were more than $63 million. By the year 2024, one of the four non-ferrous mines are expected to be operational, and an additional one to two more will have proposed mine projects in the environmental review phase. By that time, employment is expected to grow to more than 400 employees, an increase of 800% over the baseline. Similarly, by 2024, operating expenses are projected to quadruple in size in comparison to the baseline year.

Table 4. Inputs Used in Modeling Nonferrous Mining Impacts (Total effects) on the Arrowhead Region (2019-2024), Millions of Dollars

<table>
<thead>
<tr>
<th></th>
<th># of Employees</th>
<th>Wages/Benefits</th>
<th>Annual Operating Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current (2019 Baseline)</td>
<td>46</td>
<td>$8.5</td>
<td>$63.3</td>
</tr>
<tr>
<td>2020 (Projected)</td>
<td>47</td>
<td>$9.3</td>
<td>$71.4</td>
</tr>
<tr>
<td>2021</td>
<td>76</td>
<td>$10.4</td>
<td>$78.0</td>
</tr>
<tr>
<td>2022</td>
<td>133</td>
<td>$16.7</td>
<td>$173.0</td>
</tr>
<tr>
<td>2023</td>
<td>336</td>
<td>$34.4</td>
<td>$232.0</td>
</tr>
<tr>
<td>2024</td>
<td>436</td>
<td>$38.7</td>
<td>$253.0</td>
</tr>
</tbody>
</table>

\(^{9}\) Secondary data sources included company 10-K reports in which some companies included predicted capital expenditures.
Figure 6 below shows the current and projected annual operating expenses for both the ferrous and nonferrous mines in the study area. The purpose of the figure is to compare the size and anticipated growth for both types of mines in the study area over the coming years. In 2019, the eight ferrous mines had operating expenses of nearly $2.3 billion combined. Meanwhile, the four nonferrous mines had combined operating budgets of roughly $63 million. Based on the survey data received, there is expected growth for both the ferrous and nonferrous mining industries within the study area. However, the nonferrous mines are anticipating growth of nearly 400%, compared with 5% for the ferrous mines. Therefore, by 2024, nonferrous mines in the study area estimate that they could see operating expenses of roughly $253 million or nearly 10% of the region’s mining industry overall.

**Figure 6. Ferrous and Nonferrous Annual Operating Budget (2019-2024), Millions of Dollars**

![Bar chart showing annual operating budget for ferrous and nonferrous mines from 2019 to 2024.]

**SOURCE: BBER MINING IMPACT SURVEY**

Figure 7 on the following page illustrates the breakout of capital and construction expenditures for the ferrous and nonferrous mines. The data was self-reported by each mining company and aggregated by year. The year 2022 is projected to be the peak spending year with $996 million projected ($601 million in construction spending and $395 million in other capital expenditures). Over the five-year span of 2020-2024, construction spending is projected to total $1.11 billion overall, and other capital expenditures are projected to total $1.64 billion, resulting in $2.74 billion of investments overall. The nonferrous mines in particular are predicting sizable construction and capital projects as the mines become operational.

---

10 Capital and construction spending was aggregated for all ferrous and nonferrous mines to preserve confidentiality of individual mines’ responses.
Figure 7: Proposed Ferrous and Nonferrous Capital and Construction Spending (2020-2024), Millions of Dollars

Source: BBER Mining Impact Survey

Table 5 shows the IMPLAN sectors used in modeling the current and projected operations of the ferrous and nonferrous mines in the study area. The two sectors included iron ore mining and copper, nickel, lead, and zinc mining.

Table 5. Sectors Used in Modeling Ferrous and Nonferrous Mining Operations in the Arrowhead Region (2019-2024)

<table>
<thead>
<tr>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron ore mining</td>
</tr>
<tr>
<td>Copper, nickel, lead, and zinc mining</td>
</tr>
</tbody>
</table>

Source: IMPLAN

Table 6 below shows the IMPLAN sectors used in modeling all capital and construction expenditures for the ferrous and nonferrous mines in the study area.

Table 6. Sectors Used in Modeling Capital and Construction Expenditures in the Arrowhead Region (2020-2024)

<table>
<thead>
<tr>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of other new nonresidential structures</td>
</tr>
<tr>
<td>Maintenance and repair construction of nonresidential structures</td>
</tr>
<tr>
<td>Construction machinery manufacturing</td>
</tr>
<tr>
<td>Mining machinery and equipment manufacturing</td>
</tr>
<tr>
<td>Industrial process variable instruments manufacturing</td>
</tr>
<tr>
<td>Wholesale - Machinery, equipment, and supplies</td>
</tr>
<tr>
<td>Wholesale - Grocery and related product wholesalers</td>
</tr>
<tr>
<td>Wholesale - Petroleum and petroleum products</td>
</tr>
<tr>
<td>Retail - Gasoline stores</td>
</tr>
<tr>
<td>Retail - Clothing and clothing accessories stores</td>
</tr>
<tr>
<td>Retail - General merchandise stores</td>
</tr>
</tbody>
</table>

Source: IMPLAN

Bureau of Business and Economic Research
Labovitz School of Business and Economics
University of Minnesota Duluth

12
In cases where the mine provided a description of the capital spending, the research team selected the IMPLAN sector that most closely aligned with the description and then distributed the specified spending amount based on IMPLAN margins. In cases where there was no specific description of the item, the research team distributed funds to the mining machinery and manufacturing sector, again using IMPLAN margins. All construction spending was attributed to the sector of construction of other new nonresidential structures. Capital and construction spending was modeled for ferrous and nonferrous mines combined with the proposed construction spending and modeled by year for years 2020 through 2024.

**Ferrous Mining Impacts**

**Arrowhead Region and Douglas County, Wisconsin**

This section provides the direct, indirect, and induced economic impacts for the ferrous mining industry on the Arrowhead Region and Douglas County, Wisconsin. Results first highlight the baseline impacts of the industry’s operations. Baseline results are based on the industry’s annual sales and production estimates for the most recent year available (2019). Next, the results show projected operational impacts based on estimates provided by the mines, looking forward over the next five years (2020-2024). For all projected impacts, a range of estimates (i.e. sensitivity analysis) is provided to show the possible range of impacts that could occur given the uncertainty surrounding the projections.

Table 7 shows the detailed economic impacts of the ferrous mines in the study area for the most recent year (2019). Each row in the table shows the direct, indirect, induced, and total effects of the mining operations. The columns in the table represent employment, labor income, value added, and output. All results are shown in 2019 dollars.

**Table 7. Economic Impacts from Ferrous Mining Operations on the Arrowhead Region (2019), Millions of Dollars**

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Effect</td>
<td>3,982</td>
<td>$537.1</td>
<td>$1,190.7</td>
<td>$2,294.8</td>
</tr>
<tr>
<td>Indirect Effect</td>
<td>1,637</td>
<td>$104.8</td>
<td>$251.0</td>
<td>$623.7</td>
</tr>
<tr>
<td>Induced Effect</td>
<td>3,323</td>
<td>$138.8</td>
<td>$253.0</td>
<td>$467.5</td>
</tr>
<tr>
<td>Total Effect</td>
<td>8,942</td>
<td>$780.7</td>
<td>$1,694.7</td>
<td>$3,386.0</td>
</tr>
<tr>
<td>Multiplier</td>
<td>2.25</td>
<td>1.45</td>
<td>1.42</td>
<td>1.48</td>
</tr>
</tbody>
</table>

*Totals may not sum due to rounding

**SOURCE: IMPLAN**

The first row of Table 7, labeled direct effects, represents the employment and spending coming from the mines themselves on wages, equipment, and supplies. These estimates are based on the estimates from the BBER Mining Impact Survey. Indirect effects measure increased inter-industry spending on the part of regional businesses and suppliers as a result of the mines’ direct spending. Induced effects reflect an increase

11 Margins allow for business and consumer expenditures to be traced though retail, wholesale, and transportation industries back to the industries that manufactured the product, allowing the appropriate allocation to the producing industries (IMPLAN, 2020).
12 For data sources and assumptions used in accepting IMPLAN’s input-output model, please see Appendix B.
13 When describing the results of modeling, the eight-county study area is referred to throughout the report simply as the Arrowhead Region.
14 Employment is measured in terms of headcount, not full-time equivalent.
in household spending by mining employees as well as the employees of businesses that support the mines. Total effects are the sum of direct, indirect, and induced. The last row in the table is the impact multiplier associated with each effect and is calculated by dividing the total effect by the direct effect. A multiplier indicates how much additional spending is added to the study area’s economy for each dollar generated by the direct spending of the industry.

According to the results of modeling, nearly 4,000 jobs were directly supported by the mining industry in 2019. Employment estimates are in terms of jobs, not in terms of full-time equivalent employees. In addition to the 4,000 direct jobs, an additional 1,637 jobs were created in other industries as a result of the mines’ operational spending, and more than 3,300 jobs were created as a result of mining employees’ spending on goods and services. The employment multiplier of 2.25 suggests that for every individual job created within the mining industry, an additional 1.25 jobs were created elsewhere in the economy. In total, the ferrous mining industry supported over 8,900 jobs in 2019 through the direct, indirect, and induced spending.

The second column, labor income, is an estimate of all employee compensation, including wages, benefits, and proprietor income. The mining industry pays roughly $537 million in wages and benefits to its employees, generating an additional $243 million in income to individuals employed by businesses supported by the mining industry (through indirect and induced impacts). The value added column represents the contribution to the GDP made by an individual producer, industry, or sector. In 2019, mining had a total effect of nearly $1.7 billion in value added to the local economy through direct, indirect, and induced effects. The last column, output, is the value of all local production required to sustain activities. In 2019, it is estimated that operational spending (roughly $2.3 billion in the study area) led to a total output impact of roughly $3.4 billion in the study area.

Table 8 shows the total effects of the ferrous mining industry on the region in terms of employment, labor income, value added, and output from 2019 to 2024. The total effects represent the sum of the direct, indirect, and induced effects.

Table 8. Projected Economic Impacts (Total Effects) from Ferrous Mining Operations on the Arrowhead Region (2019-2024), Millions of Dollars

<table>
<thead>
<tr>
<th>Impact Year</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 (Baseline)</td>
<td>8,942</td>
<td>$780.7</td>
<td>$1,694.7</td>
<td>$3,386.0</td>
</tr>
<tr>
<td>2020</td>
<td>8,809</td>
<td>$781.3</td>
<td>$1,659.2</td>
<td>$3,365.1</td>
</tr>
<tr>
<td>2021</td>
<td>8,684</td>
<td>$782.4</td>
<td>$1,625.8</td>
<td>$3,345.5</td>
</tr>
<tr>
<td>2022</td>
<td>8,566</td>
<td>$783.9</td>
<td>$1,594.5</td>
<td>$3,327.1</td>
</tr>
<tr>
<td>2023</td>
<td>8,455</td>
<td>$785.8</td>
<td>$1,565.2</td>
<td>$3,309.8</td>
</tr>
<tr>
<td>2024</td>
<td>8,351</td>
<td>$788.2</td>
<td>$1,537.8</td>
<td>$3,293.6</td>
</tr>
</tbody>
</table>

Source: IMPLAN

In 2019, ferrous mining resulted in more than 8,900 jobs, $780 million in labor income, nearly $1.7 billion in value added, and nearly $3.4 billion in output to the eight-county study area. Over the next five years, total employment effects of ferrous mining operations are projected to decrease slightly, while labor income will increase by 0.9% and value added by 9.3%. It is projected that in 2024 the ferrous mining industry will support 8,351 jobs in the study area (through direct, indirect, and induced effects), contributing nearly $800

In its projections, the IMPLAN database assumes increases in worker productivity, and therefore predicts a small reduction in the number of workers required for every unit of output. This is why, for all models, projected employment is slightly lower than in the baseline.
million in labor income (wages) to the region, $1.5 billion in value added, and $3.33 billion in output.

Figure 8 shows the estimated employment impacts in the top twenty most impacted industries as measured by number of employees. Only indirect and induced impacts are shown in the chart as all direct effects are felt only within the iron mining industry. Heavily impacted industries include hospitals (n=238), full-service restaurants (n=230), management of companies and enterprises (n=208) and limited-service restaurants (n=176). Industries that are affected by ferrous mining’s indirect effects (through business to business spending) include management of companies and enterprises, monetary authorities and depository credit intermediation, and machinery, equipment, and supplies wholesale industries. Industries affected by the induced effects (from employee household spending) include hospitals, full and limited service restaurants, real estate, and general retail industries.

**Figure 8. Top 20 Industries Impacted by Ferrous Mining Operations on the Arrowhead Region, by Employment (2019)**

*Source: IMPLAN*
Figure 9 shows the top 20 industries impacted by the ferrous mining industry in terms of value-added spending within the study area. Owner-occupied dwellings is a sector that is unique to IMPLAN’s accounting model and represents the amount homeowners would pay if they rented rather than owned their homes. Industries impacted by indirect effects include electric power transmission and distribution, petroleum refineries, petroleum and petroleum products wholesale, management of companies and enterprises, and more. The induced effects of value added to the economy from the ferrous mining operations are seen in many industries including owner occupied dwellings, hospitals, offices of physicians, and tenant-occupied housing. In fact, the region’s hospitals benefitted from more than $22 million in value added spending from mining’s induced effects (i.e. household spending).

**Figure 9. Top 20 Industries Impacted by Ferrous Mining Operations on the Arrowhead Region, by Value Added (2019), Millions of Dollars**

![Graph showing the top 20 industries impacted by ferrous mining operations.](chart)

**Source: IMPLAN**

The research team used survey responses provided by representatives of the participating mines as inputs in IMPLAN to model the projected economic impacts of the mining industry on the study area. Due to the uncertainty surrounding the projected impacts, the research team created a sensitivity analysis to depict how varying levels of operations could impact the results. The research team modeled 100% (full impacts), 75% (partial), and 50% (half) impacts for the ferrous and nonferrous mines.

Bureau of Business and Economic Research  
Labovitz School of Business and Economics  
University of Minnesota Duluth
Table 9 shows the results of the sensitivity analysis. By 2024, it is projected that the ferrous mining industry could contribute $788 million in labor income, $1.54 billion in value added, and $3.29 billion in output to the economy at the full impact level. By comparison, a 75% impact would result in nearly $600 million in labor income, $1.15 billion in value added, and nearly $2.5 billion in output to the economy. A 50% impact would result in $394 million in labor income, $769 million in value added spending, and $1.65 billion in output.

Table 9. Projected Ferrous Mining Sensitivity Analysis on the Arrowhead Region (2024), Millions of Dollars

<table>
<thead>
<tr>
<th>Total Effect Level</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>8,351</td>
<td>$788.2</td>
<td>$1,537.8</td>
<td>$3,293.6</td>
</tr>
<tr>
<td>75%</td>
<td>6,263</td>
<td>$591.1</td>
<td>$1,153.3</td>
<td>$2,470.2</td>
</tr>
<tr>
<td>50%</td>
<td>4,175</td>
<td>$394.1</td>
<td>$768.9</td>
<td>$1,646.8</td>
</tr>
</tbody>
</table>

Source: IMPLAN

Figure 10 below visually depicts the results of the sensitivity analysis on projected employment for the years 2020 through 2024. In 2020, the ferrous mining industry operations are projected to have a full impact of 8,809 jobs within the study area. By comparison, a 75% impact would result in 6,607 jobs to the economy and a 50% impact would result in 4,405 jobs. In five years, the projected impact of ferrous mining operations on employment within the study area is 8,351 jobs for the full impact, 6,263 jobs for a 75% impact, and 4,175 jobs for a 50% impact.

Figure 10. Ferrous Mining Sensitivity Analysis of Projected Employment on the Arrowhead Region

Source: IMPLAN
This section provides the direct, indirect, and induced economic impacts for the ferrous mining industry on the state of Minnesota. Results first highlight the baseline (2019) impacts of the industry’s operations. Next, the results show projected operational impacts based on estimates provided by the mines, looking forward over the next five years (2020-2024). For all projected impacts, a range of estimates (i.e. sensitivity analysis) show the possible range of impacts that could occur given the uncertainty surrounding the projections.

Table 10 shows the detailed economic impacts of the ferrous mines in the study area for the most recent year (2019). All results are shown in the dollar amount that they occur. As shown in the table, the direct effects from ferrous mining are nearly identical when modeled statewide as compared to the study area of the Arrowhead Region and Douglas County, Wisconsin. However, indirect and induced effects are larger than those for the eight-county study area, since the initial round of spending from the mines’ operations has a larger ripple effect when using a larger study area. For example, when mines purchase goods and services from companies that are located beyond the Arrowhead Region but within the state, those purchases would be included in the effects shown in Table 10. In total, ferrous mines contributed more than 11,000 jobs, $1.0 billion in labor income, over $2.0 billion in value added, and $3.9 billion in output to the state’s economy in 2019. Also, the jobs multiplier for ferrous mining at the state level is 2.88, meaning that, for every job added in the mining industry, another 1.88 jobs are created elsewhere in the state, in other related industries.

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Effect</td>
<td>3,982</td>
<td>$537.1</td>
<td>$1,190.7</td>
<td>$2,294.8</td>
</tr>
<tr>
<td>Indirect Effect</td>
<td>2,640</td>
<td>$247.3</td>
<td>$428.9</td>
<td>$888.8</td>
</tr>
<tr>
<td>Induced Effect</td>
<td>4,841</td>
<td>$259.1</td>
<td>$433.9</td>
<td>$756.6</td>
</tr>
<tr>
<td>Total Effect</td>
<td>11,464</td>
<td>$1,043.5</td>
<td>$2,053.5</td>
<td>$3,940.2</td>
</tr>
<tr>
<td>Multiplier</td>
<td>2.88</td>
<td>1.94</td>
<td>1.72</td>
<td>1.72</td>
</tr>
</tbody>
</table>

*Totals may not sum due to rounding

Table 11 shows the total effects from ferrous mining operations for each year in the study (2019-2024). The total employment effects from ferrous mining are expected to see a slight decline over the six-year period from 11,464 jobs in 2019 to 10,357 jobs in 2024. Total effects from labor income, value added, and output on the state’s economy are expected to see slight growth over the time period.

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 (Baseline)</td>
<td>11,464</td>
<td>$1,043.5</td>
<td>$2,053.5</td>
<td>$3,940.2</td>
</tr>
<tr>
<td>2020</td>
<td>11,215</td>
<td>$1,035.6</td>
<td>$2,006.4</td>
<td>$3,900.8</td>
</tr>
<tr>
<td>2021</td>
<td>10,981</td>
<td>$1,028.5</td>
<td>$1,962.1</td>
<td>$3,863.5</td>
</tr>
<tr>
<td>2022</td>
<td>10,761</td>
<td>$1,022.4</td>
<td>$1,920.3</td>
<td>$3,828.4</td>
</tr>
<tr>
<td>2023</td>
<td>10,553</td>
<td>$1,017.0</td>
<td>$1,881.1</td>
<td>$3,795.3</td>
</tr>
<tr>
<td>2024</td>
<td>10,357</td>
<td>$1,012.4</td>
<td>$1,844.4</td>
<td>$3,764.2</td>
</tr>
</tbody>
</table>

**Table 10. Economic Impacts from Ferrous Mining Operations on the State of Minnesota (2019), Millions of Dollars**

**Table 11. Projected Economic Impacts (Total Effects) from Ferrous Mining Operations on the State of Minnesota (2019-2024), Millions of Dollars**

**Source:** IMPLAN
Table 12 below shows the results of the sensitivity analysis. By 2024, it is projected that ferrous mines could contribute over $1.0 billion in labor income, $1.84 billion in value added, and nearly $3.76 billion in output to the state’s economy at the full impact level. By comparison, a 50% impact would result in roughly $506 million in labor income, $922 million in value added spending, and $1.88 billion in output.

Table 12. Projected Ferrous Mining Sensitivity Analysis for the State of Minnesota (2024), Millions of Dollars

<table>
<thead>
<tr>
<th>Total Effects Level</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>10,357</td>
<td>$1,012.4</td>
<td>$1,844.4</td>
<td>$3,764.2</td>
</tr>
<tr>
<td>75%</td>
<td>7,768</td>
<td>$759.3</td>
<td>$1,383.3</td>
<td>$2,823.1</td>
</tr>
<tr>
<td>50%</td>
<td>5,179</td>
<td>$506.2</td>
<td>$922.2</td>
<td>$1,882.1</td>
</tr>
</tbody>
</table>

**Source:** IMPLAN

Figure 11 below shows the results of the sensitivity analysis for employment for each year included in the analysis. The anticipated operations for the ferrous mining industry are expected to be relatively steady over the coming years, and that is reflected in the results of the sensitivity analysis. The true employment impacts of the ferrous mining industry on the state’s economy are likely to fall somewhere between the maroon (50%) and green bars (100%).

Figure 11. Ferrous Mining Sensitivity Analysis of Projected Employment on the State of Minnesota

**Source:** IMPLAN

**Nonferrous Mining Impacts**

**Arrowhead Region and Douglas County, Wisconsin**

This section provides the direct, indirect, and induced economic impacts for the nonferrous mining industry on the Arrowhead Region and Douglas County, Wisconsin. Results first highlight the baseline (2019) impacts of the industry’s operations. Next, the results show projected operational impacts over the next five years (2020-2024). For all projected impacts, a range of estimates (i.e. sensitivity analysis) is provided to show the possible range of impacts that could occur, given the uncertainty surrounding the projections.

Table 13 shows the detailed economic impacts of the nonferrous mining industry in terms of employment,
labor income, value added, and output. Results are based on 2019 operations estimates and are shown in 2019 dollars.

Table 13. Economic Impacts from Nonferrous Mines Operations on the Arrowhead Region (2019), Millions of Dollars

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Effect</td>
<td>46</td>
<td>$6.8</td>
<td>$54.9</td>
<td>$63.2</td>
</tr>
<tr>
<td>Indirect Effect</td>
<td>28</td>
<td>$1.6</td>
<td>$3.9</td>
<td>$8.2</td>
</tr>
<tr>
<td>Induced Effect</td>
<td>43</td>
<td>$1.8</td>
<td>$3.3</td>
<td>$6.1</td>
</tr>
<tr>
<td>Total Effect</td>
<td>117</td>
<td>$10.2</td>
<td>$62.0</td>
<td>$77.5</td>
</tr>
<tr>
<td>Multiplier</td>
<td>2.55</td>
<td>1.50</td>
<td>1.13</td>
<td>1.23</td>
</tr>
</tbody>
</table>

*Totals may not sum due to rounding

*Source: IMPLAN*

In 2019, 46 jobs were supported directly by nonferrous mining, and 71 additional jobs were indirectly supported by the nonferrous mining industry in the region for a total employment effect of 117 jobs in 2019 (2.55 multiplier). In total, the nonferrous mining industry added more than $10 million in labor income, $62 million in value added spending, and more than $77 million in output to the study area’s economy in 2019.

Table 14 shows the total effect of the nonferrous mining industry on the region in terms of employment, labor income, value added, and output from 2019 to 2024. Over the next five years, employment is expected to increase by almost 500%, and value added is anticipated to increase by over 200% to just over $210 million. Total output is expected to grow to more than $300 million by 2024.

Table 14. Projected Economic Impacts (Total Effects) from Nonferrous Mining Operations on the Arrowhead Region (2019-2024), Millions of Dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 (Baseline)</td>
<td>117</td>
<td>$10.2</td>
<td>$62.0</td>
<td>$77.5</td>
</tr>
<tr>
<td>2020</td>
<td>123</td>
<td>$11.1</td>
<td>$66.9</td>
<td>$86.9</td>
</tr>
<tr>
<td>2021</td>
<td>164</td>
<td>$13.8</td>
<td>$72.4</td>
<td>$95.7</td>
</tr>
<tr>
<td>2022</td>
<td>290</td>
<td>$22.7</td>
<td>$145.6</td>
<td>$206.8</td>
</tr>
<tr>
<td>2023</td>
<td>598</td>
<td>$44.8</td>
<td>$204.3</td>
<td>$285.0</td>
</tr>
<tr>
<td>2024</td>
<td>698</td>
<td>$45.0</td>
<td>$210.6</td>
<td>$307.4</td>
</tr>
</tbody>
</table>

*Source: IMPLAN*

Figure 12, on the following page, shows the top 20 industries impacted by nonferrous mining operations in 2019. Only indirect and induced impacts are shown in the chart as all direct effects are felt only within the nonferrous mining industry. After owner-occupied dwellings, the most impacted industries in the study area are custom computer programming services ($387,000 in value added impacts), wholesale – petroleum and petroleum products ($369,000), and petroleum refineries ($343,000).
Figure 12. Top 20 Industries Impacted by Nonferrous Mining Operations, by Value Added (2019), Millions of Dollars on the Arrowhead Region

Source: IMPLAN

Table 15 below shows the results of the sensitivity analysis. By 2024, it is projected that the nonferrous mining industry could contribute almost $45 million in labor income, $210.6 million in value added, and $307 million in output to the economy at the full impact level. By comparison, a 75% impact would result in over $34 million in labor income, $158 million in value added, and $230 million in output to the economy. Additionally, a 50% impact would result in roughly $23 million in labor income, $105 million in value added spending, and $154 million in output.

Table 15. Projected Nonferrous Mining Sensitivity Analysis on the Arrowhead Region (2024), Millions of Dollars

<table>
<thead>
<tr>
<th>Total Effects Level</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>698</td>
<td>$45.0</td>
<td>$210.6</td>
<td>$307.4</td>
</tr>
<tr>
<td>75%</td>
<td>524</td>
<td>$33.7</td>
<td>$158.0</td>
<td>$230.6</td>
</tr>
<tr>
<td>50%</td>
<td>349</td>
<td>$22.5</td>
<td>$105.3</td>
<td>$153.7</td>
</tr>
</tbody>
</table>

Source: IMPLAN
Figure 13 below shows the sensitivity analysis of projected employment within the study area as a result of the nonferrous mines for the years 2020 through 2024. In 2020, the full impact of nonferrous mining operations on employment is projected to be 123 jobs within the study area. By comparison, a 50% impact would result in 62 jobs, and a 75% impact would result in 92 jobs to the economy. In five years, the projected impact of nonferrous mining operations on employment within the study area is anticipated to be 698 jobs for the full impact, 349 jobs for a 50% impact, and 524 jobs for a 75% impact.

**Figure 13. Nonferrous Mining Sensitivity Analysis of Projected Employment on the Arrowhead Region**

![Bar chart showing employment sensitivity analysis](image)

**Source:** IMPLAN

### State of Minnesota

Table 16 on the next page shows the economic impacts from nonferrous mining on the state of Minnesota. As shown in the table, the direct effects from nonferrous mining are nearly identical when modeled statewide as compared to the study area. However, indirect and induced effects are quite a bit larger since the initial round of spending from the mines’ operations has a larger ripple effect when using a larger study area. For example, if the mines are purchasing goods and services from companies that are located beyond the Arrowhead Region and Douglas County, Wisconsin, but within the state, those purchases would be included in the effects shown in Table 16. In total, nonferrous mining operations contributed nearly 174 jobs, $15.6 million in labor income, $64.7 million in value added,\(^{16}\) and $89.2 million in output to the state’s economy in 2019.

---

\(^{16}\) Value added is a measure of the impacting industry’s contribution to the local community; it includes wages, rents, interest, and proprietor income (i.e. profits). In most cases, value added is larger when modeled in a larger study area. However, it is possible for value added to be smaller if one of the components is negative. In this case, proprietor income was negative for the nonferrous mining industry for the state. For this reason, the value added direct effects shown in Table 16 are actually smaller than those for the Arrowhead Region.
Table 16. Economic Impacts from Nonferrous Mining Operations on the State of Minnesota (2019), Millions of Dollars

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Effect</td>
<td>46</td>
<td>$6.8</td>
<td>$50.1</td>
<td>$63.2</td>
</tr>
<tr>
<td>Indirect Effect</td>
<td>56</td>
<td>$5.0</td>
<td>$8.1</td>
<td>$14.7</td>
</tr>
<tr>
<td>Induced Effect</td>
<td>72</td>
<td>$3.9</td>
<td>$6.5</td>
<td>$11.3</td>
</tr>
<tr>
<td>Total Effect</td>
<td>174</td>
<td>$15.6</td>
<td>$64.7</td>
<td>$89.2</td>
</tr>
<tr>
<td>Multiplier</td>
<td>3.79</td>
<td>2.30</td>
<td>1.29</td>
<td>1.41</td>
</tr>
</tbody>
</table>

*Totals may not sum due to rounding

Source: IMPLAN

Table 17 shows the total effects from nonferrous mining operations for each year in the study (2019-2024). The surveyed mines predict growth over the coming years, and the economic effects reflect that growth. The total employment effects from nonferrous mining, for example, are expected to grow from 174 jobs in 2019 to more than 877 jobs in 2024. Similarly, total output is expected to increase from $89.2 million in 2019 to almost $350 million in 2024.

Table 17. Projected Economic Impacts (Total Effects) from Nonferrous Mining Operations on the State of Minnesota (2019-2024), Millions of Dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 (Baseline)</td>
<td>174</td>
<td>$15.6</td>
<td>$64.7</td>
<td>$89.2</td>
</tr>
<tr>
<td>2020</td>
<td>184</td>
<td>$16.9</td>
<td>$69.8</td>
<td>$99.5</td>
</tr>
<tr>
<td>2021</td>
<td>228</td>
<td>$20.1</td>
<td>$75.7</td>
<td>$109.2</td>
</tr>
<tr>
<td>2022</td>
<td>420</td>
<td>$35.4</td>
<td>$151.7</td>
<td>$234.1</td>
</tr>
<tr>
<td>2023</td>
<td>774</td>
<td>$62.5</td>
<td>$214.2</td>
<td>$322.9</td>
</tr>
<tr>
<td>2024</td>
<td>877</td>
<td>$63.2</td>
<td>$220.7</td>
<td>$346.4</td>
</tr>
</tbody>
</table>

Source: IMPLAN

Table 18 below shows the results of the sensitivity analysis. By 2024, it is projected that the nonferrous mining industry could contribute over $63.0 million in labor income, $220.7 million in value added, and $346 million in output to the state’s economy at the full impact level. By comparison, a 50% impact would result in roughly $32 million in labor income, $110 million in value added spending, and $173 million in output.

Table 18. Projected Nonferrous Mining Sensitivity Analysis on the State of Minnesota (2024), Millions of Dollars

<table>
<thead>
<tr>
<th>Total Effects Level</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>877</td>
<td>$63.2</td>
<td>$220.7</td>
<td>$346.4</td>
</tr>
<tr>
<td>75%</td>
<td>658</td>
<td>$47.4</td>
<td>$165.5</td>
<td>$259.8</td>
</tr>
<tr>
<td>50%</td>
<td>438</td>
<td>$31.6</td>
<td>$110.4</td>
<td>$173.2</td>
</tr>
</tbody>
</table>

Source: IMPLAN

Figure 14 on the next page shows the results of the sensitivity analysis on employment (2020-2024) for the state of Minnesota. The results show not only the predicted growth based on surveyed mines’ projections (green bars) but also what employment would be if true impacts were 75% (gold) or 50% (maroon) of the companies’ projections. Even by conservative estimates (i.e. 50% level), it is estimated that the nonferrous mines will contribute roughly 430 new jobs to the state’s economy by 2024.
This section provides the direct, indirect, and induced economic impacts for the combined ferrous and nonferrous mining industry on the Arrowhead Region and Douglas County, Wisconsin. Results first highlight the baseline impacts of the industry’s operations, followed by projected operational impacts for the next five years (2020-2024). For all projected impacts, a range of estimates (i.e. sensitivity analysis) is provided to show the possible range of impacts that could occur, given the uncertainty surrounding the projections. Finally, this section also includes projected impacts for capital and construction spending in the coming years.

Table 19 shows the combined impacts of the ferrous and nonferrous industry for the baseline (2019) year. As shown in the table, the ferrous and nonferrous industry combined added more than 9,000 jobs, nearly $791 million in labor income, over $1.75 billion in value added spending, and over $3.46 billion in output to the Arrowhead Region in 2019. The industry had an employment multiplier of 2.25, meaning that for every one job created directly by the industry, another 1.25 jobs were added in other parts of the economy.

*Totals may not sum due to rounding

**Ferrous and Nonferrous Mining Impacts**

**Arrowhead Region and Douglas County, Wisconsin**

Table 19. Economic Impacts from Ferrous and Nonferrous Mining Operations on the Arrowhead Region (2019), Millions of Dollars

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Effect</td>
<td>4,028</td>
<td>$543.9</td>
<td>$1,245.6</td>
<td>$2,358.1</td>
</tr>
<tr>
<td>Indirect Effect</td>
<td>1,665</td>
<td>$106.5</td>
<td>$254.8</td>
<td>$631.9</td>
</tr>
<tr>
<td>Induced Effect</td>
<td>3,367</td>
<td>$140.6</td>
<td>$256.3</td>
<td>$473.6</td>
</tr>
<tr>
<td>Total Effect</td>
<td>9,060</td>
<td>$790.9</td>
<td>$1,756.7</td>
<td>$3,463.6</td>
</tr>
<tr>
<td>Multiplier</td>
<td>2.25</td>
<td>1.45</td>
<td>1.41</td>
<td>1.47</td>
</tr>
</tbody>
</table>

*Bureau of Business and Economic Research*

*Labovitz School of Business and Economics*

*University of Minnesota Duluth*
Table 20 shows the projected impacts over the coming five years. Employment effects from ferrous and nonferrous mining are projected to be relatively stable from 2019-2024, as are the projected value added effects. Total output and labor income effects are projected to increase slightly over the period, with output predicted to exceed $3.6 billion by 2024.

### Table 20. Projected Economic Impacts (Total Effects) from Ferrous and Nonferrous Mining Operations on the Arrowhead Region (2020-2024), Millions of Dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 (Baseline)</td>
<td>9,060</td>
<td>$790.9</td>
<td>$1,756.7</td>
<td>$3,463.6</td>
</tr>
<tr>
<td>2020</td>
<td>8,932</td>
<td>$792.4</td>
<td>$1,726.0</td>
<td>$3,452.1</td>
</tr>
<tr>
<td>2021</td>
<td>8,848</td>
<td>$796.2</td>
<td>$1,698.1</td>
<td>$3,441.2</td>
</tr>
<tr>
<td>2022</td>
<td>8,857</td>
<td>$806.6</td>
<td>$1,740.0</td>
<td>$3,533.8</td>
</tr>
<tr>
<td>2023</td>
<td>9,054</td>
<td>$830.6</td>
<td>$1,769.4</td>
<td>$3,594.8</td>
</tr>
<tr>
<td>2024</td>
<td>9,049</td>
<td>$833.2</td>
<td>$1,748.4</td>
<td>$3,601.1</td>
</tr>
</tbody>
</table>

**Source:** IMPLAN

Table 21 shows the sensitivity analysis for ferrous and nonferrous mining. Three levels of impacts (100%, 75%, and 50%) are provided to show the possible range of impacts that could occur given the uncertainty surrounding the mine’s projections.

### Table 21. Projected Ferrous and Nonferrous Mining Sensitivity Analysis on the Arrowhead Region (2024), Millions of Dollars

<table>
<thead>
<tr>
<th>Total Effects Level</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>9,049</td>
<td>$833.2</td>
<td>$1,748.4</td>
<td>$3,601.1</td>
</tr>
<tr>
<td>75%</td>
<td>6,787</td>
<td>$624.9</td>
<td>$1,311.3</td>
<td>$2,700.8</td>
</tr>
<tr>
<td>50%</td>
<td>4,524</td>
<td>$416.6</td>
<td>$874.2</td>
<td>$1,800.5</td>
</tr>
</tbody>
</table>

**Source:** IMPLAN

Further models were developed to estimate the predicted economic impacts of proposed capital and construction investment over the next five years. These results are shown in Table 22 on the following page. The year 2022 is projected to be the highest level of investment and, therefore, have the highest economic impacts. In that year alone, construction and capital spending on the part of the ferrous and nonferrous mines is expected to add roughly 11,500 jobs to the study area, more than $640 million in labor income, $545 million in value added spending, and $1.24 billion in total output. Over the course of the five-year period, it is predicted that the combined capital and construction spending for the ferrous and nonferrous mines will contribute more than $1.2 billion in labor income, $1.1 billion in value added spending, and $2.4 billion in total output. It is important to note that the employment effects from the construction and capital spending are temporary and will only be felt in the study area for the year in question. Therefore, employment cannot be summed.

---

17 In most cases, value added is larger than labor income. However, it is possible for value added to be smaller than labor income. This can occur if “other property type income” (OPTI) is negative. Negative OPTI means that the sector spent more than in brought in as revenues (i.e., ran a deficit) that year. This was the case for the construction of other nonresidential structures sector in the study area in 2018, which is the reason why labor income effects are larger than value added in 2020, 2021, and 2023.
Table 22. Projected Economic Impacts (Total Effects) from Ferrous and Nonferrous Capital and Construction Expenditures on the Arrowhead Region (2020-2024), Millions of Dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>194</td>
<td>$11.8</td>
<td>$22.0</td>
<td>$42.6</td>
</tr>
<tr>
<td>2021</td>
<td>4,990</td>
<td>$276.8</td>
<td>$241.0</td>
<td>$540.8</td>
</tr>
<tr>
<td>2022</td>
<td>11,487</td>
<td>$643.7</td>
<td>$544.6</td>
<td>$1,237.3</td>
</tr>
<tr>
<td>2023</td>
<td>189</td>
<td>$11.9</td>
<td>$22.3</td>
<td>$43.6</td>
</tr>
<tr>
<td>2024</td>
<td>4,713</td>
<td>$268.1</td>
<td>$233.9</td>
<td>$529.3</td>
</tr>
<tr>
<td>Total</td>
<td>--</td>
<td>$1,212.3</td>
<td>$1,063.8</td>
<td>$2,393.7</td>
</tr>
</tbody>
</table>

SOURCE: IMPLAN

Table 23 shows the sensitivity analysis for the capital and construction impacts for the year 2022. If the nonferrous mines’ projections are accurate, impacts from the proposed construction projects could reach nearly 11,500 jobs, $644 million in labor income, and over $1.2 billion in output in 2022. By comparison, a 75% impact would result in over 8,600 jobs and $928 million in output to the economy, while a 50% impact would result in roughly 5,700 jobs and $619 million in output. The impacts shown, however, represent the peak year for spending, and impacts would be temporary, ending once the construction project is complete.

Table 23. Projected Construction and Capital Expenditure Sensitivity Analysis on the Arrowhead Region (2022), Millions of Dollars

<table>
<thead>
<tr>
<th>Total Effects Level</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>11,487</td>
<td>$643.7</td>
<td>$544.6</td>
<td>$1,237.3</td>
</tr>
<tr>
<td>75%</td>
<td>8,615</td>
<td>$482.8</td>
<td>$408.5</td>
<td>$928.0</td>
</tr>
<tr>
<td>50%</td>
<td>5,743</td>
<td>$321.9</td>
<td>$272.3</td>
<td>$618.7</td>
</tr>
</tbody>
</table>

SOURCE: IMPLAN

Figure 15 shows further details of the sensitivity analysis. In the figure, the full employment impacts, along with the 75% and 50% levels are shown for each year.

Figure 15. Capital Expenditure and Construction Spending’s Sensitivity Analysis of Projected Employment on the Arrowhead Region

SOURCE: IMPLAN

Bureau of Business and Economic Research
Labovitz School of Business and Economics
University of Minnesota Duluth
Table 24 depicts the 25 most impacted sectors by mining capital and construction expenditures forecasted for 2022 (the peak year for spending). Construction of other new nonresidential structures, owner-occupied dwellings, and hospitals are the three most impacted industries. These industries could see $212 million, $40 million, and $18 million of value added spending respectively as a result of capital and construction spending from ferrous and nonferrous mines. Impacts to the construction of other new nonresidential structures industry would be due to direct spending on the part of the mines, while most of the other top impacted industries would see large indirect and induced effects from increased wages and inter-industry spending.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of other new nonresidential structures</td>
<td>$211.8</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$211.8</td>
</tr>
<tr>
<td>Owner-occupied dwellings</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$39.5</td>
<td>$39.5</td>
</tr>
<tr>
<td>Hospitals</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$18.4</td>
<td>$18.4</td>
</tr>
<tr>
<td>Retail - Building material and supplies stores</td>
<td>$0.0</td>
<td>$13.5</td>
<td>$1.3</td>
<td>$14.8</td>
</tr>
<tr>
<td>Wholesale - Petroleum and petroleum products</td>
<td>$4.4</td>
<td>$6.2</td>
<td>$2.5</td>
<td>$13.0</td>
</tr>
<tr>
<td>Offices of physicians</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$12.6</td>
<td>$12.6</td>
</tr>
<tr>
<td>Architectural, engineering, and related services</td>
<td>$0.0</td>
<td>$9.4</td>
<td>$0.5</td>
<td>$9.9</td>
</tr>
<tr>
<td>Tenant-occupied housing</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$9.2</td>
<td>$9.2</td>
</tr>
<tr>
<td>Truck transportation</td>
<td>$0.0</td>
<td>$7.0</td>
<td>$1.9</td>
<td>$8.9</td>
</tr>
<tr>
<td>Wholesale - Machinery, equipment, and supplies</td>
<td>$4.3</td>
<td>$4.2</td>
<td>$0.3</td>
<td>$8.8</td>
</tr>
<tr>
<td>Monetary authorities and depository credit intermediation</td>
<td>$0.0</td>
<td>$2.5</td>
<td>$5.7</td>
<td>$8.2</td>
</tr>
<tr>
<td>Petroleum refineries</td>
<td>$0.0</td>
<td>$5.5</td>
<td>$2.4</td>
<td>$7.9</td>
</tr>
<tr>
<td>Full-service restaurants</td>
<td>$0.0</td>
<td>$0.5</td>
<td>$5.1</td>
<td>$5.6</td>
</tr>
<tr>
<td>Wholesale - Other durable goods merchant wholesalers</td>
<td>$0.0</td>
<td>$4.9</td>
<td>$0.6</td>
<td>$5.5</td>
</tr>
<tr>
<td>Other real estate</td>
<td>$0.0</td>
<td>$2.4</td>
<td>$2.9</td>
<td>$5.2</td>
</tr>
<tr>
<td>Mining machinery and equipment manufacturing</td>
<td>$5.1</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$5.1</td>
</tr>
<tr>
<td>Retail - General merchandise stores</td>
<td>$0.6</td>
<td>$0.4</td>
<td>$3.9</td>
<td>$4.9</td>
</tr>
<tr>
<td>Limited-service restaurants</td>
<td>$0.0</td>
<td>$0.1</td>
<td>$4.4</td>
<td>$4.5</td>
</tr>
<tr>
<td>Insurance carriers, except direct life</td>
<td>$0.0</td>
<td>$0.5</td>
<td>$3.9</td>
<td>$4.4</td>
</tr>
<tr>
<td>Automotive repair and maintenance, except car washes</td>
<td>$0.0</td>
<td>$1.2</td>
<td>$3.1</td>
<td>$4.3</td>
</tr>
<tr>
<td>Ready-mix concrete manufacturing</td>
<td>$0.0</td>
<td>$3.9</td>
<td>$0.1</td>
<td>$4.0</td>
</tr>
<tr>
<td>Nursing and community care facilities</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$3.8</td>
<td>$3.8</td>
</tr>
<tr>
<td>Electric power transmission and distribution</td>
<td>$0.0</td>
<td>$1.3</td>
<td>$2.5</td>
<td>$3.8</td>
</tr>
<tr>
<td>Retail - Food and beverage stores</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$3.7</td>
<td>$3.7</td>
</tr>
<tr>
<td>Other local government enterprises</td>
<td>$0.0</td>
<td>$0.7</td>
<td>$3.0</td>
<td>$3.7</td>
</tr>
</tbody>
</table>

**Source:** IMPLAN

**State of Minnesota**

This section provides the direct, indirect, and induced economic impacts for the combined ferrous and nonferrous mining industry on the state of Minnesota. Table 25 on the following page shows the combined economic impacts of the ferrous and nonferrous industry for baseline (2019) year. As shown in the table, the ferrous and nonferrous industry combined added over 11,600 jobs, almost $1.1 billion in labor income, more than $2.1 billion in value added spending, and over $4.0 billion in output to the state’s economy in 2019. The
industry had an employment multiplier of 2.89, meaning that for every one job created directly by the industry, another 1.89 jobs were added in other parts of the economy.

Table 25. Economic Impact Modelling for Combined Mining Operations on the State of Minnesota (2019 Baseline), in Millions of Dollars

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Effect</td>
<td>4,028</td>
<td>$543.9</td>
<td>$1,240.8</td>
<td>$2,358.1</td>
</tr>
<tr>
<td>Indirect Effect</td>
<td>2,697</td>
<td>$252.3</td>
<td>$437.1</td>
<td>$903.5</td>
</tr>
<tr>
<td>Induced Effect</td>
<td>4,914</td>
<td>$263.0</td>
<td>$440.4</td>
<td>$767.9</td>
</tr>
<tr>
<td>Total Effect</td>
<td>11,638</td>
<td>$1,059.1</td>
<td>$2,118.3</td>
<td>$4,029.4</td>
</tr>
<tr>
<td>Multiplier</td>
<td>2.89</td>
<td>1.95</td>
<td>1.71</td>
<td>1.71</td>
</tr>
</tbody>
</table>

*Totals may not sum due to rounding

**Source:** IMPLAN

Table 26 shows the total effects of the ferrous and nonferrous mines for the years 2019-2024. Total effects are expected to remain stable over the period, while employment effects will reach almost 11,250 by 2024.

Table 26. Total Projected Economic Impacts (Total Effects) from Combined Mining Operations on the State of Minnesota (2019-2024), in Millions of Dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 (Baseline)</td>
<td>11,638</td>
<td>$1,059.1</td>
<td>$2,118.3</td>
<td>$4,029.4</td>
</tr>
<tr>
<td>2020</td>
<td>11,399</td>
<td>$1,052.5</td>
<td>$2,076.2</td>
<td>$4,000.3</td>
</tr>
<tr>
<td>2021</td>
<td>11,210</td>
<td>$1,048.7</td>
<td>$2,037.7</td>
<td>$3,972.7</td>
</tr>
<tr>
<td>2022</td>
<td>11,180</td>
<td>$1,057.8</td>
<td>$2,072.1</td>
<td>$4,062.4</td>
</tr>
<tr>
<td>2023</td>
<td>11,327</td>
<td>$1,079.5</td>
<td>$2,095.3</td>
<td>$4,118.2</td>
</tr>
<tr>
<td>2024</td>
<td>11,234</td>
<td>$1,075.7</td>
<td>$2,065.1</td>
<td>$4,110.6</td>
</tr>
</tbody>
</table>

**Source:** IMPLAN

Table 27 outlines the economic impacts that capital expenditure and construction projects will have on the state of Minnesota in terms of employment, labor income, value added, and output (total economic impacts) for the years 2020-2024. The wide range in estimated outputs comes from the wide range of construction and capital expenditure estimates reported by the mining companies. The most impactful year is 2022 with an estimated $1.55 billion of total economic impact and 12,018 jobs. The $1.55 billion of impact on the state of Minnesota in the year 2021 is $308.7 million larger than the impacts specific to the Arrowhead Region.

Table 27. Total Projected Impacts (Total Effects) from Capital Expenditure and Construction on the State of Minnesota (2020-2024), in Millions of Dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>212</td>
<td>$15.5</td>
<td>$26.2</td>
<td>$46.8</td>
</tr>
<tr>
<td>2021</td>
<td>5,209</td>
<td>$349.7</td>
<td>$338.5</td>
<td>$667.2</td>
</tr>
<tr>
<td>2022</td>
<td>12,018</td>
<td>$815.5</td>
<td>$776.4</td>
<td>$1,546.0</td>
</tr>
<tr>
<td>2023</td>
<td>213</td>
<td>$16.2</td>
<td>$27.4</td>
<td>$49.9</td>
</tr>
<tr>
<td>2024</td>
<td>213</td>
<td>$16.5</td>
<td>$27.8</td>
<td>$50.6</td>
</tr>
<tr>
<td>Total</td>
<td>1213.4</td>
<td>1,196.1</td>
<td>2,360.4</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** IMPLAN
Finally, Figure 16 shows the sensitivity analysis for the employment impacts from capital and construction spending for the ferrous and nonferrous mines. Employment is expected to peak in 2022, with moderate activity predicted for 2021 and 2024 and very little occurring in 2020 or 2023. In 2022, employment could reach more than 12,000 jobs due to large construction spending. However, these impacts would be temporary and would cease to be felt after the construction was completed. Even at 50% level (maroon), employment in 2021 could reach more than 6,000 statewide as a result of mining construction projects and capital spending.

Figure 16. Capital Expenditure and Construction Spending’s Sensitivity Analysis of Projected Employment on the State of Minnesota

Source: IMPLAN
IV. Tax Impacts

The third objective of the study is to describe Minnesota mining-related taxes paid by the mining industry. In order to interpret tax tables in this report, readers should note that taxes are distributed between the State of Minnesota’s General Fund, local units of government, and education. Taxes employed by the government come in the forms of production taxes, occupation taxes, state and county taxes, and other various taxes.

Ferrous Mining Tax Impacts

During 2018 (calendar year) Minnesota’s iron mines paid $158.7 million in production tax, occupation tax, sales and use tax, income tax, various Ad Valorem and property taxes and royalties and rentals on state minerals.

The 2018 taconite production tax of more than $103 million is payable the following year. As we note below, and in order to reconcile totals for subsequent tax impacts, readers must note that $113.3 million in production, sales and use, income and various Ad Valorem taxes were accrued in 2018. These taxes are spread between the State of Minnesota’s General Fund, local units of government and schools. Approximately $8.7 million of this was support to local school districts. (See Table 28.) A further detail on interpreting the occupation tax is to note that the occupation tax is split according to 10% for the University of Minnesota, 40% to elementary and secondary education, and 50% to the State of Minnesota’s General Fund. A further breakdown of this $79 million is found in Appendix C.

Table 28. Minnesota’s Iron Mines Direct Support for the State of Minnesota, 2019

<table>
<thead>
<tr>
<th>Tax</th>
<th>Mining Industry Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taconite Production Tax**</td>
<td>$103,789,847</td>
</tr>
<tr>
<td>Occupation Tax*</td>
<td>$19,082,000</td>
</tr>
<tr>
<td>Sales and Use Tax</td>
<td>$8,664,249</td>
</tr>
<tr>
<td>Various Ad Valorem and Property taxes</td>
<td>$890,644</td>
</tr>
<tr>
<td>Royalties and Rentals on State Iron Ore</td>
<td></td>
</tr>
<tr>
<td>School Trust Lands</td>
<td>$15,276,000</td>
</tr>
<tr>
<td>University Trust Lands</td>
<td>$4,411,000</td>
</tr>
<tr>
<td>Tax Forfeit</td>
<td>$6,177,000</td>
</tr>
<tr>
<td>Other state accounts</td>
<td>$371,000</td>
</tr>
<tr>
<td>Total</td>
<td>$158,661,740</td>
</tr>
</tbody>
</table>

*All taxes are according to the Department of Revenue’s Minnesota Mining Tax Guide, 2019 (based on 2018 production year).

**Production and other taxes: $113.3 million in production, sales and use, and various Ad Valorem and property taxes were paid in 2018. Approximately $19.7 million of the $113.3 million was used to support the local school districts.

SOURCE: MN DEPARTMENT OF REVENUE, MN DNR

Bureau of Business and Economic Research
Labovitz School of Business and Economics
University of Minnesota Duluth

30
Table 29 shows Minnesota’s iron mining industry’s support for the state’s education. During 2018, iron mining paid nearly $53 million towards education, with over $7 million on university-related expenses and almost $46 million on public schooling.

### Table 29. Minnesota’s Iron Mining Industry Support for Education, 2018, in Millions

<table>
<thead>
<tr>
<th>Account</th>
<th>School</th>
<th>University</th>
<th>Total Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>School district component of production tax*</td>
<td>$19.7</td>
<td>$19.7</td>
<td></td>
</tr>
<tr>
<td>State iron ore royalties and rent**</td>
<td>$18.3</td>
<td>$5.3</td>
<td>$23.6</td>
</tr>
<tr>
<td>Occupation tax***</td>
<td>$7.6</td>
<td>$1.9</td>
<td>$9.5</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$45.7</td>
<td>$7.2</td>
<td>$52.9</td>
</tr>
</tbody>
</table>

*School district component of production tax is according to the Department of Revenue’s *Minnesota Mining Tax Guide*, 2019. **School trust and university royalties are from Department of Natural Resources Mineral receipts by account for calendar year 2011. Iron ore and taconite income is 97% of the state’s total mineral receipts. ***Occupation tax is according to the Department of Revenue’s *Minnesota Mining Tax Guide, November 2011*. Total tax is $12,617,000 of which 40% went to elementary and secondary education and 10% went to the University of Minnesota.

Source: MN Department of Revenue, MN DNR

Table 30 shows royalties and rental receipts to the state from ferrous mining as reported from the Department of Natural Resources mineral receipts by account for calendar years 2017 and 2018. Royalties and rental receipts are payments by the mining companies for the use of the state’s non-renewable mineral resources.

### Table 30. Minnesota Ferrous Mineral Royalties and Rentals Receipts, 2017 and 2018, in Millions of Dollars

<table>
<thead>
<tr>
<th>Account</th>
<th>2017 Iron-Ore Taconite</th>
<th>2018 Iron Ore Taconite</th>
</tr>
</thead>
<tbody>
<tr>
<td>School trust fund</td>
<td>$12.3</td>
<td>$15.3</td>
</tr>
<tr>
<td>School trust fund (minerals mgmt)</td>
<td>$2.4</td>
<td>$3.0</td>
</tr>
<tr>
<td>University trust fund</td>
<td>$0.3</td>
<td>$4.4</td>
</tr>
<tr>
<td>University trust fund (minerals mgmt)</td>
<td>$0.0</td>
<td>$0.9</td>
</tr>
<tr>
<td>Tax forfeit</td>
<td>$3.8</td>
<td>$6.2</td>
</tr>
<tr>
<td>Tax forfeit (minerals mgmt)</td>
<td>$0.8</td>
<td>$1.2</td>
</tr>
<tr>
<td>Advanced royalty account</td>
<td>$0.2</td>
<td>$0.2</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$19.8</strong></td>
<td><strong>$31.2</strong></td>
</tr>
</tbody>
</table>

Source: MN Department of Revenue
Nonferrous Mining Tax Impacts

In order to estimate nonferrous tax impacts on Minnesota, the BBER followed the Minnesota DNR’s mineral receipts by account for 2017 and 2018. A more detailed table on the royalties and rental receipts can be found in Appendix C. Compared to ferrous mining, nonferrous mining contributes much less to the state. Table 31 shows that the nonferrous sector contributed over $1.64 million in 2017 and almost $1.97 million in 2018.

Table 31. Minnesota Nonferrous Mineral Royalties and Rentals Receipts, 2017 and 2018, in Thousands of Dollars

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>School trust fund</td>
<td>$528.2</td>
<td>$592.7</td>
</tr>
<tr>
<td>School trust fund (minerals mgmt)</td>
<td>$105.7</td>
<td>$118.5</td>
</tr>
<tr>
<td>Tax forfeit</td>
<td>$602.3</td>
<td>$719.7</td>
</tr>
<tr>
<td>Tax forfeit (minerals mgmt)</td>
<td>$120.5</td>
<td>$143.9</td>
</tr>
<tr>
<td>Consolidated conservation</td>
<td>$238.1</td>
<td>$302.0</td>
</tr>
<tr>
<td>Consolidated conservation (minerals mgmt)</td>
<td>$47.6</td>
<td>$60.4</td>
</tr>
<tr>
<td>Other land classes</td>
<td>$1.7</td>
<td>$32.2</td>
</tr>
<tr>
<td>Other land classes (minerals mgmt)</td>
<td>$0.3</td>
<td>$0.3</td>
</tr>
<tr>
<td>Totals</td>
<td>$1,644.4</td>
<td>$1,969.7</td>
</tr>
</tbody>
</table>

Source: MN Department of Revenue, MN DNR
V. Survey of Mining Related Firms

The results of a survey distributed to mining-related businesses are provided in this section. The BBER produced the survey to understand how the mining industry has impacted the economic performance of mining-related firms in the region and to gauge the confidence of businesses that support the industry locally.

In total, 82 businesses responded to the survey. However, not all businesses completed each question. Any respondent who answered at least one question related to their business performance was included in the analysis, which in total includes 60 businesses. For each question shown, the number of respondents is provided in parentheses following the caption. (These are not always 60.)

Respondents were asked to identify the sector in which their business was classified (Figure 17). Manufacturing (n=15), professional and business services (n=13), and construction (n=10) were the most common responses. It is interesting to note that many sectors which aren’t normally associated with the mining industry were represented among survey respondents, including government, nonprofit, and financial activities.

Respondents were then asked if their company was the headquarters or a branch location. Of the 59 respondents, 63% (n=38) indicated that their location was the headquarters, while 37% (n=22) stated it was a branch location. For those who stated that their business was a branch location, they were asked to specify the location of their headquarters. Some of the most common locations were in the Twin Cities metro area (n=9) or in the Twin Ports (n=3). Another five businesses indicated their headquarters was located somewhere on the Iron Range (Virginia, Eveleth, Chisholm, or Hibbing). And nine businesses had a headquarters located in another state or country.

Figure 17. What sector is your business in? (n=60)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>15</td>
</tr>
<tr>
<td>Professional and business services</td>
<td>13</td>
</tr>
<tr>
<td>Construction</td>
<td>10</td>
</tr>
<tr>
<td>Sales and distribution</td>
<td>8</td>
</tr>
<tr>
<td>Trade, transportation, and utilities</td>
<td>6</td>
</tr>
<tr>
<td>Natural resources and mining</td>
<td>2</td>
</tr>
<tr>
<td>Nonprofit</td>
<td>1</td>
</tr>
<tr>
<td>Environmental Services</td>
<td>1</td>
</tr>
<tr>
<td>Economic Development</td>
<td>1</td>
</tr>
<tr>
<td>Maintenance</td>
<td>1</td>
</tr>
<tr>
<td>Government</td>
<td>1</td>
</tr>
<tr>
<td>Financial activities</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: BBER Survey of Mining-Related Businesses

Respondents were then asked if their company was the headquarters or a branch location. Of the 59 respondents, 63% (n=38) indicated that their location was the headquarters, while 37% (n=22) stated it was a branch location. For those who stated that their business was a branch location, they were asked to specify the location of their headquarters. Some of the most common locations were in the Twin Cities metro area (n=9) or in the Twin Ports (n=3). Another five businesses indicated their headquarters was located somewhere on the Iron Range (Virginia, Eveleth, Chisholm, or Hibbing). And nine businesses had a headquarters located in another state or country.
Businesses were also asked how many employees they currently have at their specific location. Figure 18 shows that more than half of all surveyed businesses have fewer than 50 employees, with 19 businesses reporting fewer than 20 employees at their specific location, and 16 businesses reporting 20-49 employees. The third most common response was 200+ employees, with nine businesses selecting that option.

Figure 18. How many employees does your business have at your specific location? (n=59)

![Bar Chart showing the number of businesses by number of employees](chart.png)

**Source:** BBER Survey of Mining-Related Businesses
Next, the survey asked businesses to provide the average hourly starting wage they pay to employees by specific type of occupation. Figure 19 below shows the average wage for each occupation for all businesses that provided a response. In addition, the graph shows the average hourly wage for the equivalent occupation statewide, taken from the Occupational Employment Statistics (OES) database. The average wage for the 25th percentile of workers was used to represent a typical starting wage in that occupation. Among surveyed businesses, the highest paid occupations are professional/managerial ($57/hour); IT, engineering, scientists, and technicians ($32); and construction and skilled maintenance ($29). It is notable that, for every occupation, the average hourly starting wage reported by survey respondents was higher than the 25th percentile hourly wage for the same position statewide. In many cases, the difference was significant. For example, the average hourly starting wage for transportation workers employed by surveyed businesses was $25.39, while the average wage for the 25th percentile of workers statewide in that occupation was only $13.85.

