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May 23, 2018

TO: Creditors of Cliffs Québec Iron Mining ULC (“**CQIM**”), Bloom Lake General Partner Limited (“**BLGP**”), The Bloom Lake Iron Ore Mine Limited Partnership (“**BLLP**”) and Quinto Mining Corporation (“**Quinto**” and, together with CQIM, BLGP and BLLP, the “**Participating BL CCAA Parties**”) and Wabush Iron Co. Limited (“**WICL**”), Wabush Resources Inc. (“**WRI**”), Wabush Mines (“**Wabush Mines**”) and Arnaud Railway Company (“**Arnaud**” and, together with WICL, WRI and Wabush Mines, the “**Participating Wabush CCAA Parties**” and, together with the Participating BL CCAA Parties, as certain of them may be consolidated under the Plan (as defined below), the “**Participating CCAA Parties**”) that are Salaried Members or USW Members.

Dear Sir/Madam:

Proposed Amended and Restated Joint Plan of Compromise and Arrangement of the Participating CCAA Parties

An Amended and Restated Joint Plan of Compromise and Arrangement (as may be further amended, restated or supplemented from time to time in accordance with the provisions thereof, the “**Plan**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) was accepted for filing with the Quebec Superior Court on May 18, 2018 by the Participating CCAA Parties.

The Plan seeks to implement the principal terms of a proposed settlement (the “**Settlement**”) between the Participating CCAA Parties and Cleveland-Cliffs Inc. (the “**Parent**”) and its former and current direct and indirect subsidiaries and affiliates (collectively with the Parent, the “**Non-Filed Affiliates**”) as negotiated by FTI Consulting Canada Inc., in its capacity as the independent court-appointed Monitor in the CCAA proceedings (the “**Monitor**”) and to distribute remaining assets of the Participating CCAA Parties to their creditors. The Plan also incorporates additional monies being contributed by the Non-Filed Affiliates to the Wabush Pension Plans in settlement of class action proceedings commenced by certain Salaried Members and USW Members. If the Plan is approved by the required majorities of creditors and sanctioned by the Court, the Plan will:

- resolve potential claims (collectively, the “**Potential Recovery Claims**”) against certain of the Non-Filed Affiliates, including claims related to the wind-up deficit in the Wabush Pension Plans, without the significant time and expense of litigation and of obtaining payment from defendants in multiple foreign jurisdictions, the whole with an uncertain outcome;
- resolve significant intercompany claims between the CCAA Parties and between the CCAA Parties and certain Non-Filed Affiliates without the significant time and expense that would otherwise be incurred;
- provide significant additional monetary recoveries to third-party creditors which would not be available absent successful litigation in respect of the Potential Recovery Claims; and
- accelerate the payment of interim distributions to third-party creditors through the resolution of priority claims asserted in connection with the unpaid normal and special costs, and wind-up deficit in the Wabush Pension Plans.

Pursuant to the Settlement, the Non-Filed Affiliates have agreed to sponsor the Plan by contributing the following to the Participating CCAA Parties’ estates and the Wabush Pension Plans for the benefit of Third Party Affected Unsecured Creditors with Proven Claims:

- (a) a cash contribution of CDN\$19 million, of which CDN\$9.5 million will be contributed to the Wabush Pension Cash Pool and CDN\$9.5 million will be contributed to the Arnaud Pension Cash Pool; and
- (b) all of the secured and unsecured distributions to which certain Non-Filed Affiliates would otherwise be entitled, of which CDN\$3 million will be contributed to the Wabush Pension Cash Pool, CDN\$3 million will be contributed to the Arnaud Pension Cash Pool and the balance will be contributed to the CQIM/Quinto Parties (such Non-Filed Affiliates, being the “**Designated Non-Filed Affiliates**”).

While the value of the distributions to be contributed by the Designated Non-Filed Affiliates cannot be calculated with certainty at this time because of various outstanding issues in the CCAA Proceedings, the Monitor estimates that the total amount to be contributed by the Designated Non-Filed Affiliates in the event that the Plan is implemented would be in the range of approximately CDN\$91 million to CDN\$100 million.