Figure 19. What is the average hourly starting wage paid to employees in each category? (n=48)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Mining-Related Firms</th>
<th>Minnesota Starting Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional/managerial</td>
<td>$31.74</td>
<td>$19.21</td>
</tr>
<tr>
<td>IT, engineering</td>
<td>$29.28</td>
<td>$20.43</td>
</tr>
<tr>
<td>Construction and skilled</td>
<td>$26.37</td>
<td>$25.39</td>
</tr>
<tr>
<td>Healthcare-related</td>
<td>$25.89</td>
<td>$25.39</td>
</tr>
<tr>
<td>Transportation</td>
<td>$20.43</td>
<td>$25.39</td>
</tr>
<tr>
<td>Office and administrative</td>
<td>$19.21</td>
<td>$25.39</td>
</tr>
<tr>
<td>Unskilled manufacturing</td>
<td>$13.75</td>
<td>$25.39</td>
</tr>
<tr>
<td>Unskilled service workers</td>
<td>$13.75</td>
<td>$25.39</td>
</tr>
</tbody>
</table>

Source: BBER Survey of Mining-Related Businesses

https://mn.gov/deed/data/data-tools/oes/

18 Equivalent positions used for comparison are as follows: Management Occupations (used as equivalent position for Professional/managerial); Computer and Mathematical Occupations (IT, engineering, scientists, and technicians); Construction and Extraction Occupations (Construction and skilled maintenance); Installation, Maintenance, and Repair Occupations (Skilled manufacturing); Healthcare Practitioners and technical Occupations/Healthcare Service Occupations (Healthcare-related); Transportation and Material Moving Occupations (Transportation); Office and Administrative Support Occupations (Office and administrative); Production Occupations (Unskilled manufacturing); Food Preparation and Serving Related Occupations (Unskilled service workers)
Respondents were then asked to provide a percentage of the positions that require a specific degree as a final degree completed (see Figure 20). To avoid double counting, the survey provided an example for respondents: “If half of the positions at your company have a minimum education requirement of a high school diploma, while the other half requires a minimum of a bachelor’s degree, you would type ‘50’ in both of those categories.”

**Figure 20.** Of all positions at your company, what percentage of positions requires the following degrees (as a final degree completed)? Total should sum to 100% (n=47)

<table>
<thead>
<tr>
<th>Percent of positions requiring degree</th>
<th>High school diploma</th>
<th>Associates degree</th>
<th>Certification</th>
<th>Bachelor’s degree</th>
<th>Master’s degree</th>
<th>Ph.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>39.7%</td>
<td>16.5%</td>
<td>6.8%</td>
<td>31.1%</td>
<td>3.7%</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

**Source:** BBER Survey of Mining-Related Businesses

Figure 20 shows the percentage of positions requiring each degree. As shown in the figure, roughly 40% of all the positions at the surveyed businesses require a high school diploma/GED as a final degree completed. Just over 30% of all positions require a bachelor’s degree. Less than 5% of all positions require a master’s or Ph.D.

Respondents were also asked what portion of their company’s annual revenue can be attributed to the mining industry (see Figure 21). While the largest number of respondents (n=18) stated that less than 25% of their annual revenue could be attributed to the mining industry, it is notable that more than 40% of respondents (21 of 52) stated that more than half of their annual revenue was directly attributable to the mining industry. These companies were categorized as having “more than 50% revenue from mining.” Later in the chapter, results for this group are compared with those having less than 50% revenue from mining to see if there are significant differences in company outlook and business confidence.

**Figure 21.** What portion of your company’s annual revenue can be attributed to the mining industry? (n=52)

<table>
<thead>
<tr>
<th>Number of businesses</th>
<th>Less than 25%</th>
<th>25-50%</th>
<th>51-75%</th>
<th>More than 75%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of businesses</td>
<td>18</td>
<td>13</td>
<td>10</td>
<td>11</td>
</tr>
</tbody>
</table>

**Source:** BBER Survey of Mining-Related Businesses
Next, respondents were asked a series of questions relating to how certain factors were affected in the past six months and how those same factors will be affected in the next six months. The factors include average hours worked, number of employees, selling prices, profits, and taxes. The level at which these factors were affected was scaled from “significantly decreased,” “moderately decreased,” “no change,” “moderately” “increased,” and “significantly increased.” Each respondent was asked to state the level at which the factor changed.

**Figure 22. How did the following factors change, if at all, for your business in the past six months? (n=52)**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Significantly Decreased</th>
<th>Moderately Decreased</th>
<th>No Change</th>
<th>Moderately Increased</th>
<th>Significantly Increased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>3</td>
<td>33</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling Prices</td>
<td>4</td>
<td>31</td>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Employees</td>
<td>10</td>
<td>25</td>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hours Worked</td>
<td>10</td>
<td>28</td>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profits</td>
<td>12</td>
<td>24</td>
<td>15</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: BBER Survey of Mining-Related Businesses*

Figure 22 shows how those factors have changed for businesses over the past six months. For ease of interpretation, “moderately increased” and “significantly increased” responses were grouped, as were “moderately decreased” and “significantly decreased.” According to the results, the majority of respondents reported no change for all of the factors over the past six months. For example, 33 respondents stated that taxes had not changed in the past six months, while 24 respondents stated that their profits had not changed. For those who reported some type of change in their businesses, most indicated that the factors had moderately or significantly increased over the past six months, with selling prices (n=16) and number of employees (n=16) having the highest number of positive responses. Fewer businesses reported negative changes over the past six months, although 12 businesses did report a moderate or significant decrease in profits.

Figure 23 on the following page provides the responses for how those factors are expected to change over the next six months. As shown in the figure, many businesses are feeling pessimistic about the coming business conditions. The majority of respondents are expecting moderate or significant decreases in profits (n=32), hours worked (n=31), and number of employees (n=24) in the coming months. Fewer than ten businesses expect moderate or significant increases in any of the five business factors listed.
Figure 23. How will the following factors change, if at all, for your business in the next six months? (n=51)

<table>
<thead>
<tr>
<th>Factor</th>
<th>No change</th>
<th>Moderately/significantly increased</th>
<th>Moderately/significantly decreased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>26</td>
<td>6</td>
<td>19</td>
</tr>
<tr>
<td>Selling prices</td>
<td>24</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>Number of employees</td>
<td>21</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>Hours Worked</td>
<td>13</td>
<td>7</td>
<td>31</td>
</tr>
<tr>
<td>Profits</td>
<td>11</td>
<td>8</td>
<td>32</td>
</tr>
</tbody>
</table>

SOURCE: BBER SURVEY OF MINING-RELATED BUSINESSES

Respondents were then asked how general business conditions had changed in the last six months pertaining to company outlook and level of business activity. Figure 24 has a total of 50 responses. In terms of company outlook, 17 businesses stated that their company outlook had moderately improved over the past six months, 13 indicated no change, and 12 reported a moderate decrease in their company outlook. In terms of the level of business activity over the past six months, 20 businesses indicated no change, while 15 stated that their business activity had moderately improved, and 11 reported that it had moderately worsened.

Figure 24. How did the general business conditions change, if at all, for your business in the last six months? (n=50)

SOURCE: BBER SURVEY OF MINING-RELATED BUSINESSES

Bureau of Business and Economic Research
Labovitz School of Business and Economics
University of Minnesota Duluth

38
Respondents were also asked to predict changes in their company’s general business conditions over the coming six months (Figure 25). Again, many businesses reported feeling pessimistic about future conditions. Of the 50 businesses who responded to the question, 22 respondents predicted their company outlook would moderately worsen, while 10 businesses predicted it would significantly worsen. When asked about their level of business activity, 19 respondents predicted it would moderately worsen, 11 said significantly worsen, and 12 predicted no change. For both questions, only one business predicts a “significant improvement” in business conditions and company outlook.

**Figure 25. How will the general business conditions change, if at all, for your business in the next six months? (n=50)**

<table>
<thead>
<tr>
<th>Change in Business Conditions</th>
<th>Number of Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will significantly worsen</td>
<td>10</td>
</tr>
<tr>
<td>Will moderately worsen</td>
<td>22</td>
</tr>
<tr>
<td>Will remain the same</td>
<td>19</td>
</tr>
<tr>
<td>Will moderately improve</td>
<td>9</td>
</tr>
<tr>
<td>Will significantly improve</td>
<td>11</td>
</tr>
</tbody>
</table>

**Source: BBER Survey of Mining-Related Businesses**

Respondents were then asked how much of the change in their business activity in the past six months was the result of region’s mining industry. Figure 26 shows the results of that question with responses broken out by whether the businesses receive more than 50% of their annual revenue from the mining industry. In general, responses were distributed fairly evenly among the possible choices. However, it is not surprising that businesses that are more heavily dependent on the mining industry were more likely to report that “quite a bit” or “a lot” of the change in their business activity was due to the region’s mining industry.
Figure 26. How much of the change in business activity over the past six months was the result of the region’s mining industry? (n=50)

<table>
<thead>
<tr>
<th>Number of businesses</th>
<th>Less than 50% Revenue from Mining</th>
<th>More than 50% Revenue from Mining</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Very little</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Some</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Quite a bit</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>A lot</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: BBER Survey of Mining-Related Businesses

Next, respondents were asked to evaluate how much of their business outlook depends on their expectations for the region’s mining industry. Figure 27 shows that, not surprisingly, businesses that receive more than 50% of their annual revenue from the region’s mining industry were much more likely to base their future business outlook on their expectations for the region’s mining industry.

Figure 27. How much does your general business outlook for the next six months depend on your expectations for the region’s mining industry? (n=50)

<table>
<thead>
<tr>
<th>Number of businesses</th>
<th>Less than 50% Revenue from Mining</th>
<th>More than 50% Revenue from Mining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Very little</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Somewhat</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Quite a bit</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>A lot</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: BBER Survey of Mining-Related Businesses

Lastly, respondents were asked what factors may be limiting their ability to increase business activity. Businesses were allowed to select multiple factors. Figure 28 shows that a “lack of demand” (n=26), “competition” (n=20), “uncertainty about the performance of the mining industry” (n=18), and “government policy” (n=18) were top concerns among surveyed businesses. Businesses were also given the option to write
in other concerns in the survey. Of those that wrote in a specific concern, 13 mentioned the covid-19 pandemic as a factor they felt was limiting their ability to increase business activity. Since there were a significant amount of those answers, covid-19 was added to the chart as an additional category.

The figure also shows the differences in responses between businesses that receive more than 50% of their revenue from the mining industry versus those that do not. Interestingly, businesses that are heavily dependent on the mining industry were less likely to mention covid-19 as a factor in their response. This could be due to the timing of the survey, which was distributed during the early stages of the outbreak, when news was still just emerging on the impacts of the virus. Or, it could be that businesses that are heavily dependent on mining were deemed “essential” and are therefore less concerned about the long-term effects of the virus on that industry in particular.

Figure 28. What factors, if any, are limiting your ability to increase business activity? Select all that apply (n=59)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Less than 50% Revenue from Mining</th>
<th>More than 50% Revenue from Mining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of demand</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Competition in own sector</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Uncertainty about performance of mining industry</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Government policy</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Environmental regulations</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Shortage of skilled labor</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Covid-19</td>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td>Cost of materials</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Cost of labor</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Other, please specify</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Access to bank credit</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Quality of life</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Source: BBER Survey of Mining-Related Businesses
VI. Conclusions

The ferrous and nonferrous mining firms have provided significant economic growth for the study areas of the Arrowhead Region with Douglas County, Wisconsin, and the state of Minnesota.

For this study, representatives from 12 of the 13 surveyed mines provided data. The year 2019 was used as the baseline with the study estimating outcomes of the next five years (2020-2024).

FERROUS: In 2019, nearly 4,000 jobs were directly attributable to ferrous mining, while an additional 4,960 were created in other parts of the regional economy through indirect and induced effects in the Arrowhead Region. Over the five-year study period, ferrous mines report that the number of jobs is expected to remain stable.

The study shows that these mines should experience a 1% annual increase in capital and construction spending, progressing from $113 million to $119 million, as well as an annual increase in operating expenses of 1%. It is projected that in 2024, the ferrous mining industry will contribute $788 million in labor income (wages and benefits), roughly $1.5 billion in value added, and $3.29 billion in output to the region’s economy.

NONFERROUS: Nonferrous mining operations employed 46 people directly in 2019, with 71 additional jobs indirectly supported. Operating expenses for the industry were more than $63 million. In total, the non-ferrous mining industry added more than $10 million in labor income, $62 million in value added spending, and $77.5 million in output to the study area’s economy in 2019.

By the year 2024, one of the four non-ferrous mines is expected to be operational, and one to two more will have proposed projects in the environmental review phase. This growth is anticipated to produce a 950% increase in direct employment (436 jobs) by 2024, $253 million in operating expenses, and $38 million in wages and benefits. By 2024, it is projected that the nonferrous mining industry could contribute $45 million in labor income, $210 million in value added, and more than $300 million in output to the eight-county study area’s economy.

MINNESOTA: Economic impacts from ferrous and nonferrous mining are greater when using the state of Minnesota as the study area

In 2019, the baseline year, ferrous and nonferrous mining combined contributed more than 11,600 jobs, $1.0 billion labor income, $2.1 billion in value added spending, and nearly $4.0 billion to the state’s economy. By 2024, this study shows that the impacts from the ferrous and nonferrous mining industry are anticipated to support 11,200 jobs, $1.1 billion in labor income, and $4.1 billion in output statewide.

Additionally, this study included a survey of businesses that depend upon and support the mining industry. Results show that these businesses tend to have higher-than-average wages as compared to the state’s average wage. Surveyed businesses were very positive about recent business performance but cautious about the future.
Appendix A. Definitions Used in this Report

**Ferrous:** Of, relating to, or containing iron.

**Nonferrous:** Not containing, including, or relating to iron.

**Capital expenditures:** An amount paid out that creates a long-term benefit (as one lasting beyond the taxable year).

**Proprietor income:** The current-production income of sole proprietorships, partnerships, and tax-exempt cooperatives. Excludes dividends, monetary interest received by nonfinancial business, and rental income received by persons not primarily engaged in the real estate business.

**Taconite:** A flint-like rock high enough in iron content to constitute a low-grade iron ore.

**Ore:** A naturally occurring mineral containing a valuable constituent (such as metal) for which it is mined and worked.

**Long ton:** A unit of weight equal to 2,240 pounds.

**Ad Valorem:** Imposed at a rate percentage of value.

**Royalties:** A share of the product or profit reserved by the grantor especially of an oil or mining lease.

**Metric ton:** A unit of mass equal to 1,000 kilograms or 2,205 pounds.

**Economic super sectors:** One of the 20 major areas of economic activity in North American Industry Classification System (NAICS).

**Sensitivity analysis:** This model is also referred to as “what-if” or simulation analysis. It is a way to predict the outcome of a decision given a certain range of variables.

**Employee compensation:** Total payroll cost of the employee including wages and salaries, all benefits (e.g., health, retirement) and payroll taxes.

**Labor income:** All forms of employment income, including employee compensation (wages and benefits) and proprietor income.

**Direct effect:** Initial new spending in the study area resulting from the project.

**Economic impact:** The effect of an event on the economy in a specified area, ranging from a single neighborhood to the entire globe. It usually measures changes in business revenue, business profits, personal wages, and/or jobs.

**Employment:** Estimates (from U.S. Department of Commerce secondary data) are in terms of jobs, or headcount, not in terms of full-time equivalent employees. Therefore, these jobs may be temporary, part-time, or short-term.

**Gross Domestic Product (GDP):** The market value of all goods and services produced in a nation in a certain time frame (typically a year)

**Gross output:** The value of local production required to sustain activities.

**Gross Regional Product (GRP):** The market value of all goods and services produced in a region in a certain time frame (typically a year)

**Growth rates:** The change in the measure of a variable, over time, compared to a previous measure of the variable
**Indirect effect:** The additional inter-industry spending from the direct impact. For example, increased sales in linen supply firms resulting from more motel sales would be an indirect effect of visitor spending.

**Induced effect:** The impact of additional household expenditures resulting from the direct and indirect impact. For example, motel employees spend the income they earn from increased tourism on housing, utilities, groceries, and other consumer goods.

**Industry:** A group of businesses based on their related primary business activities

**Labor income:** All forms of employment income, including employee compensation (wages and benefits) and proprietor income.

**Leakages:** Any payments made to imports or value added sectors that do not in turn re-spend the dollars within the region.

**Location Quotient (LQ):** A measure industry concentration compared to another geographic location (e.g. the nation). A LQ of less than 1 indicates that the industry is less concentrated in a region as compared to the national economy, and a LQ higher than 1 means that it is more concentrated

**Margins:** The value of wholesale and retail trade services provided in delivering commodities from producers’ establishments to purchasers. Margin is calculated as sales receipts less the cost of the goods sold. It consists of the trade margin plus sales taxes and excise taxes that are collected by the trade establishment. (BEA)

**Metropolitan Statistical Area (MSA):** A geographical region with a relatively high population density at its core and close economic ties throughout the area. MSAs are defined by the U.S. Census Bureau

**Multipliers:** Total production requirements within the Study Area for every unit of production sold to Final Demand. Total production will vary depending on whether Induced Effects are included and the method of inclusion. Multipliers may be constructed for output, employment, and every component of value added.

**Owner-occupied dwellings:** An IMPLAN industry that represents imputed rental activity by homeowners. In this case, market rents are used to estimate the value to the property owner.

**Value added:** A measure of the impacting industry’s contribution to the local community; it includes wages, rents, interest, and profits.
Appendix B. Input-Output Modeling

Data Sources
This study uses the IMPLAN Group’s input-output modeling data and software (IMPLAN version 3.1). The IMPLAN database contains county, state, zip code, and federal economic statistics, which are specialized by region, not estimated from national averages. Using classic input-output analysis in combination with region-specific Social Accounting Matrices and Multiplier Models, IMPLAN provides a highly accurate and adaptable model for its users. IMPLAN data files use the following federal government data sources:

- U.S. Bureau of Economic Analysis Benchmark Input-Output Accounts of the U.S.
- U.S. Bureau of Economic Analysis Output Estimates
- U.S. Bureau of Economic Analysis Regional Economic Information Systems (REIS) Program
- U.S. Bureau of Labor Statistics Covered Employment and Wages (CEW) Program
- U.S. Census Bureau County Business Patterns
- U.S. Census Bureau Decennial Census and Population Surveys
- U.S. Census Bureau Economic Censuses and Surveys
- U.S. Department of Agriculture Census

IMPLAN data files consist of the following components: employment, industry output, value added, institutional demands, national structural matrices, and inter-institutional transfers. Economic impacts are made up of direct, indirect, and induced impacts. The data used was the most recent IMPLAN data available, which is for the year 2017. All data are reported in 2018 dollars.

Economic impacts are made up of direct, indirect, and induced impacts. The following are suggested assumptions for accepting the impact model: IMPLAN input/output is a production-based model, and employment numbers (from U.S. Department of Commerce secondary data) treat both full- and part-time individuals as being employed.

Regional data for the impact models for value added, employment, and output are supplied by IMPLAN for this impact. Employment assumptions were provided to the model to enable construction of the impact model. From these data, social accounts, production, absorption, and byproducts information were generated from the national level data and were incorporated into the model. All region study definitions and impact model assumptions were agreed on before work with the models began.

Modeling Assumptions
The following are suggested assumptions for accepting the impact model:

Backward-Linkages: IMPLAN is a backward-linkage model, meaning that it measures the increased demand on industries that produce intermediate inputs as a result of increases in production. However, if an industry increases production, there will also be an increased supply of output for other industries to use in their production. Models that measure this type of relationship are called forward-linkage models. To highlight this

---


Bureau of Business and Economic Research
Labovitz School of Business and Economics
University of Minnesota Duluth

45
concept, consider the example of a new sawmill beginning its operations in a state. The increased production as a result of the sawmill’s operations will increase the demand for lumber, creating an increase in activity in the logging industry, as well as other supporting industries such as electric transmission and distribution. IMPLAN’s results will include those impacts, but will exclude effects on any wood product manufacturers located nearby that might be impacted by the newly available supply of lumber.

**Employment:** IMPLAN input-output is a production-based model, and employment numbers (from U.S. Department of Commerce secondary data) treat both full- and part-time individuals as being employed.

**Fixed prices and no supply constraints:** IMPLAN is a fixed-price model. This means that the modeling software assumes no price adjustment in response to supply constraints or other factors. In other words, the model assumes that firms can increase their production as needed and are not limited by availability of labor or inputs and that firms in the local economy are not operating at full capacity.

**Fixed production patterns:** Input-output (I-O) models assume inputs are used in fixed proportion, without any substitution of inputs, across a wide range of production levels. This assumption assumes that an industry must double its inputs (including both purchases and employment) to double its output. In many instances, an industry will increase output by offering overtime, improving productivity, or improvements in technology.

**Industry homogeneity:** I-O models typically assume that all firms within an industry have similar production processes. Any industries that fall outside the typical spending pattern for an industry should be adjusted using IMPLAN’s Analysis-by-Parts technique.

**Leakages:** A small area can have a high level of leakage. Leakages are any payments made to imports or value added sectors, which do not in turn re-spend the dollars within the region. What’s more, a study area that is actually part of a larger functional economic region will likely miss some important linkages. For example, workers who live and spend outside the study area may actually hold local jobs.
Appendix C. Taxes, School Support, and Minnesota’s Mineral Revenue

This appendix reproduces secondary data sources for tax impact findings presented in the report, including sources for:

1. Taconite Production Tax
   A severance tax paid on concentrates or pellets produced by the taconite companies. The rate is determined by multiplying the prior year’s rate by the percent change in the Gross Domestic Product Implicit Price Deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. The rate for 2018 production was $2.751 per taxable ton. The tax revenue is distributed to various cities, townships, counties, and school districts within taconite mining areas.

2. Occupation Tax
   All mining companies, ferrous or nonferrous, are subject to the Minnesota Occupation tax. This is similar to a corporate income tax. The tax revenue is credited to the general fund.

3. Minnesota taxes levied on mining related activity

4. School district component of production tax

5. Various Ad Valorem and property taxes
   Lands that include un-mined taconite and iron ore are subject to the ad valorem and property taxes. Lands and structures actively used for taconite production are exempt from the ad valorem tax and are subject to the production tax instead of the property tax.
1. Taconite Production Tax

<table>
<thead>
<tr>
<th>Production Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>City and Township (Mining-Concentrating)</td>
<td>$2,125,786</td>
<td>$2,065,108</td>
<td>$1,940,927</td>
<td>$1,867,524</td>
<td>$1,958,947</td>
</tr>
<tr>
<td>Cities and Towns (Mining Effects)</td>
<td>1,789,711</td>
<td>1,599,835</td>
<td>1,014,030</td>
<td>1,014,524</td>
<td>1,092,584</td>
</tr>
<tr>
<td>Taconite Municipal Aid Account</td>
<td>6,580,000</td>
<td>6,475,364</td>
<td>5,092,563</td>
<td>5,707,956</td>
<td>5,907,090</td>
</tr>
<tr>
<td>Taconite Municipal Aid — Special City/ Township Fund</td>
<td>157,055</td>
<td>157,055</td>
<td>157,055</td>
<td>157,055</td>
<td>157,055</td>
</tr>
<tr>
<td>Township Fund</td>
<td>1,281,952</td>
<td>1,226,270</td>
<td>1,069,757</td>
<td>1,060,065</td>
<td>1,174,750</td>
</tr>
<tr>
<td>County Fund</td>
<td>7,114,672</td>
<td>7,312,951</td>
<td>7,383,487</td>
<td>7,267,507</td>
<td>7,138,755</td>
</tr>
<tr>
<td>County Road and Bridge Fund</td>
<td>4,905,134</td>
<td>4,405,415</td>
<td>3,982,835</td>
<td>3,833,944</td>
<td>4,014,231</td>
</tr>
<tr>
<td>Regular School Fund</td>
<td>10,834,759</td>
<td>10,161,680</td>
<td>9,172,173</td>
<td>8,823,484</td>
<td>8,521,765</td>
</tr>
<tr>
<td>Taconite School Fund (Mining-Concentrating)</td>
<td>1,504,891</td>
<td>1,539,803</td>
<td>1,413,998</td>
<td>1,382,880</td>
<td>1,450,450</td>
</tr>
<tr>
<td>School Building Maintenance Fund</td>
<td>1,531,417</td>
<td>1,420,003</td>
<td>1,268,829</td>
<td>1,284,390</td>
<td>1,397,372</td>
</tr>
<tr>
<td>Taconite Levy Shortfall Payment</td>
<td>-</td>
<td>-</td>
<td>369,785</td>
<td>284,267</td>
<td>0</td>
</tr>
<tr>
<td>Taconite Refund Fund</td>
<td>6,718,596</td>
<td>6,178,596</td>
<td>6,178,596</td>
<td>6,178,596</td>
<td>6,178,596</td>
</tr>
<tr>
<td>School Bond Payments</td>
<td>2,608,285</td>
<td>2,606,617</td>
<td>3,513,481</td>
<td>3,797,870</td>
<td>773,388</td>
</tr>
<tr>
<td>Taconite Railroad Aid (total for cities, towns, counties, schools)</td>
<td>2,482,454</td>
<td>2,482,454</td>
<td>2,482,454</td>
<td>2,482,454</td>
<td>2,482,454</td>
</tr>
<tr>
<td>Taconite Property Tax Relief Fund</td>
<td>13,724,064</td>
<td>13,062,708</td>
<td>11,296,703</td>
<td>11,064,355</td>
<td>12,578,281</td>
</tr>
<tr>
<td>REE (Fixed)</td>
<td>1,252,529</td>
<td>1,252,529</td>
<td>1,252,529</td>
<td>1,252,529</td>
<td>1,252,529</td>
</tr>
<tr>
<td>Taconite Economic Development Fund (TEDF)</td>
<td>10,598,673</td>
<td>10,121,280</td>
<td>700,000</td>
<td>8,430,520</td>
<td>9,224,587</td>
</tr>
<tr>
<td>Taconite Environmental Protection Fund (TEPF)</td>
<td>12,903,550</td>
<td>11,301,336</td>
<td>11,610,534</td>
<td>7,508,487</td>
<td>10,937,237</td>
</tr>
<tr>
<td>TEPF Producer Grants and Loans</td>
<td>3,232,931</td>
<td>3,134,053</td>
<td>2,937,302</td>
<td>2,866,569</td>
<td>3,007,800</td>
</tr>
<tr>
<td>Douglas J. Johnson Economic Protection Trust Fund (DJO)</td>
<td>5,633,213</td>
<td>5,036,933</td>
<td>6,189,981</td>
<td>2,962,180</td>
<td>4,949,847</td>
</tr>
<tr>
<td>Iron Range Higher Education Account</td>
<td>1,971,843</td>
<td>1,876,970</td>
<td>1,676,219</td>
<td>1,605,486</td>
<td>1,746,717</td>
</tr>
<tr>
<td>Iron Range Educational Revenue Bonds</td>
<td>3,993,404</td>
<td>3,999,434</td>
<td>3,992,134</td>
<td>3,990,034</td>
<td>3,990,384</td>
</tr>
<tr>
<td>Iron Range School Consolidation...Acct...</td>
<td>4,916,476</td>
<td>5,552,584</td>
<td>3,840,104</td>
<td>7,428,570</td>
<td>8,770,087</td>
</tr>
<tr>
<td>Hockey Hall of Fame</td>
<td>78,874</td>
<td>75,079</td>
<td>67,048</td>
<td>64,218</td>
<td>68,868</td>
</tr>
<tr>
<td>Range Association of Municipalities and Schools (RAMS)</td>
<td>142,209</td>
<td>136,943</td>
<td>112,303</td>
<td>118,494</td>
<td>126,005</td>
</tr>
<tr>
<td>Excess School Levy Replacement Money**</td>
<td>(633,976)</td>
<td>(97,157)</td>
<td>0</td>
<td>0</td>
<td>(681,480)</td>
</tr>
<tr>
<td>Levy Replacement Money to Cities/Townships**</td>
<td>533,975</td>
<td>97,157</td>
<td>0</td>
<td>0</td>
<td>581,480</td>
</tr>
<tr>
<td>Unallocated School Levy Replacement Money***</td>
<td>-</td>
<td>-</td>
<td>(255,023)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>School Money to Cities and Towns for Day 2018</td>
<td>-</td>
<td>-</td>
<td>255,023</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Levy Reductions***</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$1,110,048,741</td>
<td>$106,987,271</td>
<td>$96,516,727</td>
<td>$93,792,543</td>
<td>$103,780,847</td>
</tr>
</tbody>
</table>

Dash indicates not eligible.

* The Production Tax is collected and distributed in the year following production. For example, the 2018 Production Tax was collected and distributed during 2019.

** If the combined total of the School District Fund, Regular School Fund and Taconite Railroad exceeds the levy replacement amount, the excess is transferred to cities and townships within the district.

*** If a school district does not allocate all of its eligible levy replacement amount, the unallocated amount is used to reduce the following year's levy for cities and townships within the district.

Source: Minnesota Mining Tax Guide, 2019, pg 12
2. Occupation Tax

<table>
<thead>
<tr>
<th>Occupation Tax by Company</th>
<th>2011 (000$)</th>
<th>2012 (000$)</th>
<th>2013 (000$)</th>
<th>2014 (000$)</th>
<th>2015 (000$)</th>
<th>2016 (000$)</th>
<th>2017 (000$)</th>
<th>2018 (000$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ArcelorMittal</td>
<td>$50</td>
<td>$700</td>
<td>$250</td>
<td>$460</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$500</td>
</tr>
<tr>
<td>Hibbing Taconite</td>
<td>4,550</td>
<td>4,360</td>
<td>3,165</td>
<td>2,320</td>
<td>2,300</td>
<td>2,170</td>
<td>2,030</td>
<td>3,400</td>
</tr>
<tr>
<td>Northshore</td>
<td>2,015</td>
<td>1,545</td>
<td>360</td>
<td>1,350</td>
<td>490</td>
<td>600</td>
<td>1,260</td>
<td>1,770</td>
</tr>
<tr>
<td>U.S. Steel</td>
<td>13,400</td>
<td>12,187</td>
<td>9,320</td>
<td>10,622</td>
<td>3,150</td>
<td>1,829</td>
<td>9,186</td>
<td>11,732</td>
</tr>
<tr>
<td>United Taconite</td>
<td>2,040</td>
<td>3,000</td>
<td>2,000</td>
<td>1,650</td>
<td>430</td>
<td>0</td>
<td>575</td>
<td>1,680</td>
</tr>
<tr>
<td>Total – Taconite</td>
<td>$22,055</td>
<td>$21,792</td>
<td>$15,095</td>
<td>$16,402</td>
<td>$6,370</td>
<td>$4,599</td>
<td>$13,051</td>
<td>$19,082</td>
</tr>
<tr>
<td>Mesabi Nugget</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total – DRI</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Magnetation</td>
<td>$0</td>
<td>$25</td>
<td>$682</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Mining Resources</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total – Natural Ore</td>
<td>$0</td>
<td>$25</td>
<td>$682</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total</td>
<td>$22,055</td>
<td>$21,817</td>
<td>$15,777</td>
<td>$16,402</td>
<td>$6,370</td>
<td>$4,599</td>
<td>$13,051</td>
<td>$19,082</td>
</tr>
</tbody>
</table>

* Amount paid by May 1 each year. Does not include adjustments.
** The Occupation Tax by Company total shown for 2015 in the 2017 Mining Tax Guide was incorrect. See breakdown above for correct totals.

Source: Minnesota Mining Tax Guide, Minnesota Department of Revenue, 2019, pg. 25
3. Minnesota taxes levied on mining related activity

**Minnesota Taxes Levied on Mining-Related Activity**

<table>
<thead>
<tr>
<th>Production Years</th>
<th>Unmined Taconite Tax</th>
<th>Use Tax (net)</th>
<th>Production Tax</th>
<th>Occupation Tax</th>
<th>Railroad Gross Earnings Tax</th>
<th>Total Taxes</th>
<th>Total Tons Produced</th>
<th>Total Taxes per Ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>238,274</td>
<td>(2,835,765)</td>
<td>74,255,473</td>
<td>340,000</td>
<td>9,612</td>
<td>72,007,593</td>
<td>17,079,106</td>
<td>4.22</td>
</tr>
<tr>
<td>2010</td>
<td>239,518</td>
<td>17,101,895</td>
<td>72,441,708</td>
<td>12,617,000</td>
<td>10,137</td>
<td>102,410,258</td>
<td>35,122,570*</td>
<td>2.92</td>
</tr>
<tr>
<td>2011</td>
<td>228,517</td>
<td>24,673,718</td>
<td>73,287,396</td>
<td>22,055,000</td>
<td>10,725</td>
<td>120,255,356</td>
<td>39,120,810*</td>
<td>3.07</td>
</tr>
<tr>
<td>2012</td>
<td>297,390</td>
<td>2,579,876</td>
<td>94,204,746</td>
<td>21,817,000</td>
<td>13,632</td>
<td>118,912,644</td>
<td>39,680,723</td>
<td>3.00</td>
</tr>
<tr>
<td>2013</td>
<td>279,594</td>
<td>24,636,790</td>
<td>101,214,301</td>
<td>15,778,560</td>
<td>34,082</td>
<td>141,941,297</td>
<td>38,481,228</td>
<td>3.69</td>
</tr>
<tr>
<td>2015</td>
<td>299,722</td>
<td>(11,104,610)**</td>
<td>94,728,005</td>
<td>6,370,000</td>
<td>26,400</td>
<td>94,320,157</td>
<td>32,054,481</td>
<td>2.89</td>
</tr>
<tr>
<td>2016</td>
<td>296,597</td>
<td>(13,958,765)**</td>
<td>89,141,361</td>
<td>4,599,000</td>
<td>20,600</td>
<td>80,558,968</td>
<td>29,087,625</td>
<td>2.77</td>
</tr>
<tr>
<td>2017</td>
<td>281,460</td>
<td>4,857,150</td>
<td>86,728,401</td>
<td>13,051,000</td>
<td>15,394</td>
<td>104,933,405</td>
<td>37,719,847</td>
<td>2.78</td>
</tr>
<tr>
<td>2018</td>
<td>288,758</td>
<td>8,664,249</td>
<td>96,104,293</td>
<td>19,082,000</td>
<td>11,000</td>
<td>124,150,305</td>
<td>39,098,876</td>
<td>3.18</td>
</tr>
</tbody>
</table>

Note:
Historical data is available on our website.
1. Amount paid (unaudited). Does not include adjustments.
2. Taconite railroads are taxed on an ad valorem basis.
3. Tons are dry without flux.
* Includes tonnage produced by Mesabi Nugget but not taxed under Production Tax.
** The Use Tax law changed mid 2015. Manufacturers no longer pay Use Tax on equipment used in the production process. As a result, more tax was refunded than collected.

(source: Minnesota Mining Tax Guide, Minnesota Department of Revenue, 2019, pg. 26)
### 2019 Distributions by Fund to School Districts

(Based on 2018 production year tax revenues)

<table>
<thead>
<tr>
<th>School Districts</th>
<th>Taconite School Fund $0.0343</th>
<th>Regular School Fund $0.2472</th>
<th>Taconite Railroad Aid</th>
<th>School Bldg. Maintenance Fund $0.04</th>
<th>Taconite Referendum $0.213</th>
<th>Less Excess Money Transferred to Cities and Townships</th>
<th>Total by School District</th>
</tr>
</thead>
<tbody>
<tr>
<td>001 Aitkin</td>
<td>---</td>
<td>$265,570</td>
<td>---</td>
<td>---</td>
<td>$82,694</td>
<td>$(4,226)</td>
<td>$320,018</td>
</tr>
<tr>
<td>166 Cook County</td>
<td>$21,087</td>
<td>$71,708</td>
<td>$254,977</td>
<td>---</td>
<td>---</td>
<td>$(31,751)</td>
<td>$410,019</td>
</tr>
<tr>
<td>182 Crosby-Ironon</td>
<td>---</td>
<td>$278,307</td>
<td>---</td>
<td>---</td>
<td>$37,936</td>
<td>$(2,226)</td>
<td>$306,437</td>
</tr>
<tr>
<td>316 Greenway</td>
<td>$33,373</td>
<td>$92,786</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>$32,951</td>
<td>$127,619</td>
</tr>
<tr>
<td>318 Grand Rapids</td>
<td>$0</td>
<td>$1,090,021</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>$1,090,021</td>
<td>$419,021</td>
</tr>
<tr>
<td>319 Nashwauk-Keewatin</td>
<td>$84,208</td>
<td>$330,786</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>$(17,657)</td>
<td>$306,129</td>
</tr>
<tr>
<td>381 Lake Superior</td>
<td>$75,510</td>
<td>$433,668</td>
<td>$342,720</td>
<td>---</td>
<td>---</td>
<td>$(11,495)</td>
<td>$1,359,455</td>
</tr>
<tr>
<td>695 Chisholm</td>
<td>---</td>
<td>$913,866</td>
<td>---</td>
<td>---</td>
<td>$(87,438)</td>
<td>$79,000</td>
<td>$1,305,095</td>
</tr>
<tr>
<td>696 Ely</td>
<td>---</td>
<td>$107,046</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>$107,046</td>
<td>$238,152</td>
</tr>
<tr>
<td>701 Hibbing</td>
<td>$302,919</td>
<td>$1,826,827</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>$940,238</td>
<td>$2,336,366</td>
</tr>
<tr>
<td>706 Virginia</td>
<td>$74,754</td>
<td>$1,046,174</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>$(135,063)</td>
<td>$1,021,215</td>
</tr>
<tr>
<td>712 Mt. Iron-Ruhl</td>
<td>$447,057</td>
<td>$360,608</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>$(31,372)</td>
<td>$1,049,985</td>
</tr>
<tr>
<td>214 St. Louis County</td>
<td>$141,307</td>
<td>$538,488</td>
<td>$284,841</td>
<td>---</td>
<td>---</td>
<td>$773,838</td>
<td>$1,855,239</td>
</tr>
<tr>
<td>2154 Eveleth-Gilbert</td>
<td>$86,398</td>
<td>$664,523</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>$652,570</td>
<td>$1,515,920</td>
</tr>
<tr>
<td>2711 Mesabi East</td>
<td>$183,337</td>
<td>$507,739</td>
<td>$214,397</td>
<td>---</td>
<td>---</td>
<td>$415,333</td>
<td>$1,531,920</td>
</tr>
<tr>
<td>Total</td>
<td>$1,450,450</td>
<td>$9,521,706</td>
<td>$1,106,935</td>
<td>$1,397,372</td>
<td>$6,178,596</td>
<td>$(681,480)</td>
<td>$18,975,579</td>
</tr>
</tbody>
</table>

Dashes indicate not eligible. $0 indicates eligible, but no payment at current valuation and production.

**Source:** Minnesota Mining Tax Guide, Minnesota Department of Revenue, 2019, pg. 17

### School Bond Payments

<table>
<thead>
<tr>
<th>School Districts</th>
<th>Year Authorized¹</th>
<th>Final Payment Year²</th>
<th>Payment³</th>
<th>Outstanding Balance⁴</th>
</tr>
</thead>
<tbody>
<tr>
<td>316 Greenway</td>
<td>2000</td>
<td>2019</td>
<td>$144,280</td>
<td>$175,000</td>
</tr>
<tr>
<td>381 Lake Superior</td>
<td>2000</td>
<td>2022</td>
<td>355,147</td>
<td>1,126,839</td>
</tr>
<tr>
<td>695 Chisholm</td>
<td>2000</td>
<td>2020</td>
<td>273,961</td>
<td>533,400</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$773,388</td>
<td>$1,855,239</td>
</tr>
</tbody>
</table>

¹ Legislative year in which taconite funding was enacted.
² Production year from which final bond payment will be deducted.
³ Payments made from 2018 pay 2019 tax distribution.
⁴ Estimated portion of outstanding bond balance to be paid by taconite funds (not including interest).

**Source:** Minnesota Mining Tax Guide, Minnesota Department of Revenue, 2019, pg. 18
5. Various Ad Valorem and property taxes

### Ad Valorem Tax Payable on Unmined Natural Iron Ore

<table>
<thead>
<tr>
<th>Year Assessed</th>
<th>Market Value</th>
<th>Payable Year</th>
<th>Estimated Tax Payable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Crow Wing</td>
<td>Itasca</td>
</tr>
<tr>
<td>2009</td>
<td>2,347,000</td>
<td>2010</td>
<td>2,200</td>
<td>12,200</td>
</tr>
<tr>
<td>2010</td>
<td>2,345,500</td>
<td>2011</td>
<td>2,400</td>
<td>12,700</td>
</tr>
<tr>
<td>2011</td>
<td>2,341,600</td>
<td>2012</td>
<td>2,600</td>
<td>14,300</td>
</tr>
<tr>
<td>2012</td>
<td>2,485,800</td>
<td>2013</td>
<td>2,700</td>
<td>13,900</td>
</tr>
<tr>
<td>2013</td>
<td>2,492,600</td>
<td>2014</td>
<td>2,800</td>
<td>14,100</td>
</tr>
<tr>
<td>2014</td>
<td>2,501,400</td>
<td>2015</td>
<td>2,800</td>
<td>14,100</td>
</tr>
<tr>
<td>2015</td>
<td>2,490,700</td>
<td>2016</td>
<td>2,600</td>
<td>14,200</td>
</tr>
<tr>
<td>2016</td>
<td>2,476,700</td>
<td>2017</td>
<td>2,500</td>
<td>14,300</td>
</tr>
<tr>
<td>2017</td>
<td>2,495,100</td>
<td>2018</td>
<td>2,500</td>
<td>14,400</td>
</tr>
<tr>
<td>2018</td>
<td>2,495,100</td>
<td></td>
<td>2,500</td>
<td>14,800</td>
</tr>
</tbody>
</table>

**Source:** Minnesota Mining Tax Guide, Minnesota Department of Revenue, 2019, pg. 30

### Ad Valorem Tax Assessed on Taconite Railroads

<table>
<thead>
<tr>
<th>Year Payable</th>
<th>Assessed</th>
<th>St. Louis County</th>
<th>Lake County</th>
<th>Total Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2008</td>
<td>2,562</td>
<td>6,415</td>
<td>8,977</td>
</tr>
<tr>
<td>2010</td>
<td>2009</td>
<td>2,319</td>
<td>7,293</td>
<td>9,612</td>
</tr>
<tr>
<td>2011</td>
<td>2010</td>
<td>2,514</td>
<td>7,623</td>
<td>10,137</td>
</tr>
<tr>
<td>2012</td>
<td>2011</td>
<td>2,460</td>
<td>8,265</td>
<td>10,725</td>
</tr>
<tr>
<td>2013</td>
<td>2012</td>
<td>2,981</td>
<td>10,651</td>
<td>13,632</td>
</tr>
<tr>
<td>2014</td>
<td>2013</td>
<td>7,286</td>
<td>26,796</td>
<td>34,082</td>
</tr>
<tr>
<td>2015</td>
<td>2014</td>
<td>6,462</td>
<td>23,890</td>
<td>30,352</td>
</tr>
<tr>
<td>2016</td>
<td>2015</td>
<td>5,770</td>
<td>20,696</td>
<td>26,466</td>
</tr>
<tr>
<td>2017</td>
<td>2016</td>
<td>4,376</td>
<td>16,224</td>
<td>20,600</td>
</tr>
<tr>
<td>2018</td>
<td>2017</td>
<td>3,086</td>
<td>12,308</td>
<td>15,394</td>
</tr>
<tr>
<td>2019</td>
<td>2018</td>
<td>2,436</td>
<td>8,564</td>
<td>11,000</td>
</tr>
</tbody>
</table>

**Source:** Minnesota Mining Tax Guide, Minnesota Department of Revenue, 2019, pg. 31
### Ad Valorem Tax on Severed Mineral Interests: Collection and Distribution

<table>
<thead>
<tr>
<th>Period ending</th>
<th>80% retained by local government</th>
<th>20% payment to Indian Business Loan Account</th>
<th>Total collections of affected counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec. 31, 2011</td>
<td>$444,016</td>
<td>$111,004</td>
<td>$555,020</td>
</tr>
<tr>
<td>Dec. 31, 2012</td>
<td>487,096</td>
<td>121,774</td>
<td>608,870</td>
</tr>
<tr>
<td>Dec. 31, 2013</td>
<td>452,376</td>
<td>113,094</td>
<td>565,470</td>
</tr>
<tr>
<td>Dec. 31, 2014</td>
<td>436,704</td>
<td>109,176</td>
<td>545,880</td>
</tr>
<tr>
<td>Dec. 31, 2015</td>
<td>427,756</td>
<td>106,939</td>
<td>534,695</td>
</tr>
<tr>
<td>Dec. 31, 2016</td>
<td>417,991</td>
<td>104,498</td>
<td>522,489</td>
</tr>
<tr>
<td>Dec. 31, 2017</td>
<td>513,528</td>
<td>128,382</td>
<td>641,910</td>
</tr>
<tr>
<td>Dec. 31, 2018</td>
<td>386,876</td>
<td>96,719</td>
<td>483,595</td>
</tr>
</tbody>
</table>

**SOURCE:** MINNESOTA MINING TAX GUIDE, MINNESOTA DEPARTMENT OF REVENUE, 2019, pg. 32

### Ad Valorem Tax on Unmined Taconite

(Year payable)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Itasca</td>
<td>$0</td>
<td>$32,283</td>
<td>$32,468</td>
<td>$31,498</td>
<td>$43,838</td>
<td>$41,697</td>
<td>$45,283</td>
<td>$41,465</td>
</tr>
<tr>
<td>St. Louis</td>
<td>228,517</td>
<td>265,107</td>
<td>247,126</td>
<td>259,800</td>
<td>255,884</td>
<td>254,900</td>
<td>236,177</td>
<td>247,293</td>
</tr>
<tr>
<td>Total</td>
<td>$228,517</td>
<td>$297,390</td>
<td>$279,594</td>
<td>$291,298</td>
<td>$299,722</td>
<td>$296,597</td>
<td>$281,460</td>
<td>$288,758</td>
</tr>
</tbody>
</table>

**SOURCE:** MINNESOTA MINING TAX GUIDE, MINNESOTA DEPARTMENT OF REVENUE, 2019, pg. 28
$103,789,847* $19,082,000

Production Tax
- Cities and townships
- School districts
- Counties
- Iron Range Resource & Rehabilitation
- Miscellaneous

Occupation Tax
- State General Fund 50%
- Elementary and secondary education 40%
- University of Minnesota 10%

**Source:** Minnesota Mining Tax Guide, Minnesota Department of Revenue, 2019, pg. 42

<table>
<thead>
<tr>
<th>FY</th>
<th>School Trust Lands</th>
<th>University Trust Lands</th>
<th>Tax-Forfeited Lands and Minerals</th>
<th>Consolidated Conservation</th>
<th>Other</th>
<th>Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$2,165,778</td>
<td>$1,417,795</td>
<td>$255,107</td>
<td>$10,130</td>
<td>$1,211</td>
<td>$3,850,021</td>
</tr>
<tr>
<td>2007</td>
<td>$3,254,288</td>
<td>$1,991,639</td>
<td>$314,992</td>
<td>$12,562</td>
<td>$2,641</td>
<td>$5,576,122</td>
</tr>
<tr>
<td>2008</td>
<td>$4,154,194</td>
<td>$1,876,064</td>
<td>$104,359</td>
<td>$9,874</td>
<td>$4,495</td>
<td>$6,148,985</td>
</tr>
<tr>
<td>2009</td>
<td>$3,254,808</td>
<td>$1,648,862</td>
<td>$145,969</td>
<td>$13,895</td>
<td>$6,698</td>
<td>$5,070,172</td>
</tr>
<tr>
<td>2010</td>
<td>$2,071,993</td>
<td>$451,195</td>
<td>$136,194</td>
<td>$30,241</td>
<td>$10,124</td>
<td>$2,699,747</td>
</tr>
<tr>
<td>2011</td>
<td>$4,248,263</td>
<td>$2,503,345</td>
<td>$162,737</td>
<td>$23,971</td>
<td>$18,578</td>
<td>$6,956,894</td>
</tr>
<tr>
<td>2012</td>
<td>$6,639,050</td>
<td>$2,494,469</td>
<td>$889,380</td>
<td>$25,620</td>
<td>$19,150</td>
<td>$10,067,669</td>
</tr>
<tr>
<td>2013</td>
<td>$6,381,052</td>
<td>$2,408,773</td>
<td>$941,740</td>
<td>$24,896</td>
<td>$25</td>
<td>$9,756,486</td>
</tr>
<tr>
<td>2014</td>
<td>$10,672,739</td>
<td>$3,074,198</td>
<td>$872,350</td>
<td>$38,375</td>
<td>$10,161</td>
<td>$14,667,823</td>
</tr>
<tr>
<td>2015</td>
<td>$6,097,488</td>
<td>$1,186,652</td>
<td>$927,400</td>
<td>$41,685</td>
<td>$734</td>
<td>$8,253,958</td>
</tr>
<tr>
<td>2016</td>
<td>$3,261,192</td>
<td>$134,401</td>
<td>$966,184</td>
<td>$44,701</td>
<td>$331</td>
<td>$4,406,809</td>
</tr>
<tr>
<td>2017</td>
<td>$2,371,814</td>
<td>$53,885</td>
<td>$756,641</td>
<td>$54,725</td>
<td>$299</td>
<td>$3,237,364</td>
</tr>
<tr>
<td>2018</td>
<td>$3,028,637</td>
<td>$881,952</td>
<td>$1,231,268</td>
<td>$67,496</td>
<td>$354</td>
<td>$5,269,707</td>
</tr>
<tr>
<td></td>
<td>$57,601,296</td>
<td>$20,123,230</td>
<td>$7,794,261</td>
<td>$398,171</td>
<td>$74,801</td>
<td>$85,901,757</td>
</tr>
</tbody>
</table>

(*MS 93.2236: Balance above $3,000,000 in the account at FY2007 closing is returned to Trust Funds.*
Index

1. Essar Brochure
2. EGFL - Networth Certificate_2023
3. Jefferies Letter - Mesabi_HCL_515.23
4. Update note submitted to DNR_15 May 2023
This document contains proprietary and confidential information regarding M/s Essar Global Fund Limited ("EGFL" or "the Fund" or "Essar"). It is for general information purposes only, and each recipient of this document contemplating partnering with EGFL shall be deemed to have made their own independent investigation and assessment of the financial conditions and affairs of EGFL. Nothing in these materials is intended to be construed as legal, accounting, technical or tax advice. Past performance is not a guide for future performance. Forward-looking statements are not predictions and may be subject to change without notice. Actual results may differ materially from these forward-looking statements due to various factors.

By accepting a copy of this document, the recipient accepts the terms of this Notice, which forms an integral part of this document.
# Contents

Essar Global Fund Limited: **Introduction** → 05

Essar Global Fund Limited: **Snapshot** → 06

Investment Portfolio: **Diversified** → 08

Assets Under Management: **Size & Growth** → 10

Transforming for Tomorrow: **Themes** → 11

Investment Objectives: **Focus on Future** → 12

## PORTFOLIO COMPANIES

### ENERGY

- Essar Oil UK
- Essar Exploration & Production
- Essar Transition

### INFRASTRUCTURE & LOGISTICS

- Essar Ports
- Stanlow Terminal
- Essar Projects
- Ultra Gas & Energy

### METALS & MINING

- Mesabi Metallics
- PT MBL
- Essar Minmet
- KSA - Green Flat Steel Complex

### TECHNOLOGY & RETAIL

- Black Box (Formerly AGC Networks Ltd.)
- LitmusWorld
- Pluckk

Essar Foundation: **Essar Cares** → 28

Avid Learning: **India’s pioneering cultural programming platform** → 28

Essar: **People Portfolio** → 29
The secret of change is to focus all of your energy not on fighting the old, but on building the new!

– Socrates
Introduction

Essar Global Fund Limited (EGFL), set up in 2005, invests in building and nurturing assets, and creating value in the core sectors of Energy, Infrastructure & Logistics, Metals & Mining and Technology & Retail.

Essar Global Fund Limited (EGFL)

With Assets Under Management (AUM) of USD 8.2 billion, as on 31 March 2021, and a net asset value of USD 4.4 billion, the current investment portfolio of EGFL is future centric and value accretive.

Over the last five years, EGFL has rebalanced its portfolio by strategically monetising some of the world class assets and businesses built by Essar, which has an entrepreneurial track record of 50 years.

EGFL is now poised to transition its existing assets towards a greener economy and invest in businesses which will transform sector landscapes from carbon to a clean energy ecosystem. The returns from the transition will not only outperform benchmark returns but also contribute to a sustainable society within the framework of Environmental, Social and Governance (ESG) and transform sectors for a post carbon economy.

A new value centric growth strategy based on Entrepreneurship, Expertise and Experience along with a robust governance system and structure will deliver superior returns, sustainably. EGFL has a globally benchmarked robust risk and regulatory framework. All of its portfolio companies share the Fund’s ESG centric value system, reflecting the philosophy of placing people before profit.
Essar Global Fund Limited

Snapshot

Our DNA is to invest with spirit of an entrepreneur, build assets with the passion of an owner and manage businesses with the discipline of a professional.

Expertise

Creating Value

Essar has invested in a portfolio of world-class companies across sectors and geographies

- Annual revenues of $13 bn
- Established track record of high growth
- Core sector asset creation

![Key Investee Companies](image)

15
KEY INVESTEES

7000+
PROFESSIONALS

8
COUNTRIES

$13 bn+
ANNUAL REVENUES

Entrepreneurship

Building Assets

Strategic investments in setting up world-class facilities in Steel, Power, Ports, Oil and Gas.

<table>
<thead>
<tr>
<th>Facility Type</th>
<th>Capacity/Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Steel Making Facility</td>
<td>10 million tonnes per annum</td>
</tr>
<tr>
<td>Pellet Making Capacity</td>
<td>20 million tonnes per annum</td>
</tr>
<tr>
<td>Refining Capacity</td>
<td>32 million tonnes per annum</td>
</tr>
<tr>
<td>Generation Capacity</td>
<td>~5000 mw</td>
</tr>
<tr>
<td>Ports Capacity</td>
<td>464 km</td>
</tr>
</tbody>
</table>
Experience
Realising Value

Since 2010, some of the pioneering investments were proactively monetised for an enterprise value of US$ 40 bn through large transactions with foreign and Indian entities.

2010
$460 mn
Essar Telecom Tower to American Tower Corporation

2011
$18.8 bn
33% stake in Hutchison-Essar to Vodafone

2014
$610 mn
Aegis USA Inc. to Teleperformance

2015
$120 mn
Yu Telecom Kenya to Safaricom & Airtel

2016-17
$375 mn
US $75 mn real estate, & US $ 300 mn for Balance Aegis entities to CSP

2018
$350 mn
Equinox Realty to Brookfield Asset Management

2019
$6 bn*
Essar Steel to Arcelor Mittal /Nippon Steel JV

2020
$475 mn
Power Assets

2021
$129 mn
Shipping Assets

* Under IBC
Investment Portfolio

Diversified

EGFL invests, builds and nurtures a portfolio of world-class companies through Essar Capital, its investment manager. EGFL invests long-term capital into the portfolio companies and holds nearly 100% stake in all its investments.
METALS & MINING

MESABI METALLICS NORTH AMERICA
7 MTPA iron ore pellet project in US having 1.7 Bn tonnes of resources

PT MBL INDONESIA
72 million tonnes coal mine reserve

ESSAR MINMET ODISHA, INDIA
14 MTPA greenfield iron pelletization project in India

ESSAR MINMET RAS AL-KHAIR, KINGDOM OF SAUDI ARABIA
4 MTPA Green Flat Steel Complex

TECHNOLOGY & RETAIL

BLACK BOX (Formerly AGC Networks Ltd.) GLOBAL
Digital Integrator IT Service Provider

ESSAR SHIPPING GLOBAL
Diversified fleet of shipping vessels & oil drilling rigs

LITMUSWORLD INDIA
Customer experience platform

PLUCKK INDIA
Fruit & Vegetable (F&V) platform with Digitally Integrated Supply Chain
Assets Under Management

Size & Growth

Assets Under Management of USD 8.2 billion, as on 31 March 2021, EGFL has a net asset value of USD 4.4 billion.

Net Worth FY21 increased by 54%; new investments to further fuel the future growth.

EGFL NET WORTH

CAGR 57%

Source: Audited Financials

Source: Duff & Phelps, 2021
Transforming for tomorrow

Themes

EGFL has identified three themes for future growth.

01 Decarbonisation
By investing in Energy Transition, Climate Smart and Sustainable Mining.

02 Decentralisation
By investing in Infrastructure & Logistics for the shared economy.

03 Digitisation
By investing in Technology & Retail to leverage AI for creating distribution networks and platforms.
Investment Objectives
Focus on Future

ENERGY
Delivering cleaner/greener energy solutions
- Provide new environmentally beneficial source of energy in India
- Transform Essar Oil UK to become a global benchmark for green refineries
- Build a hub for the UK’s upcoming hydrogen transformation

METALS & MINING
Localise the supply chains for the industry
- Build an energy compliant state-of-the-art steel plant
- Provide the lowest cost high grade green iron ore pellet in the United States and India
INFRASTRUCTURE & LOGISTICS
Create logistics network, storage solutions and platforms by leveraging technology

- Enable trade and transport services across the industrial hubs in the west and east coast of India
- Create the largest independent hydrocarbon terminals business in North-West Europe

TECHNOLOGY & RETAIL
To be the trusted go to technology solution integrator

- To architect, deploy, manage and secure the customer's IT environment through customized solutions
- To integrate intelligent digital networks and platforms
One of the most efficient and major refineries in the UK; Transitioning to greener energy

HELPING FUEL THE UK ECONOMY

10 MTPA Capacity
70+ Retail Outlets
- Serves 16% of UK’s road fuel demand

Top quartile profitability
9.1x Complexity
- In top 15% of European refineries by complexity

Improved performance post investments
- US$ 1 bn+ Investment since acquisition in 2011

Green Fuels & Decarbonisation Investments
- Hydrogen, Bio-Fuels through HyNet, HVO (Hydrotreated Vegetable Oil), Renewable Diesel & Fulcrum projects

ESSAR OIL UK

One of the largest refineries in the UK with top quartile profitability

Transforming into a Green Refining Asset, driving sustainable EBITDA growth and long term value

Enhancing profitability of existing refinery by increasing market share, widening product portfolio and reducing costs
ESSAR EXPLORATION & PRODUCTION

Geographically diversified conventional & unconventional Hydrocarbon assets with significant prospects

DIVERSIFIED RESOURCES; EXPLORING GREENER FUELS

4.6 Bn BoE In place Resource

- Conventional Hydrocarbon Assets in Vietnam

US$ 1000 mn+ Investment till date

15 TCF Unconventional
(CBM)

- Hydrocarbon Asset - Raniganj, India
- 348 existing + 200 additional wells; 300 km pipeline
- In-place gas volumes of 14 TCF & 3P reserves of 1.1 TCF

Biofuels Planned Capacity

- ~2 MLPD Biofuels & over 1 MMSCMD biogas

PRODUCTION RAMP UP ALONG WITH FUEL AND GEOGRAPHICAL DIVERSIFICATION

India

- First Indian E&P company to achieve over 1 MMSCMD of CBM production
- Ramp-up production to over 3 MMSMCD with 200 additional wells
- Plan to invest over US$ 100 Million in Biofuel production in next three years

Vietnam

- Declared one of the largest gas field discoveries (Ken Bau) of Vietnam by IHS Markit
- 45% ownership in Partnership with ENI Italy
- Overall In-place resource of over 5.9 BnBoe
ESSAR TRANSITION

Foraying into renewable energy

RENEWABLE ENERGY, GREEN FUELS AND NEW TECHNOLOGIES

Renewable Power Portfolio

- Foraying into renewable energy sector mainly in Solar PV, Wind, Energy Storage, Hydrogen, IWPP and T&D
- Vertex Hydrogen Hub

Biofuels Platform

- Plan to set up capacity of ~750 TPD of biogas with a production capacity of 1 MMSCMD
- ~2MLPD of Ethanol along with marketable Solid and liquid organic manures as by-products

New technologies

- Virtual power plants, data integration with remote satellites, drone technologies, meteorology and block-chain, etc

DIVERSIFIED FORAY INTO RENEWABLES

- Developing a consolidated capacity of 5GW in renewables
- Building an integrated biofuel complex and retail Ethanol, Biogas and LNG together under one roof as Clean Energy, meeting growing demands for ESG
- Key geographies to be covered are India, South East Asia, Africa and UK with 75% of capacities to be built in India while 25% international
- Roadmap to be set out in conjunction with National Hydrogen Mission
- Partnering with HyNet North West consortium to deliver an integrated carbon capture, and the first blue hydrogen (low carbon hydrogen) production hub in the UK
- Plan to construct two blue hydrogen production hubs at Stanlow at a potential ~ 7,500 crore (£750 million) investment, thereby supporting UK’s hydrogen economy and net zero goals
Portfolio Companies
Infrastructure & Logistics

ESSAR PORTS

One of the largest private sector port & terminal developer and operator in India; poised for next level of growth - Delivering Logistics Excellence

4 FACILITIES IN INDIA: SHOWCASING PROJECT AND OPERATIONAL EXCELLENCE AND GROWTH POTENTIAL

110 MMTPA Current Capacity; potential to expand to 180 MMTPA

- Spread across 4 locations in the west and east coast of India – Hazira, Salaya, Vizag and Paradip

Operational excellency

- Fully mechanized state-of-the-art facilities generating higher throughputs with faster turnaround

US$ 1,500 mn+ invested

- Creating one of the largest infrastructure platform and service provider

Poised for next level of growth

- Acquisition opportunities, cargo diversification to LNG & containers

SIZEABLE STEADY OPERATIONS WITH SIGNIFICANT EXPANSION POTENTIAL

- Amongst the fastest growing private ports in India

- Significant revenue visibility owing to long term take-or-pay agreements with marquee customers

- Dividend distribution potential owing to Strong Cash Flow generation and lighter Balance Sheet

- Inorganic growth through a multi-pronged strategy including acquisitions, diversification into newer cargo and entry into total logistics play
STANLOW TERMINALS

Largest mid-stream storage company in UK; Diversifying into products with low carbon footprint

CRITICAL INFRASTRUCTURE TO UK OIL SECTOR

3 mn m3 (CBM) bulk liquid storage platform
- Across 2 sites (Stanlow and Tranmere), 2 cross country pipelines, 23 road gantries, jetties and berths

Stable Revenue
- ~2.5 CBM contracted with Essar Oil UK providing assured business

Diversification
- Pipeline of 40 potential customers to utilize spare capacity

Competitive advantageous location
- Central location providing connectivity to key centres of demand and supply with minimum turnaround time

STABLE OPERATIONS WITH BETTER VALUE OFFERING POTENTIAL

- Largest single location bulk liquid storage platform in UK
- Stable operations owing to 83% of capacity tied up with captive customer
- Stable business with low cyclicality - New 3P business with long term contracts will drive earnings growth
- Better value proposition to customers through establishment of rail road connectivity and providing efficient evacuation and faster inventory turnover
ESSAR PROJECTS

Leading EPC Company Delivering Innovative, End-to-End EPC Solutions from Concept to Commissioning

“OWNER’S PERSPECTIVE” TO PROJECT DELIVERY

Comprehensive array of Value-Engineered EPC Solutions

- Conceptualization, FEED, Project CAPEX, Detail Engineering, 3D Plant Engineering & Analysis, Project Planning & Management

Competitive sourcing and procurement

- Cost-Model Analysis and Total Cost of Ownership Framework

Extensive labour management capability

- Handled 25000+ peak manpower at single site

Delivering projects of scale, size and complexity across diverse sectors

- Hydrocarbons, Minerals & Metals, Infrastructure & Power

LEVERAGING OVER 5 DECADES’ EXPERIENCE OF MEGA PROJECTS DELIVERY

- Executed projects worth US$ 10 bn over last 5 decades
- International footprints: India, Middle East, Europe, South-East Asia, America and some challenging geographies of Africa and Australasia
- Asset light business model for efficient execution of projects, thereby lowering risk
- Certified with ISO 9001:2015, ISO 14001:2015 and ISO 45001, ensuring highest standards of Safety, Health & Environment to all stakeholders
Green-Tech Company disrupting Clean Energy Marketing and Distribution in India

DIGITALLY PLATFORM FORMED GREEN ENERGY SUPPLY CHAIN PROVIDING ACCESS ACROSS SEGMENTS, FOCUSED ON REMOVING SUPPLY CHAIN IN EFFICIENCIES AND BRING UNPARALLELED DIGITAL CONVENIENCE TO THE CUSTOMERS

Green Tech Co. to Catalyze Adoption of Clean Fuels
- Distribution of green fuels - LNG and Biofuels, Hydrogen & Electric

Low Cost Capex / Business Model
- Low cost delivered energy to facilitate user industry’s switch to LNG

Significant investment planned (US$350mn)
- 300 LNG Outlets across industrial and retail outlets on all key highways

Experienced Management
- Led by optical mix of Oil & Gas Industry veterans and New age industries

VALUE CREATION FROM GREEN FUEL DELIVERY TO UNSERVED CUSTOMERS
- First company in India to facilitate distribution of Clean Fuels to off-pipeline and unconnected hinterland customers through captive truck fleet
- Low cost capex model to facilitate cost effective delivery of green fuels (LNG) generating substantial energy cost saving for industries/customers
- Tech enabled [IOT (Internet of Things) enabled real time inventory tracking] business model to help optimize fleet utilization & supply chain costs & deliver 100% OTIF (on time in full) promise to its customers
- Expected Revenue US$ 2 bn in next 4 years
Portfolio Companies
Metals & Mining

MESABI METALLICS

Leveraging on proven iron ore reserves in North America to become lowest cost producer of DRI / HBI in US and stimulate industry’s transformation to Green Steel

1.7 BN TONNES RESOURCE; MINIMAL ENVIRONMENTAL IMPACT

7 MTPA DR grade Iron Ore Pellet Making

- Target to supply critical raw materials to the North American steel market

Building Block to Green Steel transition

- Soft ore requiring less energy for crushing and low silica and phosphorous content resulting in higher grade DR product
- State-of-the-art process driving efficiency; minimal environmental impact

Advanced Stage of Project Development

- US$ 1500 mn+ invested till date
- Fully permitted with 50% construction completed
- Expected completion by 2024

LOW COST PELLET PRODUCER; AIDING TRANSITION TO GREEN STEEL

- Increased demand for Direct Reduced high grade iron ore pellets owing to transition to Green Steel
- Proven niche Iron Ore reserve
- Likely to be the sole supplier and lowest cost producer of DR pellets in the U.S.
- Strong fundamentals with meaningful upside potential; project payback in 5 years
PT MBL

High Grade Thermal Coal Mine; Located in rich coal belt region of East Kalimantan, Indonesia

HIGH QUALITY RESERVE BASE

~72 Million Tons of proven reserves  Quality - upwards of 5000 Kcal/Kg

- Another 15-20 million tonnes of reserves are expected as upside

Proximity to its own captive jetty on the Mahakam River  Advanced Stage of Project Development

- US$ 180 mn+ invested till date
- Fully permitted with IUP in place
- Commercial operations expected in Q4FY22

READY FOR IMMEDIATE START OF PRODUCTION

- Amongst very few premium quality coal mines left in Indonesia, this grade of coal attracts premium over the typical ICI index on account of the limited availability of the mineral
- Investor will get an opportunity to invest in an asset which is substantially de-risked as land acquisition and permits & approvals are already in place
- Haul Road Construction and Over Burden Removal under progress. Coal Evacuation likely by Q4FY22
- Ramp up in mining operations with own infrastructure in 18 months
- Asset will have +ve cash from Year 1 itself
ESSAR MINMET

14 MTPA Iron Ore Pellet project in Odisha, India to cater to the rising steel demand

ENVIRONMENTALLY COMPLIANT WAY OF MAKING PELLETS

High Grade Pellets

- DR and BF grade pellets of high quality will be produced

Environment Friendly Technology

- State-of-the-art technology with low carbon emission to be installed, slurry pipeline, return water line all of which contributing to environment protection and conservation

High Domestic Steel Production

- India is the 2nd largest producer of steel with 110 MTPA production in FY20, and is expected to reach 300 MTPA by FY31. The Indian steel sector would have a large demand for pellets

TO CATER TO STRONG DOMESTIC DEMAND AND RISING EAF DEMAND GLOBALLY

- Located in the iron ore rich belt of Odisha
- Rising EAF production globally due to decarbonization by steel majors will drive demand for pellets. Domestic demand will also rise substantially on back of strong steel production
- Low Cost Model - Beneficiation plant located in close proximity of iron ore mines and the pellet plant is strategically located at Paradip port
- Investment - Project with a strong financial viability
KSA – GREEN FLAT STEEL COMPLEX

4 MTPA Steel Plant in Ras Al-Khair, Kingdom of Saudi Arabia (KSA)

STEEL PLANT IN RAS AL-KHAIR, KINGDOM OF SAUDI ARABIA

Capacity
- 4 MTPA state-of-the-art Integrated Steel Plant
- Largest flat Steel complex across entire MENA (Middle East & North Africa) region

Features of the Project
- Land Allocation of Approx. 315 hectares with brilliant connectivity to utilities.
- Exemplary plant configuration, integrating best available technology

Environment Friendly Technology
- The project will establish a future ready facility, with the flexibility to use Hydrogen as the reducing agent in the DRI plant
- Facilities equipped with by-product heat recovery systems to ensure minimum CO2 generation

INTEGRATED STEEL PLANT TO CATER TO STRONG DOMESTIC DEMAND
- Strong domestic steel demand - Saudi steel capacity utilization is less than 50 percent, with majority of flat steel being imported
- With ageing steel plants and KSA being one with the highest carbon footprint, the Integrated Green Flat Steel facility will be a game-changer in the region
- Iron Ore Reserves - Integration opportunity with Wadi Sawawin Iron Ore Mines
Portfolio Companies
Technology & Retail

BLACK BOX (Formerly AGC Networks Ltd.)

Fast Growing Global Technology Solution Integrator

LISTED ENTITY ON THE INDIAN STOCK EXCHANGES, NSE & BSE

Growth through global expansion
- Significant presence across 30+ countries in 6 continents, including North America, Latin America, Europe, Middle East & Africa and Asia-Pacific
- Serving over 8,000+ customers (including 100+ Fortune 500 customers)

Bespoke and highly efficient technology solutions
- Leading digital technology solutions provider, having expertise in architecting, deploying, managing and securing customer IT & communications infrastructure

Inorganic growth through relevant tuck in acquisitions
- Acquired erstwhile NASDAQ-listed Black Box Corporation, SXtreo, COPC, Pyrios, MobiQuest, Fujisoft, Zservices HQ and Dragonfly Technologies Pty Ltd

HIGH GROWTH BUSINESS LED BY BOTH ORGANIC & INORGANIC GROWTH

- Black Box is a trusted IT solutions provider delivering cutting-edge technology solutions and world-class consulting services to businesses around the globe
- Organic Growth – Improving solution and product offerings by integrating newer technologies and value-added services thereby increasing wallet share from existing blue chip customers
- Inorganic Growth – Black Box will continue to grow via acquisitions given its strong track record of significant successful acquisitions over last couple of years driving Revenue & EBITDA
MAINTAIN POLE POSITION AS INDIA’S LEADING EXPERIENCE MANAGEMENT PLATFORM WHILE DELIVERING ROBUST GROWTH AS WELL AS VALUE TO CUSTOMERS

- Delivered our best “Client Happiness” and “Employee Happiness” Scores, which is a testament to both product and delivery. Improved product, solutioning and delivery to leapfrog into the next phase of value creation and growth

- Organic Growth
  - New business acquisition as well as increasing wallet share from existing customers through concerted effort and strategy including overseas markets expansion
  - Middle East, Europe and the Americas

- EBIDTA positive for the 1st time in the history of LitmusWorld. The outlook for FY ‘22 remains positive. Goal and aim is to maintain a positive trajectory
PLUCKK

Digitally integrated platform selling fresh fruits & vegetables; targeting to be a preferred brand in US$ 300 billion market.

DIGITAL E-COMMERCE PLATFORM; EXPANDING PAN INDIA

Serving Mumbai & Bangalore currently; expanding to top 15 cities

- Huge scope of penetration in the fastest growing industry

Operational excellency

- Delivering farm to fork supply chain in a 24 hour model

Changing demand dynamics fueling growth

- Building a digital platform for supporting healthy lifestyle patterns offering Ozone washed, Traceable & Hand Picked Assortment offering customers curated, high quality products

TARGETING A STRONG POSITION IN THE CHANGING FRUIT & VEGETABLE (F&V) INDUSTRY

- Digitally integrated model delivering fresh produce that are safe & high on nutrition
- Building Pluckk as a preferred brand in US$ 300 bn market in India growing at 60% CAGR
- Online grocery market is US$ 4 bn growing at 47% CAGR, will be 10X to US$ 4 bn in next 7 years.
- Mission to connect a million households, with a network of 100,000+ farmers
- Envisaging ~US$ 100 +mn revenues by FY24 & a valuation of US$ 600 mn FY24
Essar Foundation

Essar Cares

Essar Foundation has a rich heritage of 50 years of service Pan-India; in health, education, livelihood, women empowerment, sports, environment and infrastructure. The Foundation has always stood by the nation in every emergency, be it Covid-19, floods, famine or drought.

Under the Essar Cares initiative, having mobilised 3 million units of aid in collaboration with government and non-government partners, Essar is humbled to have joined the Nation's fight against the pandemic.

Avid Learning

India’s pioneering cultural programming platform

Founded in 2009, Avid Learning, Essar’s cultural philanthropy arm, is one of Mumbai’s leading public programming platform. Firmly entrenched in India’s cultural ecosystem, Avid Learning has gained a reputation for curating thought-provoking, innovative and path-breaking content spanning a variety of topical subjects and trends.

Avid Learning aims to probe meta-issues and initiatives which directly impact cultural policy, education and the creative sector in India. Staying true to its credo that #LearningNeverStops, the platform is continually in search of path-breaking programmes and emerging opportunities for discerning audiences worldwide.
Essar: People Portfolio

FOUNDING FAMILY
Entrepreneurs

Shashi Ruia
Founder
Ravi Ruia
Founder
Prashant Ruia
Anshuman Ruia
Smiti Kanodia
Rewant Ruia

FUND LEADERSHIP
Experts

Dhanpat Nahata
General Partner
Strategy and Risk
Vikash Saraf
Non Executive Director
Essar Capital
Haseeb Drabu
Advisor
Essar Capital
Kailash Daultani
Managing Director
Finance & Treasury
Nikhilesh Nagar
Managing Director
Accounts & Compliance
Adithya Bhatt
Managing Director
Risk
Pushkar Popat
Managing Director
M&A Structuring
Manish Kedia
Senior VP
Corporate Affairs
Essar Capital
Priya Chakravarty
Senior Director
HR Essar Capital
Uday Gujadhur
Director
Essar Capital
Portfolio Leadership

Empowered

Jatinder Mehra
Vice Chairman
Metals & Mining

B. C. Tripathi
Vice Chairman
Exploration & Production

Anil Chaudhary
Group CEO
Metals and Mining

Sunil Jain
Operating Partner
Energy Transitions

Rajiv Agarwal
Operating Partner
Infrastructure

Madhu Yuppuluri
Operating Partner
Metals & Mining

Alok Gupta
Operating Partner
Tech & Services

Srinivasan Vaidyanathan
Operating Partner
Tech & Services

Viral Gathani
Managing Director
Finance, Energy

Sanjay Palve
Sr. MD
Finance, Infrastructure
Tech & Services

Rakesh Kankanala
Managing Director
Infrastructure

Andrew Wright
Managing Director
Legal, Energy

Rahul Taneja
Managing Director
Human Capital

Naushad Ansari
Managing Director
Business Development
Metals & Mining

S Thangapandian
Advisor
Energy

RK Sukhdevsinhji
Advisor

Raj Varma
Advisor

Satish Mathur
Advisor
Drawing inspiration from M.C. Escher’s tessellation, Sky and Water, which depicts transition and transmutation of a fish in the water to a bird in the sky, we portray the change at Essar from a conventional corporate ecosystem to a more sustainable, transformational and a regenerative business enterprise.
May 15, 2023

The Board of Directors
Essar Global Fund Limited
Essar House
10, Frère Félix de Valois Street
Port Louis
MAURITIUS

Procedures agreed with you in respect of information provided on Essar Global Fund Limited on May 15, 2023

We have performed the procedures agreed with you and enumerated below with respect to:

1. Net worth of Essar Global Fund Limited (EGFL) as at March 31, 2022;
2. Fair value of investments made by EGFL as at March 31, 2022; and

The procedures were performed solely to assist you to support the application to Department of Natural Resources (DNR) USA for the granting of mining rights to Mesabi Metallics Company LLC, a subsidiary of EGFL, and are summarised as follows:

1. We obtained the Statement of information stating that the Net worth of EGFL amounted to USD 6,174.2 million as at March 31, 2022 and agreed to the audited financial statements of EGFL for the year ended March 31, 2022.
2. We obtained the Statement of information stating that the fair value of investments made by EGFL amounted to USD 9,914.2 million as at March 31, 2022 and agreed to the audited financial statements of EGFL for the year ended March 31, 2022.
3. We obtained the Statement of information stating that the unaudited liquidity position (Balance of cash and cash equivalents) of EGFL amounted to USD 1,144.2 million as at April 30, 2023. We obtained the schedule pertaining to the Consolidated Cash and Bank as at April 30, 2023 prepared by EGFL and agreed to bank statements.

We report our findings below:

a) With respect to item 1 we found the Net worth of EGFL amounting to USD 6,174.2 million as at March 31, 2022 as stated in the Statement of information to be in agreement with the audited financial statements of EGFL for the year ended March 31, 2022.

b) With respect to item 2 we found the fair value of investments made by EGFL amounting to USD 9,914.2 million as at March 31, 2022 as stated in the Statement of information to be in agreement with the audited financial statements of EGFL for the year ended March 31, 2022.

c) With respect to item 3, from the unaudited liquidity position of EGFL as at April 30, 2023 amounting to USD 1,144.2 million, USD 774 million was agreed with bank letter from The Mauritius Commercial Bank Ltd dated May 11, 2023, stating the total balance of USD 774 million as at May 11, 2023. The remaining balance of USD 370.2 million was agreed with the bank statements as at April 30, 2023 provided by management.
Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the Statement of Information provided by EGFL. In the event we had performed additional procedures or any assurance procedures, other matters might have come to our attention, which is not included in this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information. This report relates only to the items specified above and does not extend to any financial statements of EGFL, taken as a whole. BDO & Co assumes no responsibility whatsoever in respect of or arising out of or in connection with the contents of this certificate to third parties.

BDO & Co

Date: May 15, 2023
Mesabi Metallics Company LLC  
17113 County Road 58  
Nashwauk, MN 55769

Attention:  
Andrew Wright, Director  
Larry Sutherland, President and Chief Operating Officer

Gentlemen:

We understand that Mesabi Metallics Company LLC (the “Company”, “you” or “your”) is seeking to fund completion costs for the construction of an advanced construction-stage iron ore development (the “Project”). In connection with the Project, you have mandated Jefferies LLC (“Jefferies”, “we”, “us” or “our”) to raise a Senior Secured Term Loan in an amount up to $650 million (the “Debt Financing”) in connection with the Project. We understand that the balance of the capital required to complete construction will be in the form of common or preferred equity, and will be in a form acceptable to Jefferies.

We understand the Company is under discussions with a number of such third-party investors.

We currently contemplate relaunching the Debt Financing after the Company receives project approval from the State of Minnesota Executive Council, the Minnesota Department of Natural Resources and other parties for reinstatement of the mineral leases, and the other funding sources are finalized, among other items.

We are pleased to confirm that Jefferies LLC (“Jefferies”, “we”, “us” or “our”) is highly confident of its ability to arrange the Debt Financing, subject to: (i) no material adverse change in the business or prospects of the Company; (ii) satisfactory market conditions; (iii) delivery of customary documentation satisfactory to Jefferies and the purchasers and/or lenders of the Debt Financing; (iv) satisfactory completion of our due diligence on the Company; (v) Jefferies receipt of an executed engagement agreement with terms, including indemnification, acceptable to Jefferies; and (vi) approval from our internal committees.

This letter is confidential and is being provided to the addressees solely in connection with the Project and may not be used or circulated, quoted or otherwise referred to in any document, except with our prior written consent. Notwithstanding the foregoing, this letter may be shown to the Company.

For the avoidance of doubt, this letter is not a guarantee of the availability of the Debt Financing. Nothing herein shall be deemed to constitute any commitment by Jefferies to purchase or arrange the Debt Financing; such a commitment shall be evidenced only by the execution and delivery of, and shall be subject to the terms and conditions of, definitive documentation satisfactory to Jefferies in its sole discretion.

Sincerely,

JEFFERIES LLC

By

Name: Christian P. Wade  
Title: Managing Director
Submission of Key Information to DNR by Mesabi Metallics Company LLC

Compilation of Information and Documents which may not have been available to DNR for the purpose of consideration of key decisions in relation to state mineral leases

15 May 2023
## Index:

### I. Mesabi Metallics
- A. Vision for aiding Green Steel and supporting local communities’ / school districts
- B. Significant progress on construction which is projected to complete in March 2026
- C. DNR / Itasca – Paid in full
- D. State leases most important to realize its vision

### II. Project – Current Status
- A. Project Construction has been accelerated and Detailed status of EPC – Construction schedule to complete the project by March 2026
- B. New jobs created and Contractors engaged – 2.5 million labor hours of labor power requirement for the project will gainfully employ local contractors
- C. Key stakeholders including Union and County have expressed their support for the project
- D. Permits currently available with the project will ensure that local communities will receive accelerated benefits
- E. Financing plan will be robust once leases are available as the project is fully supported by Essar

### III. Key Information on Leases and facts to be considered
- A. Superior benefits to state if Mesabi is provided leases
- B. Current antitrust litigation against Cliffs has strong likelihood of possible award of adjacent lands to Mesabi Metallics
- C. Cliffs’s proposal for Negotiated Leases based on the adjacent parcels suppresses critical facts related to the stay of mining rights in adjacent parcels

### IV. Mesabi Metallics Vision will aid Green Steel revolution in the United States

Additional Information - Brief history of the project
I. **Mesabi Metallics**

a. **Mesabi Metallics – Vision and Key Objectives**

- Complete the under construction pellet plant, grow with value added DRI project and paving a definitive path to Green Steel production in the United States
- Creation of 1000+ new direct and indirect jobs and enrich local communities
- Provide socio economic benefits to the local community, school districts and counties
  - Over the life of mine, it is estimated that the Mesabi Metallics project will contribute approximately $1 billion in royalties to Minnesota, $300 million in local and federal taxes; and US$2 billion in payments to local utilities

b. **Project construction has been accelerated**

- Project construction accelerated and set to complete by March 2026
- Approx. 80% of engineering design completed; has been ongoing for last 2 years and remaining to be completed in next 3 months
- Earthwork and civil engineering works has been substantially completed
- Construction work has been accelerated since 1 April 2023
- 50% of structural construction completed
- Majority of plant and machinery, associated equipments and material of value over $500 million are on site;
- Balance of Construction expected to be completed by March 2026

*Ref List of Documents:*

- Fluor Cost to Complete Report (2019)
- Site Inventory Report showing materials/equipment availability
- Projected Construction Schedule
- Projected labor Schedule
- Latest photographs and video of the project

c. **Payments to DNR / Deed / Itasca County and vendors have been made in full**

- Taxes and Royalties payable to DNR / Itasca County have been paid. Mesabi is in good standing with all of its obligations
- Mesabi Metallics has also released advances to various vendors including local contractors to accelerate the construction schedule for the plant
d. Reinstatement of State Mineral Leases is necessary for the project to realize its potential

- As you may know the Project is significantly advanced, has all relevant permits in place and reinstatement of state leases can see taconite being mined and processed at the Nashwauk site by March 2026.
- Mesabi Metallics invites DNR for a site visit to validate our accelerated project construction.
- We request that reinstatement of state Mineral Leases is considered so that the Mesabi project can realize its full potential
- Our proposal for reinstatement of leases may kindly be considered by DNR for considering negotiated lease arrangements over state mineral leases
- We may be invited for negotiations on the leases

Mesabi Metallics has compiled this information as immediately available. We shall submit additional information if any relevant information is required by you or as may become available to us.
II. Project – Current Status

a. Project Construction has been accelerated and Detailed status of EPC; Construction schedule on track for project completion by March 2026

- Plan for Accelerated Completion of the Mesabi Project

Since January 2023, Project Management and Execution planning actions have been underway for accelerated construction on site which began in April 2023. Production enabling works have also addressed with Pre-stripping is completed and Key permits are in place.

Mesabi is planning on primarily using local union contractors for the completion of the project and Key Construction Partners:

1. Northern Industrial Erectors, Grand Rapids, MN
2. TNT Hammerlund, Grand Rapids, MN
3. Fluor Corporation, Greenville, NC and several other local companies.

Mesabi Metallics has been continuing to make progress on several different fronts. Mesabi has almost completed a significant amount of the required detailed engineering in the past two years that has now enabled it to bid out packages for construction

- Plant and Machinery, Equipment, stored at site in climate-controlled warehouses
- Mesabi Metallics made cash payments to local contractors and other vendors towards project related expenses of $12.3m in last the two months.
- Local contractors and hourly wage-workers engaged will significantly benefit from the construction ramp up.

Further details on Engineering, Procurement and Construction are elaborated below.

- Engineering:
  - Detailed Engineering: The engineering of the plant has been developed using SMART Engineering tools like Autodesk Navisworks. For the long lead construction buildings like Concentrator, engineering has progressed well and today at 92% completion. This advanced stage of engineering will support the construction activities to progress unhindered over the next 12 months.
  - On the other important Buildings, the engineering is at 90% completion and the overall engineering of the project including all small and short span buildings is at 79%.
o Out of a total 16,899 drawings in the project, only about 3,595 drawings are pending which translates to 21% balance engineering and these are scheduled to be completed by September 2023.

o Engineering support during the construction phase will continue in terms of responding to RFI (Request for Information) and Site Engineering Queries (SEQs) which is as per international engineering best practice.

- **Procurement:**
  
  o Preservation of Available Process & Electrical Equipment:
    
    ▪ Installed Equipment: All material erected have been regularly inspected and maintained by in-house & expert teams. The original equipment manufacturers (OEMs) have been visiting site regularly and were highly satisfied with the preservation of all equipment and found them in excellent condition. Mesabi during its period of low activity had spent significant amount of money towards preservation activities that will enable quick commissioning and ramp up of the plant.
    
    ▪ Electrical & Instrumentation: All electrical items and instrumentation items have been preserved in atmosphere-controlled warehouses and confirmed by experts from likes of Rockwell in April 2023 that everything is in very good condition (near new).
    
    ▪ Rotating Equipment: All rotating equipment were regularly rotated and lubricated to ensure longevity and integrity of parts.

  o Inventory Management – All Equipment and material is spread across 28 laydown areas and enclosed Annexure *(Ref List of Documents: Inventory List)* provides the list of all items stored and preserved at site.

  o Currently, equipment worth c.$537 million (excluding money spent on construction and engineering) is at the site, either installed or preserved and ready for installation.

- **Balance Procurement Required:**
  
  o Procurement related to 9 month Construction progress: All equipment required to enable construction progress over next 9-10 months have been identified and following equipment have been ordered in the month of March and April 2023.
  
  o Sheeting Manufacturing & Supply - Contract awarded, advance payment made, and delivery date committed between July 2023 and September 2023
  
  o Concentrator Steel from Prospect - Contract awarded, payment made, and material received at site in March 2023
- Bolts - Contract awarded, advance Payment made, and part delivery received in March and April 2023
- Staircase and Handrails - Contract awarded, advance Payment made, and delivery expected in June 2023
- Rockwell Automation review - Rockwell has audited the existing equipment supplied and payment has been made.
- Fernell review – Order has been placed, advance payment release, and site visit planned in May 2023
- With the above efforts, the construction on critical buildings will progress unhindered till the end of 2023 and enable the critical buildings to be covered with sheeting for construction work to continue during the winter months inside these buildings.
- Procurement of Long Lead Items: Special attention is made to 23 long lead items which have delivery ranging from 8 to 12 months to ensure that they are available at site not to impede the progress of construction activities which shall be taken up during 2024 and 2025.
- Other Material procurement: All other material required for project completion not covered under long lead and 9 months construction progress are also covered under the overall procurement plant and tracker

- Construction:
  - While the construction activities in site have been ongoing, an accelerated approach has been put in place and several contract for site works have been awarded.
    a. Steel Structural & Sheeting Erection Works for Concentrator:
      i. Contract awarded and advance payment made
      ii. Mobilization started on 1 April 2023
      iii. Completion target - 11 months
    b. Mechanical Equipment Erection for Concentrator – Agreement reached
    c. Technology Structure Erection Works for Concentrator – Agreement reached
    d. Civil Works – Agreement reached
    e. Contract for Piping & Electrical works – Advanced stage of discussions
  - Detailed construction labour requirement month wise has been drawn up to draw up. All local unions have been contacted and they have been assured us that all resources are available to support the project.

Site Inventory Report showing materials/equipment availability
Letters of support from key contractors – NIE and TNT
Projected Construction Schedule
Projected Labor Schedule
b. New jobs created and Contractors engaged – 2.5 million man hours of labor requirement for the project will gainfully employ local contractors

Recruitment & Team Build up – New Jobs created

- Management team: Based on completion plan, requisite organization and the management team have been identified. Multi-dimensional approach of local team from within the Iron range and state of Minnesota, international team and utilization of Project Management companies has been put in place to meet the project requirement.

- New Employees recruited at Site in April 2023
  - Laura Schaefer (Administration),
  - Austin Beaty (Millwright),
  - Virginia Novak (Document Control),
  - Krish Ramakrishnan (Controller),
  - Luke Shadrick (Structural Engineer),
  - Braeden Lawrence (Scheduling),
  - Braun (QA/QC)

- Future immediate Hires – New jobs to be created over next 8 weeks
  - Environmental, Safety, HR Managers
  - It Manager & Technicians
  - Procurement Lead
  - Project Schedulers
  - Field Leads - Piping/Mechanical
  - Field leads - Electrical, Structural
  - Electricians & Millwrights
  - Warehouse Technicians
  - Contracts Administrators

- Total labour estimated to be required till project completion in March 2026 is 2.5 million man hours

With above details, we strongly believe that we have and are demonstrating our strong intent and commitment to bring the project to completion in the fastest possible time and start commercial operations latest by March 2026, if not earlier.

Ref List of Documents: Projected labour Schedule
c. **Key stakeholders including Union and County have expressed their support for the project**

- Itasca County is highly supportive of the Mesabi project due to the significant benefits which will accrue to the local community once the operations commence at the Mesabi plant
- Project is expected to generate 350 new direct jobs and 700 indirect jobs. Unions are supportive of the employment generation

*Ref List of Documents: Support letters from Building Trades / Unions*

d. Key permits required for construction of project are available and will therefore ensure that local communities will receive accelerated benefits. Mesabi Metallics also has a valid permit to mine including successfully completed environmental reviews, which will ensure timely start of mining activities in conjunction with the commissioning of the plant.
e. Financing of the project

- Estimated Project Cost

<table>
<thead>
<tr>
<th>Cost to Complete (incl Contingency of $85m)</th>
<th>$720m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners costs</td>
<td>$120m</td>
</tr>
<tr>
<td>Additional expected cost due to escalation since 2019</td>
<td>$60m</td>
</tr>
<tr>
<td><strong>Total Funds required approx..</strong></td>
<td><strong>$900m</strong></td>
</tr>
</tbody>
</table>

Sources for funds

<table>
<thead>
<tr>
<th>Funds already invested by Essar from 2021 approx.</th>
<th>$100m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essar commitment to invest</td>
<td>$200m</td>
</tr>
<tr>
<td>Debt to be drawn down</td>
<td>$600m</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$900m</strong></td>
</tr>
</tbody>
</table>

- Essar’s financial position (as certified by statutory auditors - BDO)
  - Essar group’s networth as on 31 March 2022 is $6,174 million
  - Essar has liquidity (balance of cash and cash equivalents) amounting to $1,144 million on 30 April 2023
  - Essar is thus financially capable of meeting the project financing requirements
  - Parent - Essar committed to invest additional equity as much as required to ensure financing for the project

*Ref List of Documents:* BDO Accountant’s certificate
### A. Superior Socio, economic and financial benefits to the State if Mesabi Metallics is chosen

<table>
<thead>
<tr>
<th></th>
<th>Mesabi Proposal for Leases</th>
<th>Cliffs Proposal*</th>
<th>Benefits to state if 2020 MLA is reinstated with immediate effect*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Technology / Community</strong></td>
<td>New plant with best in class environment friendly technologies</td>
<td>Operation of nearly 50 year old plant with significant fugitive emissions</td>
<td>Public health hazards due to usage of old technology will continue</td>
</tr>
<tr>
<td><strong>Environment impact</strong></td>
<td>Short distance haulage: Significantly low emissions</td>
<td>Long distance haulage: High emissions</td>
<td>Public health hazards and environmental damage</td>
</tr>
<tr>
<td><strong>Minimum Royalty beginning period</strong></td>
<td>Immediately from signing</td>
<td>1 Jan 2028 (4.5 years moratorium period)</td>
<td>No minimum royalty revenues for next 4.5 years</td>
</tr>
<tr>
<td><strong>Remaining Capital Expenditure</strong></td>
<td>Approx $800,000,000</td>
<td>Marginal</td>
<td>Local contractors will benefit significantly from the proposed capex plan due to contracts</td>
</tr>
<tr>
<td><strong>Direct and Indirect New Jobs Created</strong></td>
<td>Immediate new jobs: 350 (Direct) + 700 (Indirect)</td>
<td>No new jobs;</td>
<td>Cleveland Cliffs option claims to save 750 jobs after 3 years. No economic benefit / new jobs till such time</td>
</tr>
</tbody>
</table>

*Above is based on lease information made available to us by DNR in respect of proposed lease amendments*
B. Current antitrust litigation against Cliffs has strong likelihood of possible award of adjacent lands to Mesabi Metallics

- **Background of Mesabi Metallics Anti-trust Claim against Cleveland-Cliffs**

Mesabi Metallics commenced litigation against Cleveland-Cliffs in 2017 for antitrust and other violations stemming from an alleged monopolistic scheme deployed by Cleveland-Cliffs, intended to prevent Mesabi Metallics from building and completing its new iron mine and pelletizing project located in Nashwauk, MN. This litigation has been continuing for six years in Delaware. Due to the protective order, details of the action, and the underlying allegations, have not been widely reported or followed in Minnesota, but are compelling and serious in their nature.

We believe that the DNR ought to understand these details in far greater detail before it allocates its land leases in Nashwauk to Cleveland Cliffs.

Among other things, the lawsuit alleges that:

- Cleveland-Cliffs acquired substantial property interests in the middle of Mesabi Metallics’ permit to mine area (which Mesabi argues was intended to create uncertainties around the project (in particular with potential lenders) even though Cleveland-Cliffs has no intention of mining these individual parcels);
- Cleveland-Cliffs insisted that certain contractors stop working with Mesabi Metallics (which Mesabi argues caused significant delays / increased costs as new contractors were engaged and needed time to get up to speed on the project and understand the full details); and
- Cliffs signed exclusive, long-term contracts with the major purchasers in the market to exclude Mesabi (which Mesabi argues was intended to take away opportunities for Mesabi to engage with local offtakes, which was a key component to raising debt finance)

The foregoing are just a few examples of Cleveland-Cliffs’ alleged acts. Cleveland-Cliffs engaged in other illegal actions in furtherance of its scheme, though the details are currently subject to a protective order in the antitrust case. It is clear (at least to us and our counsel) that these acts were intended to cause (and indeed has caused) Mesabi Metallics years of delays in completing the project, and for Mesabi Metallics to incur substantial additional expenses.

- **Status**

We are now in the sixth year of this litigation. The parties have completed fact discovery, with an evidentiary record that includes dozens of depositions and hundreds of thousands of documents. Mesabi Metallics has obtained voluminous and compelling evidence that it believes will prove that Cleveland-Cliffs used its monopoly power to destroy competition from Mesabi Metallics. As noted above, a court order prevents Mesabi Metallics from disclosing the specific evidence for now, but Mesabi Metallics eagerly awaits the

---

opportunity to make that evidence known to the public either at trial or through relief from the protective order (which Mesabi Metallics will be seeking).²

- Public statements about eradication of Mesabi Metallics by Cliffs CEO

Even without access to the (currently protected) evidentiary record, however, publicly available information supports Mesabi Metallics’ position. Cleveland-Cliffs’ own CEO has called for the “eradicat[ion]” of Mesabi Metallics and stated he would like to “come with a bulldozer and take them out.” He went so far as to say that he was going to “screw” certain investors by doing to them “what I have been doing in Nashwauk for a while.”³ He also publicly admitted the catastrophic effect of Cleveland-Cliffs’ Nashwauk acquisition on Mesabi Metallics, saying Mesabi Metallics “can’t operate without Cliffs” as a result.⁴ Having eliminated the prospect of meaningful competition, Cleveland-Cliffs became a “money printing machine.”⁵

- Reliefs expected by Mesabi Metallics

Mesabi Metallics is confident it will prevail in its claims against Cleveland-Cliffs and expects to ask the court, among other things, to:

1. Award Mesabi Metallics the property interests that Cleveland-Cliffs has obtained within Mesabi Metallics’ project boundary (and which, if successful, would mean that Cleveland-Cliffs would not have lands to mine adjacent to the DNR lands), and

2. to enjoin Cleveland-Cliffs from misusing its monopoly power going forward.

Mesabi Metallics is also seeking nearly $2 billion in money damages, an award that would be tripled under the antitrust laws and that is likely to have a material impact on Cleveland-Cliffs and potentially its operations.

- Rewarding anticompetitive behavior of Cliffs with state leases is not in “best interests of state”

Having regard to the foregoing, Mesabi Metallics believes it would be premature—and could not, objectively, be in “the best interest of the state”—for the State of Minnesota to grant the Leases to Cleveland-Cliffs.

Minn. Stat. 93.1925, subd. 1 authorizes the DNR commissioner to negotiate mineral leases with a company when “the commissioner finds that the best interest of the state will be served.” Simply put, awarding the Leases to Cleveland-Cliffs does not serve the best interest of the State of Minnesota, not least because of

---

² A copy of the relevant public filings in the antitrust case can be found at the following link: https://www.courtlistener.com/docket/6438082/mesabi-metallics-company-llc-v-cleveland-cliffs-inc/?page=1.

³ See Cleveland-Cliffs 2018 Q4 Earnings Transcript (Feb. 8, 2019); Brooks Johnson, Cliffs CEO pushes ‘sense of urgency’ in opposing Mesabi Metallics, Duluth News Tribune (Apr. 6, 2017); Cleveland-Cliffs 2018 Q3 Earnings Transcript (Oct. 19, 2018).

⁴ See Cleveland-Cliffs 2017 Q4 Earnings Transcript (Jan. 25, 2018).

⁵ See Cleveland-Cliffs 2018 Q2 Earnings Transcript (July 20, 2018).
the serious wrongdoing that has been exposed in the multi-billion-dollar litigation pending against Cleveland-Cliffs in the United States Bankruptcy Court for the District of Delaware (Case No. 17-51210).

Leasing the State mineral rights in Nashwauk to Cleveland-Cliffs would, in effect, reward it for years of anticompetitive, monopolistic conduct, including actions specifically targeting Mesabi Metallics and the mineral leases it needs for its project, at the expense of customers in Minnesota and elsewhere.

This scheme ought to seriously concern the DNR (and more generally the State of Minnesota). It is, of course, somewhat ironic that the DNR’s May 4 Letter to Mesabi refers to repeated breaches of the Leases by Mesabi Metallics, when in fact the delays (and breaches) complained of arose as a consequence of Cleveland-Cliffs’ actions – and that Cleveland Cliffs now stands to benefit from its own (inappropriate) actions.

In short, by awarding the Leases to Cleveland-Cliffs, the State would be condoning efforts by a monopolist to crush competition from an upstart competitor. Cleveland-Cliffs is only in position to obtain the Leases due to its anticompetitive conduct.

Reference: Publicly available information can be accessed under Essar Steel Minnesota LLC et al, and Mesabi Metallics Co. LLC, v. Cleveland-Cliffs Inc. et al., U.S. Bankruptcy Court for the District of Delaware, Case Number 17-51210
C. Cliff’s proposal for Negotiated Leases based on the adjacent parcels suppresses critical facts related to the stay of mining rights in adjacent parcels

- **560 Litigation (Right to Mine) - Background**
  - Mesabi Metallics and Cleveland-Cliffs own certain parcels of land in an equal (50/50) ratio – the so-called "shared properties". As a result of this ownership ratio, **no one party has an absolute right to mine** such lands. In the absence of an agreement between the parties, the right to mine such lands is also subject to litigation pursuant to MN Statute Chapter 560 to determine who (as between the two owners) has the right to mine such parcels.
  - **This 560 action is currently pending in Delaware, and has been informally stayed** pending resolution of the wider antitrust litigation.

- **Cliffs Proposal – Suppression of facts**
  - Cleveland Cliffs in its letter dated January 18, 2023, requested DNR for entering into taconite iron ore mining leases in the iron range of Nashwauk, through direct negotiation with the State of Minnesota (“State”) pursuant to State Statute sec. 93.1925 (the “Statute”) allegedly based on ownership or lease rights of adjacent parcels
  - The Department of Natural Resources on 4 May 2023 had announced its intent to grant the state mining leases to Cliffs Cleveland based on the ability to mine the state parcels only in conjunction with such adjacent parcels which mining rights are supposedly assumed to be with Cliffs.
  - On 9 May 2023, Jill Nguyen from DNR sent to Elizabeth Schmiesing from Winthrop the draft lease along with list of parcels proposed to lease. The draft lease agreement states that:
    
    “The Lessee has made application under Minnesota Statutes 2022, section 93.1925, for a state taconite iron ore mining lease on said premises owned by the Lessor, and has agreed with the Commissioner of Natural Resources upon the terms and conditions of such lease as hereinafter set forth.
    
    The Commissioner of Natural Resources, pursuant to Minnesota Statutes 2022, section 93.1925, has found the state taconite iron ore is adjacent to taconite iron ore owned or leased for mining purposes by the applicant and the commissioner finds that it is impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore. “
    
  - The draft lease agreement also provides an annexure with details of 30 leases and their location in the Nashwauk range.
  - Cliffs has failed to disclose that Cliffs does not have any right to mine these shared properties in light of the 560 action in Delaware.

- **DNR ought to revoke recommendation of leases to Cliffs on the basis of suppression of this key fact alone.**
• **Significant Issues**
  - There are two significant issues with any notion that Cleveland-Cliffs has full rights and title to lands adjacent to the State parcels, summarized as follows:
    a. The lands that Cliffs acquired in Mesabi’s project area are subject to the antitrust litigation between Cleveland-Cliffs and Mesabi Metallics in the Delaware court. Mesabi has requested that these lands are transferred to Mesabi, when it successfully concludes the antitrust claim against Cleveland Cliffs. As a result, Cliffs will not have rights in and to any of these land parcels, and given the ongoing litigation it would be wrong for Cleveland-Cliffs to represent that it has unfettered rights in and to these lands; and
    b. With regard to the so-called “shared properties” (where Cleveland-Cliffs and Mesabi have equal ownership rights), the right to mine such lands is subject to the 560 litigation (referred to above). Cliffs is not able to represent it can mine such lands until resolution of that dispute (which the parties have agreed will be resolved once the antitrust litigation has been resolved).

• **It is equally practicable for Mesabi Metallics to mine state leases / Cliffs does not have right to mine**
  - We have mapped each land parcel as per the draft lease annexure, and have shown how they are subject to either anti-trust litigation or 560 litigations and have tested all the land parcels for condition 93.1925 of Minnesota Statutes 2022. The test are two fold as follows:
    a. Whether the State lands are adjacent to taconite iron ore owned or leased for mining purposes by Cliffs; and
    b. Whether it is impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.
  - We observe that these conditions have not been met for the leases in light of the information provided by us:
    a. Certain parcels of lands under the proposed state leases are not adjacent to Cliffs parcels;
    b. Certain parcels claimed by Cliffs to be adjacent parcels are disputed – i.e subject to stay under the 560 litigation where the mining rights of Cliffs as well as Mesabi have been stayed;
    c. Remaining parcels claimed by Cliffs to be adjacent parcels are disputed – i.e subject to being transferred to Mesabi Metallics upon successful outcome under the antitrust litigation;
  - Additionally, Mesabi Metallics also humbly submits that many of these State leases are also adjacent to Mesabi controlled land parcels and therefore practicable to be mined alongside Mesabi controlled land parcels
  - In support of the above, we enclose below documents highlighting the same along with legal opinion from Mesabi Metallics counsel.

*Ref List of Documents:*
- Opinion from Mr Bryan Lindsay – Trenti Law
- Cliffs motion under 560 statute for mining rights in the shared properties
- Status report in the Delaware proceedings confirming the parties’ stay of mining rights in the shared properties
**IV. Mesabi Metallics Vision will aid Green Steel production in the United States**

The global demand for “green” steel is increasing. Green Steel initiative of Mesabi is in line with its stated vision to be a pioneer in adopting to this change. Steelmakers across North America are in advanced stages of developing plans to transition to Electric Arc Furnace (EAF) thereby eliminating metallurgical coal as a reducing agent in the Blast Oxygen Furnace (BOF).

This change in the iron making process has resulted in an increased demand for Direct Reduced Iron (DRI) as an alternative to scrap. This shall have a direct impact on increasing the demand for processes that use hydrogen and natural gas instead of coal, while reducing iron ore.

Mesabi is uniquely positioned to build an already fully permitted DR pellet plant project, which is ~50% complete and located in the U.S.A., with future DRI and EAF opportunities. The initiatives and the impact are as follows:

<table>
<thead>
<tr>
<th>S.No</th>
<th>Green Initiative</th>
<th>Environmental Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Plant design and use of the latest technology for iron ore processing and manufacturing iron ore pellets</td>
<td>Will have a minimal environmental impact and will make it the most modern plant on the Mesabi range.</td>
</tr>
<tr>
<td>2.</td>
<td>Installation of the most modern control technology</td>
<td>Will minimize air emissions and other greenhouse gas emissions.</td>
</tr>
<tr>
<td>3.</td>
<td>Use of ground and storm water naturally flowing through the area</td>
<td>Will result in a zero surface liquid discharge facility</td>
</tr>
<tr>
<td>4.</td>
<td>Use of dry air pollution control technology</td>
<td>Will result in zero wastewater discharge</td>
</tr>
<tr>
<td>5.</td>
<td>Investment in land and wetland credits</td>
<td>Will offset adverse impacts to existing wetlands and help conserve our natural resources</td>
</tr>
<tr>
<td>6.</td>
<td>Advanced discussion for setting up a wind power project of c.200MW</td>
<td>Unlike other steel plants that completely rely on fossil fuels, Mesabi plans to use wind energy which has a resultant fewer carbon emissions.</td>
</tr>
</tbody>
</table>
• Value added DRI Plant
  - Feasibility study being undertaken by IDOM
  - IDOM – globally reputed technology consulting firm has been engaged by Mesabi Metallics for techno economic feasibility study. IDOM is in the process of finalizing its recommendation on its findings for feasibility study for value added DRI plant at Nashwauk (draft report submitted and final report expected shortly)
    o Ref List of Documents: IDOM draft techno-economic feasibility report
  - Mesabi has been in discussions with both Midrex and HYL-Tenova for development of the DRI plant
    o Ref List of Documents: Engineering by HYL - Tenova

• Mesabi Metallics’ vision to aid to the Green Steel Production in the US
  - Mesabi Metallics is committed to invest in the development of the DRI plant adjacent to its pelletization plant. Mesabi Metallics’ will lead the revolution in the US steel industry with its Green DRI facility
  - Mesabi Metallics is poised to be the leading producer of high quality Iron Ore Pellets of 67.5% Fe and above. High quality of iron ore from Mesabi Metallics' mines will enable production of 2.5 million tonnes per annum of highest quality DRI.
  - DRI from Mesabi Metallics will enable Mesabi Iron range to emerge as the leading low carbon steel making region in the United States with lowest carbon footprint, as the United States races to its NET ZERO target by the year 2050.

• Green Energy to drive Green Steel – Wind and Hydrogen to support energy needs
  - Long-term strategy of Mesabi Metallics is to develop on site a wind energy based renewable power facility and an onsite Green hydrogen production to enable the development of Green DRI production facility.
  - Existing pellet plant will provide feedstock for Mesabi’s planned 1.8 Million Metric Tonnes per year Direct Reduced Iron (DRI) MegaMod furnace with potential briquetting facilities.

• Significant Investment and Job creation
  - The additional investment for the DRI facility will be the tune of US$ 1 Billion. This combined facility, once operational will be the largest in terms of revenue generation and job creation on the entire Iron Range of Minnesota.
- This would be yet another large investment by Mesabi Metallics in the State of Minnesota. This additional investment in the Iron range shall create employment opportunities for 1500 people from the local communities during the construction period and thereafter generate permanent employment for 250 people in addition to the pelletizing facility.

**Potential Partners for Completing the construction as well as to guide Mesabi Metallics into Green Steel journey**

- Several strategic as well as financial institutions have expressed their keen interest in partnering with Mesabi Metallics’ vision to drive its business towards futuristic green steel making in the United States
- Availability of state leases will support Mesabi in its discussions with these potential partners that are keen to establish an alliance with Mesabi. They are interested in partnering with the existing pellet plant and also with the proposed Value added DRI Plant, including the futuristic renewable energy power plants. Key potential partners that have evinced interest include
  1. Algoma Steel, Canada
  2. Javelin Commodities
  3. IR2 Fund (affiliated to Alan Kestenbaum – Stelco)
### Additional Information - Brief History of the Project

<table>
<thead>
<tr>
<th>Year</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 2007</td>
<td>Essar acquired Minnesota Steel Industries for USD 150 million</td>
</tr>
<tr>
<td>2008-2010</td>
<td>Global Recession triggered by Lehmann Bank crash; Greenfield project financing was not considered by US Banks</td>
</tr>
<tr>
<td>2010</td>
<td>Essar arranged project financing from Relationship Indian banks and contributed the required equity to started construction at a capacity of 4.1 million tons per annum</td>
</tr>
<tr>
<td>2010-2012</td>
<td>Project financing for both debt and equity was fully secure, and construction was well underway</td>
</tr>
<tr>
<td>2012</td>
<td>Essar revised the project capacity to 7 million tons per annum up from the original scope of 4.1 million tons per annum to achieve additional economies of scale.</td>
</tr>
<tr>
<td>2014</td>
<td>Mesabi raised additional project finance from US hedge funds and invested the additional equity required for the increased capacity</td>
</tr>
<tr>
<td>2014-2016</td>
<td>Project construction was restarted and continued in a timely manner</td>
</tr>
<tr>
<td>2016-2017</td>
<td>Global Commodity price crash and financial uncertainties delayed project financing disbursements. Period of uncertainty and pending potential cancellation of the mining leases resulted in Mesabi filing for bankruptcy Protection</td>
</tr>
<tr>
<td>2017 onwards</td>
<td>Mesabi initiated antitrust litigation against Cleveland Cliffs for tortious interference, anti-competitive and monopolistic actions</td>
</tr>
<tr>
<td>2017 – 2020</td>
<td>Mesabi emerged from bankruptcy and was owned by new investors. Subsequently, Essar acquired Mesabi from the new investors. Total new invested capital since bankruptcy is over $350 million</td>
</tr>
<tr>
<td></td>
<td>In December 2020, DNR and Mesabi entered into an amended Master Lease Agreement (MLA)</td>
</tr>
<tr>
<td>2021</td>
<td>Mesabi appointed Jefferies to help tie up the financing package for completion of the project and meet requirements under the MLA.</td>
</tr>
<tr>
<td></td>
<td>Period of global covid pandemic during April and May, India was specifically hard hit. Mesabi received from parent, an amount of $100m on 1 May 2021 as required under the MLA as against $200m and requested for an additional 4 weeks time for the balance amount which was not granted.</td>
</tr>
<tr>
<td></td>
<td>DNR terminated the state leases</td>
</tr>
</tbody>
</table>
2021-2023

Jefferies organized a syndicate of US funds to provide in-principle debt commitments of $600m for the completion of Mesabi project. Mesabi paid approx. $10m in fees to US funds to firm up the debt commitment.

Mesabi also appointed BMO Capital Markets to bring in an equity partner into Mesabi.

Investors have shown serious interest in investing into Mesabi and many have completed due diligence.

However, due to the legal uncertainty around the leases, potential partners were vary to commit to the project though being seriously interested.

2023

Mesabi continues to remain fully committed to completing the project with the support of its parent. Decision taken by the parent in January 2023 to accelerate construction of the project with the belief that the best way to demonstrate serious commitment to the project is by further investing millions of dollars and progressing substantial construction work with a clearly visible end date for the completion.

DNR communicated to Mesabi Metallics on 4 May 2023 that its proposal for negotiated leases is not being considered and instead recommended to the Executive Council that state leases be awarded to Cleveland Cliffs.

Mesabi has made payment of $18.5m on 12 May 2023 within the payment window given by DNR.
Background

Mesabi Metallics commenced litigation against Cleveland-Cliffs in 2017 for antitrust and other violations stemming from an alleged monopolistic scheme deployed by Cleveland-Cliffs, intended to prevent Mesabi Metallics from building and completing its new iron mine and pelletizing project located in Nashwauk, MN. The litigation has been continuing for six years in federal court in Delaware. Due to the protective order, many details of the action are not publicly available and thus have not been widely reported or followed in Minnesota, but the claims are compelling and serious.

Among other things, Mesabi Metallics alleges that:

- Cleveland-Cliffs acquired substantial property interests in the middle of Mesabi Metallics’ permit to mine area, which created uncertainty around the project, in particular with potential lenders, even though Cleveland-Cliffs acquired the individual parcels with no intention of mining them;
- Cleveland-Cliffs insisted that certain contractors stop working with Mesabi Metallics, which caused significant delays / increased costs as new contractors were engaged and needed time to get up to speed on the project and understand the full details;
- Cliffs signed exclusive, long-term contracts with the major purchasers in the market to exclude Mesabi, which took away opportunities for Mesabi to engage with local offtakers; and
- These acts were intended to cause (and indeed have caused) Mesabi Metallics years of delays in completing the project, and for Mesabi Metallics to incur substantial additional expenses.

The foregoing are just a few examples of Cleveland-Cliffs’ alleged unlawful acts.

Status

The litigation is in its sixth year. The parties have completed fact discovery, with an evidentiary record that includes dozens of depositions and hundreds of thousands of documents. Mesabi Metallics has obtained voluminous and compelling evidence that it believes will prove that Cleveland-Cliffs used its monopoly power to destroy competition from Mesabi Metallics. As noted above, a court order prevents Mesabi Metallics from disclosing the specific evidence for now, but Mesabi Metallics eagerly awaits the opportunity to make that evidence known to the public either at trial or through relief from the protective order.

Public Statements by Cliffs’ CEO about Eradicating Mesabi Metallics

Even without access to the (currently sealed) evidentiary record, however, publicly available information supports Mesabi Metallics’ position. Cleveland-Cliffs’ own CEO has called for the “eradicat[ion]” of Mesabi Metallics and stated he would like to “come with a bulldozer and take

1 The matter is Mesabi Metallics Co. LLC v. Cleveland-Cliffs Inc., Case No. 17-51210 (Bankr. D. Del).
them out.” He went so far as to say that he was going to “screw” certain investors by doing to them “what I have been doing in Nashwauk for a while.” He also publicly admitted the catastrophic effect of Cleveland-Cliffs’ Nashwauk acquisition on Mesabi Metallics, saying Mesabi Metallics “can’t operate without Cliffs” as a result. Having eliminated the prospect of meaningful competition, Cleveland-Cliffs became a “money printing machine.”

**Relief Requested by Mesabi Metallics**

Mesabi Metallics is confident it will prevail in its claims against Cleveland-Cliffs and expects to ask the court, among other things, to:

1. Relinquish the property interests that Cleveland-Cliffs has obtained within Mesabi Metallics’ project boundary (and which, if successful, would mean that Cleveland-Cliffs would not have lands to mine adjacent to the DNR lands), and

2. Enjoin Cleveland-Cliffs from acting anticompetitively going forward.

Mesabi Metallics is also seeking nearly $2 billion in money damages, an award that would be tripled under the antitrust laws and that likely would have a material impact on Cleveland-Cliffs and potentially its operations.

**Rewarding Cleveland-Cliffs’ Anticompetitive Conduct by Issuing It the State leases Is Not in the “Best Interest of the State”**

Minn. Stat. 93.1925, subd. 1 authorizes the DNR commissioner to negotiate mineral leases with a company when “the commissioner finds that the best interest of the state will be served.”

Mesabi Metallics believes it would be premature—and could not be in “the best interest of the state”—for the State of Minnesota to grant the state mineral leases to Cleveland-Cliffs, not least because of the serious wrongdoing asserted in the pending antitrust litigation.

Cleveland-Cliffs is only in position to obtain the state mineral leases due to its anticompetitive land acquisition and other actions that have blocked Mesabi Metallics from completing its project. Thus, leasing the state mineral rights in Nashwauk to Cleveland-Cliffs would, in effect, reward it for years of monopolistic conduct, including actions specifically targeting Mesabi Metallics and the mineral leases it needs for its project, at the expense of customers in Minnesota and elsewhere.

Mesabi Metallics respectfully submits that Cleveland-Cliffs’ conduct ought to seriously concern the State of Minnesota.

---


3 Cleveland-Cliffs 2018 Q3 Earnings Transcript (Oct. 19, 2018).

4 See Cleveland-Cliffs 2017 Q4 Earnings Transcript (Jan. 25, 2018).

5 See Cleveland-Cliffs 2018 Q2 Earnings Transcript (July 20, 2018).
DOCUMENT BREAK
IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re
ESSAR STEEL MINNESOTA LLC and
ESML HOLDINGS INC.,

Debtors.

MESABI METALLICS COMPANY LLC
(F/K/A ESSAR STEEL MINNESOTA
LLC),

Plaintiff

v.

CLEVELAND-CLIFFS, INC. (F/K/A
CLIFFS NATURAL RESOURCES, INC.);
CLEVELAND-CLIFFS MINNESOTA
LAND DEVELOPMENT LLC; GLACIER
PARK IRON ORE PROPERTIES LLC;
and DOES 1-10

Defendants.