\$18 million will be distributed to each of the Salaried Pension Plan and the Hourly Pension Plan on account of the Pension Claims as soon as practicable after the Plan Implementation Date. Distributions on account of Proven Claims of Affected Unsecured Creditors in each Unsecured Creditor Class, other than the Wabush Pension Claims Class and the Arnaud Pension Claims Class,



will be based on the pro-rata share of the net amounts available in each estate from realizations as determined pursuant to the Allocation Methodology approved by the Court by an Order granted July 25, 2017 (as may be amended), as supplemented by the amounts being contributed by the Designated Non-Filed Affiliates, less any amount to be contributed to the Wabush Pension Claims Class and the Arnaud Pension Claims Class by the Designated Non-Filed Affiliates as well as the Wabush Mines Parties and Arnaud, as applicable. The methodology for calculating the distribution entitlement of individual Affected Unsecured Creditors is the same for each Unsecured Creditor Class, other than the Wabush Pension Claims Class and the Arnaud Pension Claims Class.

The Plan provides for customary releases for the CCAA Parties and their respective Directors, Officers, Employees, advisors, legal counsel and agents, the Monitor, FTI and their respective current and former affiliates, directors, officers and employees and all of their respective advisors, legal counsel and agents, and the Non-Filed Affiliates and their respective current and former members, shareholders, directors, officers and employees, advisors, legal counsel and agents. This includes a release of the claims asserted by certain Salaried Members and USW Members in the Non-Filed Affiliate Employee Actions, which would be settled as part of the Plan.

The Plan, the Amended and Restated Meetings Order and the Monitor's Report on the Plan are available on the Monitor's Website at <http://cfcanada.fticonsulting.com/bloomlake>.

As stated in the Monitor's Report on the Plan, the Monitor recommends that Affected Unsecured Creditors vote **FOR** the Plan.

Pursuant to the Amended and Restated Meetings Order granted May 18, 2018, Representative Counsel and USW Counsel have been appointed as proxy holder for the Salaried Members and the USW Members respectively, subject to the right of Salaried Members and USW Members to revoke such proxy. Accordingly, **Salaried Members and USW Members do not need to complete a Proxy** unless they wish to appoint someone other than Salaried Members Representative Counsel or USW Counsel as their proxy holder. Salaried Members Representative Counsel and USW Counsel will be voting their proxies **FOR** the Plan. If you wish to revoke the proxy granted to Salaried Members Representative Counsel or USW Counsel on your behalf, you must inform the Monitor by email or otherwise in writing by no later than 5:00 p.m. (Montreal time) on June 14, 2018.

The Pension Administrator and the largest single creditor of the CCAA Parties have also confirmed that they will vote for the Plan.

The Creditors' Meetings will be held on June 18, 2018 in Montreal, Quebec. Details of the Creditors' Meetings and the Sanction Hearing are contained in the Notice of Creditors' Meetings and Sanction Hearing attached to this letter. However, **Salaried Members and USW Members do not need to attend the Creditors' Meetings if such parties have not revoked their proxy**



in favour of Salaried Members Representative Counsel or USW Counsel as Representative Counsel and USW Counsel, as proxy holders, will attend on your behalf and will vote **FOR** the Plan.

If you have any questions regarding the Plan, the vote, or matters with respect to the Creditors' Meetings or Sanction Hearing, please contact one of the following:

Monitor - by email at bloomlake@fticonsulting.com or by telephone at 1-844-669-6338 or 416-649-8126;

Representative Counsel - by email at wabushrepconseil@kmlaw.ca or by telephone at 1-800-965-6636; or

USW Counsel in Quebec - by email at nlapierre@metallos.ca or by telephone at 418-962-2041; USW in Newfoundland and Labrador - by email at mclark@usw.ca or by telephone at 902-664-4897.

Yours sincerely,

FTI Consulting Canada Inc., solely in its capacity as Court-Appointed
Monitor of the CCAA Parties