Chapter 11
Case No. 16-11626 (BLS)
(Jointly Administered)

Adv. Proc. No. 17-51210 (BLS)

SECOND AMENDED COMPLAINT AND (SUBSTANTIVE AND NON-SUBSTANTIVE)
OBJECTION TO CLAIM NOS. 55 AND 224

Plaintiff Mesabi Metallics Company LLC (f/k/a Essar Steel Minnesota LLC) (“Mesabi”
or “Plaintiff”) as debtor and debtor in possession in the above-captioned jointly administered
chapter 11 case, for its second amended complaint (“Complaint”) against Cleveland-Cliffs, Inc.
(f/k/a Cliffs Natural Resources, Inc.) (“Cliffs”), Cleveland-Cliffs Minnesota Land Development
LLC (“Cliffs Minnesota”), Glacier Park Iron Ore Properties LLC (“GPIOP”), and certain Doe

---

1 Essar Steel Minnesota LLC has changed its name to Mesabi Metallics Company LLC. The last four digits of its
federal taxpayer identification number are 8770. The last four digits of ESML Holdings Inc.’s federal taxpayer
identification number are 8071.
defendants, Does 1-10 (collectively, “Defendants”) for, among other claims of relief, breach of contract, breach of the covenant of good faith and fair dealing, tortious interference with Plaintiff’s contractual and business relationships in violation of Minnesota state law, violation of antitrust laws under Sections 1 and 2 of the Sherman Act and applicable Minnesota state law, violation of the automatic stay under Section 362 of the Bankruptcy Code, civil conspiracy, civil contempt, avoidance and recovery of unauthorized post-petition transfers, claims disallowance, and injunctive and declaratory relief, alleges as follows:

**NATURE OF THE CASE**

Cliffs is a monopolistic predator, intent on preventing Mesabi from competing with Cliffs.

Already controlling virtually the entire open market for blast furnace pellets within the Great Lakes Pellet and Iron Market (as defined below), Cliffs has long coveted Mesabi’s surface and mineral leases, in order to solidify and preserve its monopoly position and prevent development and production of the related lands and minerals. Having failed to block Mesabi’s attempt to enter into the Great Lakes Pellet and Iron Market and secure Mesabi’s assets for itself in an open public auction conducted during the bankruptcy proceeding, Cliffs (and other Defendants in conspiracy with it) has now resorted to surreptitious and underhanded attempts to obstruct consummation of Mesabi’s confirmed plan of reorganization (the “Plan”)3 and block completion of the Project.

Long before Mesabi ever sought bankruptcy protection, Cliffs (and other Defendants in

---

2 Plaintiff believes certain individuals or entities have acted in concert with the Defendants, which Plaintiff is investigating. Plaintiff intends to amend this Complaint to include those individuals and entities by name and seek the relief requested in this Complaint against them at the appropriate time.

3 Where the context requires, each capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term as defined herein or in the Third Amended Chapter 11 Plan of Reorganization of Mesabi Metallics Company LLC (f/k/a Essar Steel Minnesota LLC) and ESML Holdings Inc. [D.I. 990].
conspiracy with it) engaged in a course of conduct designed to interfere with and impede Mesabi’s contracts and business relationships, and ultimately to keep Mesabi from completing the Project and competing with Cliffs in the Great Lakes Pellet and Iron Market.

When Cliffs failed to purchase Mesabi’s assets in bankruptcy, Cliffs ratcheted up its anti-competitive interference with the Mesabi’s contracts and business relationships, to prevent the confirmed Plan from becoming effective, and eliminate its only threat of competition in the market. Cliffs unabashedly resorted to contacting Mesabi’s contractors, mineral lessors, professionals, other goods and service providers, and potential customers with a single, but effective threat: if you do business with Mesabi (or the Plan Sponsor, Chippewa), Cliffs – which controls the relevant geographic and product markets – won’t do business with you. Despite this interference, Mesabi and the Plan Sponsor were making great progress toward consummating the Plan and were progressing with construction of the Project.

With Mesabi at the doorstep of reorganization and a massive new money investment, however, Cliffs resorted to a last gasp, desperate attempt to snuff out its upstart competitor. When the path towards consummation of the Plan and the successful reorganization of Mesabi appeared to have cleared, on December 11, 2017, Cliffs dropped what it no doubt considered to be a bombshell – announcing that it had purportedly acquired and/or leased from GPIOP “parcels that were formerly leased by GPIOP to [Mesabi].” Cliffs further declared it was “time for [Cliffs] to sit at the table with responsible parties and develop a realistic solution for this site.”

As discussed below, the only solution that would satisfy Cliffs is the elimination of Mesabi as a competitor. Well known to Cliffs, the mineral rights associated with such properties are important to Mesabi’s future viability. Tellingly, Cliffs and GPIOP negotiated their deal entirely in secret, keeping even the fact that they were negotiating (in violation of GPIOP’s contractual obligations to Mesabi) from Mesabi, the Plan Sponsor, and apparently even from Superior
Mineral Resources, LLC ("Superior"), the co-lessor with GPIOP of certain mineral rights to Mesabi that Cliffs purported to acquire.

However, Cliffs’ attempt to deprive Mesabi of necessary mineral rights was misguided and ineffective. By Court order, the Mineral Leases are to be assumed on the Effective Date by Mesabi for the benefit of the Reorganized Debtor. Further, the Mineral Leases have not been terminated and the Reorganized Debtor has an unqualified right to step into the shoes of Mesabi with respect to such leases. As further alleged, and as sought through the declaratory relief sought herein, Mesabi’s property rights remain intact, and all defaults under the Mineral Leases will be deemed cured or waived when the Plan goes effective. In short, even before considering the illegality of Cliffs’ conduct, Cliffs may, at most, be positioned as Mesabi’s landlord with respect to certain mineral rights.

In addition to being ineffective, the Cliffs Transaction is a further illegal and anti-competitive attempt to prevent Mesabi from reorganizing, and competing with Cliffs. Cliffs has no present intent to mine the GPIOP properties. Mesabi still retains rights to adjacent lands that are necessary for the economic mining of the GPIOP properties or build the Project with its associated value, including jobs for the community. Indeed, Cliffs acknowledged in its own press release announcing the deal that it was not motivated by any present intention to mine the properties, but rather by “leverage.” Put simply, Cliffs wants to leverage Mesabi out of its market and out of business. The primary value to Cliffs of the purported acquisition is preventing Mesabi from proceeding with its development efforts, for the purpose of blocking Mesabi from entering the market and competing with Cliffs. Any direct benefits to Cliffs from the parcels are contingent on Cliffs putting Mesabi out of business and gaining the adjacent lands and surface rights held and/or controlled by Mesabi.

Upon information and belief, the transaction between Cliffs and GPIOP was the
culmination of a several-month conspiracy between GPIOP and Cliffs to breach GPIOP’s ongoing obligation to negotiate and execute the Restated Mineral Leases, and instead attempt to convey Mesabi’s mineral rights to Cliffs. Upon information and belief, Cliffs and Cliffs Minnesota have no legitimate business purpose for acquiring the GPIOP Property Interests. Cliffs’ and Cliffs Minnesota’s purpose is the destruction of the Project and the unlawful elimination of a competitor within the Great Lakes Pellet and Iron Market.

The Defendants’ efforts to interfere with Mesabi’s affairs have caused significant delay and additional, unanticipated expense as Mesabi seeks to consummate the Plan. As described below, Mesabi and the Plan Sponsor have made great progress toward implementing the Plan, but prompt action is needed to remediate harm caused by the Defendants to date, prevent jeopardy to the confirmed Plan and the success of the Reorganized Debtor, and avoid future damage to Mesabi and its current and former creditors that could result from Cliffs’ established course of conduct. In addition to seeking damages, the recovery of which will benefit the Debtors’ secured and unsecured creditors, Plaintiff also seeks declaratory relief, that the Debtors’ and Reorganized Debtor’s rights in the Mineral Leases were not terminated and remain valid, and that the Debtors’ and Reorganized Debtor’s rights in the Mineral Leases and Restated Mineral Leases are senior to any purported transfers to Cliffs of the GPIOP Property Interests. Plaintiff also seeks injunctive relief to enjoin Defendants from engaging in any activity designed to interfere with Mesabi’s and the Plan Sponsor’s property and contractual rights and business relations, or otherwise conspire to prevent consummation of the Plan and completion of the transactions contemplated in the Plan.

The Defendants’ intentional actions constitute tortious interference with Mesabi’s contracts and business, anticompetitive violations of Sections 1 and 2 of title 15 of the United States Code, 15 U.S.C. § 2 (the “Sherman Act”), and anticompetitive acts under Minnesota state
law. They also constitute acts to obtain possession of or exercise control over property of the Debtors’ estates, in violation of section 362 of the Bankruptcy Code.

Plaintiff now seeks to avoid and recover from Defendants, or from any other person or entity for whose benefit the transfer was made, all unauthorized transfers made subsequent to the commencement of the Chapter 11 Cases, pursuant to sections 549 and 550 of title 11 of the United States Code (the “Bankruptcy Code”). Plaintiff also seeks to disallow, pursuant to section 502(d) of the Bankruptcy Code, any claim that Defendants have filed or asserted against the Debtors, or that have been scheduled for the benefit of the Defendants. Plaintiff does not waive but hereby reserves all rights, including rights of the Debtors, to object to any such claim for any reason, including, but not limited to, any reason set forth in sections 502(a) through (j) of the Bankruptcy Code.

Without this Court’s relief, the unmistakable and irreparable harm to Mesabi’s business and to all stakeholders in the Chapter 11 Cases will continue, with a very real risk of preventing the Reorganized Debtor from succeeding.

**JURISDICTION AND VENUE**

1. This is an adversary proceeding pursuant to Rule 7001 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). This adversary proceeding relates to the Chapter 11 Cases pending before the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). Mesabi consents, pursuant to Bankruptcy Rule 7008 and Local Rule 7008-1, to the entry of a final order by the Bankruptcy Court in connection with this Complaint to the extent that it is later determined that the Bankruptcy Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. This Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C.
§§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

3. This Court has personal jurisdiction over Defendants pursuant to Bankruptcy Rule 7004.

4. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

5. All Defendants are properly joined in this action pursuant to Rule 20 of the Federal Rules of Civil Procedure, made applicable by Bankruptcy Rule 7020, because the right to relief asserted against all Defendants arises out of the same transaction, occurrence, or series of transactions and occurrences, and questions of law and fact common to all Defendants and/or certain categories of Defendants will arise in this action.

6. Pursuant to this Court’s Order Granting Debtors’ Motion Pursuant to 11 U.S.C. §§ 105(a) and 1142(b) for Entry of Order Implementing the Provisions of the Plan with Respect to the Cliffs Claims [D.I. 1335], after the occurrence of the Effective Date, the claims set forth in this Complaint shall vest in the Reorganized Debtor and will be pursued by the Reorganized Debtor as Tranche 2 Claims for its benefit, as well as the benefit of the Debtors’ secured and unsecured creditors, pursuant to the Plan.

**THE PARTIES**

7. Plaintiff Mesabi is a limited liability company organized and licensed under the laws of the State of Minnesota, with its principal place of business at 17113 County Road 58, P.O. Box 25, Nashwauk, MN 55769. Mesabi is the wholly owned subsidiary of ESML Holdings Inc. (“Holdings,” together with Mesabi, the “Debtors”), a holding company, organized and licensed under the laws of the State of Delaware.

8. Based upon information and belief, Defendant Cliffs is a corporation organized under the laws of the State of Ohio with its principal place of business in Cuyahoga County, Cleveland, Ohio. The registered agent for service of process for Cliffs is James D. Graham,
whose address is listed with the Ohio Secretary of State as 200 Public Square Suite 3300, Cleveland, Ohio 44114. According to Cliffs, it is the “only real merchant supplier within the Great Lakes markets.”

9. Based upon information and belief, Defendant Cliffs Minnesota is a limited liability company organized under the laws of the State of Delaware, with its principal place of business in Cleveland, Ohio. The registered agent for service of process for Cliffs Minnesota is the Corporation Trust Company with an address listed with the Delaware Department of State as 1209 Orange Street, Wilmington, Delaware 19801.

10. Based upon information and belief, Defendant GPIOP is a limited liability company organized under the laws of the State of Delaware, with its principal place of business in Houston, Texas. The registered agent for service of process for GPIOP is the Corporation Service Company with an address listed with the Delaware Department of State as 251 Little Falls Drive, Wilmington, Delaware 19808.

11. Does 1-10 are Defendants whose true names, identities and capacities are presently unknown to Plaintiff. As and when the names, identities, and capacities of these fictitiously named Defendants become known, Plaintiff will amend this Complaint to set forth these Defendants’ true names, identities, and capacities and otherwise proceed against them as if they had been named parties upon the commencement of this adversary proceeding in accordance with Rules 15 and 25 of the Federal Rules of Civil Procedure, made applicable to this proceeding by Bankruptcy Rules 7015 and 7025. Without limitation, the fictitiously named Defendants may include affiliates, agents, or representatives of Cliffs.

FACTUAL BACKGROUND

A. The Debtors’ Chapter 11 Cases

12. Mesabi is a company formed to develop and operate an iron ore pellet production
facility (the “**Project**”) located in the Mesabi Iron Range in northern Minnesota. Mesabi has entered into contracts with various parties to provide construction, engineering and professional services that are integral to the Project. On an ongoing basis, Mesabi has sought to enter into additional commercial relationships in support of the Project.

13. On July 8, 2016, the Debtors each filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”), thereby commencing the Chapter 11 Cases. The Debtors manage their properties as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

14. On July 19, 2016, the United States Trustee for the District of Delaware appointed the Official Committee of Unsecured Creditors (the “**Committee**”). To date, no trustee or examiner has been requested or appointed in these Chapter 11 Cases.

15. At all relevant times, Cliffs is and has been aware of the Debtors’ Chapter 11 Cases. In fact, Cliffs has actively participated in the Chapter 11 Cases by, among other things, filing an objection to, and appearing for the hearing on, both the Debtors’ motion for discovery under Bankruptcy Rule 2004 [D.I. 234] and the Debtors’ later certification relating to the implementation of certain provisions of the Plan [D.I. 1304]. Additionally, on December 14, 2017, Cliffs purchased GPIOP’s Claim Nos. 55 and 224 in the Chapter 11 Cases. See D.I. 1370, 1371.

16. Further, Cliffs actively participated in an auction conducted as part of the Plan process and submitted bids for the Debtors’ assets pursuant to the related bid procedures. Cliffs was unsuccessful in its attempts to purchase the Debtors’ assets as its bids were at a much lower value and were ultimately determined to be inferior to the winning bidder and ultimate plan sponsor, Chippewa Capital Partners, LLC (**“Chippewa”** or the **“Plan Sponsor”**). Cliffs declined to bid to become the plan sponsor and assume leases and permits already in effect so that the
Project could be completed timely and start operations. Rather, Cliffs bid solely for the Debtors’ hard assets, which would have allowed Cliffs to keep such assets out of the hands of a competitor and fortify Cliffs’ monopoly position in the Great Lakes Pellet and Iron Market.

B. **Debtors’ Plan of Reorganization and Events Subsequent to Confirmation**

17. With Chippewa as Plan Sponsor, on June 8, 2017, the Debtors filed the Plan, which contemplated and provided for, among other things, the contribution of equity and debt financing sufficient to support assumption of important mineral and surface leases, as well as the construction and ultimate operation of the Project.

18. On June 13, 2017, the Court confirmed the Plan and entered its *Findings of Fact, Conclusions of Law, and Order Confirming the Third Amended Chapter 11 Plan of Reorganization for Mesabi Metallics Company LLC (f/k/a Essar Steel Minnesota LLC) and ESML Holdings Inc. Proposed by the Debtors* [D.I. 1025] (the “**Confirmation Order**”). No party appealed the Confirmation Order and the Confirmation Order became final and non-appealable on June 27, 2017. It is well settled that a confirmed plan of reorganization is an enforceable, court-approved contract between a debtor and all parties in interest. Thus, the Plan constitutes an enforceable contract between the Debtors, their creditors, and the Plan Sponsor.

19. At confirmation, the Debtors received overwhelming support for the Plan from each voting class of creditors. This support was due in large part to Chippewa’s sponsorship, its agreement to provide immediate funding to Mesabi, and its commitment to invest $250 million of new equity into Mesabi.

20. Since the auction, Chippewa has provided substantial funding to Mesabi and Mesabi has recommenced construction on the Project.

21. In confirming the Plan, this Court found that “the Debtors will have sufficient means to meet all of their obligations under the Plan” and that the record established that “the
Reorganized Debtor will emerge from bankruptcy as a viable, financially healthy entity, unlikely to be in need of further financial reorganization, and likely to be able to incrementally complete the Project.” Confirmation Order, ¶ II. Indeed, Mesabi has been working diligently with GPIOP, DNR and other stakeholders both before and since the Confirmation Order to finalize the agreements necessary to complete the Project. As described below, many of these agreements already have been executed. Therefore, absent Cliffs’ improper interference, Mesabi has demonstrated that it would likely be able to complete construction of the Project and successfully enter the Great Lakes Pellet and Iron Market and compete with Cliffs.

22. Mesabi has always been focused on retention of its mineral rights. Prior to confirmation of the Plan, the Debtors entered into amended leases and related agreements with Langdon/Warren, which agreements were approved by the Bankruptcy Court [D.I. 515] and were critical to maintenance of the Langdon/Warren Mineral Leases. Additionally, since confirmation of the Plan, in furtherance of its consummation, the Debtors have successfully assumed key mineral and surface leases through settlement agreements with the DNR [D.I. 1025, 1057, 1171] and Chippewa, the Debtors, GPIOP, and Superior entered into the GPIOP Settlement, discussed below, which agreements provide for assumption certain of the Debtors’ mineral and surface leases as of the Effective Date.

23. Pursuant to the Plan and Confirmation Order, if the Effective Date does not occur within six months of the Confirmation Date, unless otherwise agreed by the relevant parties, the Mineral and Surface Leases shall be deemed rejected, and the Debtors will be required to immediately surrender such leases. Confirmation Order, ¶ 45. The Mineral Leases were specifically excluded from assumption under the Plan, and therefore from paragraph 45 of the Confirmation Order. See Plan, § 1.1(91) (defining “Mineral and Surface Leases” to exclude the Mineral Leases). A settlement agreement between the Debtors and the DNR, however, provides
that if the Effective Date does not occur on or prior to December 31, 2017, the DNR Leases shall be deemed rejected, and the Debtors will be required to immediately surrender such leases. See D.I. 1057, 1176, 1231. Additionally, an agreement between the Debtors and Langdon/Warren provides for the same extension through December 31, 2017. See D.I. 1358.

24. In connection with the lease assumption agreements discussed above, in addition to completing the existing Project, Mesabi and Chippewa have made material progress and taken major steps toward implementing the Plan. Chippewa has engaged Kiewit, one of the largest and most respected construction contractors in the United States. Mesabi and Chippewa have worked with Kiewit on a highly expedited basis as Kiewit has conducted a comprehensive review of the Project in anticipation of Kiewit assuming the role of general contractor to complete the Project. The parties have entered into a preliminary agreement with respect to the Project, and are negotiating a comprehensive general contractor’s agreement under which Kiewit will supervise local contractors and its own internal resources at the expansive Project. Kiewit will assume a prominent leadership role and has prepared a comprehensive engineering, procurement, and construction plan for the Project.

25. In addition, Chippewa has committed to build a hot-briquetted iron (“HBI”) facility, bringing value-added production to Minnesota’s Mesabi Iron Range (the “Mesabi Iron Range”) for the first time. The combined projects will create hundreds of new jobs and generate many tens of millions of dollars in contributions to both state and local revenues, making the iron mining and production industry in Minnesota more competitive and less of a monopoly controlled by Cliffs.

26. To that end, Chippewa has entered into an agreement with an engineering company, Tenova, with respect to construction of a long-anticipated, value-added plant on the Project site, which will produce HBI. Chippewa has begun making payments on a $1.25 million
engineering contract for design of that project, which will be financed separately. To further advance the project, Chippewa organized and attended a meeting in Monterrey, Mexico with Tenova and Kiewit to evaluate an operating HBI furnace. The purpose of the visit was twofold: (1) to evaluate the furnace for constructability purposes; and (2) to identify the path forward to formally bid the project from a design and construction standpoint. As a result of this strategic meeting, Chippewa received formal bids for both Kiewit and Tenova to advance work on the Project.

27. While Mesabi continues to progress toward consummation of the Plan, Cliffs has consistently interfered with Mesabi’s reorganization and continues to interfere with the closing of the transactions contemplated in the Plan. Cliffs’ actions have already caused delays, forced Mesabi to renegotiate agreements with multiple Project vendors, and required Mesabi to engage alternative service providers.

C. History of Cliffs’ Ongoing Interference with Mesabi’s Operations and the Relevant Market

28. Cliffs is a direct competitor of Mesabi. Cliffs operates iron ore and pellet production facilities in northern Minnesota, and upon information (including Cliffs’ own assertions) and belief, Cliffs controls virtually all of the public market for blast furnace pellets in the Great Lakes Pellet and Iron Market.

29. Access to mineral rights to support its pellet production is essential to Mesabi’s future success. In order to ensure the necessary access, Mesabi entered into numerous mineral and other leases with several different lessors. Taken together, these leases provide Mesabi with approximately 20,000 contiguous acres. Mesabi sited its production facility so as to maximize efficiency in utilizing these interests. Maintaining the entire assemblage has always been essential to realizing the efficiencies underlying Mesabi’s key investment assumptions related to
Cliffs has long sought to acquire Mesabi’s assets and prevent Mesabi from entering the Great Lakes Pellet and Iron Market. In particular Cliffs has long pursued Mesabi’s interests leased from the DNR (the “DNR Leases”). Indeed, by at least 2015 and periodically since that time to date, Cliffs has persistently pressured the State of Minnesota and the Minnesota governor’s office to terminate the DNR Leases with Mesabi and allow Cliffs to take over the DNR Leases. Attached hereto as Exhibit 1 are examples of relevant correspondence between Cliffs and the DNR regarding Mesabi’s DNR Leases. Now, having failed to procure the DNR Leases, Cliffs has moved to take control of the Mineral Leases.

As Lourenco Goncalves explained in public statements on November 16, 2016, there are “three different markets for iron ore, they’re completely separate. One is the international market that’s basically dominated by China and surrounding countries for mines and some lump ore, that’s one business. The other business is the pellet business. The pellet business is the one that the Samarco thing affected in the – especially hitting Europe and the Middle Eastern operations, especially the DRI Middle Eastern Operations.” Mr. Goncalves went on to explain that the “third business is the business that we [Cliffs] dominate here in the United States is the pellet business within the Great Lakes” (the “Great Lakes Pellet and Iron Market”) (emphasis added).

The “Great Lakes” is a geographic region that includes the Iron Range of Minnesota. The Iron Range of Minnesota actually includes four, distinct, iron ranges, one of which is the Mesabi Iron Range. The Mesabi Iron Range is largely located within Itasca and St. Louis counties in Minnesota, and is the largest iron range within the Iron Range of Minnesota.

On information and belief, the Mesabi Iron Range, where Mesabi intends to complete the Project and mine iron ore to commercialize and sell, is one of the most productive
and promising iron ore mining areas in the United States. The Mesabi Iron Range is also a significant source of taconite, a type of iron formation for which there has been increasing demand in recent years.

34. As the primary, if not only, open-market supplier of pellets made from Great Lakes iron ore, Cliffs possesses market power in the Great Lakes Pellet and Iron Market. Cliffs’ position as the primary or only producer in the relevant market gives Cliffs the power to maintain prices for their products at higher than competitive levels. No other iron ore producers engaged in the open market in the Great Lakes region have sufficient iron ore or pellet sales, customers, or other market presence to force Cliffs to compete on price, quality, or other factors. Indeed, as set forth in paragraph 31 and elsewhere in this Complaint, Cliffs’ own statements confirm Cliffs’ market dominance.

35. The Great Lakes Pellet and Iron Market is exactly the market Mesabi is seeking to enter and in which Mesabi will be Cliffs’ primary, if not only, competition. Thus, on behalf of Cliffs, Mr. Goncalves has (a) specifically identified the Great Lakes Pellet and Iron Market as the relevant geographic and product market as the market for the public sale of iron ore pellets; and (b) admitted that Cliffs dominates and controls the relevant market.

36. Mr. Goncalves has openly boasted about Cliffs’ iron ore business in the United States, characterizing it as a “beast.” Specifically, Mr. Goncalves has touted Cliffs’ monopoly power in the Great Lakes Pellet and Iron Market to the public during Cliffs’ quarterly earnings calls, including as follows:

a. On October 27, 2016, Mr. Goncalves commented that “[r]ecently, the pellet market in the Great Lakes got even tighter as Magnetation ceased operations at the beginning of [October 2016] bringing Cliffs back to its long-standing position as the only merchant pellets supplier in the Great Lakes.”
b. On July 27, 2017, Mr. Goncalves stated: “How is this business able to achieve its EBITDA margins of nearly 40% in the metals and mining industry in the United States where EBITDA margins of 9.5%, 10% are considered to be very good and 15% are considered great. Number one, cost to enter. Cliffs is the only real merchant supplier within the Great Lakes markets, and we have all the good clients under long-term contracts, covering pretty much all their pellet requirements.”

c. Mr. Goncalves further explained on July 27, 2017 that “[t]he same advantage that make our U.S. iron ore pellet business so powerful will make our HBI business powerful as well. Just like our pellets, we will be the only merchant supplier of virgin iron units in the region. So right off the bat, we have a huge logistical advantage over the competition.”

37. Mr. Goncalves’ bold statements on Cliffs’ market control and the fact that Cliffs is able to maintain extremely high margins – over four times those of comparable metal and mining industries – because of Cliffs’ monopoly power (“Cliffs is the only real merchant supplier within the Great Lakes markets”) and the extremely high “costs to enter” the Great Lakes Pellet and Iron Market have shown to be true.

38. By way of nonexclusive example, Cliffs’ recent transactions with ArcelorMittal USA LLC (“ArcelorMittal”) provide a striking demonstration of Cliffs’ market domination and power. The veracity of Cliffs’ claims and resulting harm to the Great Lakes Pellet and Iron Market are readily apparent from the size of ArcelorMittal’s proof of claim in these Chapter 11 Cases. Prior to commencement of these Chapter 11 Cases, ArcelorMittal entered into a binding contract with Mesabi for the provision of pellets in the Great Lakes Pellet and Iron Market at an agreed pricing schedule for a number of years. At that time, Mesabi was competing with Cliffs
for ArcelorMittal’s business, and the price terms of the contract reflected a healthy competitive market for pellets within the Great Lakes Pellet and Iron Market. When Mesabi failed to perform under the contract, ArcelorMittal was forced instead to obtain the pellets Mesabi would have provided from Cliffs, which by its own admission was once again the only merchant supplier of pellets in the Great Lakes Pellet and Iron Market. As a result of Cliffs’ monopoly power, ArcelorMittal will pay in excess of $600 million more for these same pellets to Cliffs than ArcelorMittal would have paid to Mesabi in a competitive market.4

39. With respect to ArcelorMittal, Mr. Goncalves also claimed on Cliffs’ earning calls that Cliffs has “locked up” the “vast majority of [its] sales tonnage….for several years,” and that U.S. Steel, an integrated steel producer, could not sell pellets to ArcelorMittal because Cliffs has locked ArcelorMittal up as a client: “I also try to understand where U.S. Steel is going to sell their pellets, because – certainly not to ArcelorMittal because I know the contracts we have in place.”5

40. More generally, Mr. Goncalves boasted on the April 2017 earnings call that Cliffs has taken all of the clients – potential customers for competitors and potential competitors like Mesabi – off the market for years: “Where [is U.S. Steel] going to sell the pellets, if that is part of your question? I have no idea, because the clients are taking [sic]. I will sell to them in 2017, 2018, 2019, 2020, 2021, 2022, and then 2023, one contract will end. And then, 2024, a second contract and then – and it’s too far away. By that time, I’ll be very old.” And during the

---

4 ArcelorMittal filed a proof of claim in excess of $1 billion, alleging that such amount was the amount above the Mesabi contract that ArcelorMittal would have to pay Cliffs to obtain comparable product; however, after significant effort and negotiation the Debtors have reached an agreement with ArcelorMittal and filed their Motion for Entry of an Order Approving the Agreement [D.I. 1065], which seeks to allow ArcelorMittal’s proof of claim in the amount of $605 million.

5 Mr. Goncalves has separately asserted in a 2015 earnings call that “I have never seen U.S. Steel as a competitor. U.S. Steel is a steel maker. They are integrated backwards, and they have upstream pellet production. . . We look forward to see U.S. Steel coming back at full force and in full capacity. They are not a competitor of Cliffs Natural Resources.”
February 2017 earnings call, Mr. Goncalves similarly bragged that “with solid demand and [the] exclusive nature of our contracts, keeping wannabe competitors watching from the outside and talking a good game, at this point, we are sold out for 2017.”

41. If Cliffs’ exclusive or otherwise restrictive arrangements with pellet customers such as ArcelorMittal, are permitted to continue it could prevent new entrants from being able to provide any meaningful alternative to Cliffs’ dominant market position.

42. As Mr. Goncalves explained, this is great for Cliffs’ profit margins; however, it is devastating to customers in the Great Lakes Pellet and Iron Market and their consumers.

43. This also demonstrates why Cliffs is uniquely incentivized to prevent Mesabi from successfully entering into the Great Lakes Pellet and Iron Market and HBI markets. Indeed, in touting Cliffs’ new deal with ArcelorMittal in a July 28, 2016 earnings call, Mr. Goncalves explained that the agreement preserved Cliffs’ “position as ArcelorMittal’s sole supplier from the outside” and that such agreement was particularly beneficial to Cliffs because it prevented any potential new entrant in the market from doing business with ArcelorMittal for 10 years, stating that “[w]ith the signature of this contract, any potential competitor of Cliffs within the Great Lakes will have 10 years to start producing pellets or to improve the quality of the pellets just to try again,” thus creating yet another barrier to entry into the Great Lakes Pellet and Iron Market.

44. For years, after obtaining the dominant share of the Great Lakes Iron and Pellet Market, Cliffs has embarked on an exclusionary scheme to derail Mesabi’s entry into the Great Lakes Pellet and Iron Market. For years, Cliffs did not keep its intentions secret. Rather, Mr. Goncalves has, among other things, openly admitted that Cliffs would use exclusionary methods to put Mesabi (and other competitors) out of business, threatened third parties not to do business with a Cliffs competitor – specifically Mesabi – and made disparaging and intimidating remarks
about Mesabi, all in an effort to interfere with Mesabi’s prospective business opportunities and keep its competitive threat at bay. For example:

   a. In October 2015, in an overt threat to the unions, miners, municipalities, and politicians in the area, Mr. Goncalves told the Mesabi Daily News that the Project, once complete, would directly compete with Cliffs, and that “[i]f the [Project] go[es] online, I will shut down a plant up there the same day.”

   b. During Cliffs’ quarterly earnings call on July 28, 2016, Mr. Goncalves stated that “[Mesabi] is also known as Neverland. Never finished, never producing pellets, never paying anyone,” and asserted that “[Cliffs] ha[s] a signed commitment with Governor Dayton that we have – we are – as soon as [Mesabi] vacates the site, the leases are ours.” At the time of that “signed commitment,” Mesabi was actively seeking to reorganize and continue construction.

   c. On information and belief, Cliffs has sought to intimidate local businesspeople and community leaders in an effort to get them to oppose Mesabi’s reorganization efforts, notwithstanding that local businesses and communities will benefit enormously from the Project. As an example, at an April 6, 2017 meeting with local officials, Mr. Goncalves said that if he could, he would come “with a bulldozer and take [Mesabi] out.” As to those who would support the project, he said that “you’re either with me or you’re against me.”

   d. According to the sworn testimony of the DNR’s Director of Lands and Minerals Division, Jess Richards, Cliffs repeatedly pressured the State of Minnesota to

---

6 Under the Plan, the highest recoveries will be paid to local contractors and vendors, who will also benefit from the large amount of work to be generated by constructing and supplying the Project. Local communities will also benefit, as the Project will significantly increase the local tax base and fund local government and services.
terminate Mesabi’s mineral leases, threatening to walk away from any potential project on the site unless the State terminated Mesabi’s leases on Cliffs’ behalf.

e. Mr. Richards further testified that Cliffs asked the DNR to contact Mesabi’s lenders to convince them to withdraw their support of Mesabi and to instead back Cliffs’ attempts to have Mesabi’s DNR Leases terminated.

f. On information and belief, in January 2015, Mr. Goncalves met with legislators from northern Minnesota and criticized the State of Minnesota’s decision to work with Mesabi towards extending Mesabi’s date to repay a State monetary grant to build infrastructure for the Project.

g. Cliffs repeatedly disparaged Mesabi in written correspondence with the DNR and the governor of Minnesota. On or about June 27, 2016, Cliffs’ lobbyists contacted the DNR and the governor’s office to criticize the Debtors’ attempts to get letters of support from lessors and vendors, commenting that “this effort by [Mesabi] to pressure these contractors stands as yet one more example of that company’s questionable ethics and business practices.” On or about June 23, 2016, in a letter to the governor of Minnesota, Cliffs wrote that Mesabi and its financial backers “have proven on a repeated basis to have flawed timing, an undefined strategy, an inability to execute and, worst of all – questionable ethics.”

h. Beginning in 2014 and continuing through the first half of 2015, Cliffs flew aircraft over Mesabi’s property to obtain aerial photographs of the progress of construction on the Project site and apparently used the photos to paint a misleading picture of the progress to, on information and belief, local businesspeople and community leaders.

45. Mr. Goncalves’ hostile pronouncements and Cliffs’ onslaught of threats and
disparagement make clear to all stakeholders that Cliffs expects exclusive control of the market. On or about November 12, 2015, a Mesabi Iron Range Congressional representative observed that Cliffs’ employees appear to expect the government’s assistance in monopolizing the market, rebuking a Cliffs lobbyist that “Cliffs’ employees are also of the misunderstanding that the government [has] far more control over market conditions and eliminating competition than we ever could.”

D. **In the Face of Plan Consummation, Cliffs Ratchets up Its Anti-Competitive Conduct to Prevent Mesabi from Competing in the Market?**

46. Cliffs knew of the confirmation of the Plan, the Debtors’ need for financing, and related pleadings and objection deadlines; however, this Court’s confirmation of the Plan did not deter Cliffs’ campaign for Mesabi’s demise in order to continue Cliffs’ monopolization of the Great Lakes Pellet and Iron Market. Having failed to acquire Mesabi’s assets and liquidate the Project through the Debtors’ auction process, and as confirmation of the Plan approached and was ultimately achieved, Cliffs threatened to withhold its business from various of Mesabi’s key contractors, engineers, professionals and potential customers to prevent them from doing business with Mesabi. These contractors, engineers, and professionals are essential to bringing the Project online, and of course, the potential customers are key to the viability of the Reorganized Debtor. Cliffs is thereby blocking competition from entering the market precisely because Cliffs has leverage over such contractors, engineers, professionals and potential customers by virtue of its market dominance. By threatening to “blacklist” these local and regional businesses, including causing them to withdraw or rescind their agreements with

---

7 Cliffs may try to justify its actions as competitive, relying on an alleged 2024 expiration of its life-of-mine at its Hibbing Taconite facility in Minnesota. This is a red herring. First and foremost, seven years is plenty of time for Cliffs to develop an alternative business strategy for this asset, without trying to secure the termination of Mesabi’s mineral leases. Second, Mesabi understands that Cliffs has or can secure access to adjacent mineral resources such that the Hibbing Taconite life-of-mine can be extended beyond the year 2024.
Mesabi, Cliffs has caused unnecessary and harmful delays and imposed significant costs on Mesabi. Cliffs’ interference with Mesabi’s operations poses a threat to implementation of the Plan and to creditor recoveries thereunder.

47. On information and belief, Cliffs has informed numerous third-party contractors, engineers and professionals that Cliffs will not work with those businesses and individuals who do business with Mesabi or ERP Iron Ore, LLC ("ERP"), Chippewa’s affiliate that purchased Magnetation LLC. Indeed, Mesabi has been told by some contractors that they could no longer “work on Mesabi projects” because of their relationship with Cliffs. Some specific examples of Cliffs’ intimidating tactics are described below:

48. Barr Engineering Co. ("Barr") has a long history of performing essential professional engineering and environmental permitting services on the Project, dating back to the Project’s initial engineering and development stage (prior to Mesabi’s predecessor’s purchase of the Project) and continuing through the bankruptcy proceeding. In fact, Barr was retained by Chippewa during the Chapter 11 Cases to play an expanded role at the Project. Barr’s work in this regard was critical to allowing the Plan to go effective.

49. Yet, by letter to Robb Bigelow, managing director at ERP and Chippewa, dated August 15, 2017 (the “Barr Letter”), Barr suddenly refused to do any further work on the Project, informing Mr. Bigelow that “Barr Engineering Co. regretfully must decline to perform further work under its contract with Chippewa Capital Partners LLC relating to the [Project] site.” A true and correct copy of the Barr Letter is attached hereto as Exhibit 2. Barr employees similarly informed Mesabi that Barr would not perform further work for Mesabi on several workstreams for which Mesabi had relied on Barr to comply with and manage environmental permitting and various engineering needs. On information and belief, Barr’s decision to discontinue doing any further work for Mesabi was solely due to threats and pressures from
Cliffs—in particular, Cliffs’ message to Barr that if Barr continued to work with Mesabi, Cliffs would cease doing current and future work with Barr.

50. Because of Barr’s abrupt resignation, Mesabi had to solicit and secure alternative engineering and construction support, as well as environmental support, to ensure permit compliance. Moreover, the Barr resignation impacted the timetable for preconstruction work, for bringing another contractor up to speed, and for negotiating arrangements with the project manager which arrangements were, in turn, necessary to the debt financing process. All of the foregoing events caused additional expense and have further delayed the Effective Date and the ultimate consummation of the Plan.

51. On information and belief, Cliffs has made improper “refusal to deal” threats to many companies in addition to Barr, successfully coercing some of those companies to cut ties with Mesabi.

52. On information and belief, Northern Industrial Erectors, Inc. (“NIE”) a major contractor that has been openly supportive of Mesabi, was threatened and subsequently blackballed by Cliffs.

53. NIE is a major contractor at the Project that has historically been supportive of Mesabi’s reorganization. On information and belief, NIE had done business with Cliffs for a number of years on many projects but was threatened and excluded from further work by Cliffs due to its work for Mesabi.

54. Mesabi engaged the Environmental Law Group (“ELG”) several years prior to the Petition Date to provide legal services and counsel related to the procurement and maintenance of environmental permits necessary to the construction and operation of the Project. ELG provided such services to Mesabi prior to the commencement of the Chapter 11 Cases, and, pursuant to this Court’s August 9, 2016 Order [D.I. 205] (the “OCP Order”) was employed as
an ordinary course professional during the Chapter 11 Cases. Pursuant to the OCP Order, ELG continued to provide legal services and counsel to Mesabi, and Mesabi timely paid ELG for those services.

55. Yet, similar to other instances of business interference discussed herein, on May 18, 2017, ELG contacted Mesabi’s general counsel and resigned from its representation of Mesabi, effective June 1, 2017, citing the instructions of Cliffs, a presumably larger client, as its reason for resignation. A true and correct copy of Mesabi’s correspondence with ELG is attached hereto as Exhibit 3.

56. When ELG began representing Mesabi it obtained consent from both Cliffs and Mesabi to undertake concurrent representation of both clients; however, at a critical stage in Mesabi’s reorganization and restructuring process, when ELG was in the middle of representing Mesabi with time-sensitive permitting issues related to recommencement of construction on the Project, Cliffs withdrew its consent to ELG’s representation of Mesabi.

57. Upon information and belief, Cliffs withdrew its consent, not for any legitimate business purpose, but to cause delay and upheaval in Mesabi’s construction process and, ultimately, to derail Mesabi’s attempt to consummate the Plan and start competitive operations.

58. Midrex Technologies, Inc. (“Midrex”) is a company with which Chippewa and ERP had been working to develop plans for an HBI plant near the Project site in order to comply with the DNR settlement agreement and ensure that Mesabi retains the DNR Leases. ERP had entered into a nondisclosure agreement and provided confidential information to Midrex in connection with ongoing negotiations pursuant to which Midrex was to provide its direct reduced iron technology to ERP, together with project financing support.

59. On June 9, 2017, Midrex sent a letter (the “Midrex Letter”) to Tom Clarke, ERP and Chippewa’s CEO, explaining that it was working on “another potential direct reduction
project within the Great Lakes Region” and “have chosen to focus on this existing opportunity at
the present time.” A true and correct copy of the Midrex Letter is attached hereto as Exhibit 4. In a subsequent conversation, ERP and Chippewa learned that Cliffs had approached Midrex’s
corporate parent in Japan about building an HBI plant, after which the corporate parent
instructed Midrex not to deal with ERP or Chippewa. ERP and Chippewa did not require that
Midrex work exclusively for them; however, on information and belief, Midrex’s corporate
parent was instructed by Cliffs to cease dealings with ERP and Chippewa. Notably, on June 15,
2017, only six days after Midrex stopped working on the HBI plant to be constructed near the
Project Site, Cliffs announced it was building an almost identical plant in Toledo, Ohio, and that
“Midrex Technologies was selected to design, engineer, and procure equipment for the new plant.
. . .”8 Mesabi believes Cliffs knew Midrex was working on an HBI plant near the Project Site
and entered into an agreement with Midrex to construct a nearly identical facility in Ohio in
order to subvert the DNR settlement agreement and obtain control of the DNR Leases.

60. Upon information and belief, Cliffs’ primary intent throughout this dealing was to
prevent Midrex from working with Mesabi to complete its own HBI project elsewhere. Cliffs
has specifically stated this intention through its CEO, Mr. Goncalves, who said “[t]he same
advantage that make our U.S. iron ore pellet business so powerful will make our HBI business
powerful as well. Just like our pellets, we will be the only merchant supplier of virgin iron units
in the region.”

61. Cliffs’ success in causing Midrex to withdraw from discussions with Chippewa
forced Chippewa to divert significant time and resources to finding a replacement for Midrex at
the very time such resources were needed elsewhere. This effort ultimately resulted in the

8 http://www.businesswire.com/news/home/20170615005276/en/Cliffs-Natural-Resources-Announces-HBI-
Production-Plant
agreement with Tenova, described above.

62. Additionally, upon information and belief, Cliffs has made threatening remarks to certain major domestic steel producers doing business in the Mesabi Iron Range by saying that if such parties were to buy iron ore pellets from Mesabi, Cliffs would not supply them with any of its own pellets.

63. Further, on information and belief, in August 2017, Cliffs participated in a town hall meeting in the iron ore range of northern Minnesota where the Project is located and invited several of the contractors that have or will work on the Project, as well as influential local businesspeople. Mesabi believes that the purpose of the meeting was to influence those individuals to put pressure on the DNR such that it would not want to amend the original August 31, 2017 deadline contained in the DNR settlement agreement. Mesabi understands that Mr. Goncalves attended the meeting in person and addressed the crowd, with his comments focused on reasons the DNR should terminate the leases on August 31, 2017.

E. **Cliffs and Cliffs Minnesota Instigate GPIOP’s Misconduct in Connection with the GPIOP Settlement, and Ultimately the Illegally Attempted, But Ineffective, Transfer to Cliffs of the Mineral Leases and Related Properties**

64. Mesabi is party to those certain mineral leases, dated as of November 29, 2006, by and between GPIOP and/or Superior as lessors and successors in interest and Mesabi as lessee, referred to as the “MSI/BLGN Lease,” “GNIOP 100% Lease,” and “MSI 50% Lease,” (as from time to time amended, including pursuant to the Omnibus Lease Amendment, as defined below, collectively, and with all related or ancillary documents, the “Mineral Leases”).

65. The Mineral Leases are a key component of Mesabi’s overall mineral rights portfolio, and as part of that portfolio are central to Mesabi’s future plans for the Project.

66. Over the course of the Mineral Leases, Mesabi has paid more than $10 million in minimum royalties, as required by section 9 of the Mineral Leases (such aggregate amounts, as
accumulated prior to the commencement of mining, the “Prepaid Royalties”). The Prepaid Royalties are subject to offset by Mesabi as set forth in section 9 of the Mineral Leases.

67. On February 2, 2017, in conjunction with filing of the then-operative version of the Plan (the “Original Plan”), the Debtors filed a notice of motion to assume unexpired mineral leases (the “Assumption Notice”). The Assumption Notice provided notice to lessors that the Original Plan incorporated and constituted a motion to assume certain executory contracts and unexpired leases of the Debtors, including but not limited to, the Mineral and Surface Leases and the Mineral Leases.

68. In response to the Assumption Notice, on April 12, 2017, GPIOP filed an objection to the assumption of the Mineral Leases (the “GPIOP Objection”).

69. Following negotiations, GPIOP and the Debtors entered into a stipulation regarding assumption of the Mineral Leases (the “Stipulation”). Pursuant to the Stipulation, the Parties agreed that the assumption of the Mineral Leases would be addressed by a separate motion. The Bankruptcy Court entered an order approving the Stipulation [D.I. 924] on April 24, 2017.

70. On April 25, 2017, GPIOP withdrew the GPIOP Objection [D.I. 927]. While the Mineral Leases were not then assumed pursuant to the Plan, they remained necessary to the Project.

71. On June 27, 2017, shortly after confirmation of the Plan and as contemplated in the Stipulation, the Debtors filed a motion to assume the Mineral Leases [D.I. 1056] (the “Motion to Assume”), to which GPIOP objected [D.I. 1093] on July 14, 2017.

72. On August 28, 2017, Chippewa, the Debtors, GPIOP, and Superior were able to reach a consensual resolution that anticipated and provided for the assumption of the Mineral Leases on the Effective Date, and entered into that certain Settlement Agreement – Glacier Park
(inclusive of attachments, the “GPIOP Settlement”) and the associated Omnibus Amendment of Certain Leases and Permitting Assumption Pursuant to 11 U.S.C. § 365 (the “Omnibus Lease Amendment”). The GPIOP Settlement and Omnibus Lease Amendment together were intended to identify the terms of the Restated Mineral Leases between GPIOP, Superior, and the Reorganized Debtor, preserving all rights and obligations under the Mineral Leases, as amended.

73. On August 30, 2017, this Court entered the Agreed Order Granting Debtors’ Motion Pursuant to Sections 105(a) and 365 of the Bankruptcy Code Authorizing Assumption of the GPIOP Mineral Leases, as Amended [D.I. 1168] (the “Assumption Order”) which, among other things, approved the GPIOP Settlement and the Omnibus Lease Amendment.

74. In general, the GPIOP Settlement, approved as part of the Assumption Order, provides for the assumption of the Mineral Leases by Mesabi upon the Effective Date of the Plan on the terms set forth in the GPIOP Settlement. The GPIOP Settlement conditions such assumption on the occurrence of the Effective Date by October 31, 2017 and the payment by Mesabi to GPIOP and Superior in the aggregate amount of $600,000 to be applied to royalties coming due under the Mineral Leases through January 2018. Settlement Agr., ¶ 3. Mesabi made this payment on or about September 15, 2017.

75. The GPIOP Settlement separately provides that, on or prior to the Effective Date (without regard to when the Effective Date may occur), GPIOP, Superior, and the Reorganized Debtor9 are obligated to use commercially reasonable efforts to restate the form of the Mineral Leases in a manner acceptable to GPIOP, Superior, and the Reorganized Debtor (the “Restated Mineral Leases”), “which Restated Mineral Leases shall be fully enforceable and effective on the Effective Date” and in substance “preserve all rights and obligations under the Minerals [sic]

---

9 The Reorganized Debtor is a third party beneficiary to the Settlement Agreement and will execute a joinder thereto on the Effective Date. Id. at ¶ 10.
Leases, subject to the modifications described [in the GPIOP Settlement (inclusive of the Omnibus Amendment)], and contain terms and conditions substantially similar to the Mineral Leases . . . .” *Id.* at ¶ 4(a). In any event, “[t]he Mineral Leases will be deemed amended and restated by consent on the Effective Date of the Plan.” *Id.* (emphasis added).

76. The GPIOP Settlement states that, if the Effective Date does not occur prior to October 31, 2017 or a later date agreed by the parties (the “Rejection Condition”), the Mineral Leases will be automatically deemed rejected pursuant to 11 U.S.C. § 365. *Id.* at ¶ 3(d).

However, the GPIOP Settlement does not provide that the Mineral Leases will be terminated as a consequence. Rather, the GPIOP Settlement permits GPIOP and Superior, as applicable, to take further actions with respect to the Mineral Leases (and underlying real property) following the Rejection Condition without regard to the automatic stay or any other provision of the Bankruptcy Code. *Id.* at ¶ 3(d). There is no corresponding waiver in the GPIOP Settlement of any state law limits on termination, including under the terms of the Mineral Leases. Indeed, paragraph 3(e) of the GPIOP Settlement provides, without qualification, that “[t]he Mineral Leases shall remain in full force and effect until the Restated Mineral Leases become fully effective and enforceable.” *Id.* at ¶ 3(e).

77. Notwithstanding the occurrence of the Rejection Condition, the GPIOP Settlement remains effective until the Debtors withdraw the Plan or announce that the Effective Date will not occur. *See id.* at ¶ 8(a), (b). Until then, each party to the GPIOP Settlement is obligated to use its respective commercially reasonable efforts to carry out the terms of the agreement, *id.* at ¶ 16, including the negotiation and execution of the Restated Mineral Leases among the Reorganized Debtor, GPIOP, and Superior, *id.* at ¶ 4. This construct permitted the Debtors and the Reorganized Debtor to retain their rights in the Mineral Leases notwithstanding rejection.
78. The Omnibus Lease Amendment provides for certain limited modifications of the economic terms of the Mineral Leases. It waives prior prepayments, changes the minimum royalty payments and mining plan schedule and adds a cross-default provision with respect to certain mineral leases between Mesabi and the State of Minnesota. Otherwise, the Omnibus Lease Amendment “does not modify the terms of the Mineral Leases, and the unamended terms of the Mineral Leases shall remain in full force and effect.” Id. at ¶ 2. Notably, the Omnibus Lease Amendment does not provide for any special termination rights following the occurrence of the Rejection Condition.

79. Moreover, paragraph 3(e) of the GPIOP Settlement provides that “[a]s of the Effective Date of the Plan, GPIOP and Superior agree that any pre-Effective Date breaches or defaults under the Mineral Leases are cured, and if not curable, are waived.” This provision contains no limitation as to breaches or defaults prior to the occurrence of the Rejection Condition.

80. Finally, the Assumption Order states that the GPIOP Settlement and the Omnibus Lease Amendment are approved, id. at ¶ 2, and that

Pursuant to sections 105(a) and 365 of the Bankruptcy Code, the Mineral Leases, as amended, are assumed as of the effective date of the Plan. Id. at ¶ 3 (emphasis added). This Court retained jurisdiction over the terms of the Assumption Order. Id. at ¶ 6.

81. Upon information and belief, during the time between the Plan’s confirmation and the GPIOP Settlement, as Chippewa and Mesabi sought to work with GPIOP to assume the Mineral Leases, Cliffs approached GPIOP to undermine the negotiating process and try to obtain the Mineral Leases. At certain points, Mesabi’s negotiations with GPIOP became inexplicably difficult, which upon information and belief was a direct result of Cliffs’ efforts to obtain the
Mineral Leases. Moreover, Mesabi believes certain terms of the GPIOP Settlement were driven by Cliff’s efforts to obtain the Mineral Leases, and that certain terms of the GPIOP Settlement are worse for Mesabi as a result.

82. These actions constitute not only a direct interference with Mesabi’s leasehold and contractual interests in the Mineral Leases, but also an effort to derail the Plan as the Mineral Leases represent a material portion of the future mining plan for the Project.

83. Pursuant to the terms of the GPIOP Settlement, from August 28, 2017, GPIOP was obligated to negotiate in good faith the form of and execute the Restated Mineral Leases on “terms and conditions substantially similar to the Mineral Leases.” GPIOP Settlement, ¶ 4(a) (emphasis added). Indeed, paragraph 4(b) of the GPIOP Settlement states this obligation explicitly: “Each of GPIOP, Superior and the Reorganized Debtor shall use commercially reasonable efforts to negotiate and execute the Restated Mineral Leases, and shall not unreasonably withhold, delay, or condition their consent or execution of the Restated Mineral Leases.” GPIOP Settlement, ¶ 4(b). Instead, during the course of negotiations with Mesabi and the Plan Sponsor, GPIOP was focused on forcing a sale of the property related to the Mineral Leases, or negotiating substantially revised terms of a new lease. Additionally, GPIOP told David Pauker and Susan Fennessey (the CRO and COO/GC of the Debtors, respectively) directly that it was interested in selling its property interests, rather than leasing them. To date, notwithstanding the best efforts of Mesabi and the Plan Sponsor, the form of each of the Restated Mineral Leases has not been fully negotiated and the Restated Mineral Leases have not been executed. Thus, in accordance with the GPIOP Settlement, on the Effective Date, the Restated Mineral Leases will be deemed amended and restated by consent on the terms already set forth in the Mineral Leases.

84. Upon information and belief, the Plan Sponsor, GPIOP, and Superior had reached
advanced stages of negotiations related to the Mineral Leases in early December 2017. Indeed, although the Effective Date had not occurred by October 31, 2017, Mesabi and the Plan Sponsor were able to secure extensions of the time to go effective from other Mineral Lessors, including the DNR, and GPIOP specifically stated to David Pauker and Susan Fennessey that it, GPIOP, intended to continue to negotiate in good faith and would not be the reason Mesabi was not able to consummate the Plan. Moreover, GPIOP went even further and assured Mesabi that it had contacted the Minnesota governor’s office as well as the DNR and other interested parties and told them that they were still working with Mesabi and the Plan Sponsor in good faith and intended to execute Restated Mineral Leases. Upon information and belief, these calls were an important part of Mesabi’s and the Plan Sponsor’s efforts to keep all interested parties invested in the Project and moving forward toward ultimate consummation of the Plan. Furthermore, the Plan Sponsor relied on GPIOP’s representations in order to continue to provide funding for the Debtors’ operations; Mesabi also continued to incur administrative expenses based in part on GPIOP’s reassurance that it would continue to work with the parties. The Prepetition Lenders also relied on GPIOP’s representations of their continued support in negotiations with the Plan Sponsor related to the Prepetition Lender Notes.

85. As the Court is aware, Mesabi has most recently resolved a dispute with certain Prepetition Lenders with respect to the indenture governing the Prepetition Lender Notes to be issued pursuant to the Plan. This dispute stemmed from certain changes to the form of indenture required to facilitate contemplated Exit Financing and is emblematic of the substantial challenges Mesabi has faced in its six month push to consummate the Plan. Resolution of this dispute on
December 7, 2017,\textsuperscript{10} seemed then to have cleared the way for the Plan to go effective and bring about a successful resolution of these Chapter 11 Cases.

86. Unbeknownst to Mesabi, however, upon information and belief, the “negotiations” GPIOP had with the Plan Sponsor were a pretense and GPIOP was either being unduly influenced by Cliffs or directly conspiring with them to kill the Project and Plan by improperly attempting to transfer lease rights to Cliffs.

87. A new and completely unanticipated complication was introduced on December 11, 2017. A press release issued Cliffs that morning provides as follows:

[Cliffs] announced today that its wholly-owned subsidiary, Cleveland-Cliffs Minnesota Land Development LLC, completed an acquisition of certain real estate interests located in Itasca County west of Nashwauk, Minnesota from [GPIOP]. The interests include a combination of undivided and whole fee interests as well as mineral and surface leases, all lying within the Biwabik Iron Formation. The acreage acquired is approximately 553 acres and the acreage being leased is approximately 3,215 acres.

Cliffs expects to be able to leverage the acquired real estate interests to develop a financially sustainable plan for the site, which may be considered as other iron ore resources deplete. The purchased properties include parcels that were formerly leased by GPIOP to [Mesabi], formerly known as Essar Steel Minnesota. [Mesabi’s] lease rights terminated on October 31, 2017 when it failed to exit bankruptcy in connection with Chippewa’s inability to timely secure funding and other consents for its plan to take [Mesabi] out of bankruptcy at that time.

Lourenco Goncalves, Chairman, President and Chief Executive Officer, said, “We are enthused about the acquisition of this property, which came into play after Chippewa failed to follow through on its obligation to obtain financing and a bankruptcy exit for [Mesabi] by October 31. Despite several botched attempts by others, it is now the time for [Cliffs] to sit at the table with other responsible parties and develop a realistic solution for this site.” Mr. Goncalves added: “[Cliffs] has been in Minnesota for 115 years, and we currently employ approximately 1,750 people in three separate mining and pelletizing operations throughout the state. As the new owner of this real estate, we know our responsibilities and will not disappoint the people of Minnesota.”

\textsuperscript{10} Mesabi, the Prepetition Lenders, and the Plan Sponsor reached an agreement in principle on all outstanding issues following a Court-ordered mediation before Judge Peck. Final documentation on this resolution was approved by the Court on December 12, 2017 [D.I. 1362].

88. On information and belief, all of the mineral and surface rights that are subject to the Mineral Leases, and were intended to be subject to the Restated Mineral Leases, are included in the real estate interests purportedly acquired by Cliffs Minnesota pursuant to the Cliffs Transaction (the “GPIOP Property Interests”). Thus, despite GPIOP’s obligation to negotiate the form of and execute the Restated Mineral Leases, upon information and belief, Cliffs, through its wholly-owned subsidiary Cliffs Minnesota, has entered into an agreement to acquire the GPIOP Property Interests, which represent a material portion of the future mining plan for the Project.

89. Pursuant to the Mineral Leases, however, GPIOP was obligated to “defend [Mesabi], its successors and assigns, in the full and peaceful possession of the leasehold estate established [by the Mineral Leases], against all lawful claims and demands whatsoever.”

90. GPIOP gave Mesabi no warning or indication that it intended to sell or lease the GPIOP Property Interests to Cliffs. The first Mesabi and the Plan Sponsor learned that GPIOP did not intend to honor its obligations to Mesabi, including its obligation to execute the Restated Mineral Leases, was on December 11, 2017. Before Mesabi and the Plan Sponsor saw the Cliffs Release, GPIOP abruptly announced on a conference call with the Plan Sponsor that it was bound by a confidentiality agreement barring it from discussing the matter further. On the basis of this purported agreement, GPIOP has refused to provide any information to the Plan Sponsor regarding the agreements and/or transactions described in the Cliffs Release (collectively, the “Cliffs Transaction”) or continue discussions with the Plan Sponsor. On information and
belief, even Superior, the owner of an undivided 50% interest in much of the mineral rights that are subject to the Mineral Leases, was kept in the dark regarding the Cliffs Transaction: Superior did not participate in the Cliffs Transaction; did not consent to the Cliffs Transaction; did not know of the Cliffs Transaction before it closed; and did not transfer any of its interests to Cliffs.

91. Upon information and belief, prior to and after August 28, 2017, the date of the GPIOP Settlement’s execution, GPIOP was involved in discussions with Cliffs regarding Cliffs’ potential acquisition of the GPIOP Property Interests. Indeed, the due diligence and preparation that is required to close a transaction as complex as the mixed purchase and lease of nearly 4,000 acres of land and related mineral rights necessarily requires multiple months of intense negotiation and drafting before such a transaction can be completed. Thus, on information and belief, GPIOP and Cliffs were engaged in discussions regarding the Cliffs Transaction in direct contravention of GPIOP’s obligations under the GPIOP Settlement.

92. Upon information and belief, Cliffs Minnesota was formed by Cliffs more than three weeks prior to the rejection trigger in the GPIOP Settlement, and conceived of even earlier than that, for the sole purpose of acquiring the GPIOP Property Interests.

93. Without access to the GPIOP Property Interests over which Cliffs and Cliffs Minnesota have purportedly acquired control, Mesabi would likely be unable to complete the Project. Much of the acreage that Cliffs and Cliffs Minnesota acquired from GPIOP that falls within the area for which Mesabi currently has a permit to mine (the “Permit to Mine Area”), and much of what could be mined in the next several years, is surrounded by land owned or leased by Mesabi for the Project, and is not generally accessible to Cliffs and Cliffs Minnesota. For a mining company to mine the Permit to Mine Area economically, the entire group of available mineral leases within the area must be under the mining company’s control. In other words, Cliffs and Cliffs Minnesota have acquired acreage on which they cannot practicably
perform mining activities for the foreseeable future, unless Mesabi is forced to abandon the Project. Furthermore, the permits granting Mesabi the right to mine are uniquely tied to Mesabi as the permit holder and cannot be simply transferred to Cliffs or Cliffs Minnesota. On information and belief, these facts were known to Defendants when the Cliffs Transaction was agreed to.

94. If effective as intended by Cliffs and Cliffs Minnesota, the foreseeable result of the Cliffs Transaction would be to prevent Plaintiff from completing the Project and, ultimately, to cause the Project to fail and Plaintiff to be forced to cease operations or, at least, to make it much more expensive and time-consuming to implement. If Plaintiff is prevented from competing in that market, Cliffs would then maintain its monopoly in the Great Lakes Pellet and Iron Market. On information and belief, this was always the intention of Cliffs and Cliffs Minnesota.

95. Upon information and belief, Cliffs and Cliffs Minnesota have no legitimate business purpose for buying and/or leasing the GPIOP Property Interests. Rather, their sole purpose for entering into the Cliffs Transaction, whatever it entails, is the destruction of the Project and unlawful elimination of a competitor within the Mesabi Iron Range. Notably, in Cliffs’ press release announcing the Cliffs Transaction, Cliffs stated that it intended to use the acquired real estate as “leverage.” Upon information and belief, GPIOP was aware of Cliffs’ intentions and knowingly participated in Cliffs’ attempts to eliminate competition in the Mesabi Iron Range.

96. On information and belief, the Cliffs Transaction is the latest attempt in Cliffs’ broad scheme to unlawfully prevent Mesabi from competing with Cliffs in the Mesabi Iron Range in northern Minnesota. As discussed above, Cliffs’ intent to acquire Mesabi’s assets existed long before its failed bid for such assets during the bankruptcy process, and has
continued since. This Court’s confirmation of the Plan and subsequent implementation orders
simply required Cliffs to be more creative in its anticompetitive attempts to destroy Mesabi.
Notwithstanding Cliffs’ varied and wrongful interferences, Mesabi is prepared to consummate
the Plan and go effective.

97. Upon information and belief, Cliffs’ interference caused delay and significantly
increased the cost of the Plan’s consummation.

98. Mesabi understands that the Doe Defendants acted in concert with Cliffs in
certain or all of the foregoing, which actions were pursuant to a common design and scheme to
pursue an unlawful object or course of action to be accomplished by unlawful means with the
purpose of competing against Mesabi, to Mesabi’s detriment.

CLAIMS

FIRST CLAIM FOR RELIEF

(Tortious Interference with Contractual Rights)
(Against Cliffs and Cliffs Minnesota)

99. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs
1 through 98 of this Complaint with the same force and effect as though fully set forth herein.

100. In addition to the Plan, Plaintiff and certain vendors, suppliers, and contractors are
parties to valid, binding and enforceable contracts for construction of the Project.

101. At all relevant times, Cliffs and/or Cliffs Minnesota have known of the existence
of Plaintiff’s contracts, including the GPIOP Settlement and the Mineral Leases, and their
purpose for construction, and ultimately operation, of the Project.

102. As described above, Cliffs and/or Cliffs Minnesota has forced and attempted to
force various contract counter-parties to cease working with Plaintiff.

103. On information and belief, Cliffs and/or Cliffs Minnesota tortiously interfered
with the rights of Mesabi and its contract counter-parties under the existing contracts.

104. Cliffs and/or Cliffs Minnesota intentionally acted in a way to procure the breach of and termination of Mesabi’s existing contracts.

105. Cliffs’ and/or Cliffs Minnesota’s conduct was not justified.

106. As a direct and proximate result of Cliffs’ and/or Cliffs Minnesota’s conduct, Mesabi suffered damages due to Cliffs’ and/or Cliffs Minnesota’s tortious interference as alleged above and in an amount to be proven at trial.

SECOND CLAIM FOR RELIEF

(Tortious Interference with Business Relations or Prospective Economic Advantage)
(Against Cliffs and Cliffs Minnesota)

107. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 106 of this Complaint with the same force and effect as though fully set forth herein.

108. In addition to the Plan, Plaintiff and certain vendors, suppliers, and contractors are parties to valid, binding and enforceable contracts for construction of the Project.

109. Plaintiff has business relationships and expectancies with various vendors, suppliers, and contractors, with a probability of future economic benefit to Plaintiff.

110. At all relevant times, Cliffs and/or Cliffs Minnesota have known of the existence of Plaintiff’s contracts and their purpose for construction of the Project the existence of Plaintiff’s business relationships with other vendors, suppliers, and contractors described herein.

111. On information and belief, Cliffs and/or Cliffs Minnesota tortiously interfered with Mesabi’s contracts and its business relationships and expectancies with necessary vendors, suppliers, and contractors.

112. As a direct and proximate result of Cliffs’ and/or Cliffs Minnesota’s conduct, Mesabi suffered damages due to Cliffs’ and/or Cliffs Minnesota’s tortious interference as alleged
above and in an amount to be proven at trial.

THIRD CLAIM FOR RELIEF

(Breach of Contract – GPIOP Settlement)
(Against GPIOP)

113. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 112 of this Complaint with the same force and effect as though fully set forth herein.

114. The GPIOP Settlement is a valid, binding, and enforceable contract between GPIOP, Superior, Chippewa, and the Debtors.

115. GPIOP breached its legal obligations under the GPIOP Settlement by failing to comply with the terms of paragraph 4(a) thereof.

116. Pursuant to paragraph 4(a) of the GPIOP Settlement, GPIOP agreed to “negotiate and execute amended and restated agreements to supersede the Mineral Leases in their entirety” with the Reorganized Debtor, on “terms and conditions substantially similar to the Mineral Leases.”

117. Pursuant to paragraph 4(b) of the GPIOP Settlement, GPIOP agreed to “use commercially reasonable efforts to negotiate and execute the Restated Mineral Leases [with the Reorganized Debtor]” and “not unreasonably withhold, delay, or condition their consent or execution of the Restated Mineral Leases.”

118. By seeking instead to substantially alter the terms of the Restated Mineral Leases, or to negotiate a sale rather than a lease, and by simultaneously negotiating the terms of the Cliffs Transaction with Cliffs, GPIOP violated paragraphs 4(a) and 4(b) of the GPIOP Settlement.

119. Plaintiff has suffered damages resulting from the breach in an amount to be determined at trial.
FOURTH CLAIM FOR RELIEF
(Breach of Contract – Mineral Leases)
(Against GPIOP)

120. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 119 of this Complaint with the same force and effect as though fully set forth herein.

121. The GPIOP Settlement is a valid, binding, and enforceable contract between GPIOP, Superior, Chippewa, and the Debtors and incorporates the terms of the Omnibus Lease Amendment.

122. GPIOP breached its legal obligations under the Mineral Leases by failing to comply with the terms of section 2 of the operating agreement incorporated in the Mineral Leases and sections 8 and 11 of the Omnibus Lease Amendment.

123. Pursuant to the indenture of lease incorporated in the Mineral Leases, GPIOP covenanted that it would defend Mesabi “in the full and peaceful possession of the leasehold estate established [by the Mineral Leases], against all lawful claims and demands whatsoever.” Furthermore, pursuant to section 2 of the operating agreement incorporated in the Mineral Leases, GPIOP covenanted that Mesabi would “enjoy the quiet and peaceful possession of the Premises . . . during the continuance of [the Mineral Leases].”

124. Pursuant to section 8 of the Omnibus Lease Amendment, no “rights, interests, or obligations under [the Omnibus Lease] Amendment or the Mineral Leases may be assigned, transferred, or disposed of without the Parties’ prior written consent.”

125. Pursuant to section 11 of the Omnibus Lease Amendment, GPIOP agreed to “use commercially reasonable efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary to fully reflect, consummate, perform and make effective the terms and provisions of [the Omnibus Lease] Amendment . . . .”
126. By allowing Cliffs and/or Cliffs Minnesota to interfere with Mesabi’s rights under the Mineral Leases, GPIOP breached its covenants under the Mineral Leases.

127. By transferring the rights, interests, and obligations under the Mineral Leases, GPIOP violated section 8 of the Omnibus Lease Amendment.

128. By failing to negotiate the form of and execute the Restated Mineral Leases, GPIOP violated section 11 of the Omnibus Lease Amendment.

129. Plaintiff has suffered damages resulting from the breach in an amount to be determined at trial.

FIFTH CLAIM FOR RELIEF

(Breach of Implied Covenant of Good Faith and Fair Dealing – GPIOP Settlement)
(Against GPIOP)

130. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 129 of this Complaint with the same force and effect as though fully set forth herein.

131. Under Minnesota law, every contract includes an implied covenant of good faith and fair dealing requiring that one party not unjustifiably hinder the other party’s performance of the contract.

132. The GPIOP Settlement is a valid, binding, and enforceable contract between GPIOP, Superior, Chippewa, and the Debtors, and is governed by Minnesota law.

133. While GPIOP engaged in the pretense of participating in negotiations required by the GPIOP Settlement with Plaintiff regarding the Restated Mineral Leases, it was simultaneously negotiating with Cliffs and/or Cliffs Minnesota with the intent to effectuate the Cliffs Transaction.

134. GPIOP’s failure to negotiate the form of and execute the Restated Mineral Leases in good faith prevented Plaintiff from performing its obligations under the GPIOP Settlement.
135. GPIOP has no business justification for such failure to negotiate the form of and execute the Restated Mineral Leases, as required by the GPIOP Settlement.

136. Plaintiff has suffered damages resulting from the breach in an amount to be determined at trial.

SIXTH CLAIM FOR RELIEF

(Breach of Implied Covenant of Good Faith and Fair Dealing – Mineral Leases)
(Against GPIOP)

137. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 136 of this Complaint with the same force and effect as though fully set forth herein.

138. Under Minnesota law, every contract includes an implied covenant of good faith and fair dealing requiring that one party not unjustifiably hinder the other party’s performance of the contract.

139. The Mineral Leases, as amended by the Omnibus Lease Amendment are valid, binding, and enforceable contract between GPIOP, Superior, Chippewa, and Mesabi, and are governed by Minnesota law.

140. While GPIOP engaged in the pretense of participating in negotiations required by the Omnibus Lease Amendment with Plaintiff regarding the Restated Mineral Leases, it was simultaneously negotiating with Cliffs and/or Cliffs Minnesota to effectuate the Cliffs Transaction.

141. GPIOP’s transfer of the GPIOP Property Interests and related failure to negotiate the form of and execute the Restated Mineral Leases in good faith prevented Plaintiff from performing its obligations under the Mineral Leases, as set forth in the Omnibus Lease Amendment.

142. GPIOP has no business justification for such failure to negotiate the form of and
execute the Restated Mineral Leases, as required by the Omnibus Lease Amendment.

143. Plaintiff has suffered damages resulting from the breach in an amount to be determined at trial.

SEVENTH CLAIM FOR RELIEF

(Violation of Section 1 of the Sherman Act – Agreements in Restraint of Trade)
(Against Cliffs, Cliffs Minnesota, and GPIOP)

144. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 143 of this Complaint with the same force and effect as though fully set forth herein.

145. Cliffs possesses substantial market power in the Great Lakes Pellet and Iron Market, as demonstrated by, among other things, Cliffs’ high market share, barriers to entry, its actual exclusion of competition, and its ability to charge supracompetitive prices in the Great Lakes Pellet and Iron Market.

146. As alleged above, Cliffs, using its market power as leverage and as a threat, has entered into agreements with the customers and third parties identified above, among others, including without limitation the Cliffs Transaction with GPIOP, on its own and/or through Cliffs Minnesota, with the purpose and effect of unreasonably restraining trade and commerce in the Great Lakes Pellet and Iron Market.

147. Cliffs’ solicitation and enforcement of the exclusionary contracts described above, including any such conduct engaged in through Cliffs Minnesota, constitute unlawful agreements, contracts, and concerted activity that unreasonably restrain trade in the Great Lakes Pellet and Iron Market in violation of Section 1 of the Sherman Act.

148. Cliffs’ exclusionary contracts, including contracts entered into through Cliffs Minnesota, have foreclosed a substantial share of competitors and had anticompetitive effects in the Great Lakes Pellet and Iron Market.
149. Cliffs’ exclusionary contracts have no procompetitive benefit or justification. The anticompetitive effects of its exclusionary contracts outweigh any purported procompetitive justifications.

150. As a result of Cliffs’ conduct and, among other things, GPIOP’s complicity in and agreement to that conduct where applicable, the harm to competition caused by that conduct, Plaintiff has suffered substantial injuries to its business and property in an amount to be proven at trial and automatically trebled, as provided by 15 U.S.C. § 15. Moreover, Plaintiff will suffer further injury unless the Court enjoins Cliffs from its unlawful conduct and continuing violations of the antitrust laws under 15 U.S.C. § 26. Such injunctive relief should include, but not be limited to, to the extent necessary to protect the Debtors’ and the Reorganized Debtor’s rights under and interests in the GPIOP Settlement, the Mineral Leases, and the Restated Mineral Leases, unwinding the Cliffs Transaction.

151. Plaintiff is also entitled to recover from Cliffs, Cliffs Minnesota, and/or GPIOP the costs of this suit, including reasonable attorney fees, as provided by 15 U.S.C. §§ 15 and 26.

EIGHTH CLAIM FOR RELIEF

(Violation of Section 2 of the Sherman Act – Monopolization)
(Against Cliffs and Cliffs Minnesota)

152. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 151 of this Complaint with the same force and effect as though fully set forth herein.

153. Cliffs has monopolized the relevant market in violation of Section 2 of the Sherman Act.

154. The relevant product market in this case is the Great Lakes Pellet and Iron Market, as defined and described above.

155. The relevant geographic market in this case is the Great Lakes region, which
includes the Mesabi Iron Range in Minnesota.

156. At all relevant times, Cliffs possessed monopoly power in the Great Lakes Pellet and Iron Market, as demonstrated by, among other things, Cliffs’ high market share and admitted control over pricing. As noted above, Cliffs charges prices for its products at levels that allow it to achieve profit margins of more than four times the prevailing profit margins in the industry. In addition, Cliffs’ high market share, barriers to entry, and Cliffs’ actual exclusion of competition have cemented Cliffs’ monopoly power.

157. Plaintiff is informed and believes, and on that basis alleges, Cliffs has implemented the anticompetitive scheme set forth above with the specific intent to maintain its monopoly over the Great Lakes Pellet and Iron Market. Cliffs’ anticompetitive conduct, includes, but is not limited to (a) its agreements with the parties identified above, and other parties, on its own and/or through Cliffs Minnesota, that attempt to lock Mesabi out of the iron ore business; (b) Cliffs’ threats to parties currently doing business with Mesabi or contemplating doing business with Mesabi; and (c) exclusive or otherwise restrictive agreements with potential customers of Mesabi, including but not limited to ArcelorMittal, in an attempt to lock competitors and potential competitors such as Mesabi out of the market for years to come. Cliffs’ scheme constitutes exclusionary conduct within the meaning of Section 2 of the Sherman Act.

158. Through the scheme described above, including by blackballing vendors, threatening potential customers, buying/leasing properties with no legitimate business purpose and with the sole purpose of preventing rivals from competing, and other conduct likely to be revealed in discovery, Cliffs has willfully and unlawfully maintained and enhanced its monopoly power. Cliffs’ scheme constitutes exclusionary conduct within the meaning of Section 2 of the Sherman Act.
159. Cliffs’ scheme has suppressed competition and produced anticompetitive effects in the Great Lakes Pellet and Iron Market, including causing Plaintiff’s antitrust injury and damages.

160. Cliffs’ conduct has no procompetitive benefit or justification. The anticompetitive effects of its behavior outweigh any purported procompetitive justifications.

161. As a result of Cliffs’ conduct, on its own and/or through Cliffs Minnesota, and the harm to competition caused by that conduct, Plaintiff has suffered substantial injuries to its business and property in an amount to be proven at trial and automatically trebled, as provided by 15 U.S.C. § 15. Moreover, Plaintiff will suffer further injury unless the Court enjoins Cliffs from its unlawful conduct and continuing violations of the antitrust laws under 15 U.S.C. § 26. Such injunctive relief should include, but not be limited to, to the extent necessary to protect the Debtors’ and the Reorganized Debtor’s rights under and interests in the GPIOP Settlement, the Mineral Leases, and the Restated Mineral Leases, unwinding the Cliffs Transaction.

162. Plaintiff is also entitled to recover from Cliffs costs of suit, including reasonable attorney fees, as provided by 15 U.S.C. §§ 15 and 26.

**NINTH CLAIM FOR RELIEF**

(Violation of Section 2 of the Sherman Act – Attempted Monopolization)  
(Against Cliffs and Cliffs Minnesota)

163. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 162 of this Complaint with the same force and effect as though fully set forth herein.

164. Cliffs has attempted to monopolize the Great Lakes Pellet and Iron Market in violation of Section 2 of the Sherman Act.

165. At all relevant times, Cliffs has possessed substantial monopoly power in the Great Lakes Pellet and Iron Market, as demonstrated by Cliffs’ power over pricing, high market
share, and manipulation of its strong position in the U.S. markets to secure volumes and improve profitability.

166. Plaintiff is informed and believes, and on that basis alleges, Cliffs has implemented the anticompetitive scheme set forth above with the specific intent to monopolize the Great Lakes Pellet and Iron Market. Cliffs’ anticompetitive conduct, includes, but is not limited to (a) its agreements with the parties identified above, and other parties, on its own and/or through Cliffs Minnesota, that attempt to lock Mesabi out of the iron ore business; (b) Cliffs’ threats to parties currently doing business with Mesabi or contemplating doing business with Mesabi; and (c) exclusive or otherwise restrictive agreements with potential customers of Mesabi, including but not limited to ArcelorMittal, in an attempt to lock competitors and potential competitors such as Mesabi out of the market for years to come. Cliffs’ scheme constitutes exclusionary conduct within the meaning of Section 2 of the Sherman Act.

167. Upon information and belief, Cliffs’ scheme has suppressed competition and produced anticompetitive effects in the Great Lakes Pellet and Iron Market, including causing Plaintiff’s antitrust injury and damages.

168. Upon information and belief, there is a dangerous probability that Cliffs will succeed in unlawfully extending its monopoly in the Great Lakes Pellet and Iron Market through its anticompetitive scheme. Cliffs’ scheme has suppressed competition and has produced anticompetitive effects in the Great Lakes Pellet and Iron Market, including Plaintiff’s antitrust injury and damages, based on the statements and conduct described above.

169. Cliffs’ conduct has no procompetitive benefit or justification. The anticompetitive effects of Cliffs’ behavior outweigh any purported procompetitive justifications.

170. As a result of Cliffs’ conduct, on its own and/or through Cliffs Minnesota, and the harm to competition caused by that conduct, Plaintiff has suffered substantial injuries to its
business and property in an amount to be proven at trial and automatically trebled, as provided by 15 U.S.C. § 15. Moreover, Plaintiff will suffer further injury unless the Court enjoins Cliffs from its unlawful conduct and continuing violations of the antitrust laws under 15 U.S.C. § 26. Such injunctive relief should include, but not be limited to, to the extent necessary to protect the Debtors’ and the Reorganized Debtor’s rights under and interests in the GPIOP Settlement, the Mineral Leases, and the Restated Mineral Leases, unwinding the Cliffs Transaction.

171. Plaintiff is also entitled to recover from Cliffs costs of suit, including reasonable attorney fees, as provided by 15 U.S.C. §§ 15 and 26.

TENTH CLAIM FOR RELIEF
(Violation of Minn. Stat. § 325D.52 – Monopolization)
(Against Cliffs and Cliffs Minnesota)

172. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 171 of this Complaint with the same force and effect as though fully set forth herein.

173. As alleged above, Plaintiff is informed and believes, and on that basis alleges, Cliffs has monopolized the Great Lakes Pellet and Iron Market in violation of Section 325D.52 of the Minnesota Statutes (“Minn. Stat.”).

174. At all relevant times, Cliffs has possessed substantial monopoly power in the Great Lakes Pellet and Iron Market, as demonstrated by Cliffs’ high market share and manipulation of its strong position in the U.S. markets to secure volumes and improve profitability.

175. Plaintiff is informed and believes, and on that basis alleges, Cliffs has implemented the anticompetitive scheme set forth above with the specific intent to monopolize the Great Lakes Pellet and Iron Market. Cliffs’ scheme constitutes exclusionary conduct within the meaning of Minn. Stat. § 325D.52.
176. Upon information and belief, Cliffs’ scheme has suppressed competition and produced anticompetitive effects in the Great Lakes Pellet and Iron Market, including causing Plaintiff’s antitrust injury and damages.

177. Cliffs’ conduct has no procompetitive benefit or justification. The anticompetitive effects of Cliffs’ behavior outweigh any purported procompetitive justifications.

178. As a result of Cliffs’ conduct, on its own and/or through Cliffs Minnesota, and the harm to competition caused by that conduct, Plaintiff has suffered substantial injuries to its business and property in an amount to be proven at trial and automatically trebled, as provided by Minn. Stat. § 325D.57. Moreover, Plaintiff will suffer further injury unless the Court enjoins Cliffs from its unlawful conduct and continuing violations of the antitrust laws under Minn. Stat. § 325D.58. Such injunctive relief should include, but not be limited to, to the extent necessary to protect the Debtors’ and the Reorganized Debtor’s rights under and interests in the GPIOP Settlement, the Mineral Leases, and the Restated Mineral Leases, unwinding the Cliffs Transaction.

**ELEVENTH CLAIM FOR RELIEF**

(Violation of Minn. Stat. § 325D.52 – Attempted Monopolization)

(Against Cliffs and Cliffs Minnesota)

179. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 178 of this Complaint with the same force and effect as though fully set forth herein.

180. As alleged above, Plaintiff is informed and believes, and on that basis alleges, Cliffs has attempted to monopolize the Great Lakes Pellet and Iron Market in violation of Minn. Stat. § 325D.52.

181. At all relevant times, Cliffs has possessed substantial monopoly power in the Great Lakes Pellet and Iron Market, as demonstrated by Cliffs’ high market share and
manipulation of its strong position in the U.S. markets to secure volumes and improve profitability.

182. Plaintiff is informed and believes, and on that basis alleges, Cliffs has implemented the anticompetitive scheme set forth above with the specific intent to monopolize the Great Lakes Pellet and Iron Market. Cliffs’ scheme constitutes exclusionary conduct within the meaning of Minn. Stat. § 325D.52.

183. Upon information and belief, Cliffs’ scheme has suppressed competition and produced anticompetitive effects in the Great Lakes Pellet and Iron Market, including causing Plaintiff’s antitrust injury and damages.

184. Cliffs’ conduct has no procompetitive benefit or justification. The anticompetitive effects of Cliffs’ behavior outweigh any purported procompetitive justifications.

185. As a result of Cliffs’ conduct, on its own and/or through Cliffs Minnesota, and the harm to competition caused by that conduct, Plaintiff has suffered substantial injuries to its business and property in an amount to be proven at trial and automatically trebled, as provided by Minn. Stat. § 325D.57. Plaintiff will suffer further injury unless the Court enjoins Cliffs from its unlawful conduct and continuing violations of the antitrust laws under Minn. Stat. § 325D.58. Such injunctive relief should include, but not be limited to, to the extent necessary to protect the Debtors’ and the Reorganized Debtor’s rights under and interests in the GPIOP Settlement, the Mineral Leases, and the Restated Mineral Leases, unwinding the Cliffs Transaction.

TWELFTH CLAIM FOR RELIEF

(Civil Contempt for Violation of the Automatic Stay)
(Against Cliffs, Cliffs Minnesota, and Does 1-10)

186. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 185 of this Complaint with the same force and effect as though fully set forth herein.
187. Upon the commencement of the Chapter 11 Cases on July 8, 2016, Plaintiff triggered the protections of section 362 of the Bankruptcy Code (the “**Automatic Stay**”).

188. The Automatic Stay prohibits, among other things, “any act to obtain possession of property of the estate or of property from the estate” and “any act to collect, assess, or recover a claim against the debtor that arose before the commencement of the case under [the Bankruptcy Code].” 11 U.S.C. § 362(a)(3) & (a)(6).

189. Cliffs is, and has been, aware that Mesabi had initiated the Chapter 11 Cases, and, upon information and belief, is and has been aware of the ongoing developments during the Chapter 11 Cases.

190. Plaintiff is informed and believes, and on that basis alleges, that the Defendants intentionally violated the automatic stay with malice and oppression, knowing that their actions would cause substantial harm to Plaintiff and with a willful and conscious disregard of Plaintiff’s rights. Plaintiff seeks compensatory damages and an award of exemplary or punitive damages in an amount sufficient to punish all Defendants and deter similar conduct in the future.

191. Plaintiff also requests that the Court issue an order holding all Defendants in contempt of court for their violation of the Automatic Stay and issue appropriate sanctions as a result of their contempt pursuant to Section 105 of the Bankruptcy Code.

**THIRTEENTH CLAIM FOR RELIEF**

(Declaratory Relief)

(Against Cliffs, Cliffs Minnesota, and Does 1-10)

192. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 191 of this Complaint with the same force and effect as though fully set forth herein.

193. On information and belief, in engaging in the Cliffs Transaction Defendants intentionally sought to obtain possession of property of the Debtors’ estates, with malice and
oppression, knowing that their actions would cause substantial harm to Plaintiff and with a willful and conscious disregard of Plaintiff’s rights.

194. Plaintiff requests that this Court declare that Defendants violated the Automatic Stay in engaging in the Cliffs Transaction.

195. Plaintiff further requests that this Court declare that the Cliffs Transaction is void, as an action taken in order to obtain possession of property of the estate or of property from the estate, in violation of the Automatic Stay as set forth in Section 362 of the Bankruptcy Code.

FOURTEENTH CLAIM FOR RELIEF
(Civil Contempt for Violation of a Court Order)
(Against Cliffs, Cliffs Minnesota, and GPIOP)

196. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 195 of this Complaint with the same force and effect as though fully set forth herein.

197. The Assumption Order was entered by the Bankruptcy Court on August 30, 2017.

198. Plaintiff is informed and believes, and on that basis alleges, that the Defendants intentionally violated the Assumption Order, knowing that their actions would cause substantial harm to Plaintiff, and with a willful and conscious disregard of Plaintiff’s rights.

199. Plaintiff seeks compensatory damages and an award of exemplary or punitive damages in an amount sufficient to punish Defendants and deter similar conduct in the future.

200. Plaintiff also requests that the Court issue an order holding all Defendants in contempt of court for their violation of the Assumption Order and issue appropriate sanctions as a result of their contempt, pursuant to Section 105 of the Bankruptcy Code.

FIFTEENTH CLAIM FOR RELIEF
(Against GPIOP)

201. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs
I through 200 of this Complaint with the same force and effect as though fully set forth herein.

202. Mesabi transferred certain amounts as part of the Prepaid Royalties to or for the benefit of GPIOP within two (2) years of the Petition Date (the “Avoidable Royalties”).

203. As transferred to GPIOP, the Avoidable Royalties constitute a transfer of an interest in the property of Mesabi, as a debtor-in-possession in the Chapter 11 Cases.

204. The Avoidable Royalties were transferred for less than fair consideration and less than a reasonably equivalent value.

205. At the times of, and subsequent to, payment of the Avoidable Royalties, the Debtors had at least one creditor with an allowable unsecured claim for liabilities, which remained unsatisfied as of the Petition Date.

206. The Avoidable Royalties (1) were paid when the Debtors were insolvent; (2) rendered the Debtors insolvent; (3) left the Debtors with unreasonably small capital in relation to the Debtors’ business at the time; or (4) were made for the benefit of an insider.

207. By virtue of the foregoing, the Avoidable Royalties were fraudulent transfers avoidable under section 548(a)(1)(B) of the Bankruptcy Code, and Plaintiff is entitled to recover the Avoidable Royalties under section 550 of the Bankruptcy Code.

SIXTEENTH CLAIM FOR RELIEF

(Avoidance of Unauthorized Post-Petition Transfers – 11 U.S.C. § 549)
(Against Cliffs, Cliffs Minnesota, and GPIOP)

208. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs I through 207 of this Complaint with the same force and effect as though fully set forth herein.

209. Under section 549 of the Bankruptcy Code, a debtor in possession “may avoid a transfer of property of the estate – (1) that occurs after the commencement of the case; and (2)(A) that is authorized only under section 303(f) or 542(c) of this title; or (B) that is not
authorized under the Bankruptcy Code or by the Court.” 11 U.S.C. § 549(a).

210. By enacting the Cliffs Transaction, GPIOP transferred Mesabi’s property rights under the Mineral Leases and the Omnibus Lease Amendment to Cliffs and/or Cliffs Minnesota. The Cliffs Transaction constitutes a transfer of interests of Mesabi in property that was made after the Petition Date.

211. The Cliffs Transaction was never authorized by the Bankruptcy Code, the order approving the GPIOP Settlement, or any other order of this Court. The Cliffs Transaction was, in fact, prohibited by section 8 of the Omnibus Lease Amendment.

212. Pursuant to section 549 of the Bankruptcy Code, Plaintiff is entitled to avoid the Cliffs Transaction.

SEVENTEENTH CLAIM FOR RELIEF
(Against Cliffs, Cliffs Minnesota, and GPIOP)

213. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 212 of this Complaint with the same force and effect as though fully set forth herein.

214. Section 550(a) of the Bankruptcy Code provides that, to the extent that a transfer is avoided under, among others, sections 548 and 549 of the Bankruptcy Code, Plaintiff is entitled to recover, for the benefit of its estate, the property transferred or, if the court so orders, the value of such property from (a) the initial transferee of such transfer or the entity for whose benefit such transfer was made or (b) any immediate or mediate transferee of such initial transferee. 11 U.S.C. § 550(a).

215. Defendants Cliffs and/or Cliffs Minnesota were the initial transferees of the Cliffs Transaction or the immediate or mediate transferee of such initial transferee or the person for whose benefit the Cliffs Transaction was made.
216. Defendant GPIOP was the initial transferee of the Avoidable Royalties, or the immediate or mediate transferee of such initial transferee or the person for whose benefit the Avoidable Royalties were paid.

217. Pursuant to 11 U.S.C. § 550(a), Plaintiff is entitled to recover from Defendants Cliffs and/or Cliffs Minnesota the Cliffs Transaction and from Defendant GPIOP the Avoidable Royalties, plus costs of this action.

**EIGHTEENTH CLAIM FOR RELIEF**


*(Against Cliffs)*

218. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 217 of this Complaint with the same force and effect as though fully set forth herein.

219. Plaintiff objects to the allowance of proofs of claim no. 55 and 224 (“Claim Nos. 55 and 224”) in their entirety.


221. Cliffs is a transferee of transfers avoidable under section 548 of the Bankruptcy Code, which property is recoverable under section 550 of the Bankruptcy Code.

222. Cliffs has not turned over such property, for which Cliffs is liable under 11 U.S.C. § 550.

223. Claim Nos. 55 and 224 are unenforceable against the Debtors under applicable law.

224. Mesabi has examined Claim Nos. 55 and 224 and supporting documentation thereto, as well as the Debtors’ books and records, to determine whether such claims are accurate and represents bona fide liabilities. Upon such review, Mesabi has determined that Claim Nos.
55 and 224 do not reflect Mesabi’s records and thus are objectionable pursuant to section 502(b)(1) of the Bankruptcy Code.

225. Pursuant to 11 U.S.C. § 502(d), any and all Claims of Cliffs and/or Cliffs’ assignees against the Debtors’ chapter 11 estates, including those asserted in Claim Nos. 55 and 224, must be disallowed until such time as Cliffs turns over the Avoidable Royalties, plus interest thereon and costs.

**NINETEENTH CLAIM FOR RELIEF**
(Injunctive Relief)
(Against Cliffs and Does 1-10)

226. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 225 of this Complaint with the same force and effect as though fully set forth herein.

227. Plaintiff requests that Cliffs be enjoined from (i) contacting or threatening any existing contractors, employees or consultants working on the Project or being engaged to work on the Project, regarding the Project, or threatening their relationship or prospective relationship with Cliffs based on their work on the Project, (ii) threatening any potential contractors, employees, or consultants who may be engaged to work on the Project including by threatening to discontinue their relationship or prospective relationship with Cliffs if they work on the Project; (iii) interfering with state, local, or other governmental approvals related to the Project, (iv) interfering with debt or equity financing sources for the consummation of the Plan, and (v) any other actions designed to prevent consummation of the Plan and implementation of the Mesabi’s construction and business plan.

**TWENTIETH CLAIM FOR RELIEF**
(Injunctive Relief)
(Against All Defendants)

228. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs
1 through 227 of this Complaint with the same force and effect as though fully set forth herein.

229. Plaintiff requests that Defendants be enjoined from taking any further action to implement the Cliffs Transaction, including, but not limited to, any action in furtherance of the recording or perfection of any interest in property or otherwise, associated with the Cliffs Transaction, and/or in furtherance of any purported termination of the Mineral Leases.

TWENTY-FIRST CLAIM FOR RELIEF
(Declaratory Relief – 28 U.S.C. §§ 2201 et seq.)
(Against All Defendants)

230. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 229 of this Complaint with the same force and effect as though fully set forth herein.

231. Pursuant to the Uniform Declaratory Judgment Act, 28 U.S.C. §§ 2201 et seq., this Court has the power to declare the rights, status and other legal relations of the parties whether or not further relief could be claimed.

232. A real and substantial justiciable controversy exists between Plaintiff and the Defendants as to whether the Mineral Leases are terminated.

233. Cliffs asserted in the Cliffs Release that the properties subject of the Cliffs Transaction “include parcels that were formerly leased by GPIOP to [Mesabi] . . . . [Mesabi’s] lease rights terminated on October 31, 2017 when it failed to exit bankruptcy . . . .”

234. Plaintiff disputes that the Mineral Leases are terminated.

235. On information and belief, the basis for Cliffs’ assertion that “[Mesabi’s] lease rights terminated on October 31, 2017 when it failed to exit bankruptcy . . . .” is the GPIOP Settlement which provides for the automatic rejection of the Mineral Leases as of October 31, 2017 if the Plan’s Effective Date did not occur by such date and permits GPIOP to thereafter take any action with respect to the Mineral Leases and the related real property notwithstanding
any provisions of the Bankruptcy Code, including the automatic stay imposed pursuant to 11

236. The Plan’s Effective Date did not occur by October 31, 2017.


238. The breach resulting from rejection pursuant to 11 U.S.C. § 365 is non-monetary
in nature.

239. Under the terms of the Mineral Leases, GPIOP may terminate on the basis of a
non-monetary default only by giving thirty (30) days’ notice to cure (subject to tolling pursuant
to a valid arbitration demand by Plaintiff) and only if Plaintiff fails to cure its default prior to the
expiration of the cure period.

240. GPIOP took no action to terminate the Mineral Leases after October 31, 2017,
including, without limitation, by issuing a notice to cure to Plaintiff stemming from its breach
pursuant to 11 U.S.C. § 365 or otherwise.

241. Plaintiff is entitled to a declaration that the Mineral Leases are not terminated.

TWENTY-SECOND CLAIM FOR RELIEF

(Declaratory Relief – 28 U.S.C. §§ 2201 et seq.)
(Against All Defendants)

242. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs
1 through 241 of this Complaint with the same force and effect as though fully set forth herein.

243. A real and substantial justiciable controversy exists between Plaintiff and the
Defendants as to whether the Mineral Leases were or shall be assumed pursuant to 11 U.S.C.
§ 365 as of the Effective Date.

244. As heretofore alleged, the Defendants have asserted that the Mineral Leases are
terminated, which assertion is incompatible with Plaintiff’s assumption of such leases as of the
Effective Date.

245. Pursuant to the Assumption Order, “[p]ursuant to sections 105(a) and 365 of the Bankruptcy Code, the Mineral Leases, as amended, are assumed as of the effective date of the Plan.”

246. The Assumption Order is a writing agreed by GPIOP, Superior, and the Debtors and entered as an order by the Bankruptcy Court.

247. The GPIOP Settlement provides that “[a]s of the Effective Date of the Plan, GPIOP and Superior agree that any pre-Effective Date breaches or defaults under the Mineral Leases are cured, and if not curable, are waived.”

248. Plaintiff is entitled to a declaration that the Mineral Leases are or were assumed on the Effective Date of the Plan.

**TWENTY-THIRD CLAIM FOR RELIEF**

*(Declaratory Relief – 28 U.S.C. §§ 2201 et seq.)*

*(Against All Defendants)*

249. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 248 of this Complaint with the same force and effect as though fully set forth herein.

250. A real and substantial justiciable controversy exists between Plaintiff and the Defendants as to whether the Reorganized Debtor is entitled to succeed to the rights of the Debtors under the Mineral Leases as of the Effective Date.

251. As heretofore alleged, the Defendants have asserted that the GPIOP Mineral Leases are terminated, which assertion is incompatible with the Reorganize Debtor’s succession to Plaintiff’s rights under such leases as of the Effective Date.

252. The GPIOP Settlement provides that:

On or prior to the Effective Date of the Plan, GPIOP, Superior and the
Reorganized Debtor shall negotiate and execute amended and restated agreements to supersede the Mineral Leases in their entirety (the "Restated Mineral Leases"), which Restated Mineral Leases shall become fully effective and enforceable on the Effective Date. The Restated Mineral Leases shall be in form and substance acceptable to GPIOP, Superior and the Reorganized Debtor, preserve all rights and obligations under the Minerals Leases, subject to the modifications described herein, and contain terms and conditions substantially similar to the Mineral Leases unless otherwise agreed by GPIOP, Superior and the Reorganized Debtor. The Mineral Leases will be deemed amended and restated by consent on the Effective Date of the Plan.

253. The GPIOP Settlement agreement is in full force and effect and is binding on GPIOP, the Debtors, the Reorganized Debtor and Superior. The Reorganized Debtor is specifically named as a third party beneficiary of the GPIOP Settlement.

254. Plaintiff is entitled to a declaration that the Mineral Leases, as amended by the Omnibus Lease Amendment, are deemed amended and restated by consent of GPIOP and Superior as of the Effective Date, with the Reorganized Debtor succeeding to all rights of the Debtors thereunder.

TWENTY-FOURTH CLAIM FOR RELIEF

(Declaratory Relief – 28 U.S.C. §§ 2201 et seq.)
(Against All Defendants)

255. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 254 of this Complaint with the same force and effect as though fully set forth herein.

256. A real and substantial justiciable controversy exists between Plaintiff and the Defendants as to whether Cliffs enjoys superior rights in the GPIOP Property Interests to the rights of Plaintiff and the Reorganized Debtor.

257. As heretofore alleged, the Defendants have implied they enjoy superior rights in the GPIOP Property Interests.

258. Plaintiff’s rights in the GPIOP Property Interests, to which the Reorganized Debtor succeeded on the Effective Date of the Plan as heretofore alleged, are established of
record with the Itasca County Registrar of Titles as Document No. T000050412 and recorded with the Itasca County Recorder as Document No. A0000605819 on or about December 7, 2006, as amended by Registrar of Titles Document No. T000056156.

259. Cliffs' interests in the GPIOP Property Interests, if any, were acquired on or about December 11, 2017 and established of record December 13, 2017, as Document No. T000064047.

260. At the time that Cliffs acquired its interests in the GPIOP Property Interests, if any, it had constructive notice of Plaintiff’s and the Reorganized Debtor’s interests.

261. At the time that Cliffs acquired its interests in the GPIOP Property Interests, if any, it had actual notice of Plaintiff’s and the Reorganized Debtor’s interests.

262. Plaintiff is entitled to a declaration that its interests in the GPIOP Property Interests, to which the Reorganized Debtor succeeded on the Effective Date, are superior to the interests of Cliffs, if any, in the GPIOP Property Interests.

TWENTY-FIFTH CLAIM FOR RELIEF

(Civil Conspiracy)
(Against All Defendants)

263. Plaintiff repeats and re-alleges each and every allegation contained in paragraphs 1 through 262 of this Complaint with the same force and effect as though fully set forth herein.

264. Defendants acted in concert and pursuant to a common design and scheme to pursue an unlawful object or course of action to be accomplished by unlawful means, with the purpose of preventing Mesabi from competing against Cliffs, to Mesabi’s detriment.

265. Defendants committed acts in furtherance of the conspiracy, including, not limited to, tortious interference with Mesabi’s contractual rights, tortious interference with Mesabi’s business relationships, violation of the Automatic Stay, and anti-trust claims, without a
reasonable or lawful excuse. All Defendants were willful participants in this joint activity.

266. As a direct and proximate result of these unlawful acts, Mesabi has suffered damages as alleged above and in an amount to be proven at trial.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff Mesabi prays for relief and judgment against Defendants as follows:

A. Enter judgment in favor of Plaintiff and against the Defendants in this action on each claim;

B. Enjoin Defendants from (i) contacting or threatening any existing contractors, employees or consultants working on the Project or being engaged to work on the Project, regarding the Project, or threatening their relationship or prospective relationship with Cliffs based on their work on the Project, (ii) threatening any potential contractors, employees, or consultants who may be engaged to work on the Project including by threatening to discontinue their relationship or prospective relationship with Cliffs if they work on the Project; (iii) interfering with state, local, or other governmental approvals related to the Project, (iv) interfering with debt or equity financing sources for the consummation of the Plan, and (v) any other actions designed to prevent consummation of the Plan and implementation of Mesabi’s construction and business plan.

C. Avoid the Cliffs Transaction and direct the Defendants to unwind the transactions related thereto and return to Plaintiff the property that is subject of the Cliffs Transaction, pursuant to 11 U.S.C. §§ 549 and 550, plus the costs and expenses of this action, including, without limitation, attorneys’ fees;

D. Disallow any claims held or filed by the Defendants against Plaintiff until the Defendants return the Cliffs Transaction to Plaintiff pursuant to 11 U.S.C. § 502(d);
E. Award general and compensatory damages in favor of Plaintiff on all claims against the Defendants to those claims, jointly and severally, for all damages sustained by Mesabi, in an amount to be proven at trial, plus prejudgment interest;

F. Award treble damages as allowed by law;

G. Award all appropriate equitable remedies, including injunctive relief, as allowed by law, in favor of Plaintiff on all claims against the Defendants, including but not limited to an order enjoining Cliffs and Cliffs Minnesota from entering into exclusive or restrictive arrangements with purchasers of pellet products, an order enjoining the other anticompetitive conduct described above, an order enjoining Cliffs, Cliffs Minnesota, and GPIOP from taking any further action to implement the Cliffs Transaction, including, but not limited to, any action in furtherance of the recording or perfection of any interest in property or otherwise, associated with the Cliffs Transaction, and/or in furtherance of any purported termination of the Mineral Leases;

H. Award punitive damages and prejudgment interest in favor of Plaintiff as allowed by law;

I. Award any declaratory relief that may be necessary and appropriate, including but not limited to an order declaring (i) that the Mineral Leases are not terminated and are or were assumed on the Effective Date of the Plan, (ii) that the Mineral Leases, as amended by the Omnibus Lease Amendment, are deemed amended and restated by consent of GPIOP and Superior as of the Effective Date, with the Reorganized Debtor succeeding to all rights of the Debtors thereunder, and (iii) that Mesabi’s interests in the GPIOP Property Interests, to which the Reorganized Debtor succeeded on the Effective Date, are superior to the interests of Cliffs and/or Cliffs Minnesota, if any, in the GPIOP Property Interests.

J. Award Plaintiff its attorneys’ fees, costs, and other expenses incurred in this
action, as allowed by law; and

K. Grant Plaintiff such other and further relief as the Court considers appropriate.

Dated: January 23, 2018

FOX ROTHSCHILD LLP

/s/ Jeffrey M. Schlerf
Jeffrey M. Schlerf (DE No. 3047)
Carl D. Neff (DE No. 4895)
919 North Market Street, Suite 300
Wilmington, Delaware 19801-3062
Telephone: (302) 654-7444
Facsimile: (302) 656-8920
jschlerf@foxrothschild.com
cneff@foxrothschild.com

WHITE & CASE LLP

Thomas E Lauria (admitted pro hac vice)
Matthew C. Brown (admitted pro hac vice)
Southeast Financial Center
200 South Biscayne Boulevard, Suite 4900
Miami, Florida 33131-2352
Telephone: (305) 371-2700
Facsimile: (305) 385-5744
tlauria@whitecase.com
mbrown@whitecase.com

Glenn M. Kurtz (admitted pro hac vice)
1221 Avenue of the Americas
New York, New York 10020-1095
Telephone: (212) 819-8200
Facsimile: (212) 354-8113
gkurtz@whitecase.com

Craig H. Averch (admitted pro hac vice)
Ronald K. Gorsich (admitted pro hac vice)
555 South Flower Street, Suite 2700
Los Angeles, California 90071-2433
Telephone: (213) 620-7700
Facsimile: (213) 452-2329
caverch@whitecase.com
rgorsich@whitecase.com

Attorneys for Plaintiff
August 7, 2015

Mr. Jess Richards
Director, Lands and Minerals Division
Minnesota Department of Natural Resources
500 Lafayette Road
St. Paul, MN 55155-4045

Dear Mr. Richards,

Thank you again for taking time on Tuesday to meet with Cliffs regarding our development plans for Minnesota and our potential to partner with the State in pursuance of those opportunities. Relating back to the State’s initial April questionnaire to Cliffs on whether we would be interested in the site currently occupied by Essar in the event that project does not proceed, allow me to once again emphasize that Cliffs is interested. Furthermore, we feel there is urgency to reaching an agreement on a path forward with the State in order for Cliffs to continue to hold open its commitment to advance development of a Direct Reduced Iron (DRI) facility on Minnesota’s Iron Range. As the blast furnace pellet market continues to contract, it is my sincere hope that the State assigns the same degree of urgency to opening up Minnesota’s taconite sector to the ever-growing Electric Arc Furnace (EAF) segment of the steel industry.

In order to assist our discussions going forward, I wish to recap the basic elements of our initial proposal as presented to you on Tuesday and reiterate our commitment to work with you on any modifications that the State needs to effectuate a timely agreement:

Cliffs proposed to agree to:
1) pursue construction of a DRI facility at the Butler site in cooperation with the State (subject to feasibility analysis);
2) commence with plans to develop the Butler site as an extension of Hibbing Taconite’s mine life should Cliffs get control;
3) pay the State Essar’s unpaid debt under the Loan Documents, subject to similar job and wage goal requirements as Essar;
4) seek to extend the termination date of the Highway 53 easement from May 5, 2017 to December 31, 2017 at no cost to the state.

In return, we simply asked that the State agree to:
1) position Cliffs as its lessee in the event the State leases become available to the extent legally practicable; and
2) enforce all existing contractual, legal and regulatory obligations and remedies available to it in the event that Essar does not meet such obligations (to the extent legally practicable).
To the extent that DNR has misgivings about particular elements of this proposal, Cliffs remains flexible to remedy those issues and welcomes the opportunity to discuss those concerns in order to reach a mutually acceptable agreement as soon as possible.

We believe Cliffs is best positioned to utilize this site to begin the industry’s transformation to supplying the EAF market as well as supplementing long term taconite production without the negative consequences of contributing to an oversupply situation. In recent discussions with Governor Dayton, our Chairman and CEO, Lourenco Goncalves, has been encouraged by the Governor’s desire to partner with Cliffs in order to preserve development potential for the Butler Taconite site (should Essar fall short in its ill-conceived plan to bring on unneeded, disruptive pellet capacity). It is our hope that Cliffs and DNR can advance an agreement in that same spirit of cooperation and partnership, and timely secure Cliffs as the backup developer of the Butler site should the Essar project fail or in the event Essar defaults on its obligations to the State of Minnesota.

I look forward to discussing this proposal at your earliest convenience.

Sincerely,

David Cartella
Vice President, Public and Government Affairs, Environment and Energy

Cc: Commissioner Tom Landwehr, DNR
Commissioner Mark Phillips, IRRRB
Ms. Ann Foss, MPCA
Mr. Bryan Dodds, MnDOT
October 13, 2015

Mr. David Cartella, Vice President,
Public and Government Affairs,
Environment and Energy
Cliffs Natural Resources Inc.
200 Public Square, Suite 3300
Cleveland, OH 44114-2315

Dear Mr. Cartella,

We met with you on August 4, 2015 to discuss Cliffs Natural Resources’ interest in state taconite leases with the State of Minnesota, along with issues with other state agencies. You had also sent us a letter, dated August 7, 2015, describing your initial proposal to the State. As part of those discussions, you identified that Cliffs Natural Resources is interested in entering into negotiations with the State for state taconite leases in the event that the state taconite leases currently held by Essar Steel Minnesota, LLC are terminated.

The Department of Natural Resources (DNR) remains committed to fulfilling its obligations under its current leases with Essar. At the same time, DNR recognizes the need to plan for a scenario under which Essar does not meet its lease obligations. The DNR is interested in negotiating taconite leases with Cliffs Natural Resources in the event that the state taconite leases currently held by Essar Steel Minnesota terminate in accordance with lease agreements between DNR and Essar Steel Minnesota. You asked for some commitment to this interest by the State.

For two years from the date of this letter, the Department of Natural Resources agrees to not offer any of the state-owned lands and minerals within the following area for mineral leasing through public sale or negotiate any new mining leases for any state-owned lands within this area with any party other than Cliffs Natural Resources. The area being held exclusively for taconite lease negotiations with Cliffs Natural Resources, in the event that the lands become available for leasing, is as follows:


In order to conduct negotiations with the DNR, Cliffs Natural Resources would need to meet the requirements of Minnesota Statutes, section 93.1925, including securing ownership or leaseholds to ore adjacent to the state ore. It would also be necessary for the DNR and Cliffs Natural Resources to reach agreement on the conditions of any negotiated state mineral lease, and any
lease would need to be approved by the State Executive Council (which consists of the state’s five constitutional officers).

This commitment in no way binds the DNR to any course of action or otherwise interferes with respect to the state taconite leases currently held by Essar Steel Minnesota or any future assignee to those leases. This commitment may be terminated by written notice to the parties and is not transferable by Cliffs Natural Resources.

Thank you for your interest in Minnesota’s mineral resources and for Cliffs Natural Resources’ continued commitment to its Minnesota mining operations. If you have any additional questions please contact me at 651-259-5379.

Sincerely,

[Signature]

Jess Richards, Director
Division of Lands and Minerals
Lourenco Goncalves  
Chief Executive Officer  
Cliffs Natural Resources, Inc.  
200 Public Square, Suite 3300  
Cleveland, OH 44114-2315

Dear Mr. Goncalves:

It was a pleasure to speak to you again last week and to receive the good news about Cliffs’ 10 year agreement with Arcelor-Mittal. I am pleased to hear that Northshore Mine is back on-line, that the United Taconite facility will reopen in August, and that you are proceeding forward with the creation of the Mustang Pellet.

During our conversation you also reiterated your desire to obtain the state mineral leases which are currently held by Essar Steel Minnesota (Essar) in and around the former Butler Taconite mining area. As you know, Essar’s current leases include a July 1, 2016 performance deadline for completion of construction of the facilities. If Essar fails to meet that deadline, the Department of Natural Resources (DNR) has up to one year to either initiate termination of the leases or to renegotiate the terms of the lease with Essar. It does not appear that Essar will meet the July 1st deadline and I have directed DNR to be prepared to make a decision on whether to initiate termination of the leases after July 1st. If the DNR decides to terminate the leases with Essar, DNR has also provided Cliffs Natural Resources (Cliffs) with an exclusive opportunity to negotiate with the DNR to obtain the leases (see letter dated October 13, 2015).

As we weigh the state’s options in this matter, we must consider:
1) Ensuring that a reasonable plan is in place to develop the state ore at the properties,
2) That contractors who have worked at the site have yet to be paid,
3) The potential for long term job growth in the region, and
4) Essar’s outstanding $66,000,000 loan obligation to the state.

Prior to making a decision on whether to terminate the existing leases, the state needs to fully understand the potential alternative uses for the site. To inform our decision making I am asking that Cliffs submit a plan by June 24, 2016, signed by you, for the DNR’s consideration. Specifically we are seeking the following information:

1) **What specific activities is Cliffs proposing to develop the state ore at the site?**
   Please describe specific plans that Cliffs may have regarding the development of Direct Reduced Iron or other value added iron products, any plans to process this ore at Hibbing Taconite plant, or any other development plans.
2) When would the development described in question 1 occur and what milestones would Cliffs be willing to commit to?

3) How would Cliffs accomplish this development? Please provide additional information about the likelihood or availability of financing and/or partners, how Cliffs would obtain a land position needed to negotiate for state leases, and information on the feasibility of each of the development options described in your answer to question 1.

This information, as well as ideas Cliffs may have for mitigating the other important priorities listed above, will be used in the State’s review of the Essar lease options and decision on whether to terminate the current leases.

Thank you again for your commitment to a long term future in Minnesota and I look forward to your response to this request. As always, please do not hesitate to call me if you would like to discuss these matters further.

Sincerely,

Mark Dayton
Governor

cc: Tom Landwehr, Commissioner, Department of Natural Resources
Jess Richards, Lands and Minerals Division Director, Department of Natural Resources
Cathy Polasky, Senior Policy Advisor, Office of the Governor Dayton & Lt. Governor Smith
June 23, 2016

The Honorable Mark Dayton
116 Veterans Service Building
20 West 12th Street
Saint Paul, MN 55155

Dear Governor Dayton,

Thank you for your letter dated June 15, 2016 regarding Cliffs’ recent operational announcements and the State of Minnesota’s mineral interests at the Butler Taconite site. As we discussed during our most recent teleconference, I am pleased to have followed through on my commitments to bring both United Taconite and Northshore Mining Company back in to production in 2016 and to be in a position to begin investing approximately $65 million in “Project Mustang” at United Taconite to enable that facility to produce a value-added “superflux” pellet. These developments stand as evidence of Cliffs’ strong commitment to Minnesota and provide yet another example of the strong partnership between Cliffs and the State of Minnesota.

Cliffs’ next major corporate business development objective is to proceed in building and operating an industrial site to supply the Electric Arc Furnace (EAF) market with Direct Reduced Iron (DRI) in the form of Hot Briquetted Iron (HBI). Consequently, I believe that now is the time for the State of Minnesota to publicly identify Cliffs as the new project proponent through reassignment of the public leases at the Butler Taconite site (currently occupied by the essentially defunct Essar Steel Minnesota or “ESM”). The termination of ESM’s leases and subsequent reassignment to Cliffs is the best way for the State to facilitate Cliffs’ timely consolidation of the other private leases and various assets at the Butler site. It should be clear by now that Cliffs’ future lies predominantly in Minnesota and that Cliffs is fully committed to growing our presence on the Minnesota Iron Range. Unlike ESM, Cliffs cannot afford to alienate our Minnesota partners and stakeholders and you have my commitment that Cliffs will work with the State to develop a plan for the site that meets our mutual imperatives.
This letter and the attached responses are in direct response to your letter request of June 15, 2016. Cliffs respectfully asks that you and all other government officials hold this letter, the attached responses and all subsequent correspondence with Cliffs strictly confidential, as Cliffs is disclosing sensitive information regarding its business strategy. After you and your staff have had an opportunity to review this response, I would like to speak with you in-person or via teleconference, to provide additional details that may be required to facilitate termination of Essar Steel Minnesota’s State leases on or around July 1, 2016.

Thank you once again for your outreach. I look forward to our continued partnership.

Very truly yours,

C. Lourenco Goncalves
Chairman, President and Chief Executive Officer

Enclosure

Cc: Mr. Tom Landwehr, Commissioner, Department of Natural Resources
Jess Richards, Lands and Minerals Divisions Director, Department of Natural Resources
Cathy Polasky, Senior Policy Advisor, Office of Governor Dayton & Lt. Governor Smith
Mr. Cliff Smith, Executive Vice President – Business Development
Mr. David Cartella, Vice President – Government & Public Affairs, Environment, Energy and Counsel
Mr. Patrick Bloom, Director – Government Relations
Responses to June 15 Letter from Governor Mark Dayton

1.) What specific activities is Cliffs proposing to develop the state ore at the site?
As reflected in Cliffs’ April 27, 2015 response to the State of Minnesota’s questionnaire regarding the Butler Taconite site, Cliffs views the Butler site as holding tremendous potential for the development of value-added iron products, including, but not limited to, direct reduced (DR) grade pellets. Additionally, a portion of the Butler Taconite ore body has the potential to provide the needed extension of the Hibbing Taconite mine.

Gain Control of Site
Upon gaining control of the state leases, Cliffs would proceed with full-scale due diligence on the Butler Taconite property, reserve base and suitability for producing DR-grade pellets to be converted to DRI/HBI. The timetable for that diligence process will be dependent on the pace at which Cliffs is able to secure the adjacent leases and obtain control of relevant surface assets. We view the State’s assignment of the public leases as the critical first step which will allow Cliffs to proceed expeditiously towards negotiating those agreements with other involved parties. Cliffs is the only entity that has both the technical expertise and commercial relationships to support credible development of the Butler Taconite site.

Value-Added Iron Product Development
Once Cliffs gains control, we would immediately initiate our mining and direct reduction feasibility study in tandem with due-diligence on the site. Cliffs is already in talks with potential partners/financiers/customers interested in investing in the development of a direct reduction facility consuming direct reduction-grade pellets. Assuming a positive outcome to the diligence/feasibility process, we would work to memorialize agreements with one or more partners and proceed with permitting, engineering, design and, ultimately, construction. Cliffs cannot credibly commit to specific timelines at this stage, but we would consider such commitments relative to the state leases following this diligence/feasibility process. Cliffs would be amenable to a high degree of transparency with the State as to the outcome of these processes.

Hibbing Taconite Extension
As we disclosed in our April 2015 letter, Hibbing Taconite’s current life-of-mine only runs through approximately 2024. As the managing partner of Hibbing Taconite, Cliffs will be well-positioned to recommend that the Hibbing Taconite partnership proceed with further diligence and ultimately permitting of the Butler site to provide for the needed extension of Hibbing Taconite’s life-of-mine. However, eight years is a relatively short time frame for mining, and we will need to begin permitting a new project imminently in order to prevent the indefinite idling of Hibbing Taconite in less than eight years. The use of the Butler Taconite ore body as an extension of Hibbing Taconite does not conflict or interfere with Cliffs’ plans to pursue the development of DR-grade products at the site. We believe the ore reserves at the Butler Taconite site are adequate to both support the Iron Range’s transition to producing products tailor-made for the EAF markets and to provide for the extension of one of the Iron Range’s flagship taconite mines, Hibbing Taconite. Complete diligence of the Butler Taconite ore body will need to be completed prior to presenting any plans to the Hibbing Taconite partners for consideration.

2.) When would the development described in question 1 occur and what milestones would Cliffs be willing to commit to?
The development will begin as soon as possible. Assuming the State is in a position to terminate ESM’s state mineral leases and reassign those leases to Cliffs on or around July 1, we are prepared to begin
our diligence and feasibility work immediately, still in the month of July. The EAF market in the United States is ready for domestic produced iron-based scrap substitutes, and the development of high-grade iron inputs is now a business imperative for Cliffs. As EAF steelmakers continue to advance their technologies in order to compete with integrated steel producers to produce high-quality flat-rolled steel, these EAF steelmakers require a ready supply of virgin iron units. In other words, we cannot afford further delay. If control of the state leases is not resolved in the coming weeks, Cliffs will have no choice but to proceed with feasibility assessments for other competing sites we view as also adequate for DR-grade product development.

With regard to our commitments, we welcome the opportunity to work with the State of Minnesota to develop milestones with respect to our site control, diligence and feasibility processes and would commit to periodic “look-ins” on our progress. Further, Cliffs would be amenable to considering more concrete performance obligations and lease minimums in the context of mineral lease negotiations with the Minnesota Department of Natural Resources.

3.) How would Cliffs accomplish this development?
Following recent announcements of our commercial supply agreements with ArcelorMittal, US Steel Canada (operating under Companies’ Creditors Arrangement Act (Canada) or “CCAA”) and the resumption of Cliffs’ commercial relationship with Essar Steel Algoma (also operating under CCAA), Cliffs’ has furthered its reputation as a company that swiftly executes corporate objectives and delivers on promises to all stakeholders. These supply agreements significantly improved our financial flexibility, by providing added certainty with regard to Cliffs’ going forward revenues. When coupled with Cliffs’ aggressive cost-cutting measures and the positive impact of the ongoing steel trade cases, we have ensured confidence in Cliffs’ profitability—evidenced by the fact that our bonds are now trading at par value, or close to par. Also, Cliffs’ stock has been the top performer in the mining sector in 2016, and has added another important avenue to raise capital via equity markets, as evidenced by its recently filed form S-1 with the Securities and Exchange Commission, to raise an amount of $300 million in new stock. Lastly, Cliffs was last month awarded the 2016 Platts Industry Leadership Award for Raw Materials & Mining, in recognition for its strategic vision and strong operating performance in the face of difficult market forces, beating all other mining companies in the entire world.

As a result of all these positive developments, Cliffs has gained the confidence of potential partners and investors who are motivated to move quickly toward the EAF value stream. At this point, Cliffs is very well-positioned as the only entity that has both the technical capability and the commercial expertise to develop the Butler site for DRI/HBI applications, as well as the financial flexibility to do so.

As for gaining the land position required to negotiate for leases with the State, Cliffs has engaged multiple leaseholders with adjacency to the State leases and we are confident that we will be successful in negotiating the required land position. What has been lacking to-date is the termination of the leases with ESM and subsequent indication by the State that Cliffs is the preferred developer for the Butler site. In short, gaining control of the site starts with the State’s termination of the ESM leases. Once we have that, Cliffs stands ready to immediately negotiate with both the State and the private leaseholders.

4.) Other Considerations
As for the other considerations mentioned in your letter—the tens of millions of dollars that ESM owes to contractors and vendors, and the State’s interest with respect to the $66 million DEED grant—those are not obligations that Cliffs is prepared to assume. With regard to the vendors and contractors, those are obligations of ESM, and will presumably need to be resolved through a court-structured liquidation proceeding. We sympathize with contractors and vendors left in dire financial straits as a
result of Magnetation LLC’s bankruptcy and ESM’s delinquency. Cliffs’ $65 million Project Mustang investment will be one important life-line to many of those businesses, and those companies can take comfort in the fact that Cliffs honors its commitments and pays its bills on time. The next lifeline will be Cliffs’ entry into the EAF market with a DR-grade product from the Butler Taconite site.

With regard to the $66 million that Essar Steel Minnesota owes to the State, Cliffs is not willing to assume that obligation. However, when Cliffs proceeds with development of the site, that activity will provide benefit for the municipalities that own/operate the infrastructure serving the facility (e.g., Itasca County Regional Railroad Authority, Nashwauk PUC, etc.), which would be consistent with the original intent of the DEED grant.

As in the past, Cliffs expects ESM and its lenders to approach the State about a further extension of the performance obligations under the state leases. We understand that ESM’s lenders will seek to convince the State that they will be able to line-up new investors prepared to spend hundreds of millions of dollars that would be required to complete the standard pellet plant envisioned by ESM. While we have confidence that the State has little patience for more of ESM’s hollow promises and broken commitments, it is worth pointing out a few reasons why such a plan will never come to fruition.

Firstly, there are no customers in the North American integrated steel sector to serve as off-takers for ESM’s pellets. ESM once proposed to provide pellets to its sister operation, Essar Steel Algoma, and to sell pellets to ArcelorMittal USA. Cliffs recently signed an extension agreement with ArcelorMittal USA providing that Cliffs is that company’s sole outside provider of iron ore pellets through 2026. As for Essar Steel Algoma, that facility is in the midst of CCAA proceeding, which will result in the sale of the Essar Algoma assets to a company other than Essar Global. The judge overseeing the CCAA process eliminated Essar Global from the bidding process for Essar Steel Algoma, effectively severing any ties between ESM and Essar Steel Algoma. Now, Cliffs is extremely confident that it can win any Essar Steel Algoma pellet supply business, as it was recently announced that Essar Steel Algoma will be sold to the private equity group of KPS Partners, whose principals include Ron Bloom of Lazard Capital. Mr. Bloom was the former Assistant to President Obama for Manufacturing Policy, and has a 15-year-long professional affiliation with Cliffs’ Chairman, President and CEO, Lourenco Goncalves. As for the balance of integrated steel producers in the Great Lakes region, US Steel has an abundance of excess and idled pellet capacity on its own; AK Steel is under long-term pellet supply contract with Cliffs; and Cliffs recently announced a supply arrangement with US Steel Canada. The latter was actually the reason why we made the decision to restart United Taconite in August.

Secondly, ESM or its lenders cannot deliver even if it had customers. It is clear to Cliffs that ESM and its financial backers have proven on a repeated basis to have flawed timing, an undefined strategy, an inability to execute and, worst of all—questionable ethics. Meanwhile, for decades Cliffs has demonstrated the commercial and operational expertise to execute in the domestic iron ore industry, and remains a foundation in Northern Minnesota that the communities trust. However, Cliffs can no longer delay taking steps to access EAF markets, as we approach a watershed point in the domestic iron ore industry.

We definitely believe that the time has come for the State of Minnesota to take this next transformational step and begin to access the EAF markets with a serious partner in Cliffs—the world leader in processing and selling taconite ore.
EXHIBIT 2
August 15, 2017

Mr. Robb Bigelow
Managing Director
ERP Iron Ore LLC / Chippewa Capital Partners LLC
555 West 27th Street
Hibbing, MN 55746

Re: Barr Engineering Co. Contract Status

Dear Robb:

This letter is to confirm our discussion yesterday. We informed you that after completion of the current scope of work, Barr Engineering Co. regretfully must decline to perform further work under its contract with Chippewa Capital Partners LLC relating to the Nashwauk site. Per your request, we have stopped work under the current scope, effective yesterday.

Thank you for your confidence in us.

Regards,

Joseph Vespa, PE
Vice President
EXHIBIT 3
Ryan, Susan, and Mitch

As I discussed with Susan and Ryan on the phone earlier this week, the Environmental Law Group regretfully is not going to be able to continue representing Mesabi Metallics. As you may know, our firm has represented Cliffs Natural Resources on a wide variety of matters for many years. When we began representing Minnesota Steel, we explained that we could not undertake the representation unless we obtained both Cliffs’ and MSI’s consent. Both companies provided consent, and we have been operating under that arrangement ever since.

However, Cliffs has recently let us know, for various confidential reasons, that the company is no longer willing to give their consent to our firm representing both Cliffs and Mesabi Metallics. Under the circumstances, and based on our long history with Cliffs and many ongoing Cliffs projects, we can no longer represent Mesabi Metallics. I know I speak for my colleagues in saying that we have appreciated the opportunity to represent Mesabi Metallics and its predecessors over the years, and have particularly enjoyed working with the three of
you. We were looking forward to doing our part to help the company emerge from bankruptcy and move forward with mining operations.

After discussing the matter with Susan, we agreed that ELG will continue to assist Mesabi with its response to MPCA regarding the “commencement of construction” deadline on June 1. We assume that work will be complete by June 1; for clarity, we will consider ELG’s representation of Mesabi Metallics to be terminated as of June 1, 2017, unless we agree differently in writing.

We will do everything we can to facilitate a smooth transition to new legal counsel. Please contact me or Jon directly regarding transition issues. You can also contact our office administrator, Mary Kay Shannon, at 612-378-3700. Regarding other possible attorneys for Mesabi, we discussed that question and have two names to pass along of attorneys we think would do a good job:

- **Peder Larson**, Larkin Hoffman
- **Joe Maternowski**, Hessian & McKasy

If you have any questions, please do not hesitate to contact me.

Thanks,

Jeremy

PS: Susan/Ryan, I look forward to receiving further guidance from you regarding how I can help with Mesabi’s submission to MPCA regarding the June 1 deadline.
The Environmental Law Group, Ltd.

2263 Waters Dr.

Mendota Heights, MN 55120

Direct (612) 623-2391

Office (612) 378-3700

Email jgreenhouse@envirolawgroup.com

Web www.envirolawgroup.com

The Environmental Law Group is a member of the Environmental Law Network

This message is sent by an attorney, and contains information that may be private, privileged, and confidential. It is intended solely for the use of the individual named in the message. If you are not the intended recipient, please notify the sender and destroy the message.
09 June 2017

ERP Iron Ore, LLC
P.O. Box 87
Natural Bridge, Virginia 24578 USA
Attention: Mr. Thomas M. Clarke

Subject: ERP Project

Dear Mr. Clarke:

I recently spoke with KC Woody, Midrex’ Vice President – Sales & Marketing, about ERP Iron Ore, LLC’s ( “ERP”) plans for building, owning and operating a direct reduction plant in Minnesota (hereinafter referred to as the “Project”). KC and I also discussed ERP’s interest in Midrex Technologies, Inc.’s (“Midrex”) involvement in the Project. As Mr. Woody previously explained, Midrex and its parent corporation, Kobe Steel, Ltd. (“KSL”), which is the licensor of the MIDREX® Process, have been working on another potential direct reduction project within the Great Lakes Region. Midrex and KSL have been in advanced due diligence efforts and have chosen to focus on this existing opportunity at the present time. As a result and after thoughtful consideration, Midrex has respectfully decided not to participate in the ERP Project at this time. As discussed on the phone with Mr. Woody, Midrex would like to keep the lines of communication open as you suggested and would be happy to discuss any opportunities you or your partners may have outside this area.

ERP and Midrex entered into the Reciprocal Confidentiality Agreement dated April 28, 2017 (hereinafter referred to as “Agreement”) related to exchange of confidential information for the Project. In accordance with the terms and conditions of the Agreement, this letter serves to document the return of all ERP Confidential Information (as defined within the Agreement) by Midrex and further confirms that all copies, compilations and/or summaries thereof made by Midrex have been destroyed. Midrex intends to abide by the terms of the Agreement and trusts that ERP shall do likewise.
Midrex greatly appreciates ERP’s request for our involvement in the Project. Should the circumstances surrounding Midrex’ and KSL’s current business activities change, Midrex would appreciate the opportunity to be reconsidered by ERP in the development of the Project.

Thank you for your understanding and should you have any questions or concerns, feel free to contact me anytime on my mobile at (704) 236-6808.

Sincerely,

Stephen C. Montague
President & COO
Midrex Technologies Inc.
2725 Water Ridge Parkway, Suite 100
Charlotte, NC 28217

cc: KC Woody

Attachment: All ERP Confidential Information Received by Midrex
CERTIFICATE OF SERVICE

I hereby certify that on the 23rd day of January, 2018, I caused a copy of the foregoing Second Amended Complaint to be served upon the following via first class mail.

M. Blake Cleary, Esq.
Michael S. Neiburg, Esq.
Young Conaway Stargatt & Taylor LLP
Rodney Square
1000 North King Street
Wilmington, DE 19801

Robert S. Faxon, Esq.
Tracy K. Stratford, Esq.
Carl E. Black, Esq.
Jones Day
North Point
901 Lakeside Avenue
Cleveland, OH 44114

/s/ Jeffrey M. Schlerf
Jeffrey M. Schlerf (DE No. 3047)
IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re

ESSAR STEEL MINNESOTA LLC and ESML HOLDINGS INC.,

Debtors.

Mesorabi Metallics Compny LLC
(F/K/A Essar Steel Minnesota LLC),

Plaintiff

v.

Cleveland-Cliffs, Inc. (F/K/A Cliffs Natural Resources, Inc.);
Cleveland-Cliffs Minnesota Land Development LLC; Glacier Park Iron Ore Properties LLC; and Does 1-10

Defendants.

Adv. Proc. No. 17-51210 (CTG)

Mesabbi Metallics Company LLC
(F/K/A Essar Steel Minnesota LLC),

Counterclaim-Plaintiff

v.

Mesorabi Metallics Compny LLC
(F/K/A Essar Steel Minnesota LLC),

Counterclaim-Defendant.

Chapter 11
Case No. 16-11626 (CTG)
(Jointly Administered)

1 Essar Steel Minnesota LLC has changed its name to Mesabi Metallics Company LLC. The last four digits of its federal taxpayer identification number are 8770.
Mesabi Metallicas Company LLC (“Mesabi”) respectfully submits this motion (the “Motion to Expedite”) seeking entry of an order, substantially in the form attached hereto as Exhibit A (the “Proposed Order”), pursuant to Section 105 of Title 11 of the United States Code (the “Bankruptcy Code”), Rules 7065 and 9006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rules 1001-1(c), 7001-1(a), 7007-1(a), and 9006-1(e) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), setting an expedited hearing and briefing schedule for Plaintiff’s Motion For Preliminary Injunction to Enjoin Defendants From Executing State Leases [Adv. Docket No. 715] (the “PI Motion”) filed contemporaneously herewith. In support of the Motion to Expedite, Mesabi respectfully states as follows:

INTRODUCTION

As explained in its PI Motion, Mesabi will suffer irreparable harm if it does not obtain a preliminary injunction before May 25, 2023 to enjoin Defendant Cleveland-Cliffs, Inc. (“Cliffs”) from entering into certain mineral leases (the “State Leases”). To avoid such irreparable harm and prevent Cliffs from undermining the judicial process in this litigation, Mesabi respectfully submits that cause exists to expedite briefing of the PI Motion.

RELIEF REQUESTED

Local Rule 7007-1(a) provides that unless otherwise ordered by the Court or agreed by the parties, a response to a motion filed in an adversary proceeding must be filed within 14 days of service of the motion. However, pursuant to Bankruptcy Rule 9006(c)(1), the Court may, for cause shown, shorten the otherwise applicable notice period. See Local Rule 7007-1(a). Further, Local
Rule 9006-1(e) provides, in pertinent part, that “[n]o motion will be scheduled on less notice than required by these Local Rules or the Fed. R. Bankr. P. except by Order of the Court, on written motion . . . specifying the exigencies justifying shortened notice.” Local Rule 9006-1(e); see also Bankruptcy Rule 9006(c)(1) (permitting the Court to order time periods set by the Bankruptcy Rules to be reduced “for cause shown”). No hearing on such a motion to shorten applicable notice periods is required. See Local Rule 9006-1(e).

This Court has the inherent authority to expedite briefing and hearing schedules where the circumstances warrant. See, e.g., Utah v. Evans, 534 U.S. 1119, 1119 (2002) (setting expedited schedule for briefing and oral argument); Gold v. Johns-Manville Sales Corp., 723 F.2d 1068, 1077 (3d Cir. 1983) (every court has inherent power to “schedule disposition of the cases on its docket so as to promote fair and efficient adjudication”).

The Court also has the authority under section 105(a) of the Bankruptcy Code to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a). “Section 105 specifically codifies what are traditionally called ‘inherent powers’ to give the bankruptcy courts the necessary ability to manage the cases on their docket.” Copley Press, Inc. v. Peregrine Sys., Inc. (In re Peregrine Sys. Inc.), 311 B.R. 679, 690 (D. Del. 2004) (footnote omitted). Local Rule 9006-1(e) also permits the Court to expedite proceedings where appropriate, and Local Rule 1001-1(c) permits the Court to modify the default requirements of the Local Rules “in the interest of justice.” Local Rule 1001-1(c); Local Rule 9006-1(e).

Here, cause exists to expedite the briefing for the PI Motion. Absent expedited briefing, Mesabi will be unable to obtain its requested preliminary injunction before May 25, 2023, allowing Cliffs to secure the State Leases on that date and causing Mesabi irreparable harm. Expediting the
briefing also furthers the interest of justice by preventing Cliffs from circumventing the authority of this Court and attempting to dictate a resolution of key claims in this adversary proceeding.

Mesabi has acted diligently in seeking relief, promptly filing the PI Motion approximately one week after learning of Cliffs’ attempts to obtain the State Leases on May 25, 2023.

For the reasons stated above and as set forth in the Proposed Order, Mesabi respectfully requests that the Court exercise its discretion to (1) expedite proceedings on the PI Motion such that Cliffs will file any responses or objections to the PI Motion by no later than May 19, 2023, Mesabi will file any reply by no later than May 22, 2023, and the Court will hear argument on the PI Motion, if needed, before May 25, 2023, and (2) consider and rule on this Motion to Expedite as soon as practicable.

CERTIFICATION

In accordance with Local Rule 9006-1(e), Delaware Counsel states that counsel to the United States Trustee for Region 3 and counsel to the Defendants were contacted regarding the relief requested in this Motion to Expedite. Counsel to the U.S. Trustee takes no position on the relief sought herein. Counsel to Defendants objects to the relief sought herein.
Dated: May 12, 2023

Respectfully submitted,

BAYARD, P.A.

/s/Daniel N. Brogan
Evan T. Miller (No. 5364)
Daniel N. Brogan (No. 5723)
600 N. King Street, Suite 400
Wilmington, Delaware 19801
Telephone: (302) 655-5000
Facsimile: (302) 658-6395
emiller@bayardlaw.com
dbrogan@bayardlaw.com

WHITE & CASE LLP

David H. Suggs (admitted pro hac vice)
1221 Avenue of the Americas
New York, New York 10020
Telephone: (212) 819-8200
Facsimile: (212) 354-8113
dsuggs@whitecase.com

Attorneys for Plaintiff Mesabi Metallics Company LLC
EXHIBIT A
IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re

ESSAR STEEL MINNESOTA LLC and ESML
HOLDINGS INC.,

Debtors.

MESABI METALLICS COMPANY LLC
(F/K/A ESSAR STEEL MINNESOTA LLC),

Plaintiff

v.

CLEVELAND-CLIFFS, INC. (F/K/A CLIFFS
NATURAL RESOURCES, INC.);
CLEVELAND-CLIFFS MINNESOTA LAND
DEVELOPMENT LLC; GLACIER PARK IRON
ORE PROPERTIES LLC; and DOES 1-10

Defendants.

GLACIER PARK IRON ORE PROPERTIES
LLC,

Counterclaim-Plaintiff

v.

MESABI METALLICS COMPANY LLC
(F/K/A ESSAR STEEL MINNESOTA LLC),

Counterclaim-Defendant.

Chapter 11

Case No. 16-11626 (CTG)

(Jointly Administered)

Adv. Proc. No. 17-51210 (CTG)

1 Essar Steel Minnesota LLC has changed its name to Mesabi Metallics Company LLC. The last four digits of its federal taxpayer identification number are 8770.
[PROPOSED] ORDER SETTING EXPEDITED BRIEFING ON PLAINTIFF’S MOTION FOR PRELIMINARY INJUNCTION TO ENJOIN DEFENDANTS FROM EXECUTING STATE LEASES

Upon the motion (the “Motion to Expedite”) \(^2\) pursuant to Section 105 of the Bankruptcy Code, Bankruptcy Rules 7065 and 9006(c), and Local Rules 1001-1(c), 7001-1(a), 7007-1(a), and 9006-1(e) seeking an expedited hearing and briefing schedule for Plaintiff’s Motion For Preliminary Injunction to Enjoin Defendants From Executing State Leases [Adv. Docket No. 715] (the “PI Motion”) filed in the above-captioned adversary proceeding; and upon consideration of the Motion to Expedite and all pleadings related thereto; and due and proper notice of the Motion to Expedite having been given under the circumstances; and it appearing that no other or further notice is required; and it appearing that the Court has jurisdiction to consider the Motion to Expedite in accordance with 28 U.S.C. §§ 157 and 1334; and after due deliberation, and good and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion to Expedite is GRANTED, as set forth herein.
2. Responses or objections, if any, to the relief requested in the PI Motion shall be filed by no later than May 19, 2023.
3. Replies, if any, to the responses or objections shall be filed by no later than May 22, 2023.
4. If needed, a hearing on the PI Motion shall take place prior to May 25, 2023 on May __, 2023 at _____ (ET).
5. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation or interpretation of this Order.

\(^2\) Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion to Expedite.
DOCUMENT BREAK
May 15, 2023

Via Email: larry.sutherland@mesabimetallcs.com
Mesabi Metals Company, LLC
c/o Mr. Larry Sutherland-President
17113 County Road 58
Nashwauk, MN 55769

RE: Application of Minn. Stat. §93.1925
Our File No.: 61,569-8

Dear Mr. Sutherland,

Thank you for providing the requested information relative to the above referenced issue and specifically the attached breakdown. I have reviewed the legal foundation and analysis that had been prepared with regard to the 30 state lease packages. The analysis that was provided appears to be sound. Based upon the information that had been provided it is my opinion that as statutory test for the grant of the leases under Minn. Stat. 93.1925 is not met at this time.

While I expect that Cliffs could argue that the instability of title be ignored, this is inappropriate. The uncertainty of both the antitrust litigation and the 560 litigation creates significant clouds that would have long term effects and jeopardize the continued accuracy of current representations. To the extent that the rights to the properties adjacent to the mining operations is not settled, the push to award contract in any respect seems premature.

Further, reviewing the draft lease agreement, I do not see any language that would be sufficient to address the situation where the test under which the leases were granted fails clearly at a future date. There is some language in Paragraph 26 of the agreement, but it is vague at best. It addresses primarily failure in performance as opposed to failure in the legal basis supporting the grant of lease at the outset. In my opinion this lack of contingency for a known uncertainty would be ill advised by the State.

+ Civil Trial Specialist Certified by the National Board of Trial Advocacy
++ Real Property Law Specialist Certified by the Minnesota State Bar Association
++ Civil Trial Specialist Certified by the Minnesota State Bar Association
Ultimately, it is my opinion that as the facts exist, the statements that form the legal foundation for the request by Cliffs to award lease/contract rights are not set. I have attached to this opinion a summary of the analysis as to each individual lease package. My opinion is that each individual analysis contained within that summary is accurate at this time.

Sincerely,

[Signature]

Bryan M. Lindsay

Enclosure(s):
# State Leases: Proposed to be allotted to Cleveland Cliffs

1. **State Lease – 3119 N**

   Subject to 560 Litigation and to be allotted pursuant to anti-trust judgment

   - Cliffs Controlled
   - Subject to 560 Litigation and to be allotted pursuant to anti-trust judgment
   - Cliffs Controlled
   - State Controlled

   - Mesabi Controlled parcels

---

**Test of condition in 93.1925 of Minnesota Statutes 2022.**

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes; But said land parcels are subject to anti-trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels</td>
</tr>
<tr>
<td><strong>AND</strong></td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No -- because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti-trust litigation.</td>
</tr>
<tr>
<td><strong>RESULT</strong></td>
<td>TEST FAILED</td>
</tr>
</tbody>
</table>
2. State Lease – 3120 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes</td>
</tr>
<tr>
<td>AND</td>
<td>But said land parcels are subject to anti trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation.</td>
</tr>
</tbody>
</table>

RESULT

TEST FAILED
3. **State Lease – 3117 N**

![Diagram showing relationships between Mesabi Controlled, State Controlled areas, and the subject of 560 Litigation.]

**Test of condition in 93.1925 of Minnesota Statutes 2022.**

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>AND</strong></td>
<td>But said land parcels are subject to anti trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the <strong>mining of the adjacent ore</strong> of Cliffs.</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation.</td>
</tr>
<tr>
<td><strong>RESULT</strong></td>
<td><strong>TEST FAILED</strong></td>
</tr>
</tbody>
</table>
4. **State Lease – 3118 N**

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes, it is adjacent;</td>
</tr>
<tr>
<td><strong>AND</strong></td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>Other surrounding parcels are subject to 560 litigation and once Mesabi which has a reasonable chance of being successful in 560 litigation will control the adjacent parcel of land and hence it may not be impracticable to mine the state lease except in conjunction with Cliffs.</td>
</tr>
<tr>
<td><strong>RESULT</strong></td>
<td><strong>TEST FAILED</strong></td>
</tr>
</tbody>
</table>
5. **State Lease – 3114 N**

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>AND</strong></td>
<td>But said land parcels are subject to anti trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation.</td>
</tr>
</tbody>
</table>
6. State Lease – 3124 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes, but said land parcels are subject to anti trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels.</td>
</tr>
<tr>
<td>AND</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation.</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>TEST FAILED</td>
</tr>
</tbody>
</table>
7. State Lease – T 5081 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining</td>
<td>Yes</td>
</tr>
<tr>
<td>purposes by Cliffs;</td>
<td>But said land parcels are subject to anti trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels</td>
</tr>
<tr>
<td><strong>AND</strong></td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapte: 560 litigation and anti trust litigation.</td>
</tr>
<tr>
<td>conjunction with the <strong>mining of the adjacent ore of Cliffs</strong>.</td>
<td></td>
</tr>
<tr>
<td><strong>RESULT</strong></td>
<td><strong>TEST FAILED</strong></td>
</tr>
</tbody>
</table>
### Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes — BUT the said land parcels are subject to anti trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td><strong>AND</strong></td>
<td>Adam J. Mims</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No - The mining of the adjacent ore itself cannot be determined till the outcome of the anti trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td><strong>RESULT</strong></td>
<td><strong>TEST FAILED</strong></td>
</tr>
</tbody>
</table>
9. State Lease – T 5083 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>Not applicable as Cliffs doesn’t have an adjacent ore.</td>
</tr>
<tr>
<td>RESULT</td>
<td><strong>TEST FAILED</strong></td>
</tr>
</tbody>
</table>
10. **State Lease – T 5084 N**

![Diagram showing relationships between State Controlled, Subject of 560 Litigation, Cliffs Controlled, and Hammerlund Controlled.]

**Test of condition in 93.1925 of Minnesota Statutes 2022.**

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
</table>
| Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs; | Yes  
| AND                                                                  | But said land parcels are subject to anti trust litigation and Chapter 560 litigation. |
| Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs | No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation. |
| **RESULT**                                                           | **TEST FAILED**                                                            |
11. State Lease – T 5085 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs.</td>
</tr>
<tr>
<td></td>
<td>Infact the adjacent parcels are Mesabi controlled parcels</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs;</td>
<td>Not applicable as Cliffs doesn’t have an adjacent ore.</td>
</tr>
</tbody>
</table>

RESULT                                                                 TEST FAILED
12. State Lease – T 5086 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs.</td>
</tr>
<tr>
<td></td>
<td>In fact the adjacent parcels are Mesabi controlled parcels</td>
</tr>
<tr>
<td><strong>AND</strong></td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs</td>
<td>Not applicable as Cliffs doesn’t have an adjacent ore.</td>
</tr>
<tr>
<td>RESULT</td>
<td><strong>TEST FAILED</strong></td>
</tr>
</tbody>
</table>
13. State Lease – T 5087 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs. Infact the adjacent parcels are Mesabi controlled parcels</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>Not applicable as Cliffs doesn’t have an adjacent ore.</td>
</tr>
<tr>
<td>RESULT</td>
<td>TEST FAILED</td>
</tr>
</tbody>
</table>
Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs.</td>
</tr>
<tr>
<td></td>
<td>Infact the adjacent parcels are Mesabi controlled parcels</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>Not applicable as Cliffs doesn’t have an adjacent ore.</td>
</tr>
</tbody>
</table>

**RESULT**  
**TEST FAILED**
15. **State Lease – T 5089 N**

Test of condition in 93.1925 of Minnesota Statutes 2022

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining</td>
<td>Yes</td>
</tr>
<tr>
<td>purposes by Cliffs;</td>
<td>But said land parcels are subject to anti trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels</td>
</tr>
<tr>
<td>AND</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation.</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in</td>
<td><strong>TEST FAILED</strong></td>
</tr>
<tr>
<td>conjunction with the mining of the adjacent ore of Cliffs.</td>
<td></td>
</tr>
</tbody>
</table>

RESULT
16. State Lease – T 5101 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes – BUT the said land parcels are subject to anti trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No - The mining of the adjacent ore itself cannot be determined till the outcome of the anti trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td>RESULT</td>
<td>TEST FAILED</td>
</tr>
</tbody>
</table>
17. State Lease – T 5102 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes — BUT the said land parcels are subject to anti-trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td>AND</td>
<td>No - The mining of the adjacent ore itself cannot be determined till the outcome of the anti-trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td>RESULT</td>
<td>TEST FAILED</td>
</tr>
</tbody>
</table>
18. State Lease – T 5103 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining</td>
<td>Yes – BUT the said land parcels are subject Chapter 560 litigation.</td>
</tr>
<tr>
<td>purposes by Cliffs;</td>
<td></td>
</tr>
<tr>
<td><strong>AND</strong></td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in</td>
<td>No - The mining of the adjacent ore itself cannot be determined till the outcome of the anti trust litigation as well as Chapter 560</td>
</tr>
<tr>
<td>conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>litigation.</td>
</tr>
<tr>
<td><strong>RESULT</strong></td>
<td><strong>TEST FAILED</strong></td>
</tr>
</tbody>
</table>
Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes, it is adjacent;</td>
</tr>
<tr>
<td></td>
<td>But</td>
</tr>
<tr>
<td></td>
<td>it is adjacent but the same is subject to anti trust litigation. Mesabi is likely to succeed in its anti trust petition against Cliffs subsequent to which Cliffs will lose ownership or lease of any all the adjacent parcels which it claims to own by virtue of the limited warranty deed / memorandum of lease entered into with GPIOP. Hence condition not met.</td>
</tr>
<tr>
<td>AND</td>
<td>The mining of the adjacent ore itself cannot be determined till the outcome of the anti trust litigation. When the applicant does not even have the ability to mine in its adjacent parcels, question of ability to mine the state parcels in conjunction with such parcels does not arise. Hence condition not met.</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td></td>
</tr>
</tbody>
</table>

RESULT: **TEST FAILED**
Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs:</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs</td>
<td>Not applicable as Cliffs doesn't have an adjacent ore.</td>
</tr>
<tr>
<td>RESULT</td>
<td>TEST FAILED</td>
</tr>
</tbody>
</table>
21. State Lease – 3111 N

![Diagram showing land parcels and their legal status]

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes — BUT the said land parcels are subject to anti trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No - The mining of the adjacent ore itself cannot be determined till the outcome of the anti trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td>RESULT</td>
<td>TEST FAILED</td>
</tr>
</tbody>
</table>
22. State Lease –3112 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining</td>
<td>Yes, it is adjacent;</td>
</tr>
<tr>
<td>purposes by Cliffs;</td>
<td>But</td>
</tr>
<tr>
<td></td>
<td>it is adjacent but the same is subject to anti trust litigation. Mesabi</td>
</tr>
<tr>
<td></td>
<td>is likely to succeed in its anti trust petition against Cliffs subsequent</td>
</tr>
<tr>
<td></td>
<td>to which Cliffs will lose ownership or lease of any all the adjacent</td>
</tr>
<tr>
<td></td>
<td>parcels which it claims to own by virtue of the limited warranty deed /</td>
</tr>
<tr>
<td></td>
<td>memorandum of lease entered into with GPIOP.</td>
</tr>
<tr>
<td></td>
<td>Hence condition not met.</td>
</tr>
<tr>
<td>AND</td>
<td>The mining of the adjacent ore itself cannot be determined till the</td>
</tr>
<tr>
<td></td>
<td>outcome of the anti trust litigation. When the applicant does not even</td>
</tr>
<tr>
<td></td>
<td>have the ability to mine in its adjacent parcels, question of ability to</td>
</tr>
<tr>
<td></td>
<td>mine the state parcels in conjunction with such parcels does not arise.</td>
</tr>
<tr>
<td></td>
<td>Hence condition not met.</td>
</tr>
<tr>
<td>RESULT</td>
<td>TEST FAILED</td>
</tr>
</tbody>
</table>
23. **State Lease – 3113 N**

![Diagram showing relationships between Mesabi Owned, State Controlled, Mesabi Controlled, Subject to 560 Litigation, and other elements.]

**Test of condition in 93.1925 of Minnesota Statutes 2022.**

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
</table>
| Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs; | Yes  
But said land parcels are subject to anti trust litigation and Chapter 560 litigation.  
Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels |
| **AND**                                                              |                                                                                                 |
| Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs | No — because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation. |
| **RESULT**                                                          | **TEST FAILED**                                                                                  |
Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs</td>
<td>No – as the lease is not surrounded by any parcel owned/leased by Cliffs</td>
</tr>
<tr>
<td><strong>AND</strong></td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs</td>
<td>Not applicable as Cliffs doesn’t have an adjacent ore.</td>
</tr>
<tr>
<td><strong>RESULT</strong></td>
<td><strong>TEST FAILED</strong></td>
</tr>
</tbody>
</table>
25. State Lease – 3116 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes, it is adjacent;</td>
</tr>
<tr>
<td></td>
<td>But</td>
</tr>
<tr>
<td></td>
<td>it is adjacent but the same is subject to anti trust litigation. Mesabi is likely to succeed in its anti-trust petition against Cliffs subsequent to which Cliffs will lose ownership or lease of any all the adjacent parcels which it claims to own by virtue of the limited warranty deed / memorandum of lease entered into with GPIOP.</td>
</tr>
<tr>
<td></td>
<td>Hence condition not met.</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>The mining of the adjacent ore itself cannot be determined till the outcome of the anti trust litigation. When the applicant does not even have the ability to mine in its adjacent parcels, question of ability to mine the state parcels in conjunction with such parcels does not arise.</td>
</tr>
<tr>
<td></td>
<td>Hence condition not met.</td>
</tr>
<tr>
<td>RESULT</td>
<td><strong>TEST FAILED</strong></td>
</tr>
</tbody>
</table>
26. State Lease – 3121 N

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs:</td>
<td>Yes</td>
</tr>
<tr>
<td>AND</td>
<td>But said land parcels are subject to anti trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation.</td>
</tr>
<tr>
<td>RESULT</td>
<td><strong>TEST FAILED</strong></td>
</tr>
</tbody>
</table>
27. **State Lease – 3122 N**

![Diagram showing land control by state, Cliffs, and Mesabi]

**Test of condition in 93.1925 of Minnesota Statutes 2022.**

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
</table>
| Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs; | Yes, it is adjacent;  
**But**  
it is adjacent but the same is subject to anti trust litigation. Mesabi is likely to succeed in its anti trust petition against Cliffs subsequent to which Cliffs will lose ownership or lease of any all the adjacent parcels which it claims to own by virtue of the limited warranty deed / memorandum of lease entered into with GPIOP.  
Hence condition not met. |
| **AND**                                                              |                             |
| Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs. | The mining of the adjacent ore itself cannot be determined till the outcome of the anti trust litigation. When the applicant does not even have the ability to mine in its adjacent parcels, question of ability to mine the state parcels in conjunction with such parcels does not arise.  
Hence condition not met. |

**RESULT**  
**TEST FAILED**
28. **State Lease – 3123 N**

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>But said land parcels are subject to anti trust litigation and Chapter 560 litigation.</td>
</tr>
<tr>
<td></td>
<td>Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels</td>
</tr>
<tr>
<td>AND</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation.</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>RESULT</td>
</tr>
<tr>
<td></td>
<td>TEST FAILED</td>
</tr>
</tbody>
</table>
29. State Lease – 3125 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs</td>
<td>No: applicable as Cliffs doesn’t have an adjacent ore.</td>
</tr>
<tr>
<td>RESULT</td>
<td><strong>TEST FAILED</strong></td>
</tr>
</tbody>
</table>
30. State Lease – 3126 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining</td>
<td>Yes</td>
</tr>
</tbody>
</table>
IN UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

-----------------------------------------------

In re: ESSAR STEEL MINNESOTA LLC and ESML HOLDINGS INC.,¹
Reorganized Debtors. Case No. 16-11626 (BLS)

---------------------

CLEVELAND-CLIFFS MINNESOTA LAND DEVELOPMENT LLC,
Plaintiff,
v.
MIRANDA MINERAL RESOURCES, LLC, and MESABI METALLICS COMPANY LLC,
Defendants.

---------------------

MIRANDA MINERAL RESOURCES, LLC, and MESABI METALLICS COMPANY LLC,
Counterclaim-Plaintiffs,
v.
CLEVELAND-CLIFFS MINNESOTA LAND DEVELOPMENT LLC,
Counterclaim-Defendants.

---------------------

¹ Essar Steel Minnesota LLC has changed its name to Mesabi Metallics Company LLC.
² Previously Adv. Proc. No. 18-04041 prior to transfer from the United States Bankruptcy Court for the District of Minnesota.
STATUS REPORT IN ADVERSARY PROCEEDING

Plaintiff and Counterclaim-Defendant Cleveland-Cliffs Minnesota Land Development LLC ("Cliffs Minnesota") hereby submits this Status Report for the above-captioned adversary proceeding. This status report is submitted in response to the Court’s April 29, 2020 request. [Adv. D.I. 55.]

I. PROCEDURAL HISTORY

1. Cliffs Minnesota filed this action in February 2018 in state court in Minnesota to seek a court order from the Minnesota State Court granting Cliffs Minnesota permission to mine jointly-held mineral lands under Chapter 560 of the Minnesota Statutes. [Adv. D.I. 1.] As required by the Minnesota statute, Cliffs Minnesota filed its action in the county where the subject property and mineral rights are located. See MINN. STAT. § 560.01, subd. 1.


3. On April 9, 2018, Mesabi removed this action to the United States Bankruptcy Court for the District of Minnesota and moved to transfer the case to this Court, citing the overlapping Mineral Lease issue in Mesabi’s adversary proceeding against Cleveland-Cliffs Inc., Cliffs Minnesota, and Glacier Park Iron Ore Properties styled, Mesabi Metallics Company LLC (f/k/a Essar Steel Minnesota LLC) v. Cleveland-Cliffs Inc. (f/k/a Cliffs Natural Resources, Inc.) et al., Adv. Proc. No. 17-51210 (BLS), pending before this Court. [Adv. D.I. 4.] The Minnesota Bankruptcy Court subsequently transferred this action to this Court on Mesabi’s motion on April 30, 2018. [Adv. D.I. 16, 21.]
4. Superior Mineral Resources, LLC, the original defendant in the state court action, filed a motion to dismiss it as a party to this adversary proceeding on April 16, 2018. [Adv. D.I. 6.]


7. The parties then stipulated to extend the briefing deadlines on the defendants’ motions to dismiss and plaintiffs’ motion for abstention and to remand in this action until after this Court ruled on the parties’ cross-motions for partial summary judgment filed in Mesabi’s adversary proceeding, Adv. Proc. No. 17-51210 (BLS). On July 23, 2018, this Court entered the opinion on the parties’ cross-motions for partial summary judgment. [See Adv. Proc. No. 17-51210, Docket No. 98.] The parties thereafter agreed to a briefing schedule for the motions to dismiss to September 13, 2018.


9. On September 7, 2018, Mesabi withdrew its motion to dismiss, and on September 14, 2018, Mesabi and Miranda filed a joint answer to Cliffs Minnesota’s complaint and filed
counterclaims against Cliffs Minnesota. Cliffs Minnesota answered the counterclaim complaint on October 5, 2018.

10. This Court held a status conferenced in this action on October 31, 2018, in conjunction with an omnibus hearing date for other actions related to Mesabi’s chapter 11 proceeding, Case No. 16-11626 (BLS). At the status conference, counsel discussed the overlap between this action and the Court’s opinion on the parties’ cross-motions for partial summary judgment filed in Mesabi’s adversary proceeding, Adv. Proc. No. 17-51210 (BLS), which was subject to Mesabi’s Notice of Appeal and Motion for Leave to Appeal.

11. This Court granted Superior’s motion to dismiss on December 19, 2018.


II. STATUS OF ADVERSARY PROCEEDING

13. Since the commencement of this action, the parties have acknowledged the overlap between the issues in this action and Mesabi’s adversary proceeding, Adv. Proc. No. 17-51210 (BLS).

14. Mesabi’s and Miranda’s joint answer and counterclaims in this action refer to Mesabi’s claims in its adversary proceeding as the grounds for the affirmative defenses in this action and for the bases for the counterclaims. [See Adv. D.I. 40 at 5-6 (Second – Eleventh Affirmative Defenses), 9-15 (Counterclaim factual allegations).]

15. The outcome of this action is tied to the finality of this Court’s opinion on the parties’ cross-motions for partial summary judgment filed in Mesabi’s adversary proceeding.
16. The parties continue to treat this action as informally stayed in favor of Mesabi’s adversary proceeding.

Dated: May 20, 2020

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ Michael S. Neiburg

M. Blake Cleary (No. 3614)
Michael S. Neiburg (No. 5275)
Rodney Square
1000 North King Street
Wilmington, DE 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253
Email: mbcleary@ycst.com
mneiburg@ycst.com

Attorneys for Cleveland-Cliffs Minnesota Land Development LLC
CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this the 20th day of May, 2020, the foregoing
Status Report in Adversary Proceeding was served upon the following via electronic mail:

Evan T. Miller, Esq.
Daniel T. Brogan, Esq.
Bayard, P.A.
222 Delaware Avenue, Suite 900
Wilmington, DE 19801
dbrogan@bayardlaw.com

Thomas E Lauria, Esq.
Matthew C. Brown, Esq.
White & Case LLP
Southeast Financial Center
200 South Biscayne Boulevard, Suite 4900
Miami, Florida 33131-2352
tlauria@whitecase.com
mbrown@whitecase.com

Joshua Berman, Esq.
White & Case LLP
1221 Avenue of the Americas
New York, New York 10020-1095
jberman@whitecase.com

Craig H. Averch, Esq.
Ronald K. Gorsich, Esq.
White & Case LLP
555 South Flower Street, Suite 2700
Los Angeles, California 90071-2433
caverch@whitecase.com
rgorsich@whitecase.com

Brent A. Lorentz, Esq.
Ian M. Rubenstrunk, Esq.
Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402
blorentz@winthrop.com
irubenstrunk@winthrop.com

Dated: May 20, 2020

/s/ Michael S. Neiburg
Michael S. Neiburg (No. 5275)
Submission by Mr Larry Sutherland, President and COO – Mesabi Metallics in front of the Minnesota Executive Council meeting on 25th May 2023

<table>
<thead>
<tr>
<th>Sr no</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Executive Summary of Submissions (submitted to DNR on 15 May 2023)</td>
</tr>
</tbody>
</table>
| 2.    | Project Site Pictures and Video  
Files can be accessed from: [https://essarmarkets-my.sharepoint.com/:f:/g/personal/harshit_kabra_essarcapital_com/Eua-9AnueJINuqALYDBCfHIBSRYhQIlItUaWkmxzQMEzoQ?e=JwROek](https://essarmarkets-my.sharepoint.com/:f:/g/personal/harshit_kabra_essarcapital_com/Eua-9AnueJINuqALYDBCfHIBSRYhQIlItUaWkmxzQMEzoQ?e=JwROek) |
| 3.    | Fluor Cost to Complete Report  
Report can be accessed from: [https://essarmarkets-my.sharepoint.com/:f:/g/personal/harshit_kabra_essarcapital_com/Etyb-YOYTyVNpr0L1cHgmsSBPzluEa8D_eAJEnyfBmUKLw?e=hrtCT5](https://essarmarkets-my.sharepoint.com/:f:/g/personal/harshit_kabra_essarcapital_com/Etyb-YOYTyVNpr0L1cHgmsSBPzluEa8D_eAJEnyfBmUKLw?e=hrtCT5) |
| 4.    | Projected Construction Schedule |
| 5.    | Projected Labor Schedule |
| 6.    | Letters of support from key contractors – NIE and TNT |
| 7.    | Support letters from Building Trades / Unions |
| 8.    | Opinion from Mr Bryan Lindsay – Trenti Law |
| 9.    | Cliffs motion under 560 statute for mining rights in the shared properties  
Report can be accessed from: [https://essarmarkets-my.sharepoint.com/:f:/g/personal/harshit_kabra_essarcapital_com/EosbNM_-GVJKi-S78OZPcpABaFqBR09Dgg_5kyLZuwaZdQ?e=YQv20v](https://essarmarkets-my.sharepoint.com/:f:/g/personal/harshit_kabra_essarcapital_com/EosbNM_-GVJKi-S78OZPcpABaFqBR09Dgg_5kyLZuwaZdQ?e=YQv20v) |
| 10.   | Status report in the Delaware proceedings confirming the parties’ stay of mining rights in the shared properties |
| 11.   | IDOM draft techno-economic feasibility report |
| 12.   | Accountants certificate for payments made by Mesabi to DNR, DEED and Itasca county |
Submission of Key Information to DNR by Mesabi Metallics Company LLC

Compilation of Information and Documents which may not have been available to DNR for the purpose of consideration of key decisions in relation to state mineral leases

15 May 2023
Index:

I. Mesabi Metallics

A. Vision for aiding Green Steel and supporting local communities’/school districts

B. Significant progress on construction which is projected to complete in March 2026

C. DNR/Itasca – Paid in full

D. State leases most important to realize its vision

II. Project – Current Status

A. Project Construction has been accelerated and Detailed status of EPC – Construction schedule to complete the project by March 2026

B. New jobs created and Contractors engaged – 2.5 million labor hours of labor power requirement for the project will gainfully employ local contractors

C. Key stakeholders including Union and County have expressed their support for the project

D. Permits currently available with the project will ensure that local communities will receive accelerated benefits

E. Financing plan will be robust once leases are available as the project is fully supported by Essar

III. Key Information on Leases and facts to be considered

A. Superior benefits to state if Mesabi is provided leases

B. Current antitrust litigation against Cliffs has strong likelihood of possible award of adjacent lands to Mesabi Metallics

C. Cliff’s proposal for Negotiated Leases based on the adjacent parcels suppresses critical facts related to the stay of mining rights in adjacent parcels

IV. Mesabi Metallics Vision will aid Green Steel revolution in the United States

Additional Information - Brief history of the project
I. Mesabi Metallics

a. Mesabi Metallics – Vision and Key Objectives

- Complete the under construction pellet plant, grow with value added DRI project and paving a definitive path to Green Steel production in the United States
- Creation of 1000+ new direct and indirect jobs and enrich local communities
- Provide socio economic benefits to the local community, school districts and counties
  - Over the life of mine, it is estimated that the Mesabi Metallics project will contribute approximately $1 billion in royalties to Minnesota, $300 million in local and federal taxes; and US$2 billion in payments to local utilities

b. Project construction has been accelerated

- Project construction accelerated and set to complete by March 2026
- Approx. 80% of engineering design completed; has been ongoing for last 2 years and remaining to be completed in next 3 months
- Earthwork and civil engineering works has been substantially completed
- Construction work has been accelerated since 1 April 2023
- 50% of structural construction completed
- Majority of plant and machinery, associated equipments and material of value over $500 million are on site;
- Balance of Construction expected to be completed by March 2026

Ref List of Documents:
- Fluor Cost to Complete Report (2019)
- Site Inventory Report showing materials/equipment availability
- Projected Construction Schedule
- Projected labor Schedule
- Latest photographs and video of the project

c. Payments to DNR / Deed / Itasca County and vendors have been made in full

- Taxes and Royalties payable to DNR / Itasca County have been paid. Mesabi is in good standing with all of its obligations
- Mesabi Metallics has also released advances to various vendors including local contractors to accelerate the construction schedule for the plant
d. Reinstatement of State Mineral Leases is necessary for the project to realize its potential

- As you may know the Project is significantly advanced, has all relevant permits in place and reinstatement of state leases can see taconite being mined and processed at the Nashwauk site by March 2026.
- Mesabi Metallics invites DNR for a site visit to validate our accelerated project construction.
- We request that reinstatement of state Mineral Leases is considered so that the Mesabi project can realize its full potential
- Our proposal for reinstatement of leases may kindly be considered by DNR for considering negotiated lease arrangements over state mineral leases
- We may be invited for negotiations on the leases

Mesabi Metallics has compiled this information as immediately available. We shall submit additional information if any relevant information is required by you or as may become available to us.
II. Project – Current Status

a. Project Construction has been accelerated and Detailed status of EPC; Construction schedule on track for project completion by March 2026

- Plan for Accelerated Completion of the Mesabi Project

Since January 2023, Project Management and Execution planning actions have been underway for accelerated construction on site which began in April 2023. Production enabling works have also addressed with Pre-stripping is completed and Key permits are in place.

Mesabi is planning on primarily using local union contractors for the completion of the project and Key Construction Partners:

1. Northern Industrial Erectors, Grand Rapids, MN
2. TNT Hammerlund, Grand Rapids, MN
3. Fluor Corporation, Greenville, NC and several other local companies.

Mesabi Metallics has been continuing to make progress on several different fronts. Mesabi has almost completed a significant amount of the required detailed engineering in the past two years that has now enabled it to bid out packages for construction

- Plant and Machinery, Equipment, stored at site in climate-controlled warehouses
- Mesabi Metallics made cash payments to local contractors and other vendors towards project related expenses of $12.3m in last the two months.
- Local contractors and hourly wage-workers engaged will significantly benefit from the construction ramp up.

Further details on Engineering, Procurement and Construction are elaborated below.

- Engineering:
  - Detailed Engineering: The engineering of the plant has been developed using SMART Engineering tools like Autodesk Navisworks. For the long lead construction buildings like Concentrator, engineering has progressed well and today at 92% completion. This advanced stage of engineering will support the construction activities to progress unhindered over the next 12 months.
  - On the other important Buildings, the engineering is at 90% completion and the overall engineering of the project including all small and short span buildings is at 79%.
Out of a total 16,899 drawings in the project, only about 3,595 drawings are pending which translates to 21% balance engineering and these are scheduled to be completed by September 2023.

Engineering support during the construction phase will continue in terms of responding to RFI (Request for Information) and Site Engineering Queries (SEQs) which is as per international engineering best practice.

- **Procurement:**

  - Preservation of Available Process & Electrical Equipment:
    - Installed Equipment: All material erected have been regularly inspected and maintained by in-house & expert teams. The original equipment manufacturers (OEMs) have been visiting site regularly and were highly satisfied with the preservation of all equipment and found them in excellent condition. Mesabi during its period of low activity had spent significant amount of money towards preservation activities that will enable quick commissioning and ramp up of the plant.
    - Electrical & Instrumentation: All electrical items and instrumentation items have been preserved in atmosphere-controlled warehouses and confirmed by experts from likes of Rockwell in April 2023 that everything is in very good condition (near new).
    - Rotating Equipment: All rotating equipment were regularly rotated and lubricated to ensure longevity and integrity of parts.
  
  - Inventory Management – All Equipment and material is spread across 28 laydown areas and enclosed Annexure *(Ref List of Documents: Inventory List)* provides the list of all items stored and preserved at site.
  
  - Currently, equipment worth c.$537 million (excluding money spent on construction and engineering) is at the site, either installed or preserved and ready for installation.

- **Balance Procurement Required:**

  - Procurement related to 9 month Construction progress: All equipment required to enable construction progress over next 9-10 months have been identified and following equipment have been ordered in the month of March and April 2023.
  
  - Sheeting Manufacturing & Supply - Contract awarded, advance payment made, and delivery date committed between July 2023 and September 2023
  
  - Concentrator Steel from Prospect - Contract awarded, payment made, and material received at site in March 2023
- **Bolts** - Contract awarded, advance Payment made, and part delivery received in March and April 2023
- **Staircase and Handrails** - Contract awarded, advance Payment made, and delivery expected in June 2023
- **Rockwell Automation review** - Rockwell has audited the existing equipment supplied and payment has been made.
- **Fernell review** – Order has been placed, advance payment release, and site visit planned in May 2023
- **With the above efforts, the construction on critical buildings will progress unhindered till the end of 2023 and enable the critical buildings to be covered with sheeting for construction work to continue during the winter months inside these buildings.**
- **Procurement of Long Lead Items**: Special attention is made to 23 long lead items which have delivery ranging from 8 to 12 months to ensure that they are available at site not to impede the progress of construction activities which shall be taken up during 2024 and 2025.
- **Other Material procurement**: All other material required for project completion not covered under long lead and 9 months construction progress are also covered under the overall procurement plant and tracker
  - **Construction:**
    - While the construction activities in site have been ongoing, an accelerated approach has been put in place and several contract for site works have been awarded.
      a. **Steel Structural & Sheeting Erection Works for Concentrator:**
        i. Contract awarded and advance payment made
        ii. Mobilization started on 1 April 2023
        iii. Completion target - 11 months
      b. **Mechanical Equipment Erection for Concentrator** – Agreement reached
      c. **Technology Structure Erection Works for Concentrator** – Agreement reached
      d. **Civil Works** – Agreement reached
      e. **Contract for Piping & Electrical works** – Advanced stage of discussions
    - Detailed construction labour requirement month wise has been drawn up to draw up. All local unions have been contacted and they have been assured us that all resources are available to support the project.

*Ref List of Documents:*
- Fluor Cost to Complete Report (2019)
- Site Inventory Report showing materials/equipment availability
- Letters of support from key contractors – NIE and TNT
- Projected Construction Schedule
- Projected Labor Schedule
b. New jobs created and Contractors engaged – 2.5 million man hours of labor requirement for the project will gainfully employ local contractors

Recruitment & Team Build up – New Jobs created

- Management team: Based on completion plan, requisite organization and the management team have been identified. Multi-dimensional approach of local team from within the Iron range and state of Minnesota, international team and utilization of Project Management companies has been put in place to meet the project requirement.

- New Employees recruited at Site in April 2023
  - Laura Schaefer (Administration),
  - Austin Beaty (Millwright),
  - Virginia Novak (Document Control),
  - Krish Ramakrishnan (Controller),
  - Luke Shadrick (Structural Engineer),
  - Braeden Lawrence (Scheduling),
  - Braun (QA/QC)

- Future immediate Hires – New jobs to be created over next 8 weeks
  - Environmental, Safety, HR Managers
  - It Manager & Technicians
  - Procurement Lead
  - Project Schedulers
  - Field Leads - Piping/Mechanical
  - Field leads - Electrical, Structural
  - Electricians & Millwrights
  - Warehouse Technicians
  - Contracts Administrators

- Total labour estimated to be required till project completion in March 2026 is 2.5 million man hours

With above details, we strongly believe that we have and are demonstrating our strong intent and commitment to bring the project to completion in the fastest possible time and start commercial operations latest by March 2026, if not earlier.

Ref List of Documents: Projected labour Schedule
c. Key stakeholders including Union and County have expressed their support for the project

- Itasca County is highly supportive of the Mesabi project due to the significant benefits which will accrue to the local community once the operations commence at the Mesabi plant
- Project is expected to generate 350 new direct jobs and 700 indirect jobs. Unions are supportive of the employment generation

*Ref List of Documents: Support letters from Building Trades / Unions*

d. Key permits required for construction of project are available and will therefore ensure that local communities will receive accelerated benefits. Mesabi Metallics also has a valid permit to mine including successfully completed environmental reviews, which will ensure timely start of mining activities in conjunction with the commissioning of the plant.
e. Financing of the project

- Estimated Project Cost

| Cost to Complete (incl Contingency of $85m) | $720m | Ref List of Documents: Fluor Cost to Complete Report (2019) |
| Owners costs | $120m |
| Additional expected cost due to escalation since 2019 | $60m | Estimate |
| **Total Funds required approx.** | **$900m** |

Sources for funds

| Funds already invested by Essar from 2021 approx. | $100m |
| Essar commitment to invest | $200m |
| Debt to be drawn down | $600m |
| **Total Sources** | **$900m** |

- Essar’s financial position (as certified by statutory auditors - BDO)
  - Essar group’s networth as on 31 March 2022 is $6,174 million
  - Essar has liquidity (balance of cash and cash equivalents) amounting to $1,144 million on 30 April 2023
  - Essar is thus financially capable of meeting the project financing requirements
  - Parent - Essar committed to invest additional equity as much as required to ensure financing for the project

*Ref List of Documents: BDO Accountant’s certificate*
### III. Key Information on Leases and facts to be considered

#### A. Superior Socio, economic and financial benefits to the State if Mesabi Metallics is chosen

<table>
<thead>
<tr>
<th>Technology / Community</th>
<th>Mesabi Proposal for Leases</th>
<th>Cliffs Proposal*</th>
<th>Benefits to state if 2020 MLA is reinstated with immediate effect*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New plant with best in class environment friendly technologies</strong></td>
<td><strong>Operation of nearly 50 year old plant with significant fugitive emissions</strong></td>
<td><strong>Public health hazards due to usage of old technology will continue</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Environment impact</strong></td>
<td><strong>Short distance haulage: Significantly low emissions</strong></td>
<td><strong>Long distance haulage: High emissions</strong></td>
<td><strong>Public health hazards and environmental damage</strong></td>
</tr>
<tr>
<td><strong>Minimum Royalty beginning period</strong></td>
<td><strong>Immediately from signing</strong></td>
<td><strong>1 Jan 2028 (4.5 years moratorium period)</strong></td>
<td><strong>No minimum royalty revenues for next 4.5 years</strong></td>
</tr>
<tr>
<td><strong>Remaining Capital Expenditure</strong></td>
<td><strong>Approx $800,000,000</strong></td>
<td><strong>Marginal</strong></td>
<td><strong>Local contractors will benefit significantly from the proposed capex plan due to contracts</strong></td>
</tr>
<tr>
<td><strong>Direct and Indirect New Jobs Created</strong></td>
<td><strong>Immediate new jobs: 350 (Direct) + 700 (Indirect)</strong></td>
<td><strong>No new jobs;</strong></td>
<td><strong>Cleveland Cliffs option claims to save 750 jobs after 3 years. No economic benefit / new jobs till such time</strong></td>
</tr>
</tbody>
</table>

*Above is based on lease information made available to us by DNR in respect of proposed lease amendments*
B. Current antitrust litigation against Cliffs has strong likelihood of possible award of adjacent lands to Mesabi Metallics

- **Background of Mesabi Metallics Anti-trust Claim against Cleveland-Cliffs**

Mesabi Metallics commenced litigation against Cleveland-Cliffs in 2017 for antitrust and other violations stemming from an alleged monopolistic scheme deployed by Cleveland-Cliffs, intended to prevent Mesabi Metallics from building and completing its new iron mine and pelletizing project located in Nashwauk, MN. This litigation has been continuing for six years in Delaware. Due to the protective order, details of the action, and the underlying allegations, have not been widely reported or followed in Minnesota, but are compelling and serious in their nature.

We believe that the DNR ought to understand these details in far greater detail before it allocates its land leases in Nashwauk to Cleveland Cliffs.

Among other things, the lawsuit alleges that:

- Cleveland-Cliffs acquired substantial property interests in the middle of Mesabi Metallics’ permit to mine area (which Mesabi argues was intended to create uncertainties around the project (in particular with potential lenders) even though Cleveland-Cliffs has no intention of mining these individual parcels);

- Cleveland-Cliffs insisted that certain contractors stop working with Mesabi Metallics (which Mesabi argues caused significant delays / increased costs as new contractors were engaged and needed time to get up to speed on the project and understand the full details); and

- Cliffs signed exclusive, long-term contracts with the major purchasers in the market to exclude Mesabi (which Mesabi argues was intended to take away opportunities for Mesabi to engage with local offtakes, which was a key component to raising debt finance)

The foregoing are just a few examples of Cleveland-Cliffs’ alleged acts. Cleveland-Cliffs engaged in other illegal actions in furtherance of its scheme, though the details are currently subject to a protective order in the antitrust case. It is clear (at least to us and our counsel) that these acts were intended to cause (and indeed has caused) Mesabi Metallics years of delays in completing the project, and for Mesabi Metallics to incur substantial additional expenses.

- **Status**

We are now in the sixth year of this litigation. The parties have completed fact discovery, with an evidentiary record that includes dozens of depositions and hundreds of thousands of documents. Mesabi Metallics has obtained voluminous and compelling evidence that it believes will prove that Cleveland-Cliffs used its monopoly power to destroy competition from Mesabi Metallics. As noted above, a court order prevents Mesabi Metallics from disclosing the specific evidence for now, but Mesabi Metallics eagerly awaits the

---

opportunity to make that evidence known to the public either at trial or through relief from the protective order (which Mesabi Metallics will be seeking).²

- **Public statements about eradication of Mesabi Metallics by Cliffs CEO**

Even without access to the (currently protected) evidentiary record, however, publicly available information supports Mesabi Metallics’ position. Cleveland-Cliffs’ own CEO has called for the “eradication” of Mesabi Metallics and stated he would like to “come with a bulldozer and take them out.” He went so far as to say that he was going to “screw” certain investors by doing to them “what I have been doing in Nashwauk for a while.”³ He also publicly admitted the catastrophic effect of Cleveland-Cliffs’ Nashwauk acquisition on Mesabi Metallics, saying Mesabi Metallics “can’t operate without Cliffs” as a result.⁴ Having eliminated the prospect of meaningful competition, Cleveland-Cliffs became a “money printing machine.”⁵

- **Reliefs expected by Mesabi Metallics**

Mesabi Metallics is confident it will prevail in its claims against Cleveland-Cliffs and expects to ask the court, among other things, to:

1. Award Mesabi Metallics the property interests that Cleveland-Cliffs has obtained within Mesabi Metallics’ project boundary (and which, if successful, would mean that Cleveland-Cliffs would not have lands to mine adjacent to the DNR lands), and

2. to enjoin Cleveland-Cliffs from misusing its monopoly power going forward.

*Mesabi Metallics is also seeking nearly $2 billion in money damages*, an award that would be tripled under the antitrust laws and that is likely to have a material impact on Cleveland-Cliffs and potentially its operations.

- **Rewarding anticompetitive behavior of Cliffs with state leases is not in “best interests of state”**

Having regard to the foregoing, Mesabi Metallics believes it would be premature—and could not, objectively, be in “the best interest of the state”—for the State of Minnesota to grant the Leases to Cleveland-Cliffs.

Minn. Stat. 93.1925, subd. 1 authorizes the DNR commissioner to negotiate mineral leases with a company when “the commissioner finds that the best interest of the state will be served.” Simply put, awarding the Leases to Cleveland-Cliffs does not serve the best interest of the State of Minnesota, not least because of

---

² A copy of the relevant public filings in the antitrust case can be found at the following link: https://www.courtlistener.com/docket/6438082/mesabi-metallics-company-llc-v-cleveland-cliffs-inc/?page=1.


⁴ See Cleveland-Cliffs 2017 Q4 Earnings Transcript (Jan. 25, 2018).

⁵ See Cleveland-Cliffs 2018 Q2 Earnings Transcript (July 20, 2018).
the serious wrongdoing that has been exposed in the multi-billion dollar litigation pending against Cleveland-Cliffs in the United States Bankruptcy Court for the District of Delaware (Case No. 17-51210).

Leasing the State mineral rights in Nashwauk to Cleveland-Cliffs would, in effect, reward it for years of anticompetitive, monopolistic conduct, including actions specifically targeting Mesabi Metallics and the mineral leases it needs for its project, at the expense of customers in Minnesota and elsewhere.

This scheme ought to seriously concern the DNR (and more generally the State of Minnesota). It is, of course, somewhat ironic that the DNR’s May 4 Letter to Mesabi refers to repeated breaches of the Leases by Mesabi Metallics, when in fact the delays (and breaches) complained of arose as a consequence of Cleveland-Cliffs’ actions – and that Cleveland Cliffs now stands to benefit from its own (inappropriate) actions.

In short, by awarding the Leases to Cleveland-Cliffs, the State would be condoning efforts by a monopolist to crush competition from an upstart competitor. Cleveland-Cliffs is only in position to obtain the Leases due to its anticompetitive conduct.

Reference: Publicly available information can be accessed under Essar Steel Minnesota LLC et al, and Mesabi Metallics Co. LLC, v. Cleveland-Cliffs Inc. et al., U.S. Bankruptcy Court for the District of Delaware, Case Number 17-51210
C. Cliff’s proposal for Negotiated Leases based on the adjacent parcels suppresses critical facts related to the stay of mining rights in adjacent parcels

- **560 Litigation (Right to Mine) - Background**
  
  - Mesabi Metallics and Cleveland-Cliffs own certain parcels of land in an equal (50/50) ratio – the so-called “shared properties”. As a result of this ownership ratio, *no one party has an absolute right to mine* such lands. In the absence of an agreement between the parties, the right to mine such lands is also subject to litigation pursuant to MN Statute Chapter 560 to determine who (as between the two owners) has the right to mine such parcels.
  
  - *This 560 action is currently pending in Delaware, and has been informally stayed* pending resolution of the wider antitrust litigation.

- **Cliffs Proposal – Suppression of facts**
  
  - Cleveland Cliffs in its letter dated January 18, 2023, requested DNR for entering into taconite iron ore mining leases in the iron range of Nashwauk, through direct negotiation with the State of Minnesota (“State”) pursuant to State Statute sec. 93.1925 (the “Statute”) allegedly based on ownership or lease rights of adjacent parcels
  
  - The Department of Natural Resources on 4 May 2023 had announced its intent to grant the state mining leases to Cliffs Cleveland based on the ability to mine the state parcels only in conjunction with such adjacent parcels which mining rights are supposedly assumed to be with Cliffs.
  
  - On 9 May 2023, Jill Nguyen from DNR sent to Elizabeth Schmiesing from Winthrop the draft lease along with list of parcels proposed to lease. The draft lease agreement states that:

    “The Lessee has made application under Minnesota Statutes 2022, section 93.1925, for a state taconite iron ore mining lease on said premises owned by the Lessor, and has agreed with the Commissioner of Natural Resources upon the terms and conditions of such lease as hereinafter set forth.

    The Commissioner of Natural Resources, pursuant to Minnesota Statutes 2022, section 93.1925, has found the state taconite iron ore is adjacent to taconite iron ore owned or leased for mining purposes by the applicant and the commissioner finds that it is impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore.“

    - The draft lease agreement also provides an annexure with details of 30 leases and their location in the Nashwauk range.
    
    - Cliffs has failed to disclose that Cliffs does not have any right to mine these shared properties in light of the 560 action in Delaware.

- **DNR ought to revoke recommendation of leases to Cliffs on the basis of suppression of this key fact alone.**
• **Significant Issues**

- There are two significant issues with any notion that Cleveland-Cliffs has full rights and title to lands adjacent to the State parcels, summarized as follows:
  
a. The lands that Cliffs acquired in Mesabi’s project area are subject to the antitrust litigation between Cleveland-Cliffs and Mesabi Metallics in the Delaware court. Mesabi has requested that these lands are transferred to Mesabi, when it successfully concludes the antitrust claim against Cleveland Cliffs. As a result, Cliffs will not have rights in and to any of these land parcels, and given the ongoing litigation it would be wrong for Cleveland-Cliffs to represent that it has unfettered rights in and to these lands; and

b. With regard to the so-called “shared properties” (where Cleveland-Cliffs and Mesabi have equal ownership rights), the right to mine such lands is subject to the 560 litigation (referred to above). Cliffs is not able to represent it can mine such lands until resolution of that dispute (which the parties have agreed will be resolved once the antitrust litigation has been resolved).

• **It is equally practicable for Mesabi Metallics to mine state leases / Cliffs does not have right to mine**

- We have mapped each land parcel as per the draft lease annexure, and have shown how they are subject to either anti-trust litigation or 560 litigations and have tested all the land parcels for condition 93.1925 of Minnesota Statutes 2022. The test are two fold as follows:

  
a. Whether the State lands are adjacent to taconite iron ore owned or leased for mining purposes by Cliffs; and

  b. Whether it is impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.

- We observe that these conditions have not been met for the leases in light of the information provided by us:

  
a. Certain parcels of lands under the proposed state leases are not adjacent to Cliffs parcels;

b. Certain parcels claimed by Cliffs to be adjacent parcels are disputed – i.e subject to stay under the 560 litigation where the mining rights of Cliffs as well as Mesabi have been stayed;

  c. Remaining parcels claimed by Cliffs to be adjacent parcels are disputed – i.e subject to being transferred to Mesabi Metallics upon successful outcome under the antitrust litigation;

- Additionally, Mesabi Metallics also humbly submits that many of these State leases are also adjacent to Mesabi controlled land parcels and therefore practicable to be mined alongside Mesabi controlled land parcels

- In support of the above, we enclose below documents highlighting the same along with legal opinion from Mesabi Metallics counsel.

  **Ref List of Documents:**
  
  Opinion from Mr Bryan Lindsay – Trenti Law
  
  Cliffs motion under 560 statute for mining rights in the shared properties
  
  Status report in the Delaware proceedings confirming the parties’ stay of mining rights in the shared properties
IV. **Mesabi Metallics Vision will aid Green Steel production in the United States**

The global demand for “green” steel is increasing. Green Steel initiative of Mesabi is in line with its stated vision to be a pioneer in adopting to this change. Steelmakers across North America are in advanced stages of developing plans to transition to Electric Arc Furnace (EAF) thereby eliminating metallurgical coal as a reducing agent in the Blast Oxygen Furnace (BOF).

This change in the iron making process has resulted in an increased demand for Direct Reduced Iron (DRI) as an alternative to scrap. This shall have a direct impact on increasing the demand for processes that use hydrogen and natural gas instead of coal, while reducing iron ore.

Mesabi is uniquely positioned to build an already fully permitted DR pellet plant project, which is ~50% complete and located in the U.S.A., with future DRI and EAF opportunities. The initiatives and the impact are as follows:

<table>
<thead>
<tr>
<th>S.No</th>
<th>Green Initiative</th>
<th>Environmental Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Plant design and use of the latest technology for iron ore processing and</td>
<td>Will have a minimal environmental impact and will make it the most modern plant on</td>
</tr>
<tr>
<td></td>
<td>manufacturing iron ore pellets</td>
<td>the Mesabi range.</td>
</tr>
<tr>
<td>2.</td>
<td>Installation of the most modern control technology</td>
<td>Will minimize air emissions and other greenhouse gas emissions.</td>
</tr>
<tr>
<td>3.</td>
<td>Use of ground and storm water naturally flowing through the area</td>
<td>Will result in a zero surface liquid discharge facility</td>
</tr>
<tr>
<td>4.</td>
<td>Use of dry air pollution control technology</td>
<td>Will result in zero wastewater discharge</td>
</tr>
<tr>
<td>5.</td>
<td>Investment in land and wetland credits</td>
<td>Will offset adverse impacts to existing wetlands and help conserve our natural</td>
</tr>
<tr>
<td></td>
<td></td>
<td>resources</td>
</tr>
<tr>
<td>6.</td>
<td>Advanced discussion for setting up a wind power project of c.200MW</td>
<td>Unlike other steel plants that completely rely on fossil fuels, Mesabi plans to use</td>
</tr>
<tr>
<td></td>
<td></td>
<td>wind energy which has a resultant fewer carbon emissions.</td>
</tr>
</tbody>
</table>
• **Value added DRI Plant**
  - Feasibility study being undertaken by IDOM
  - IDOM – globally reputed technology consulting firm has been engaged by Mesabi Metallics for techno economic feasibility study. IDOM is in the process of finalizing its recommendation on its findings for feasibility study for value added DRI plant at Nashwauk (draft report submitted and final report expected shortly)
    - *Ref List of Documents:* IDOM draft techno-economic feasibility report
  - Mesabi has been in discussions with both Midrex and HYL-Tenova for development of the DRI plant
    - *Ref List of Documents:* Engineering by HYL - Tenova

• **Mesabi Metallics’ vision to aid to the Green Steel Production in the US**
  - Mesabi Metallics is committed to invest in the development of the DRI plant adjacent to its pelletization plant. Mesabi Metallics’ will lead the revolution in the US steel industry with its Green DRI facility
  - Mesabi Metallics is poised to be the leading producer of high quality Iron Ore Pellets of 67.5% Fe and above. High quality of iron ore from Mesabi Metallics’ mines will enable production of 2.5 million tonnes per annum of highest quality DRI.
  - DRI from Mesabi Metallics will enable Mesabi Iron range to emerge as the leading low carbon steel making region in the United States with lowest carbon footprint, as the United States races to its NET ZERO target by the year 2050.

• **Green Energy to drive Green Steel – Wind and Hydrogen to support energy needs**
  - Long-term strategy of Mesabi Metallics is to develop on site a wind energy based renewable power facility and an onsite Green hydrogen production to enable the development of Green DRI production facility.
  - Existing pellet plant will provide feedstock for Mesabi’s planned 1.8 Million Metric Tonnes per year Direct Reduced Iron (DRI) MegaMod furnace with potential briquetting facilities.

• **Significant Investment and Job creation**
  - The additional investment for the DRI facility will be the tune of US$ 1 Billion. This combined facility, once operational will be the largest in terms of revenue generation and job creation on the entire Iron Range of Minnesota.
- This would be yet another large investment by Mesabi Metallics in the State of Minnesota. This additional investment in the Iron range shall create employment opportunities for 1500 people from the local communities during the construction period and thereafter generate permanent employment for 250 people in addition to the pelletizing facility.

- **Potential Partners for Completing the construction as well as to guide Mesabi Metallics into Green Steel journey**

  - Several strategic as well as financial institutions have expressed their keen interest in partnering with Mesabi Metallics’ vision to drive its business towards futuristic green steel making in the United States
  
  - Availability of state leases will support Mesabi in its discussions with these potential partners that are keen to establish an alliance with Mesabi. They are interested in partnering with the existing pellet plant and also with the proposed Value added DRI Plant, including the futuristic renewable energy power plants. Key potential partners that have evinced interest include
    
    1. Algoma Steel, Canada
    2. Javelin Commodities
    3. IR2 Fund (affiliated to Alan Kestenbaum – Stelco)
### Brief History of the Project

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Oct 2007: Essar acquired Minnesota Steel Industries for USD 150 million</td>
</tr>
<tr>
<td>2008-2010</td>
<td>2008-2010: Global Recession triggered by Lehmann Bank crash; Greenfield project financing was not considered by US Banks</td>
</tr>
<tr>
<td>2010</td>
<td>2010: Essar arranged project financing from Relationship Indian banks and contributed the required equity to started construction at a capacity of 4.1 million tons per annum</td>
</tr>
<tr>
<td>2010-2012</td>
<td>2010-2012: Project financing for both debt and equity was fully secure, and construction was well underway</td>
</tr>
<tr>
<td>2012</td>
<td>2012: Essar revised the project capacity to 7 million tons per annum up from the original scope of 4.1 million tons per annum to achieve additional economies of scale.</td>
</tr>
<tr>
<td>2014</td>
<td>2014: Mesabi raised additional project finance from US hedge funds and invested the additional equity required for the increased capacity</td>
</tr>
<tr>
<td>2014-2016</td>
<td>2014-2016: Project construction was restarted and continued in a timely manner</td>
</tr>
<tr>
<td>2016-2017</td>
<td>2016-2017: Global Commodity price crash and financial uncertainties delayed project financing disbursements. Period of uncertainty and pending potential cancellation of the mining leases resulted in Mesabi filing for bankruptcy Protection</td>
</tr>
<tr>
<td>2017 onwards</td>
<td>2017 onwards: Mesabi initiated antitrust litigation against Cleveland Cliffs for tortious interference, anti-competitive and monopolistic actions</td>
</tr>
<tr>
<td>2017 – 2020</td>
<td>2017 – 2020: Mesabi emerged from bankruptcy and was owned by new investors. Subsequently, Essar acquired Mesabi from the new investors. Total new invested capital since bankruptcy is over $350 million</td>
</tr>
<tr>
<td></td>
<td>In December 2020, DNR and Mesabi entered into an amended Master Lease Agreement (MLA)</td>
</tr>
<tr>
<td>2021</td>
<td>2021: Mesabi appointed Jefferies to help tie up the financing package for completion of the project and meet requirements under the MLA. Period of global covid pandemic during April and May, India was specifically hard hit. Mesabi received from parent, an amount of $100m on 1 May 2021 as required under the MLA as against $200m and requested for an additional 4 weeks time for the balance amount which was not granted.</td>
</tr>
<tr>
<td></td>
<td>DNR terminated the state leases</td>
</tr>
<tr>
<td>Year</td>
<td>Event</td>
</tr>
<tr>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>2021-2023</td>
<td>Jefferies organized a syndicate of US funds to provide in-principle debt commitments of $600m for the completion of Mesabi project. Mesabi paid approx. $10m in fees to US funds to firm up the debt commitment. Mesabi also appointed BMO Capital Markets to bring in an equity partner into Mesabi. Investors have shown serious interest in investing into Mesabi and many have completed due diligence. However, due to the legal uncertainty around the leases, potential partners were vary to commit to the project though being seriously interested.</td>
</tr>
<tr>
<td>2023</td>
<td>Mesabi continues to remain fully committed to completing the project with the support of its parent. Decision taken by the parent in January 2023 to accelerate construction of the project with the belief that the best way to demonstrate serious commitment to the project is by further investing millions of dollars and progressing substantial construction work with a clearly visible end date for the completion. DNR communicated to Mesabi Metallics on 4 May 2023 that its proposal for negotiated leases is not being considered and instead recommended to the Executive Council that state leases be awarded to Cleveland Cliffs. Mesabi has made payment of $18.5m on 12 May 2023 within the payment window given by DNR.</td>
</tr>
</tbody>
</table>
## Mesabi Metallics Project Schedule with accelerated start (Commercial operation March 2026)

### Activity ID  Activity Name  Original Duration  Start Date  Finish Date

#### Engineering

<table>
<thead>
<tr>
<th>Activity ID</th>
<th>Activity Name</th>
<th>Original Duration</th>
<th>Start Date</th>
<th>Finish Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENG0100</td>
<td>C1 Buildings = Civil, Structural &amp; Mechanical</td>
<td>152</td>
<td>02-Jan-23</td>
<td>02-Jan-23</td>
</tr>
<tr>
<td>ENG0101</td>
<td>C1 Buildings = Electrical &amp; Automation</td>
<td>176</td>
<td>02-Jan-23</td>
<td>04-Sep-23</td>
</tr>
<tr>
<td>ENG0102</td>
<td>C2 Buildings = Civil, Structural Mechanical</td>
<td>68</td>
<td>01-Feb-23</td>
<td>30-Aug-23</td>
</tr>
<tr>
<td>ENG0103</td>
<td>C2 Buildings = Electrical &amp; Automation</td>
<td>150</td>
<td>02-Feb-23</td>
<td>30-Aug-23</td>
</tr>
<tr>
<td>ENG0104</td>
<td>C3 Buildings = Civil, Structural Mechanical</td>
<td>88</td>
<td>01-Jan-23</td>
<td>30-Jun-23</td>
</tr>
<tr>
<td>ENG0105</td>
<td>C3 Buildings = Electrical &amp; Automation</td>
<td>132</td>
<td>01-Apr-23</td>
<td>03-Oct-23</td>
</tr>
<tr>
<td>ENG0160</td>
<td>Engineering Response to RFI &amp; Site Execution Queries</td>
<td>299</td>
<td>08-May-23</td>
<td>27-Jun-24</td>
</tr>
</tbody>
</table>

#### Procurement

<table>
<thead>
<tr>
<th>Activity ID</th>
<th>Activity Name</th>
<th>Original Duration</th>
<th>Start Date</th>
<th>Finish Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR0100</td>
<td>Long Lead orders</td>
<td>414</td>
<td>01-May-23</td>
<td>30-Sep-24</td>
</tr>
<tr>
<td>PR0101</td>
<td>Delivery of Long Lead</td>
<td>65</td>
<td>01-Jun-23</td>
<td>30-Aug-23</td>
</tr>
<tr>
<td>PR0102</td>
<td>Ordering of 6 Months Construction Procurement</td>
<td>108</td>
<td>01-Oct-23</td>
<td>28-Jul-23</td>
</tr>
<tr>
<td>PR0103</td>
<td>Delivery of 9 Months Construction Procurement</td>
<td>173</td>
<td>01-Oct-23</td>
<td>27-Oct-23</td>
</tr>
<tr>
<td>PR0104</td>
<td>Ordering of other Procurement</td>
<td>172</td>
<td>03-Aug-23</td>
<td>29-Mar-24</td>
</tr>
<tr>
<td>PR0105</td>
<td>Delivery of other Procurement</td>
<td>239</td>
<td>01-Nov-23</td>
<td>30-Sep-24</td>
</tr>
</tbody>
</table>

#### Milestone

<table>
<thead>
<tr>
<th>Activity ID</th>
<th>Activity Name</th>
<th>Original Duration</th>
<th>Start Date</th>
<th>Finish Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>ML1000</td>
<td>Mechanical Completion - Primary Crusher</td>
<td>0</td>
<td>01-Aug-23</td>
<td>01-Aug-23</td>
</tr>
<tr>
<td>ML1010</td>
<td>Mechanical Completion - Grizzly &amp; Secondary Crusher</td>
<td>0</td>
<td>01-Aug-23</td>
<td>01-Aug-23</td>
</tr>
<tr>
<td>ML1020</td>
<td>Cold Commissioning Completion - Primary, Secondary Crusher</td>
<td>0</td>
<td>31-Oct-24</td>
<td>31-Oct-24</td>
</tr>
<tr>
<td>ML1030</td>
<td>Concrete work Completion</td>
<td>0</td>
<td>03-Mar-25</td>
<td>03-Mar-25</td>
</tr>
<tr>
<td>ML1050</td>
<td>Overall Mechanical Completion</td>
<td>0</td>
<td>01-Aug-23</td>
<td>01-Aug-23</td>
</tr>
<tr>
<td>ML1060</td>
<td>Final Hot Commissioning Completion and Commercial Operations</td>
<td>0</td>
<td>30-Mar-26</td>
<td>30-Mar-26</td>
</tr>
</tbody>
</table>

#### Construction

<table>
<thead>
<tr>
<th>Activity ID</th>
<th>Activity Name</th>
<th>Original Duration</th>
<th>Start Date</th>
<th>Finish Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1089</td>
<td>Concentrator - Concrete / Civil</td>
<td>455</td>
<td>03-Jul-23</td>
<td>28-Mar-25</td>
</tr>
<tr>
<td>A1090</td>
<td>Concentrator - Structural</td>
<td>585</td>
<td>03-May-23</td>
<td>29-Jul-25</td>
</tr>
<tr>
<td>A1120</td>
<td>Concentrator - Sheeting Works</td>
<td>523</td>
<td>01-Aug-23</td>
<td>31-Jul-25</td>
</tr>
<tr>
<td>A1130</td>
<td>Concentrator - EPDM</td>
<td>521</td>
<td>01-Sep-23</td>
<td>29-Aug-25</td>
</tr>
<tr>
<td>A1140</td>
<td>Concentrator - Piping</td>
<td>611</td>
<td>10-May-23</td>
<td>10-Sep-25</td>
</tr>
<tr>
<td>A1160</td>
<td>Concentrator - Equipment</td>
<td>619</td>
<td>01-May-23</td>
<td>11-Sep-25</td>
</tr>
<tr>
<td>A1170</td>
<td>Concentrator - Tech Structure</td>
<td>624</td>
<td>01-May-23</td>
<td>18-Sep-25</td>
</tr>
<tr>
<td>A2590</td>
<td>Concentrator - De-Dusting (APS)</td>
<td>495</td>
<td>01-May-23</td>
<td>21-Mar-25</td>
</tr>
<tr>
<td>A2600</td>
<td>Concentrator - Electrical</td>
<td>565</td>
<td>05-Jan-23</td>
<td>29-Aug-25</td>
</tr>
<tr>
<td>A2610</td>
<td>Concentrator - Instrumentation</td>
<td>410</td>
<td>05-Feb-24</td>
<td>28-Aug-25</td>
</tr>
<tr>
<td>A2620</td>
<td>Concentrator - HVAC</td>
<td>453</td>
<td>04-Dec-23</td>
<td>27-Aug-25</td>
</tr>
<tr>
<td>A2630</td>
<td>Concentrator - Fire Fighting (Building)</td>
<td>520</td>
<td>02-Oct-23</td>
<td>26-Sep-25</td>
</tr>
<tr>
<td>A2640</td>
<td>Concentrator - CMU Walls</td>
<td>511</td>
<td>17-Aug-25</td>
<td>31-Jul-25</td>
</tr>
<tr>
<td>A2750</td>
<td>Concentrator - Finishing Works</td>
<td>543</td>
<td>01-Nov-23</td>
<td>28-Nov-25</td>
</tr>
<tr>
<td>A1190</td>
<td>Induration - Concrete / Civil</td>
<td>175</td>
<td>02-Oct-23</td>
<td>31-May-25</td>
</tr>
<tr>
<td>A1210</td>
<td>Induration - Structural</td>
<td>238</td>
<td>04-Sep-23</td>
<td>31-Jul-24</td>
</tr>
<tr>
<td>A1220</td>
<td>Induration - Sheeting Works</td>
<td>300</td>
<td>02-Oct-23</td>
<td>22-Nov-24</td>
</tr>
<tr>
<td>A1240</td>
<td>Induration - EPDM</td>
<td>299</td>
<td>01-Nov-23</td>
<td>23-Dec-24</td>
</tr>
<tr>
<td>A2660</td>
<td>Induration - Piping</td>
<td>302</td>
<td>01-Jan-24</td>
<td>25-Feb-25</td>
</tr>
<tr>
<td>A2670</td>
<td>Induration - Equipment</td>
<td>425</td>
<td>01-Aug-23</td>
<td>17-Mar-25</td>
</tr>
<tr>
<td>A2680</td>
<td>Induration - Tech Structure</td>
<td>554</td>
<td>01-Aug-23</td>
<td>12-Sep-25</td>
</tr>
<tr>
<td>A2700</td>
<td>Induration - De-Dusting (APS)</td>
<td>554</td>
<td>01-Aug-23</td>
<td>12-Sep-25</td>
</tr>
<tr>
<td>A2710</td>
<td>Induration - HVAC</td>
<td>45</td>
<td>01-Jul-24</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A2720</td>
<td>Induration - Fire Fighting (Building)</td>
<td>43</td>
<td>03-Jun-24</td>
<td>31-Jul-24</td>
</tr>
</tbody>
</table>

---

**Legend:**
- **Actual Work**
- **Critical Remaining Work**
- **Actual Level of Effort**
- **Remaining Work**
- **Milestone**
- **Actual Work**
- **Critical Remaining Work**
- **Actual Level of Effort**
- **Remaining Work**
- **Milestone**
- **Summary**
<table>
<thead>
<tr>
<th>Activity ID</th>
<th>Activity Name</th>
<th>Start Date</th>
<th>Finish Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>A2110</td>
<td>Tailing Pump House - Structural</td>
<td>01-Nov-23</td>
<td>23-Feb-24</td>
</tr>
<tr>
<td>A2116</td>
<td>Booster Pump House - Concrete / Civil</td>
<td>17-Aug-23</td>
<td>29-Aug-24</td>
</tr>
<tr>
<td>A2120</td>
<td>Reclaim Pump House - Concrete / Civil</td>
<td>25-Aug-24</td>
<td>26-Sep-24</td>
</tr>
<tr>
<td>A2125</td>
<td>Conveyor Junction House(P) - Piping</td>
<td>28-Aug-24</td>
<td>29-Sep-24</td>
</tr>
<tr>
<td>A2130</td>
<td>Utility Building - Concrete / Civil</td>
<td>01-Nov-23</td>
<td>29-Feb-24</td>
</tr>
<tr>
<td>A2135</td>
<td>Hearth Layer Separation - Concrete / Civil</td>
<td>01-Nov-23</td>
<td>29-Feb-24</td>
</tr>
<tr>
<td>A2140</td>
<td>Tailing Thickener - HVAC</td>
<td>30-Aug-23</td>
<td>31-Aug-24</td>
</tr>
<tr>
<td>A2145</td>
<td>Reclaim Pump house - HVAC</td>
<td>01-Oct-23</td>
<td>30-Sep-24</td>
</tr>
<tr>
<td>A3430</td>
<td>Tailing Pump House - Equipment</td>
<td>01-Apr-24</td>
<td>28-Jun-24</td>
</tr>
<tr>
<td>A3440</td>
<td>Tailing Pump House - HVAC</td>
<td>01-May-24</td>
<td>30-Sep-24</td>
</tr>
<tr>
<td>A3450</td>
<td>Tailing Pump House - Fire Fighting (Building)</td>
<td>01-Mar-24</td>
<td>29-Mar-24</td>
</tr>
<tr>
<td>A3460</td>
<td>Tailing Pump House - CMU Walls</td>
<td>04-Mar-24</td>
<td>31-May-24</td>
</tr>
<tr>
<td>A3465</td>
<td>Booster Pump house = CC, Building 2240, WBS-BPH</td>
<td>01-Nov-23</td>
<td>29-Nov-24</td>
</tr>
<tr>
<td>A3470</td>
<td>Tailing Thickener - Equipment</td>
<td>01-Sep-23</td>
<td>29-Sep-24</td>
</tr>
<tr>
<td>A3475</td>
<td>Reclaim Pump house - Equipment</td>
<td>01-Sep-23</td>
<td>29-Sep-24</td>
</tr>
<tr>
<td>A3480</td>
<td>Reclaim Pump house - Structural</td>
<td>01-Sep-23</td>
<td>29-Sep-24</td>
</tr>
<tr>
<td>A3485</td>
<td>Reclaim Pump house - HVAC</td>
<td>01-Sep-23</td>
<td>29-Sep-24</td>
</tr>
<tr>
<td>A3490</td>
<td>Conveyors Junction House(P) - PP-14, Building Vats</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3495</td>
<td>Utility Building - Concrete / Civil</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3500</td>
<td>Utility Building - Structural</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3505</td>
<td>Utility Building - Sheeting Works</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3510</td>
<td>Utility Building - Piping</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3515</td>
<td>Utility Building - Sheeting Works</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3520</td>
<td>Utility Building - Equipment</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3530</td>
<td>Utility Building - HVAC</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3540</td>
<td>Utility Building - HVAC</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3550</td>
<td>Utility Building - CMU Walls</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3560</td>
<td>Utility Building - Sheeting Works</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3570</td>
<td>Utility Building - Piping</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3580</td>
<td>Utility Building - Concrete / Civil</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3590</td>
<td>Utility Building - Structural</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3600</td>
<td>Utility Building - Sheeting Works</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3610</td>
<td>Utility Building - Piping</td>
<td>01-Jul-23</td>
<td>30-Aug-24</td>
</tr>
<tr>
<td>A3620</td>
<td>Hearth Layer Separation - Concrete / Civil</td>
<td>01-Nov-23</td>
<td>31-Oct-23</td>
</tr>
<tr>
<td>A3630</td>
<td>Hearth Layer Separation - Structural</td>
<td>01-Nov-23</td>
<td>31-Oct-23</td>
</tr>
<tr>
<td>A3635</td>
<td>Hearth Layer Separation - Equipment</td>
<td>01-Nov-23</td>
<td>31-Oct-23</td>
</tr>
<tr>
<td>A3640</td>
<td>Hearth Layer Separation - HVAC</td>
<td>01-Nov-23</td>
<td>31-Oct-23</td>
</tr>
<tr>
<td>A3645</td>
<td>Hearth Layer Separation - Fire Fighting (Building)</td>
<td>01-Nov-23</td>
<td>31-Oct-23</td>
</tr>
<tr>
<td>A3650</td>
<td>Hearth Layer Separation - CMU Walls</td>
<td>01-Nov-23</td>
<td>31-Oct-23</td>
</tr>
<tr>
<td>A3655</td>
<td>Hearth Layer Separation - Sheeting Works</td>
<td>01-Nov-23</td>
<td>31-Oct-23</td>
</tr>
<tr>
<td>A3660</td>
<td>Hearth Layer Separation - Piping</td>
<td>01-Nov-23</td>
<td>31-Oct-23</td>
</tr>
<tr>
<td>A3670</td>
<td>Hearth Layer Separation - Equipment</td>
<td>01-Nov-23</td>
<td>31-Oct-23</td>
</tr>
<tr>
<td>A3680</td>
<td>Hearth Layer Separation - HVAC</td>
<td>01-Nov-23</td>
<td>31-Oct-23</td>
</tr>
<tr>
<td>Activity ID</td>
<td>Activity Name</td>
<td>Original Duration</td>
<td>Start Date</td>
</tr>
<tr>
<td>-------------</td>
<td>---------------</td>
<td>-------------------</td>
<td>------------</td>
</tr>
<tr>
<td>A3640</td>
<td>Hearth Layer Separation - Fire Fighting (Building)</td>
<td>22 days</td>
<td>01-Apr-24</td>
</tr>
<tr>
<td>A3650</td>
<td>Hearth Layer Separation - CMU Walls</td>
<td>18 days</td>
<td>04-Sep-23</td>
</tr>
<tr>
<td>A3660</td>
<td>Filter Cake Reclaim - Equipment</td>
<td>103 days</td>
<td>01-Dec-23</td>
</tr>
<tr>
<td>A3670</td>
<td>Filter Cake Reclaim - Tech Structure</td>
<td>86 days</td>
<td>01-Dec-23</td>
</tr>
</tbody>
</table>

**Utility Area**
- A2390  HVAC | 64 days | 05-Jul-23 | 31-Aug-23 |
- A2400  Fire Fighting (Building) | 175 days | 01-Jan-24 | 30-Aug-24 |
- A2410  CMU Walls | 85 days | 04-Sep-23 | 29-Dec-23 |

**Emergency Filter Cake Storage**
- A3680  Piping | 406 days | 01-Aug-23 | 18-Feb-25 |
- A3690  Concrete / Civil | 65 days | 01-Sep-23 | 30-Nov-23 |

**General**
- A3700  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |
- A3710  Dusting (APS) | 81 days | 01-Oct-23 | 22-Jan-24 |

**Concrete / Civil**
- A3720  Concrete / Civil | 65 days | 01-Dec-23 | 30-Nov-23 |
- A3730  Concrete / Civil | 18 days | 16-Feb-24 | 22-Feb-24 |
- A3740  Concrete / Civil | 19 days | 01-Aug-23 | 25-Aug-23 |
- A3750  Concrete / Civil | 17 days | 17-Aug-23 | 26-Aug-23 |
- A3760  Concrete / Civil | 15 days | 15-Aug-23 | 29-Sep-23 |
- A3770  Concrete / Civil | 14 days | 08-Oct-23 | 16-Feb-24 |

**Miscellaneous**
- A3780  Concrete / Civil | 16 days | 17-Aug-23 | 29-Sep-23 |
- A3790  Concrete / Civil | 19 days | 25-Aug-23 | 25-Aug-23 |
- A3800  Miscellaneous & Balance Works | 19 days | 01-Oct-23 | 25-Aug-23 |
- A3810  Structural | 14 days | 14-Aug-23 | 29-Sep-23 |
- A3820  Structural | 14 days | 17-Aug-23 | 16-Feb-24 |

**Other Miscellaneous & Balance Works**
- A3830  Miscellaneous & Balance Works | 14 days | 17-Aug-23 | 16-Feb-24 |
- A3840  Miscellaneous | 14 days | 17-Aug-23 | 16-Feb-24 |

**Guard Shack**
- A3850  Structural | 14 days | 17-Aug-23 | 16-Feb-24 |

**Process Shack**
- A3860  Structural | 14 days | 17-Aug-23 | 16-Feb-24 |

**Commissioning / Start up**
- A3870  Structural | 14 days | 17-Aug-23 | 16-Feb-24 |

**Critical Remaining Work**
- A3880  Structural | 14 days | 17-Aug-23 | 16-Feb-24 |

**Final Hot Commissioning Completion and Commercial Operations**
- A3890  Structural | 14 days | 17-Aug-23 | 16-Feb-24 |

**Filter Cake Reclaim - Tech Structure**
- A3900  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Filter Cake Reclaim - Sheeting Works**
- A3910  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Filter Cake Reclaim - Equipment**
- A3920  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Fire Water Pump House**
- A3930  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Fueling Station**
- A3940  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Guard Shack**
- A3950  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Process Shack**
- A3960  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Critical Remaining Work**
- A3970  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Emergency Filter Cake Storage**
- A3980  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Final Hot Commissioning Completion and Commercial Operations**
- A3990  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Utility Area**
- A4000  HVAC | 64 days | 05-Jul-23 | 31-Aug-23 |

**Concrete / Civil**
- A4010  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Miscellaneous**
- A4020  Miscellaneous & Balance Works | 14 days | 01-Oct-23 | 22-Oct-23 |

**Fire Water Pump House**
- A4030  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Fueling Station**
- A4040  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Guard Shack**
- A4050  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Process Shack**
- A4060  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Critical Remaining Work**
- A4070  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Emergency Filter Cake Storage**
- A4080  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Final Hot Commissioning Completion and Commercial Operations**
- A4090  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Utility Area**
- A4100  HVAC | 64 days | 05-Jul-23 | 31-Aug-23 |

**Concrete / Civil**
- A4110  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Miscellaneous**
- A4120  Miscellaneous & Balance Works | 14 days | 01-Oct-23 | 22-Oct-23 |

**Fire Water Pump House**
- A4130  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Fueling Station**
- A4140  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Guard Shack**
- A4150  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Process Shack**
- A4160  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Critical Remaining Work**
- A4170  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Emergency Filter Cake Storage**
- A4180  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Final Hot Commissioning Completion and Commercial Operations**
- A4190  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Utility Area**
- A4200  HVAC | 64 days | 05-Jul-23 | 31-Aug-23 |

**Concrete / Civil**
- A4210  Concrete / Civil | 65 days | 01-Oct-23 | 30-Nov-23 |

**Miscellaneous**
- A4220  Miscellaneous & Balance Works | 14 days | 01-Oct-23 | 22-Oct-23 |
Mesabi Metallics

Construction Manpower for Accelerated work start on 1st April 23 and Commercial Operations by 31st March 2026

Date: 05/14/2023

Man Power Histogram
Trade

Union Halls

Concrete
Earth Works
CMU Wall

Bricklayers, Laborers, 49ers
Carpenters, Plasters &
Mason
Sub Total

Iron Workers, 49ers
Iron Workers, Roofers,
49ers

Structural
Sheeting
Tech Structure
Equipment

Iron Workers, Painters, 49ers
Iron Workers
Sub Total

Piping
De Dusting / APS

22
22

May'23
-

Jun'23
9
9

32
-

32
-

Jul'23

Aug'23

Sep'23

Oct'23

Nov'23

Dec'23

Jan'24

Feb'24

Mar'24

17
17

57
4
61

87
10
97

69
24
93

57
6
32
95

28
11
30
69

18
17
20
55

10
26
11
46

16
31
13
61

18
34
15
67

10
31
6
47

8
26
5
39

10
26
5
41

11
28
3
43

12
26
2
40

9
23
2
34

32

53

76

102

114

115

101

62

93

96

90

97

80

49

35

12
19
39
146

20
31
54
208

30
43
61
248

29
37
44
226

37
32
42
212

43
28
41
174

67
35
58
253

58
34
73
262

44
35
83
252

30
31
73
231

32
24
59
194

15
23
52
140

10
13
39
97

-

Jul'24

Aug'24

Sep'24

Oct'24

Nov'24

Dec'24
8

-

Jan'25
6

-

Feb'25
2

-

Mar'25
2

-

Apr'25
1

-

May'25

-

Jun'25

-

Jul'25

-

Aug'25

1
1

Sep'25

Oct'25

Nov'25

Dec'25

Jan'26

Feb'26

Mar'26

-

-

-

-

-

-

-

-

2
10

2
8

2
4

2
4

3
4

3
3

2
2

2
2

29

22

15

6

6

16

29

31

26

-

-

-

-

-

-

-

-

10
14
35
88

5
17
25
69

3
13
20
51

3
10
12
31

3
10
10
29

4
14
12
46

5
24
21
78

6
28
25
90

7
31
27
90

5
30
29
64

25
23
48

20
22
43

-

-

-

-

-

-

15

-

-

-

-

-

-

28

-

-

-

-

-

-

-

-

-

-

-

-

-

1
13
47

2
17
51

2

18

30

49

84

101

97

84

86

82

133

158

174

173

182

193

178

157

129

95

73

46

16

21

21

24

17

16

30

-

Iron Workers, Boilermaker,
Painters

-

-

35

47

45

40

35

26

30

37

41

38

36

33

26

21

27

21

19

16

19

28

32

35

39

33

Roofers

-

-

-

-

-

1

2

4

6

5

2

4

5

4

4

4

4

4

3

3

3

2

2

1

1

2

2

2

2

0

1

2

2

1

1

2

2

2

2

2

2

2

4

4

4

5

6

8

12

12

12

12

7

1

2

3

2

3

4

5

7

7

8

7

8

4

4

3

1

0

0

0

1

1

1

3

3

3

3

3

2

1

24

30

30

30

38

70

102

121

174

193

176

131

131

102

71

55

36

36

24

27

27

27

27

27

27

18

12

10

10

10

7

6

18

25

70

95

133

91

63

68

75

64

31

24

33

11

11

11

11

11

11

11

11

11

4

2

2

10

24

-

-

-

-

-

-

-

-

-

-

Electrical

Electrical

-

-

-

-

-

Instrumentation

Electrical

-

-

-

-

-

Refractory & Insulation

Insulators, Specialized

-

-

Misc. & Balance Works

Iron Workers
Plumping & Pipefitting,
Painting
Plumping & Pipefitting,
Painting

-

Fire Fighting (Conveyor)

Jun'24

0
1
33

Sheet Metal Workers

Fire Fighting (Building)

May'24

4
12
30
100

Carpenters, Plasters &
Mason

Finishing Works

Apr'24

Plumping & Pipefitters,
Painters

EPDM
HVAC

Apr'23

Monthly Manpower
Monthly Manhours
Cumulative Manhours

2

2

-

-

-

-

-

-

32

32

27

27

27

16

16

22

27

32

32

32

32

32

32

27

22

16

16

22

11

5

2

3

3

3

2

2

2

2

2

2

2

2

2

3

3

3

2

2

2

2

2

2

2

-

-

-

-

-

-

-

-

-

-

-

1
-

1
-

1
-

1

1

2

3

3

4

5

5

4

2

1

0

2

4

8

8

5

2

1

1

1

22

37

86

124

275

423

513

553

490

454

433

636

721

817

827

816

684

587

4,752
4,752

7,954
12,706

18,565
31,270

26,848
58,118

59,376
117,494

91,383
208,878

110,759
319,637

119,385
439,022

105,864
544,886

98,081
642,967

93,441
736,407

137,414
873,821

155,632
1,029,452

176,453
1,205,905

178,642
1,384,548

176,171
1,560,719

147,686
1,708,405

126,751
1,835,157

Trade

Union

Bricklayers
Carpenters
Mason
Elevators Work
Electrical
Iron Workers
Painters
Plumbing and Pipefitters
Roofers & Waterproofers
Boilermaker
Sheet Metal Work
Teamsters
Labors

International union of Bricklayers & Allied Craftworkers
International Brotherhood of Carpenters & Joiner of America
Operative Plasters’ and Cement Mason’s International Associate of the US and Canada
International Union of Elevator Constructors
International Brotherhood of Electrical Workers
International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers ( Local Union # 512)
International Union of painters & Allied Traders, AFL-CIO, CLC
United Association of Journeymen & Apprentices of the Plumbing & Pipefitting Industry of the US & Canada
United Union of Roofers, Waterproofers and Allied Workers
International Brotherhood of Boilermakers, Iron Ship builder, Blacksmiths, Forgers & Helpers
Sheet Metal Workers’ International Association
International Brotherhood of Teamsters
Laborers’ International Union of North America

1

1

1

1

1

1

-

2

1

5

2

7

-

10

3

-

-

10

3

5

5

-

10

3

5

8

-

-

-

-

-

147

49

42

40

28

18

18

31,649
2,470,150

10,687
2,480,837

9,046
2,489,883

8,640
2,498,523

6,048
2,504,571

3,888
2,508,459

3,888
2,512,347

-

-

-

-

-

-

-

-

517

423

328

221

180

176

195

205

207

181

159

111,654
1,946,810

91,283
2,038,093

70,915
2,109,008

47,715
2,156,723

38,933
2,195,656

38,030
2,233,686

42,187
2,275,873

44,288
2,320,161

44,754
2,364,915

39,179
2,404,094

34,407
2,438,501

5

45

-

-

4

5

-

-

3

7

-

-

3

7

-


Northern Industrial Erectors, Inc ("NIE")
2500 Glenwood Drive, PO Box 308
Grand Rapids, Minnesota 55744

TNT Construction Group, LLC ("TNT")
40 County Road 63
Grand Rapids, Minnesota 57744

May 15, 2023

Commissioner Sarah Strommen
Minnesota Department of Natural Resources
Assistant Commissioner Jess Richards
Lands and Minerals Division
Minnesota Department of Natural Resources
500 Lafayette Road
St. Paul, Minnesota 55155

RE: Nashwauk Mineral Leases

Dear Commissioner Strommen and Assistant Commissioner Richards:

Derek Bostyancic, representing NIE, and Tom Hammerlund, representing TNT, have jointly put together this letter to express our support for the successful completion of Mesabi Metallics 7.0 million TPA Pellet plant in Nashwauk, MN

Both of our companies have grown since origination in the 1980's.

- **NIE's** work stretches across the Midwest including Minnesota, North Dakota, Wisconsin, Michigan and as far west as Idaho, performing Steel Erection, Construction Management, Millwright services, Industrial Maintenance and repair, and Crane Services.
- **TNT** is committed providing construction projects in Northern Minnesota and the Iron Range. TNT's services includes General Contracting, Earthwork Excavation and Grading, Utilities, Concrete work, Custom Hauling and Construction Management.

Both TNT and NIE have been a partner with Mesabi Metallics right from the start of construction.

NIE has been instrumental in erection of structural steel to the tune of 18,498 metric tons, and process equipment of approx. 4,480 metric tons. NIE has continued with construction activities on non-stop basis over the last few years, specifically on the critical path buildings.

Similarly, TNT has completed 131,958 cubic yards of concrete works, and over 4 million cubic yards of earthwork apart from building certain site infrastructure works.
Since the beginning of 2023, we have noticed a renewed effort by Mesabi Metallics team in engaging with local and state contractors towards completion of the project work.

- TNT has been in continuous engagement with Mesabi Metallics and apart from the main construction works elaborated in this letter, TNT has also been engaged in development and maintenance of site infrastructure required for construction of plant.
- NIE has
  - been awarded the erection works for approx. 6,300 metric tons of structural erection, and 200,000 sq. feet of sheeting works on the long lead building of the Concentrator
  - received $1,390,000 mobilization advance in March, 2023, and an additional $1,900,000.00 advance payment in April 2023.
  - developed plans toward the completion of these works, and are confident we will complete the current awards within 11 months.
  - is gearing up for future awards for equipment erections and technology structure of the concentrator.

NIE currently has a 50 ton crane and a 300 ton crane on the Mesabi Metallics site, and plan to deploy a 400 ton crane, along with smaller cranes, and 150 to 200 crew members onsite. TNT is expecting a peak of 175 crew members on site.

We strongly urge the Department of Natural Resources and the State Executive Council to support the completion of the Mesabi Metallics project and fair allocation of mining leases to allow the plant to perform successfully over the next 30-40 year life span.

We both are willing to have a sit-down with you to discuss this situation, whether it be on the Range or in St. Paul.

Derek Bostyancic
Northern Industrial Erectors, Inc

Tom Hammerlund, Senior
TNT Construction Group, LLC
Minnesota Department of Natural Resources
500 Lafayette Road
Saint Paul, MN 55155

Dear Sir / Madam

Subject: Our support to successful completion and start-up of 7.0 Million TPA Pellet plant of Mesabi Metallics

IBEW Local 294 and its members have been associated with the Mesabi Metallics LLC and its 7 MPTA Taconite project at Nashwauk project since 2017 and before with MN Steel. We are aware of the company’s project execution plans and the construction schedule for the balance of construction of all the buildings at its Nashwauk facility that shall house the 7 million tonnes iron pellet plant.

We are confident that our members will be available to work with the company till the production starts in the year 2026 and also provide continued maintenance for many years after.

We and our affiliated unions are aware that the peak demand for workmen across all trades will be upwards of 800 and it shall cover iron workers, millwrights, sheeting specialists, plumbing & pipe workers, masons, carpenters, electrical and instrumentation workers.

For the Electrical trade, the peak requirement from the International Brotherhood of Electrical Workers Local 294 would be around 175 and we are very confident that this resource will be made available from our Union halls.

We wish to see this project completed as per the plans that company has shared with us and the Project Labor Agreement in place with the Iron Range Building and Trades Unions.

However, we have recently come to know that the DNR has recommended an award of certain state mining leases that are critical to the success of MMCL project to Cleveland Cliffs of Ohio. We ask you to reconsider this decision and provide adequate resources to MMCL, as our members from Itasca County are gainfully engaged with this project and any contrarian decision will have an adverse effect on their livelihood.

We are hopeful that the DNR will reconsider its decision and ensure that the interest of our members across Itasca County is fully protected.

Members of our governing body of the Iron Range Building and Trades would like to meet with the DNR at the earliest, preferably next week to seek an opportunity to appraise your members.
of our commitment to the growth of this MMCL project and most importantly reiterate our commitment to ensure substantial employment and growth of the community by having a state of art and green iron ore processing facility at Nashwauk.

Sincerely,

[Signature]

Dan Hendrickson
Business Manager
IBEW Local 294
Minnesota Department of Natural Resources  
500 Lafayette Road  
Saint Paul, MN 55155

Dear Sir / Madam

Subject: Our support to successful completion and start-up of 7.0 Million TPA Pellet plant of Mesabi Metallics

Plumbers and Pipefitters Local 589 has been associated with the Mesabi Metallics LLC and its 7 MPTA Taconite project at Nashwauk project since 2017 and earlier. We are aware of the company's project execution plans and the construction schedule for the balance of construction of all the buildings at its Nashwauk facility that shall house the 7 million tonnes iron pellet plant.

We are confident that our members will continue to be available to work with the company till the production starts in the year 2026.

We and our affiliate unions are aware that the peak demand for workmen across all trades will be upwards of 800 and it shall cover iron workers, millwrights, sheeting specialists, pipefitters, masons, carpenters, electrical and instrumentation workers.

For the Pipefitting trade, the peak requirement is around 200 to 250 and we are very confident that this resource can made available from our union hall.

We wish to see this project completed as per the plans that company has shared with us as it will bring sustainable benefits to the local union halls and the communities they are part of across northern MN and Nashwauk and Itasca County in specific.

However, unfortunately we have recently come to know that the DNR has recommended an award of certain state mining leases that are critical to the success of MMCL project to Cleveland Cliffs of Ohio. We request you to reconsider this decision and provide adequate resources and support to MMCL, as our members from the local union halls across the Itasca County are gainfully engaged with this project and any contrarian decision will have an adverse effect on their livelihood.

We are hopeful that DNR will reconsider its decision and ensure that the interest of our members across the Itasca County is fully protected.

Members of our governing body of Iron Range Building and Construction Trades would like to meet with the DNR at the earliest, preferably next week to seek an opportunity to appraise your members of our commitment to the growth of this MMCL project and most importantly reiterate our commitment to ensure substantial employment and growth of the community by having a state of art and green iron ore processing facility at Nashwauk.

Sincerely,

[Signature]

5/15/2023

Jason Quiggin  
Business Manager  
Plumbers and Pipefitters  
Local 589
May 15, 2023

Via Email: larry.sutherland@mesabimetallics.com
Mesabi Metallics Company, LLC
c/o Mr. Larry Sutherland-President
17:13 County Road 58
Nashwauk, MN 55769

RE: Application of Minn. Stat. §93.1925
Our File No.: 61,569-8

Dear Mr. Sutherland,

Thank you for providing the requested information relative to the above referenced issue and specifically the attached breakdown. I have reviewed the legal foundation and analysis that had been prepared with regard to the 30 state lease packages. The analysis that was provided appears to be sound. Based upon the information that had been provided it is my opinion that as statutory test for the grant of the leases under Minn. Stat. 93.1925 is not met at this time.

While I expect that Cliffs could argue that the instability of title be ignored, this is inappropriate. The uncertainty of both the antitrust litigation and the 560 litigation creates significant clouds that would have long term effects and jeopardize the continued accuracy of current representations. To the extent that the rights to the properties adjacent to the mining operations is not settled, the push to award contract in any respect seems premature.

Further, reviewing the draft lease agreement, I do not see any language that would be sufficient to address the situation where the test under which the leases were granted fails clearly at a future date. There is some language in Paragraph 26 of the agreement, but it is vague at best. It addresses primarily failure in performance as opposed to failure in the legal basis supporting the grant of lease at the outset. In my opinion this lack of contingency for a known uncertainty would be ill advised by the State.
Ultimately, it is my opinion that as the facts exist, the statements that form the legal foundation for the request by Cliffs to award lease/contract rights are not set. I have attached to this opinion a summary of the analysis as to each individual lease package. My opinion is that each individual analysis contained within that summary is accurate at this time.

Bryan M. Lindsay
State Leases: Proposed to be allotted to Cleveland Cliffs

1. State Lease – 3119 N

- Subject to 560 Litigation and to be allotted pursuant to anti-trust judgment

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes</td>
</tr>
<tr>
<td>And</td>
<td>But said land parcels are subject to anti-trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti-trust litigation</td>
</tr>
</tbody>
</table>

Test of condition in 93.1925 of Minnesota Statutes 2022.
Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
</table>
| Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs; | Yes  
But said land parcels are subject to anti trust litigation and Chapter 560 litigation.  
Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels |
| AND                                                                  |                                                                                                                                             |
| Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs. | No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation. |
3. **State Lease – 3117 N**

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs</td>
<td>Yes. But said land parcels are subject to anti trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels.</td>
</tr>
<tr>
<td><strong>AND</strong></td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation.</td>
</tr>
</tbody>
</table>

**RESULT**  TEST FAILED
4. **State Lease – 3118 N**

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes, it is adjacent;</td>
</tr>
<tr>
<td>AND</td>
<td>Other surrounding parcels are subject to 560 litigation and once Mesabi which has a reasonable chance of being successful in 560 litigation will control the adjacent parcel of land and hence it may not be impracticable to mine the state lease except in conjunction with Cliffs.</td>
</tr>
<tr>
<td>RESULT</td>
<td></td>
</tr>
</tbody>
</table>
5. State Lease – 3114 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes</td>
</tr>
<tr>
<td>AND</td>
<td>But said land parcels are subject to anti-trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti-trust litigation.</td>
</tr>
<tr>
<td>RESULT</td>
<td>TEST FAILED</td>
</tr>
</tbody>
</table>
6. State Lease – 3124 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes, but said land parcels are subject to anti-trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels.</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti-trust litigation.</td>
</tr>
<tr>
<td>RESULT</td>
<td></td>
</tr>
</tbody>
</table>
7. State Lease – T 5081 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes</td>
</tr>
<tr>
<td>AND</td>
<td>But said land parcels are subject to anti trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapte: 560 litigation and anti true litigation.</td>
</tr>
</tbody>
</table>
3. **State Lease – T 5082 N**

![Diagram of land parcels]

**Test of condition in 93.1925 of Minnesota Statutes 2022.**

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes — BUT the said land parcels are subject to anti trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td>AND</td>
<td>No — The mining of the adjacent ore itself cannot be determined till the outcome of the anti trust litigation as well as Chapter 560 litigation.</td>
</tr>
</tbody>
</table>

**RESULT**
9. State Lease – T 5083 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs</td>
</tr>
<tr>
<td><strong>AND</strong></td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs</td>
<td>Not applicable as Cliffs doesn't have an adjacent ore.</td>
</tr>
<tr>
<td><strong>RESULT</strong></td>
<td></td>
</tr>
</tbody>
</table>
10. State Lease – T 5084 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs</td>
<td>Yes, but said land parcels are subject to anti trust litigation and Chapter 560 litigation.</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation.</td>
</tr>
<tr>
<td>RESULT</td>
<td></td>
</tr>
</tbody>
</table>
11. **State Lease – T 5085 N**

![Diagram showing Mesabi Controlled parcels](image)

**Test of condition in 93.1925 of Minnesota Statutes 2022.**

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs.</td>
</tr>
<tr>
<td></td>
<td>In fact the adjacent parcels are Mesabi controlled parcels.</td>
</tr>
<tr>
<td><strong>AND</strong></td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs;</td>
<td>Not applicable as Cliffs doesn’t have an adjacent ore.</td>
</tr>
<tr>
<td><strong>RESULT</strong></td>
<td></td>
</tr>
</tbody>
</table>
12. State Lease – T 5086 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs. In fact the adjacent parcels are Mesabi controlled parcels</td>
</tr>
<tr>
<td><strong>AND</strong></td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>Not applicable as Cliffs doesn’t have an adjacent ore.</td>
</tr>
<tr>
<td><strong>RESULT</strong></td>
<td><strong>TEST FAILED</strong></td>
</tr>
</tbody>
</table>
13. State Lease – T 5087 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs</td>
</tr>
<tr>
<td>purposes by Cliffs;</td>
<td>In fact the adjacent parcels are Mesabi controlled parcels</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in</td>
<td>Not applicable as Cliffs doesn’t have an adjacent ore.</td>
</tr>
<tr>
<td>conjunction with the mining of the adjacent ore of Cliffs.</td>
<td></td>
</tr>
<tr>
<td><strong>RESULT</strong></td>
<td><strong>TEST FAILED</strong></td>
</tr>
</tbody>
</table>
14. State Lease – T 5088 N

![Diagram with Mesabi Controlled and State Controlled (50%) nodes connected by arrows]

Test of condition in §3.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs.</td>
</tr>
<tr>
<td>purposes by Cliffs;</td>
<td>Infact the adjacent parcels are Mesabi controlled parcels</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in</td>
<td>Not applicable as Cliffs doesn’t have an adjacent ore.</td>
</tr>
<tr>
<td>conjunction with the mining of the adjacent ore of Cliffs.</td>
<td></td>
</tr>
</tbody>
</table>

RESULT

**TEST FAILED**
15. State Lease – T 5089 N

Test of condition in 93.1925 of Minnesota Statutes 2022

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes</td>
</tr>
<tr>
<td>AND</td>
<td>But said land parcels are subject to anti trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation.</td>
</tr>
</tbody>
</table>
16. State Lease – T 5101 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining</td>
<td>Yes – BUT the said land parcels are subject to anti trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td>purposes by Cliffs;</td>
<td></td>
</tr>
<tr>
<td>AND</td>
<td>No - The mining of the adjacent ore itself cannot be determined till the outcome of the anti trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in</td>
<td></td>
</tr>
<tr>
<td>conjunction with the mining of the adjacent ore of Cliffs.</td>
<td></td>
</tr>
<tr>
<td>RESULT</td>
<td></td>
</tr>
</tbody>
</table>
Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes — BUT the said land parcels are subject to anti trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No - The mining of the adjacent ore itself cannot be determined till the outcome of the anti trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td>RESULT</td>
<td></td>
</tr>
</tbody>
</table>
18. State Lease – T 5103 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes — BUT the said land parcels are subject Chapter 560 litigation.</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No - The mining of the adjacent ore itself cannot be determined till the outcome of the anti-trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td>RESULT</td>
<td></td>
</tr>
</tbody>
</table>
Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes, it is adjacent;</td>
</tr>
<tr>
<td><strong>But</strong></td>
<td>it is adjacent but the same is subject to anti trust litigation. Mesabi is likely to succeed in its anti trust petition against Cliffs subsequent to which Cliffs will lose ownership or lease of any all the adjacent parcels which it claims to own by virtue of the limited warranty deed / memorandum of lease entered into with GPIOP. Hence condition not met.</td>
</tr>
<tr>
<td><strong>AND</strong></td>
<td>The mining of the adjacent ore itself cannot be determined till the outcome of the anti trust litigation. When the applicant does not even have the ability to mine in its adjacent parcels, question of ability to mine the state parcels in conjunction with such parcels does not arise. Hence condition not met.</td>
</tr>
</tbody>
</table>

**RESULT**

19 | Page
20. State Lease – 3110 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs:</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs</td>
<td>Not applicable as Cliffs doesn’t have an adjacent ore.</td>
</tr>
<tr>
<td>RESULT</td>
<td></td>
</tr>
</tbody>
</table>
21. **State Lease – 3111 N**

![Diagram showing subject of 560 litigation and Cliffs controlled, subject to anti-trust litigation.]

**Test of condition in 93.1925 of Minnesota Statutes 2022.**

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether: adjacent to taconite iron ore owned or leased for mining purposes by Cliffs; And</td>
<td>Yes — BUT the said land parcels are subject to anti trust litigation as well as Chapter 560 litigation.</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No - The mining of the adjacent ore itself cannot be determined till the outcome of the anti trust litigation as well as Chapter 560 litigation.</td>
</tr>
</tbody>
</table>
22. State Lease -3112 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining</td>
<td>Yes, it is adjacent;</td>
</tr>
<tr>
<td>purposes by Cliffs;</td>
<td>But</td>
</tr>
<tr>
<td>it is adjacent but the same is subject to anti trust litigation.</td>
<td></td>
</tr>
<tr>
<td>Mesabi is likely to succeed in its anti trust petition against</td>
<td></td>
</tr>
<tr>
<td>Cliffs subsequent to which Cliffs will lose ownership or lease of</td>
<td></td>
</tr>
<tr>
<td>any all the adjacent parcels which it claims to own by virtue of</td>
<td></td>
</tr>
<tr>
<td>the limited warranty deed / memorandum of lease entered into with</td>
<td></td>
</tr>
<tr>
<td>GPIOP.</td>
<td></td>
</tr>
<tr>
<td>Hence condition not met.</td>
<td></td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in</td>
<td></td>
</tr>
<tr>
<td>conjunction with the mining of the adjacent ore of Cliffs.</td>
<td></td>
</tr>
<tr>
<td>The mining of the adjacent ore itself cannot be determined till the</td>
<td></td>
</tr>
<tr>
<td>outcome of the anti trust litigation. When the applicant does not</td>
<td></td>
</tr>
<tr>
<td>even have the ability to mine in its adjacent parcels, question of</td>
<td></td>
</tr>
<tr>
<td>ability to mine the state parcels in conjunction with such parcels</td>
<td></td>
</tr>
<tr>
<td>does not arise.</td>
<td></td>
</tr>
<tr>
<td>Hence condition not met.</td>
<td></td>
</tr>
</tbody>
</table>

RESULT
23. State Lease – 3113 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes</td>
</tr>
<tr>
<td>AND</td>
<td>But said land parcels are subject to anti-trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels.</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti-trust litigation.</td>
</tr>
<tr>
<td>RESULT</td>
<td>TEST FAILED</td>
</tr>
</tbody>
</table>
24. State Lease – 3115 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>Not applicable as Cliffs doesn’t have an adjacent ore.</td>
</tr>
<tr>
<td>RESULT</td>
<td>TEST FAILED</td>
</tr>
</tbody>
</table>
Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining</td>
<td>Yes, it is adjacent;</td>
</tr>
<tr>
<td>purposes by Cliffs;</td>
<td></td>
</tr>
<tr>
<td><strong>But</strong></td>
<td></td>
</tr>
<tr>
<td>it is adjacent but the same is subject to anti trust litigation.</td>
<td></td>
</tr>
<tr>
<td>Mesabi is likely to succeed in its anti - trust petition against</td>
<td></td>
</tr>
<tr>
<td>Cliffs subsequent to which Cliffs will lose ownership or lease of</td>
<td></td>
</tr>
<tr>
<td>any all the adjacent parcels which it claims to own by virtue of the</td>
<td></td>
</tr>
<tr>
<td>limited warranty deed / memorandum of lease entered into with GPIOP.</td>
<td></td>
</tr>
<tr>
<td>Hence condition not met.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AND</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in</td>
<td>The mining of the adjacent ore itself cannot be</td>
</tr>
<tr>
<td>conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>determined till the outcome of the anti trust litigation. When</td>
</tr>
<tr>
<td></td>
<td>the applicant does not even have the ability to mine in its</td>
</tr>
<tr>
<td></td>
<td>adjacent parcels, question of ability to mine the state parcels</td>
</tr>
<tr>
<td></td>
<td>in conjunction with such parcels does not arise.</td>
</tr>
<tr>
<td></td>
<td>Hence condition not met.</td>
</tr>
</tbody>
</table>

| **RESULT**                                                          | **TEST FAILED**                                                   |

25. State Lease – 3116 N
26. State Lease – 3121 N

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
</table>
| Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs; | Yes  
  But said land parcels are subject to anti trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels |
| AND                                                                 | No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation. |
| Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs. | RESULT  
  TEST FAILED                                                                 |

State Controlled

Cliffs Controlled, subject to Anti Trust litigation
Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining</td>
<td>Yes, it is adjacent;</td>
</tr>
<tr>
<td>purposes by Cliffs;</td>
<td></td>
</tr>
<tr>
<td><strong>But</strong></td>
<td></td>
</tr>
<tr>
<td>it is adjacent but the same is subject to anti trust litigation.</td>
<td></td>
</tr>
<tr>
<td>Mesabi is likely to succeed in its anti trust petition against</td>
<td></td>
</tr>
<tr>
<td>Cliffs subsequent to which Cliffs will lose ownership or lease of</td>
<td></td>
</tr>
<tr>
<td>any all the adjacent parcels which it claims to own by virtue of the</td>
<td></td>
</tr>
<tr>
<td>limited warranty deed / memorandum of lease entered into with</td>
<td></td>
</tr>
<tr>
<td>GPIOF.</td>
<td></td>
</tr>
<tr>
<td><strong>Hence condition not met.</strong></td>
<td></td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in</td>
<td></td>
</tr>
<tr>
<td>conjunction with the mining of the adjacent ore of Cliffs.</td>
<td></td>
</tr>
<tr>
<td>**The mining of the adjacent ore itself cannot be determined till the</td>
<td></td>
</tr>
<tr>
<td>outcome of the anti trust litigation. When the applicant does not</td>
<td></td>
</tr>
<tr>
<td>even have the ability to mine in its adjacent parcels, question of</td>
<td></td>
</tr>
<tr>
<td>ability to mine the state parcels in conjunction with such parcels</td>
<td></td>
</tr>
<tr>
<td>does not arise.</td>
<td></td>
</tr>
<tr>
<td><strong>Hence condition not met.</strong></td>
<td></td>
</tr>
<tr>
<td>RESULT</td>
<td><strong>TEST FAILED</strong></td>
</tr>
</tbody>
</table>
28. State Lease – 3123 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes&lt;br&gt;But said land parcels are subject to anti trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels</td>
</tr>
<tr>
<td>AND&lt;br&gt;Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation.</td>
</tr>
<tr>
<td>RESULT</td>
<td>TEST FAILED</td>
</tr>
</tbody>
</table>
25. State Lease –3125 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>No – as the lease is not surrounded by any parcel owned / leased by Cliffs</td>
</tr>
<tr>
<td>AND</td>
<td></td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs</td>
<td>Not applicable as Cliffs doesn’t have an adjacent ore.</td>
</tr>
<tr>
<td>RESULT</td>
<td></td>
</tr>
</tbody>
</table>
30. State Lease – 3126 N

Test of condition in 93.1925 of Minnesota Statutes 2022.

<table>
<thead>
<tr>
<th>Test</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether adjacent to taconite iron ore owned or leased for mining purposes by Cliffs;</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>But said land parcels are subject to anti trust litigation and Chapter 560 litigation. Further it is to be noted that this State lease is also adjacent to Mesabi controlled parcels</td>
</tr>
<tr>
<td>AND</td>
<td>No – because the mine is adjacent to the shared parcels subject to final judgment under Chapter 560 litigation and anti trust litigation.</td>
</tr>
<tr>
<td>Is it impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore of Cliffs.</td>
<td>RESULT</td>
</tr>
<tr>
<td></td>
<td>TEST FAILED</td>
</tr>
</tbody>
</table>
IN UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

----------------------------------------------

In re: ESSAR STEEL MINNESOTA LLC and
ESML HOLDINGS INC., 1
Reorganized Debtors.

----------------------------------------------

CLEVELAND-CLIFFS MINNESOTA LAND
DEVELOPMENT LLC,

Plaintiff,

v.

MIRANDA MINERAL RESOURCES, LLC, and
MESABI METALLICS COMPANY LLC,

Defendants.

----------------------------------------------

MIRANDA MINERAL RESOURCES, LLC, and
MESABI METALLICS COMPANY LLC,

Counterclaim-Plaintiffs,

v.

CLEVELAND-CLIFFS MINNESOTA LAND
DEVELOPMENT LLC,

Counterclaim-Defendants.

----------------------------------------------

1 Essar Steel Minnesota LLC has changed its name to Mesabi Metallics Company LLC.
2 Previously Adv. Proc. No. 18-04041 prior to transfer from the United States Bankruptcy Court for the District of Minnesota.
STATUS REPORT IN ADVISORY PROCEEDING

Plaintiff and Counterclaim-Defendant Cleveland-Cliffs Minnesota Land Development LLC ("Cliffs Minnesota") hereby submits this Status Report for the above-captioned adversary proceeding. This status report is submitted in response to the Court’s April 29, 2020 request. [Adv. D.I. 55.]

I. PROCEDURAL HISTORY

1. Cliffs Minnesota filed this action in February 2018 in state court in Minnesota to seek a court order from the Minnesota State Court granting Cliffs Minnesota permission to mine jointly-held mineral lands under Chapter 560 of the Minnesota Statutes. [Adv. D.I. 1.] As required by the Minnesota statute, Cliffs Minnesota filed its action in the county where the subject property and mineral rights are located. See MINN. STAT. § 560.01, subd. 1.


3. On April 9, 2018, Mesabi removed this action to the United States Bankruptcy Court for the District of Minnesota and moved to transfer the case to this Court, citing the overlapping Mineral Lease issue in Mesabi’s adversary proceeding against Cleveland-Cliffs Inc., Cliffs Minnesota, and Glacier Park Iron Ore Properties styled, Mesabi Metallics Company LLC (f/k/a Essar Steel Minnesota LLC) v. Cleveland-Cliffs Inc. (f/k/a Cliffs Natural Resources, Inc.) et al., Adv. Proc. No. 17-51210 (BLS), pending before this Court. [Adv. D.I. 4.] The Minnesota Bankruptcy Court subsequently transferred this action to this Court on Mesabi’s motion on April 30, 2018. [Adv. D.I. 16, 21.]
4. Superior Mineral Resources, LLC, the original defendant in the state court action, filed a motion to dismiss it as a party to this adversary proceeding on April 16, 2018. [Adv. D.I. 6.]


7. The parties then stipulated to extend the briefing deadlines on the defendants’ motions to dismiss and plaintiffs’ motion for abstention and to remand in this action until after this Court ruled on the parties’ cross-motions for partial summary judgment filed in Mesabi’s adversary proceeding, Adv. Proc. No. 17-51210 (BLS). On July 23, 2018, this Court entered the opinion on the parties’ cross-motions for partial summary judgment. [See Adv. Proc. No. 17-51210, Docket No. 98.] The parties thereafter agreed to a briefing schedule for the motions to dismiss to September 13, 2018.


9. On September 7, 2018, Mesabi withdrew its motion to dismiss, and on September 14, 2018, Mesabi and Miranda filed a joint answer to Cliffs Minnesota’s complaint and filed
counterclaims against Cliffs Minnesota. Cliffs Minnesota answered the counterclaim complaint on October 5, 2018.

10. This Court held a status conferenced in this action on October 31, 2018, in conjunction with an omnibus hearing date for other actions related to Mesabi’s chapter 11 proceeding, Case No. 16-11626 (BLS). At the status conference, counsel discussed the overlap between this action and the Court’s opinion on the parties’ cross-motions for partial summary judgment filed in Mesabi’s adversary proceeding, Adv. Proc. No. 17-51210 (BLS), which was subject to Mesabi’s Notice of Appeal and Motion for Leave to Appeal.

11. This Court granted Superior’s motion to dismiss on December 19, 2018.


II. STATUS OF ADVERSARY PROCEEDING

13. Since the commencement of this action, the parties have acknowledged the overlap between the issues in this action and Mesabi’s adversary proceeding, Adv. Proc. No. 17-51210 (BLS).

14. Mesabi’s and Miranda’s joint answer and counterclaims in this action refer to Mesabi’s claims in its adversary proceeding as the grounds for the affirmative defenses in this action and for the bases for the counterclaims. [See Adv. D.I. 40 at 5-6 (Second – Eleventh Affirmative Defenses), 9-15 (Counterclaim factual allegations).]

15. The outcome of this action is tied to the finality of this Court’s opinion on the parties’ cross-motions for partial summary judgment filed in Mesabi’s adversary proceeding.
16. The parties continue to treat this action as informally stayed in favor of Mesabi’s adversary proceeding.

Dated: May 20, 2020

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ Michael S. Neiburg

M. Blake Cleary (No. 3614)
Michael S. Neiburg (No. 5275)
Rodney Square
1000 North King Street
Wilmington, DE 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253
Email: mbcleary@ycst.com
mneiburg@ycst.com

Attorneys for Cleveland-Cliffs Minnesota Land Development LLC
CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this the 20th day of May, 2020, the foregoing 

Status Report in Adversary Proceeding was served upon the following via electronic mail:

Evan T. Miller, Esq.                              Thomas E Lauria, Esq.
Bayard, P.A.                                      White & Case LLP
222 Delaware Avenue, Suite 900                   Southeast Financial Center
Wilmington, DE 19801                             200 South Biscayne Boulevard, Suite 4900
emiller@bayardlaw.com                            Miami, Florida 33131-2352
dbrogan@bayardlaw.com                            tlauria@whitecase.com

Joshua Berman, Esq.                              Craig H. Averch, Esq.
White & Case LLP                                  Ronald K. Gorsich, Esq.
1221 Avenue of the Americas                      White & Case LLP
New York, New York 10020-1095                    555 South Flower Street, Suite 2700
jberman@whitecase.com                            Los Angeles, California 90071-2433
caverch@whitecase.com                            caverch@whitecase.com
rgorsich@whitecase.com

Brent A. Lorentz, Esq.                            Craig H. Averch, Esq.
Ian M. Rubenstrunk, Esq.                          Ronald K. Gorsich, Esq.
Winthrop & Weinstine, P.A.                       White & Case LLP
225 South Sixth Street, Suite 3500                555 South Flower Street, Suite 2700
Minneapolis, MN 55402                            Los Angeles, California 90071-2433
blorentz@winthrop.com                            caverch@whitecase.com
irubenstrunk@winthrop.com                        rgorsich@whitecase.com

Dated: May 20, 2020

/s/ Michael S. Neiburg
Michael S. Neiburg (No. 5275)
TECHNO-ECONOMIC FEASIBILITY STUDY
FOR DRI PLANT IN MMC’S FACILITY IN
NASHWAUK, MINNESOTA

IDOM
Engineering, Architecture and Consultancy
330 2ND Ave S Suite 600
Minneapolis MN 55401

March 2023
Table of Contents

1. EXECUTIVE SUMMARY .................................................................................................................. 6
   1.1. Background ................................................................................................................................. 6
   1.2. Summary of the Feasibility Study .............................................................................................. 7
       1.2.1. Plant Concept ....................................................................................................................... 7
       1.2.2. Logistics and Layout .......................................................................................................... 8
       1.2.3. Financial Analysis .............................................................................................................. 8
       1.2.4. Project Sensitivity ............................................................................................................. 8

2. INTRODUCTION ............................................................................................................................. 10
   2.1. Client Objectives ....................................................................................................................... 10
   2.2. Deliverables ............................................................................................................................... 10
   2.3. Structure of this Report ............................................................................................................ 11
   2.4. Approach .................................................................................................................................. 11
       2.4.1. Plant Layout ....................................................................................................................... 11
       2.4.2. CAPEX Estimation ............................................................................................................ 13
       2.4.3. OPEX Estimation .............................................................................................................. 15
       2.4.4. Construction Schedule ...................................................................................................... 15
       2.4.5. Financial Model ................................................................................................................. 15

3. DRI PLANT DESCRIPTION ............................................................................................................. 17
   3.1. Gas based DRI Technologies ................................................................................................. 17
       3.1.1. MIDREX Process: .............................................................................................................. 17
       3.1.2. ENERGIRON ZR Process: ............................................................................................... 19
   3.2. Comparison of MIDREX and ENERGIRON ZR Technologies .............................................. 21
   3.3. Details of MIDREX and ENERGIRON ZR Technologies ....................................................... 23
       3.3.1. Shaft Furnace ...................................................................................................................... 25
3.3.2. Briquetting system ......................................................... 26
3.3.3. Reformer ........................................................................ 27
3.3.4. Heat Recovery System ..................................................... 28
3.3.5. Cleaning and compression of recycled gas ..................... 29

4. PROJECT SPECIFICATION ..................................................... 30

4.1. Site Location ........................................................................ 30
  4.1.1. General ........................................................................ 30
  4.1.2. Road ........................................................................... 32
  4.1.3. Rail ............................................................................. 32
  4.1.4. Port ............................................................................ 33
  4.1.5. Water ........................................................................ 33
  4.1.6. Power .......................................................................... 33
  4.1.7. Natural Gas Supply ...................................................... 33

4.2. Project Concept and Specifications ....................................... 34
  4.2.1. Plant Concept ............................................................... 34
  4.2.2. Foundations ................................................................. 36

4.3. Logistics ............................................................................. 36
  4.3.1. Internal Transportation within DRI Plant ...................... 36
  4.3.2. External Transportation for DRI Plant ......................... 37

4.4. Layout ................................................................................ 37
  4.4.1. General ....................................................................... 37
  4.4.2. Locations of various Internal units ................................. 38

4.5. Process Flow Chart .............................................................. 40

4.6. Raw Material Requirements ................................................ 41
  4.6.1. Iron Oxide Feed ............................................................ 41
  4.6.2. Natural Gas ................................................................. 42

4.7. Utility Requirements ............................................................ 42
4.8. By-products/ Effluents ................................................................. 44
   4.8.1. Solids .................................................................................. 44
   4.8.2. Liquid ................................................................................ 44
   4.8.3. Gaseous ............................................................................. 45
4.9. Specific Consumptions ................................................................. 45
4.10. On-site Storage and Material Handling ......................................... 46
   4.10.1. General ............................................................................ 46
   4.10.2. Iron Oxide pellets .............................................................. 46
   4.10.3. Product HBI .................................................................... 47
   4.10.4. Lime for Oxide coating .................................................... 48
   4.10.5. Other facilities .................................................................. 48
4.11. Water Treatment ......................................................................... 49
   4.11.1. General ........................................................................... 49
   4.11.2. Proposed Facilities .......................................................... 50
   4.11.3. Cooling Water Systems .................................................... 51
   4.11.4. Solids De-watering Treatment System .............................. 52
   4.11.5. Miscellaneous Water Systems ......................................... 52
   4.11.6. Water Treatment System ................................................ 53
   4.11.7. Blowdown Water Treatment System ................................. 54
   4.11.8. Sanitary Waste Water Treatment System ......................... 54
5. CAPEX ESTIMATION .................................................................. 55
   5.1. General ................................................................................ 55
   5.2. Estimation Methodology ......................................................... 55
   5.3. Choice of Technology ............................................................ 56
   5.4. Estimated Capital Costs ........................................................ 58
   5.5. Basis/Assumptions for Capital Cost Estimate .......................... 61
6. OPEX ESTIMATION ................................................................. 65
7. ESTIMATED CONSTRUCTION SCHEDULE ...........................................69

7.1. General ..........................................................................................69
7.2. Previous Projects .............................................................................69
7.3. DRI Plant Major Milestones ..............................................................71
7.4. Air Separation Unit ..........................................................................71
7.5. Material Handling System .................................................................72
7.6. Water Treatment Plant ......................................................................72
7.7. Utilities Distribution and Power Distribution ....................................72
7.8. Estimated Schedule Description ........................................................72
7.9. Key Milestone Dates .........................................................................73
7.10. Implementation Plan .........................................................................74
7.11. Engineering and Procurement .........................................................74

8. FINANCIAL MODEL ...........................................................................76

8.1. Scope And Initial Assumptions ..........................................................77
8.2. Financial Analysis ............................................................................77
  8.2.1. CAPEX and Financing .................................................................77
  8.2.1.1. Weighted Average Cost of Capital (WACC) .......................79
  8.2.2. Operation .....................................................................................79
  8.2.2.1. OPEX ....................................................................................80
  8.2.2.2. Revenues and EBITDA ..........................................................80
  8.2.3. Other Operational and Macroeconomic Assumptions ..............81
  8.2.4. Profitability Analysis ..................................................................82
  8.2.5. Sensitivity Analysis ....................................................................85

9. POTENTIAL MARKETS ......................................................................87

10. CONCLUSIONS ...............................................................................90
APPENDICIES/Annexes

Appendix 1 – Preliminary Layout
Appendix 2 – Construction Schedule Summary.
Appendix 3 – CAPEX Estimation Summary
1. EXECUTIVE SUMMARY

1.1. Background

The Mesabi Metallics LLC’s Direct Reduction Iron (DRI) Plant is to be located in Nashwauk, Minnesota, USA. The DRI Plant will have a capacity of 2.5 MTPA, at 312.5 T/Hr, operating 8,000 hours per year, producing a high quality, Hot Briquetted Iron (HBI) DRI. The HBI is to be transported by rail to sell in the open market. Construction will start in 2023 and it will take approximately 42 months to complete.

The DRI Plant will use DR Grade Iron Ore Pellets (IOP) from the adjacent Mesabi Metallics’ Pellet Plant as the main raw material and natural gas as the reducing agent. Other utilities being power, nitrogen, oxygen, air, water (make-up, potable and firefighting water).

Presently, Mesabi Metallics’ Pellet Plant is under construction with major construction activity on hold for several years and only approximately 50% complete. Only minor construction activities have been performed in the last few years. Mesabi Metallics is working with another engineering/constructor to secure financing and accelerate construction. Once commissioned, the Pellet Plant will produce enough IOPs to supply two 2.5 MTPY DRI Plants. Although other sources of DR Grade Iron Ore Pellets may be available, they were not considered.

Considering the present allocation of Natural Gas, the U.S.’s desire to reduce reliance for strategic supplies from other countries and the scarcity of Steel Scrap envisaged in the future, it has been proposed that a Natural Gas Based DIRECT REDUCTION PLANT (DRI) is a very good option to sell in the North American market.

IDOM has been entrusted to prepare a Preliminary Feasibility Report for the proposed plant. The report includes a preliminary layout, estimated CAPEX and OPEX costs and predicted construction schedule for the 2.5 MTPA DRI Plant with its auxiliary facilities. It is important to realize the scope of this study. This is a preliminary study and no offers have been received for the construction from any companies. Cost estimations have been calculated from experience in similar plants, local contractors “unit rates”, and raw material costs have been provided by Mesabi Metallics.
1.2. Summary of the Feasibility Study

1.2.1. Plant Concept

The DRI Plant will have a capacity of producing 2.5 million Tons per annum (MTPA) of Hot Briquetted Iron (HBI). The plant is merchant plant and hence, the product form has been selected as HBI, which will be sold in the Domestic and International markets. HBI offers high advantage of chemical stability and less of storage space requirement, which makes it very suitable for storage, handling and transportation purposes.

Two prominent technologies for Gas based DRI plants, namely MIDREX and ENERGIRON were studied, and the MIDREX process has been shortlisted. This feasibility study is based on Gas based DRI technology as provided by MIDREX Technologies Inc., USA who are the world leaders for this technology and have several years of proven record for such plants.

DRI Plant will use DR Grade Iron Ore Pellets as the main raw material and Natural gas as the feedstock for generating reducing gases. The other main utilities required are Power, Nitrogen, Oxygen, and Water (Raw water, Make-up water, Potable and Firefighting water). The Service air and Instrument air will be generated inside of DRI battery limits.

<table>
<thead>
<tr>
<th>DRI PLANT CONCEPT BASIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Rate</td>
</tr>
<tr>
<td>Net Operating Hours per Year</td>
</tr>
<tr>
<td>Annual Capacity</td>
</tr>
<tr>
<td>Feed Material</td>
</tr>
<tr>
<td>Product</td>
</tr>
<tr>
<td>Metallization</td>
</tr>
<tr>
<td>Carbon</td>
</tr>
<tr>
<td>Feedstock for Reducing gases</td>
</tr>
</tbody>
</table>

Specific consumption figures per ton of HBI Production for the given quality of 93%+ metallization and 1.5% Carbon are estimated as per the data from other similar operating plants and accepted Industry norms:
### SPECIFIC CONSUMPTION PER TON OF HBI

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron Oxide (dry basis)</td>
<td>Ton</td>
<td>1.45</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>G Cal</td>
<td>2.55</td>
</tr>
<tr>
<td>Electricity (including Core + Non-core)</td>
<td>kWh</td>
<td>188.35</td>
</tr>
<tr>
<td>Make-up water</td>
<td>m³</td>
<td>1.3</td>
</tr>
<tr>
<td>Oxide coating</td>
<td>kg</td>
<td>1.5</td>
</tr>
<tr>
<td>Oxygen</td>
<td>Nm³</td>
<td>17</td>
</tr>
<tr>
<td>Gaseous Nitrogen</td>
<td>Nm³</td>
<td>27</td>
</tr>
<tr>
<td>Liquid Nitrogen</td>
<td>Nm³</td>
<td>0.5</td>
</tr>
</tbody>
</table>

#### 1.2.2. Logistics and Layout

Internal and External movement of Raw Material and Finished products is defined in Section 4.3.

Layout of the Plant and its area’s internal facilities are defined in Section 4.4

#### 1.2.3. Financial Analysis

Financial analysis is performed from both the perspective of the project and the investors. Based on previous CAPEX and OPEX analysis and financial data provided by the client, Discounted Cash Flows model (DCF’s) is used to assess profitability with the following results:

<table>
<thead>
<tr>
<th></th>
<th>Project</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payback</td>
<td>5.32 years</td>
<td>5.76 years</td>
</tr>
<tr>
<td>IRR</td>
<td>12.6%</td>
<td>14.5%</td>
</tr>
<tr>
<td>NPV</td>
<td>137 MUSD</td>
<td>12 MUSD</td>
</tr>
</tbody>
</table>

Further analysis can be found on point 8 of this report.

#### 1.2.4. Project Sensitivity

A sensitivity analysis was carried out to ascertain those factors that would affect the viability of the project. The conclusions are listed below:
Idom provides a sensitivity cost study that shows the effect of variations in the sale price, pellet price, initial investment and cost of financing (Ki), over the profitability of the project as a whole.

The parameter with the biggest impact on the project financial result appears to be the HBI selling price. The selling price staying at or above $414/t would give the project a 14.5% rate of return. Should the price fall below $414/ton, the rate of return is approximately 7% lower, for every $20 that the selling price falls.

A variation of ±20% of the CAPEX would modify the equity rate of return in ±7%.
MESABI METALLICS COMPANY LLC

AGREED-UPON PROCEDURES REPORT

OCTOBER 28, 2016 THROUGH MAY 11, 2023
Executive Summary

May 15, 2023

The attached agreed-upon procedures report does not constitute an examination or review, and we will not express an opinion or conclusion on the schedules of equity contributions of Mesabi Metallics Company LLC (the Company), loans to the Company from affiliates, and payments to Itasca County, the Minnesota Department of Natural Resources, and the Minnesota Department of Employment and Economic Development as prepared by management of the Company. For ease of use, below is a summary of the results of our procedures. Please see the full Independent Accountant’s Report on Applying Agreed-Upon Procedures for the nature and scope of this engagement, as well as a complete listing of procedures performed, results, and any applicable attachments.

1. The Company’s equity contributions and loans from the Company’s current or former affiliates (Mesabi Investment LLC, formerly Chippewa Capital Partners LLC; Essar Capital Limited; Essar Energy Holdings Limited; Nubai Global Investment Limited; and Merida Natural Resources LLC) as noted in the attached “Schedule of Cash Contributions Received” were agreed to bank statements, documentation supporting a payment made to another party on behalf of the Company, or audited financial statements with accompanying notes. These transactions total $374,318,253.28 in equity contributions and loans from the Company’s current or former affiliates.

2. Total payments made by the Company to Itasca County, MN DNR, and DEED, per the schedules above, were agreed to bank statements, check copies, or Letter of Credit issued on behalf of the MN DNR. These transactions total $5,941,666.31 to Itasca County, $34,905,966.12 to MN DNR, and $27,497,439.50 to DEED, for a grand total of $68,345,071.93.
Mesabi Metallics Company LLC  
17113 County Road S8  
Nashwauk, Minnesota 55769

We have performed the procedures enumerated below on certain schedules of equity contributions to Mesabi Metallics Company LLC (the Company), loans to the Company from affiliates, and payments to Itasca County, the Minnesota Department of Natural Resources, and the Minnesota Department of Employment and Economic Development as prepared by management of the Company for the period of October 28, 2016 through May 11, 2023. The Company’s management is responsible for the schedules of equity contributions to the Company, loans to the Company from affiliates, and payments to Itasca County, the Minnesota Department of Natural Resources, and the Minnesota Department of Employment and Economic Development.

The Company has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement as outlined in the procedures below. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. **Agree the Company’s equity contributions and loans from the Company’s current or former affiliates (Mesabi Investment LLC, formerly Chippewa Capital Partners LLC; Essar Capital Limited; Essar Energy Holdings Limited; Nubai Global Investment Limited; and Merida Natural Resources LLC) as noted in the attached “Schedule of Cash Contributions Received” to bank statements, documentation supporting a payment made to another party on behalf of the Company, or audited financial statements with accompanying notes. The Company’s “Schedule of Cash Contributions Received” is prepared by management to represent loans or equity contributions to the Company since April 28, 2017.**

   **Results** – The Company’s equity contributions and loans from the Company’s current or former affiliates (Mesabi Investment LLC, formerly Chippewa Capital Partners LLC; Essar Capital Limited; Essar Energy Holdings Limited; Nubai Global Investment Limited; and Merida Natural Resources LLC) as noted in the attached “Schedule of Cash Contributions Received” were agreed to bank statements, documentation supporting a payment made to another party on behalf of the Company, or audited financial statements with accompanying notes. **These transactions total $374,318,253.28 in equity contributions and loans from the Company’s current or former affiliates.**
2. Agree total payments made by the Company to Itasca County, Minnesota Department of Natural Resources (MN DNR), and Minnesota Department of Employment and Economic Development (DEED) per the schedules below to bank statements, check copies, or Letter of Credit issued on behalf of the MN DNR.

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/28/2016</td>
<td>$146,651.00</td>
<td>5/25/2021</td>
<td>384.00</td>
</tr>
<tr>
<td>5/15/2017</td>
<td>334,248.32</td>
<td>5/25/2021</td>
<td>1,537.00</td>
</tr>
<tr>
<td>10/1/2017</td>
<td>324,862.00</td>
<td>5/25/2021</td>
<td>242.00</td>
</tr>
<tr>
<td>5/14/2018</td>
<td>351,101.32</td>
<td>5/25/2021</td>
<td>388.00</td>
</tr>
<tr>
<td>10/12/2018</td>
<td>341,563.00</td>
<td>10/21/2021</td>
<td>249.00</td>
</tr>
<tr>
<td>5/10/2019</td>
<td>450,203.32</td>
<td>11/5/2021</td>
<td>834.00</td>
</tr>
<tr>
<td>5/10/2019</td>
<td>3,677.00</td>
<td>11/5/2021</td>
<td>307.00</td>
</tr>
<tr>
<td>6/17/2019</td>
<td>2,667.60</td>
<td>2/7/2022</td>
<td>300.32</td>
</tr>
<tr>
<td>1/23/2020</td>
<td>1,043.00</td>
<td>2/10/2022</td>
<td>443,365.00</td>
</tr>
<tr>
<td>1/23/2020</td>
<td>305.00</td>
<td>4/21/2022</td>
<td>42.50</td>
</tr>
<tr>
<td>1/23/2020</td>
<td>751.00</td>
<td>5/13/2022</td>
<td>380.00</td>
</tr>
<tr>
<td>1/23/2020</td>
<td>708.00</td>
<td>5/13/2022</td>
<td>378.00</td>
</tr>
<tr>
<td>1/23/2020</td>
<td>803.00</td>
<td>5/13/2022</td>
<td>1,496.00</td>
</tr>
<tr>
<td>1/23/2020</td>
<td>503.00</td>
<td>5/13/2022</td>
<td>234.00</td>
</tr>
<tr>
<td>1/24/2020</td>
<td>558.11</td>
<td>5/13/2022</td>
<td>380.00</td>
</tr>
<tr>
<td>5/13/2020</td>
<td>2,939.27</td>
<td>5/13/2022</td>
<td>261.00</td>
</tr>
<tr>
<td>5/13/2020</td>
<td>2,560.00</td>
<td>5/13/2022</td>
<td>8,300.20</td>
</tr>
<tr>
<td>5/13/2020</td>
<td>574.00</td>
<td>7/5/2022</td>
<td>5,865.08</td>
</tr>
<tr>
<td>5/13/2020</td>
<td>540.00</td>
<td>7/8/2022</td>
<td>2,146.00</td>
</tr>
<tr>
<td>5/13/2020</td>
<td>3,427.00</td>
<td>7/19/2022</td>
<td>500,000.00</td>
</tr>
<tr>
<td>5/13/2020</td>
<td>429.00</td>
<td>7/22/2022</td>
<td>193.14</td>
</tr>
<tr>
<td>5/13/2020</td>
<td>545.00</td>
<td>9/7/2022</td>
<td>474,319.00</td>
</tr>
<tr>
<td>5/13/2020</td>
<td>3,943.00</td>
<td>10/14/2022</td>
<td>1,199,656.93</td>
</tr>
<tr>
<td>5/13/2020</td>
<td>518.00</td>
<td>10/14/2022</td>
<td>9,397.29</td>
</tr>
<tr>
<td>9/4/2020</td>
<td>439,553.00</td>
<td>10/14/2022</td>
<td>1,114.00</td>
</tr>
<tr>
<td>11/3/2020</td>
<td>450,753.32</td>
<td>10/14/2022</td>
<td>261.00</td>
</tr>
<tr>
<td>11/3/2020</td>
<td>282.00</td>
<td>4/27/2023</td>
<td>408,971.52</td>
</tr>
<tr>
<td>11/3/2020</td>
<td>220.00</td>
<td>4/27/2023</td>
<td>362.00</td>
</tr>
<tr>
<td>11/3/2020</td>
<td>301.00</td>
<td>4/27/2023</td>
<td>222.00</td>
</tr>
<tr>
<td>11/3/2020</td>
<td>205.00</td>
<td>4/27/2023</td>
<td>1,550.00</td>
</tr>
<tr>
<td>11/3/2020</td>
<td>213.00</td>
<td>4/27/2023</td>
<td>356.00</td>
</tr>
<tr>
<td>11/3/2020</td>
<td>3,179.00</td>
<td>4/27/2023</td>
<td>362.00</td>
</tr>
<tr>
<td>11/3/2020</td>
<td>2,560.00</td>
<td>4/27/2023</td>
<td>4,144.00</td>
</tr>
<tr>
<td>3/26/2021</td>
<td>239.87</td>
<td>4/27/2023</td>
<td>209.00</td>
</tr>
<tr>
<td>3/26/2021</td>
<td>196.20</td>
<td>Total</td>
<td>$5,941,666.31</td>
</tr>
<tr>
<td>5/24/2021</td>
<td>249.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5/25/2021</td>
<td>388.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MN DNR:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/15/2016</td>
<td>$360,276.00</td>
</tr>
<tr>
<td>9/27/2016</td>
<td>$21,615.84</td>
</tr>
<tr>
<td>4/14/2017</td>
<td>$60,382.50</td>
</tr>
<tr>
<td>7/19/2017</td>
<td>$60,382.50</td>
</tr>
<tr>
<td>10/18/2017</td>
<td>$60,382.50</td>
</tr>
<tr>
<td>1/17/2018</td>
<td>$60,382.50</td>
</tr>
<tr>
<td>4/20/2018</td>
<td>$60,382.50</td>
</tr>
<tr>
<td>7/19/2018</td>
<td>$60,382.50</td>
</tr>
<tr>
<td>10/19/2018</td>
<td>$60,382.50</td>
</tr>
<tr>
<td>1/18/2019</td>
<td>$120,765.00</td>
</tr>
<tr>
<td>4/17/2019</td>
<td>$120,765.00</td>
</tr>
<tr>
<td>7/18/2019</td>
<td>$60,382.50</td>
</tr>
<tr>
<td>7/29/2019^</td>
<td>$3,030,075.00</td>
</tr>
<tr>
<td>10/18/2019</td>
<td>$120,765.00</td>
</tr>
<tr>
<td>7/30/2020</td>
<td>$241,530.00</td>
</tr>
<tr>
<td>11/30/2020</td>
<td>$11,516,940.00</td>
</tr>
<tr>
<td>2/22/2021</td>
<td>$362,295.00</td>
</tr>
<tr>
<td>4/19/2021</td>
<td>$60,382.50</td>
</tr>
<tr>
<td>5/11/2023</td>
<td>$134,701.28</td>
</tr>
<tr>
<td>5/11/2023</td>
<td>$3,000,000.00</td>
</tr>
<tr>
<td>5/11/2023</td>
<td>$15,332,795.50</td>
</tr>
<tr>
<td>Total</td>
<td>$34,905,966.12</td>
</tr>
</tbody>
</table>

^Note: Per management of the Company, this payment was made on behalf of the MN DNR to the Bank of Baroda related to a $3,000,000.00 Letter of Credit and related bank charges.

DEED:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/30/2020</td>
<td>$13,000,000.00</td>
</tr>
<tr>
<td>12/28/2021*</td>
<td>$7,248,719.75</td>
</tr>
<tr>
<td>12/29/2022*</td>
<td>$7,248,719.75</td>
</tr>
<tr>
<td>Total</td>
<td>$27,497,439.50</td>
</tr>
</tbody>
</table>

*Note: These payments were remitted to Itasca County pursuant to the Company’s royalty agreement with Itasca County.

Results – Total payments made by the Company to Itasca County, MN DNR, and DEED, per the schedules above, were agreed to bank statements, check copies, or Letter of Credit issued on behalf of the MN DNR. These transactions total $5,941,666.31 to Itasca County, $34,905,966.12 to MN DNR, and $27,497,439.50 to DEED, for a grand total of $68,345,071.93.

* * * * *
We were engaged by the Company to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the schedules of equity contributions to the Company, loans to the Company from affiliates, and payments to Itasca County, the Minnesota Department of Natural Resources, and the Minnesota Department of Employment and Economic Development as prepared by management of the Company. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The Company is the only party that acknowledged the appropriateness of the procedures performed. We make no representation that the procedures are appropriate for any other purpose.

Charleston, West Virginia
May 15, 2023
<table>
<thead>
<tr>
<th>Date</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/28/2017</td>
<td>10,000,000.00</td>
</tr>
<tr>
<td>7/13/2017</td>
<td>2,500,000.00</td>
</tr>
<tr>
<td>8/1/2017</td>
<td>3,700,000.00</td>
</tr>
<tr>
<td>9/19/2017</td>
<td>600,000.00</td>
</tr>
<tr>
<td>9/20/2017</td>
<td>400,000.00</td>
</tr>
<tr>
<td>9/29/2017</td>
<td>250,000.00</td>
</tr>
<tr>
<td>10/2/2017</td>
<td>750,000.00</td>
</tr>
<tr>
<td>10/10/2017</td>
<td>700,000.00</td>
</tr>
<tr>
<td>10/10/2017</td>
<td>500,000.00</td>
</tr>
<tr>
<td>10/17/2017</td>
<td>300,000.00</td>
</tr>
<tr>
<td>10/25/2017</td>
<td>1,661,000.00</td>
</tr>
<tr>
<td>11/13/2017</td>
<td>500,000.00</td>
</tr>
<tr>
<td>11/14/2017</td>
<td>500,000.00</td>
</tr>
<tr>
<td>12/1/2017</td>
<td>300,000.00</td>
</tr>
<tr>
<td>12/5/2017</td>
<td>450,000.00</td>
</tr>
<tr>
<td>12/7/2017</td>
<td>460,000.00</td>
</tr>
<tr>
<td>12/15/2017</td>
<td>500,000.00</td>
</tr>
<tr>
<td>12/18/2017</td>
<td>1,400,000.00</td>
</tr>
<tr>
<td>12/22/2017</td>
<td>34,256,675.81</td>
</tr>
<tr>
<td>12/22/2017</td>
<td>28,421,877.09</td>
</tr>
<tr>
<td>12/22/2017</td>
<td>74,800,672.28</td>
</tr>
<tr>
<td>5/31/2018</td>
<td>18,524,726.60</td>
</tr>
<tr>
<td>4/10/2018</td>
<td>1,500,000.00</td>
</tr>
<tr>
<td>4/24/2018</td>
<td>8,000,000.00</td>
</tr>
<tr>
<td>5/21/2018</td>
<td>2,250,000.00</td>
</tr>
<tr>
<td>6/21/2018</td>
<td>1,500,000.00</td>
</tr>
<tr>
<td>7/18/2018</td>
<td>1,900,000.00</td>
</tr>
<tr>
<td>8/2/2018</td>
<td>500,000.00</td>
</tr>
<tr>
<td>8/7/2018</td>
<td>3,464,860.00</td>
</tr>
<tr>
<td>8/31/2018</td>
<td>3,000,000.00</td>
</tr>
<tr>
<td>9/27/2018</td>
<td>250,000.00</td>
</tr>
<tr>
<td>9/28/2018</td>
<td>4,250,000.00</td>
</tr>
<tr>
<td>11/26/2018</td>
<td>970,900.00</td>
</tr>
<tr>
<td>12/12/2018</td>
<td>750,000.00</td>
</tr>
<tr>
<td>12/28/2018</td>
<td>2,400,000.00</td>
</tr>
<tr>
<td>1/18/2019</td>
<td>2,427,250.00</td>
</tr>
<tr>
<td>2/26/2019</td>
<td>(1,250,000.00)</td>
</tr>
<tr>
<td>3/12/2019</td>
<td>-</td>
</tr>
<tr>
<td>3/26/2019</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>4/10/2019</td>
<td>200,000.00</td>
</tr>
<tr>
<td>4/11/2019</td>
<td>230,000.00</td>
</tr>
<tr>
<td>4/15/2019</td>
<td>630,000.00</td>
</tr>
<tr>
<td>4/29/2019</td>
<td>60,000.00</td>
</tr>
<tr>
<td>Date</td>
<td>Total</td>
</tr>
<tr>
<td>------------</td>
<td>------------------</td>
</tr>
<tr>
<td>5/2/2019</td>
<td>1,514,604.00</td>
</tr>
<tr>
<td>5/3/2019</td>
<td>1,454,604.00</td>
</tr>
<tr>
<td>5/3/2019</td>
<td>(1,514,604.00)</td>
</tr>
<tr>
<td>5/17/2019</td>
<td>1,750,000.00</td>
</tr>
<tr>
<td>6/17/2019</td>
<td>250,000.00</td>
</tr>
<tr>
<td>6/18/2019</td>
<td>110,000.00</td>
</tr>
<tr>
<td>6/28/2019</td>
<td>525,000.00</td>
</tr>
<tr>
<td>7/5/2019</td>
<td>750,000.00</td>
</tr>
<tr>
<td>7/24/2019</td>
<td>4,000,000.00</td>
</tr>
<tr>
<td>7/31/2019</td>
<td>1,500,000.00</td>
</tr>
<tr>
<td>9/25/2019</td>
<td>306,000.00</td>
</tr>
<tr>
<td>9/25/2019</td>
<td>194,000.00</td>
</tr>
<tr>
<td>10/15/2019</td>
<td>250,000.00</td>
</tr>
<tr>
<td>10/25/2019</td>
<td>500,000.00</td>
</tr>
<tr>
<td>11/4/2019</td>
<td>500,000.00</td>
</tr>
<tr>
<td>11/15/2019</td>
<td>2,500,000.00</td>
</tr>
<tr>
<td>1/6/2020</td>
<td>1,620,000.00</td>
</tr>
<tr>
<td>2/5/2020</td>
<td>350,000.00</td>
</tr>
<tr>
<td>2/14/2020</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>2/18/2020</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>3/9/2020</td>
<td>500,000.00</td>
</tr>
<tr>
<td>4/7/2020</td>
<td>150,000.00</td>
</tr>
<tr>
<td>4/24/2020</td>
<td>150,000.00</td>
</tr>
<tr>
<td>6/5/2020</td>
<td>100,000.00</td>
</tr>
<tr>
<td>6/9/2020</td>
<td>340,000.00</td>
</tr>
<tr>
<td>6/9/2020</td>
<td>60,000.00</td>
</tr>
<tr>
<td>7/9/2020</td>
<td>500,000.00</td>
</tr>
<tr>
<td>7/27/2020</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>8/28/2020</td>
<td>500,000.00</td>
</tr>
<tr>
<td>9/4/2020</td>
<td>500,000.00</td>
</tr>
<tr>
<td>10/8/2020</td>
<td>2,000,000.00</td>
</tr>
<tr>
<td>10/30/2020</td>
<td>2,000,000.00</td>
</tr>
<tr>
<td>11/25/2020</td>
<td>25,000,000.00</td>
</tr>
<tr>
<td>12/10/2020</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>1/5/2021</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>2/4/2021</td>
<td>500,000.00</td>
</tr>
<tr>
<td>2/8/2021</td>
<td>500,000.00</td>
</tr>
<tr>
<td>2/21/2021</td>
<td>200,000.00</td>
</tr>
<tr>
<td>2/25/2021</td>
<td>800,000.00</td>
</tr>
<tr>
<td>3/10/2021</td>
<td>971,187.50</td>
</tr>
<tr>
<td>3/31/2021</td>
<td>1,500,000.00</td>
</tr>
<tr>
<td>4/15/2021</td>
<td>500,000.00</td>
</tr>
<tr>
<td>4/19/2021</td>
<td>50,000.00</td>
</tr>
<tr>
<td>4/20/2021</td>
<td>75,000.00</td>
</tr>
<tr>
<td>4/23/2021</td>
<td>500,000.00</td>
</tr>
<tr>
<td>Date</td>
<td>Total</td>
</tr>
<tr>
<td>------------</td>
<td>------------------</td>
</tr>
<tr>
<td>4/30/2021</td>
<td>$100,000,000.00</td>
</tr>
<tr>
<td>6/1/2021</td>
<td>($88,000,000.00)</td>
</tr>
<tr>
<td>6/28/2021</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>7/28/2021</td>
<td>$150,000.00</td>
</tr>
<tr>
<td>8/10/2021</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>8/30/2021</td>
<td>$1,000,000.00</td>
</tr>
<tr>
<td>9/14/2021</td>
<td>$1,850,000.00</td>
</tr>
<tr>
<td>9/14/2021</td>
<td>$150,000.00</td>
</tr>
<tr>
<td>9/16/2021</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>10/1/2021</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>10/4/2021</td>
<td>$2,500,000.00</td>
</tr>
<tr>
<td>10/13/2021</td>
<td>$150,000.00</td>
</tr>
<tr>
<td>10/13/2021</td>
<td>$310,000.00</td>
</tr>
<tr>
<td>10/15/2021</td>
<td>$250,000.00</td>
</tr>
<tr>
<td>11/1/2021</td>
<td>$4,000,000.00</td>
</tr>
<tr>
<td>11/30/2021</td>
<td>$425,000.00</td>
</tr>
<tr>
<td>12/15/2021</td>
<td>$15,000.00</td>
</tr>
<tr>
<td>12/15/2021</td>
<td>$60,000.00</td>
</tr>
<tr>
<td>12/20/2021</td>
<td>$260,000.00</td>
</tr>
<tr>
<td>12/27/2021</td>
<td>$210,000.00</td>
</tr>
<tr>
<td>12/28/2021</td>
<td>$4,470,000.00</td>
</tr>
<tr>
<td>12/28/2021</td>
<td>$5,530,000.00</td>
</tr>
<tr>
<td>1/14/2022</td>
<td>$500,000.00</td>
</tr>
<tr>
<td>2/1/2022</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>2/10/2022</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>3/4/2022</td>
<td>$300,000.00</td>
</tr>
<tr>
<td>3/21/2022</td>
<td>$150,000.00</td>
</tr>
<tr>
<td>4/5/2022</td>
<td>$1,000,000.00</td>
</tr>
<tr>
<td>4/27/2022</td>
<td>$420,000.00</td>
</tr>
<tr>
<td>4/27/2022</td>
<td>$80,000.00</td>
</tr>
<tr>
<td>5/6/2022</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>5/23/2022</td>
<td>$462,000.00</td>
</tr>
<tr>
<td>6/3/2022</td>
<td>$1,000,000.00</td>
</tr>
<tr>
<td>7/11/2022</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>7/19/2022</td>
<td>$1,000,000.00</td>
</tr>
<tr>
<td>8/5/2022</td>
<td>$500,000.00</td>
</tr>
<tr>
<td>8/18/2022</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>8/24/2022</td>
<td>$80,000.00</td>
</tr>
<tr>
<td>9/2/2022</td>
<td>$1,377,500.00</td>
</tr>
<tr>
<td>9/2/2022</td>
<td>$1,405,000.00</td>
</tr>
<tr>
<td>10/13/2022</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>10/20/2022</td>
<td>$500,000.00</td>
</tr>
<tr>
<td>11/28/2022</td>
<td>$500,000.00</td>
</tr>
<tr>
<td>11/30/2022</td>
<td>$500,000.00</td>
</tr>
<tr>
<td>12/12/2022</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>Date</td>
<td>Total</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------</td>
</tr>
<tr>
<td>12/23/2022</td>
<td>500,000.00</td>
</tr>
<tr>
<td>12/29/2022</td>
<td>7,250,000.00</td>
</tr>
<tr>
<td>1/12/2023</td>
<td>2,500,000.00</td>
</tr>
<tr>
<td>2/2/2023</td>
<td>2,000,000.00</td>
</tr>
<tr>
<td>2/7/2023</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>3/14/2023</td>
<td>2,000,000.00</td>
</tr>
<tr>
<td>4/14/2023</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>5/11/2023</td>
<td>18,500,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>374,318,253.28</strong></td>
</tr>
</tbody>
</table>
Northern Industrial Erectors, Inc ("NIE")
2500 Glenwood Drive, PO Box 308
Grand Rapids, Minnesota 55744

TNT Construction Group, LLC ("TNT")
40 County Road 63
Grand Rapids, Minnesota 57744

May 15, 2023

Commissioner Sarah Strommen
Minnesota Department of Natural Resources
Assistant Commissioner Jess Richards
Lands and Minerals Division
Minnesota Department of Natural Resources
500 Lafayette Road
St. Paul, Minnesota 55155

RE: Nashwauk Mineral Leases

Dear Commissioner Strommen and Assistant Commissioner Richards:

Derek Bostyancic, representing NIE, and Tom Hammerlund, representing TNT, have jointly put together this letter to express our support for the successful completion of Mesabi Metallics 7.0 million TPA Pellet plant in Nashwauk, MN.

Both of our companies have grown since origination in the 1980’s.

- **NIE’s** work stretches across the Midwest including Minnesota, North Dakota, Wisconsin, Michigan and as far west as Idaho, performing Steel Erection, Construction Management, Millwright services, Industrial Maintenance and repair, and Crane Services.
- **TNT** is committed providing construction projects in Northern Minnesota and the Iron Range. TNT’s services includes General Contracting, Earthwork Excavation and Grading, Utilities, Concrete work, Custom Hauling and Construction Management.

Both TNT and NIE have been a partner with Mesabi Metallics right from the start of construction.

NIE has been instrumental in erection of structural steel to the tune of 18,498 metric tons, and process equipment of approx. 4,480 metric tons. NIE has continued with construction activities on non-stop basis over the last few years, specifically on the critical path buildings.

Similarly, TNT has completed 131,958 cubic yards of concrete works, and over 4 million cubic yards of earthwork apart from building certain site infrastructure works.
Since the beginning of 2023, we have noticed a renewed effort by Mesabi Metallics team in engaging with local and state contractors towards completion of the project work.

- TNT has been in continuous engagement with Mesabi Metallics and apart from the main construction works elaborated in this letter, TNT has also been engaged in development and maintenance of site infrastructure required for construction of plant.
  - NIE has
    - been awarded the erection works for approx. 6,300 metric tons of structural erection, and 200,000 sq. feet of sheeting works on the long lead building of the Concentrator
    - received $1,390,000 mobilization advance in March, 2023, and an additional $1,900,000.00 advance payment in April 2023.
    - developed plans toward the completion of these works, and are confident we will complete the current awards within 11 months.
    - is gearing up for future awards for equipment erections and technology structure of the concentrator.

NIE currently has a 50 ton crane and a 300 ton crane on the Mesabi Metallics site, and plan to deploy a 400 ton crane, along with smaller cranes, and 150 to 200 crew members onsite. TNT is expecting a peak of 175 crew members on site.

We strongly urge the Department of Natural Resources and the State Executive Council to support the completion of the Mesabi Metallics project and fair allocation of mining leases to allow the plant to perform successfully over the next 30-40 year life span.

We both are willing to have a sit-down with you to discuss this situation, whether it be on the Range or in St. Paul.

Derek Bostyancic
Northern Industrial Erectors, Inc

Tom Hammerlund, Senior
TNT Construction Group, LLC
May 17, 2023

Minnesota Executive Council
c/o Minnesota Department of Administration
200 Administration Building
50 Sherburne Avenue
Saint Paul, Minnesota 55155

Re: Re-assignment or Transfer of Mineral and/or Surface Leases

Dear Members of the Minnesota Executive Council:

Through the news media on or about May 5, 2023, it was learned that the State of Minnesota, through the Department of Natural Resources, has requested the state Executive Council to reassign mineral and/or surface leases in Itasca County to Cleveland Cliffs Inc. or its affiliated entities. The Western Mesabi Mine Planning Board (WMMPB) discussed this proposed action at its May 12, 2023 regular meeting, based on what it was informed from public media, and is respectfully submitting this recommendation to the Executive Council.

By way of background, WMMPB is a Minnesota Joint Powers Board comprised of almost all local government units on the western portion of the Mesabi Iron Range, within which the proposed action is located. WMMPB is highly interested in a strong iron ore industry in our area: one of WMMPB’s primary objectives is “to identify areas of high future mining potential and to preserve these lands for future mining opportunities”. WMMPB members are the local government units that are most directly impacted by any mining activity in the area of the proposed transaction. Those impacts range from housing, to transportation and traffic, to environmental considerations, to tax income and tax distribution, and to economic development in our area. We are the governmental units with the populations most directly impacted by the mineral and surface areas that are proposed for Executive Council transfer approval.

Our area already is challenged with regard to adequate and quality housing, tax base, employment income and unemployment, and other socio-economic and public finance considerations, and desires to have more iron ore mining development in our area. Our area is one in which iron ore mining has been a core economic factor for more than one hundred years, and we are in an area where substantial iron ore resources continue to exist and can be a major contributor to our future. Residents and vendors in our area are participants in mining activity directly in Itasca County and in the entire Mesabi Range area.

Arbo Township
City of Bovey
City of Calumet
City of Cohasset
City of Coleraine
City of Grand Rapids
Greenway Township
Itasca County
City of LaPrairie
Lone Pine Township
City of Marble
City of Nashwauk
Cal Saari, Chair
Kory Cease, Vice Chair
John Dimich, Secretary/Treasurer
R.D. Lenormont, Coordinator
Deborah Rantala, Recording Sec/Treasurer
e-mail to: dlearmon@2z.net
We respect the authority of the state to make final decisions in the matter and we have a deep interest in the Executive Council decision. Our area and residents are those most directly affected by mining or lack thereof. We want to see existing and future mining and processing operations continue as viable, productive employers, purchasers, and taxpayers, and to see them expand where possible, including into the western Mesabi area. We believe there is room and resources available for projects beyond those that have already been made public.

Executive Council members, with the decision before you on May 25, we believe there is room for you to maximize the positive outcomes regarding mineral development, mining and processing operations on the western Mesabi range. We urge the Executive Council to not pick winners and losers in this decision, but instead to favor the development of as many successful mining opportunities in our region as possible. To achieve the greatest good to the greatest number of beneficiaries in our region and for our communities, your decision should create a situation where all mining and processing operations can succeed and flourish in the best interest and for the best use of the present and future mining potential on the western Mesabi range.

Thank you.

Sincerely,

Calvin Saari, Chair
Western Mesabi Mine Planning Board
P.O. Box 166
Bovey, MN 55709

Copies to:

Minnesota Governor Tim Walz
130 State Capitol
75 Rev Dr Martin Luther King Jr Blvd
Saint Paul, Minnesota 55155

Lieutenant Governor Peggy Flanagan
130 State Capitol
75 Rev Dr Martin Luther King Jr Blvd
Saint Paul, Minnesota 55155

Mr. Steve Simon, Secretary of State
100 Rev Dr Martin Luther King Jr Blvd
Saint Paul, Minnesota 55155

Mr. Keith Ellison, Attorney General
445 Minnesota Street, Suite 1400
Saint Paul, Minnesota 55101

Ms. Julie Blaha, State Auditor
525 Park Street, Suite 500
Saint Paul, Minnesota 55103

Ms. Ida Rukavina, Commissioner
Department of Iron Range Resources
PO Box 441
Eveleth, Minnesota 55734

Senator Ron Farnsworth
2323 Minnesota Senate Building
Saint Paul, Minnesota 55155

Representative Spencer Igo
233 State Office Building
Saint Paul, Minnesota 55155

Ms. Sarah Strommen, Commissioner
Minnesota Department Natural Resources
500 Lafayette Road
St. Paul, Minnesota 55155

<table>
<thead>
<tr>
<th>Joint Powers Board</th>
<th>Officers:</th>
<th>Staffs:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arbo Township</td>
<td>Cal Saari, Chair</td>
<td>R.D. Learmont, Coordinator</td>
</tr>
<tr>
<td>City of Bovey</td>
<td>Kory Cease, Vice Chair</td>
<td>Deborah Rantala,</td>
</tr>
<tr>
<td>City of Calumet</td>
<td>John Dimich, Secretary/Treasurer</td>
<td>Recording Sec/Treasurer</td>
</tr>
<tr>
<td>City of Cohasset</td>
<td></td>
<td>e-mail to: <a href="mailto:dlearner@2z.net">dlearner@2z.net</a></td>
</tr>
</tbody>
</table>

City of Coeur d'Alene
City of Grand Rapids
Greenway Township
Itasca County
City of Kewatin

City of LaPrairie
Lone Pine Township
City of Marble
City of Nashwauk