

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

No: 500-11-048114-157

SUPERIOR COURT
(Commercial Division)

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

IN THE MATTER OF THE PLAN OF
COMPROMISE OR ARRANGEMENT
OF:

BLOOM LAKE GENERAL PARTNER
LIMITED, QUINTO MINING CORPORATION,
8568391 CANADA LIMITED, CLIFFS QUÉBEC
IRON MINING ULC, WABUSH IRON CO.
LIMITED, WABUSH RESOURCES INC.

Petitioners

-and-

THE BLOOM LAKE IRON ORE MINE
LIMITED PARTNERSHIP, BLOOM LAKE
RAILWAY COMPANY LIMITED,
WABUSH MINES, ARNAUD RAILWAY
COMPANY, WABUSH LAKE RAILWAY
COMPANY LIMITED

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

-and-

MICHAEL KEEPER, TERENCE WATT,
DAMIEN LEBEL AND NEIL JOHNSON

Petitioners-Mises-en-cause

AFFIDAVIT OF TERENCE WATT
(Sworn December 14, 2016)

I, **TERENCE W. WATT**, of 6 Willow Street Suite 1001, City of Waterloo, in the Province of Ontario, SOLEMNLY DECLARE AND MAKE OATH AND SAY:

Introduction

1. I am the former Mine Superintendent and Technical Assistant to the Resident Manager of the Scully Mine located in Newfoundland and Labrador. I worked with Wabush Mines for more than 30 years before retiring on April 30, 1999.
2. At the time of my retirement, I earned various post-retirement benefits from Wabush Mines, including a monthly pension benefit to be paid from the Contributory Defined Benefit Pension Plan for Salaried Employees of Wabush Mines, Cliffs Mining Company, Managing Agent (Nfld & Lab. Reg. No. 0021314, CRA Reg. No. 0343558) (the “**Salaried Plan**”) (and together with the Union plan, the “**Wabush Pension Plans**”).
3. On May 20, 2015, Wabush Iron Co. Limited, Wabush Resources Inc., Wabush Mines, Arnaud Railway Company, and Wabush Lake Railway Company Limited (collectively, the “**Wabush CCAA Parties**”) obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C 1985, c. C-36 (“**CCAA**”) (the “**Wabush CCAA Proceedings**”) by order of Mr. Justice Hamilton of the Superior Court of Québec (“**CCAA Judge**”). FTI Canada Consulting Inc. was appointed as Monitor.
4. The shutdown of Wabush Mines via a CCAA proceeding is part of the corporate decision by its parent company, Cliffs National Resources Inc. (“**CNR**”) to disengage from its operations in Eastern Canada. Attached hereto as **Exhibit "REPS-1"** are copies of

CNR's Press Releases dated February 11, 2014, November 19, 2014, and January 27, 2015, respectively.

5. On June 22, 2015, I was appointed along with Neil Johnson, Damien Lebel, and Michael Keeper (the "**Representatives**") as representatives of all Non-Union Active Employees and Retirees (the "**Salaried Members**") in the Wabush CCAA Proceedings by the CCAA Judge. Koskie Minsky LLP and Scheib Legal were appointed as Representative Counsel with respect to all matters pertaining to any recovery, compromise of rights or entitlements of Non-Union Active Employees and Retirees in the Wabush CCAA Proceedings.
6. As a Representative, I am very familiar and actively involved with the Wabush CCAA Proceedings. I have knowledge of the matters to which I hereinafter depose except where stated to be based on information or belief and regarding such matters I believe same to be true. All capitalized terms used herein are the same as used and defined by the Petitioners in their prior materials except where noted. When reference is made herein to the "company" it applies to my former employer Wabush Mines.
7. I swear this affidavit:
 - (a) in opposition to the Motion by the Monitor for Directions with respect to Pension Claims dated September 20, 2016 ("**Motion for Directions**"); and
 - (b) in support of the transfer of certain issue(s) regarding the interpretation of the deemed trust priority provisions in the Newfoundland *Pension Benefits Act, 1997*,

SNL c. P-4.01 (the "NPBA") (the "Newfoundland PBA Deemed Trust") to the Supreme Court of Newfoundland and Labrador for adjudication.

Personal and Work Background

8. I started working with Wabush Mines at the Scully Mine location in Labrador in April, 1969. At first I was working in Plant Engineering, where I was responsible for housing construction for the Wabush townsite. After a series of promotions from Plant Engineer to Mine Engineer to Mine Foreman, in 1980, I became a Mine Superintendent, and worked in that position for 15 years until 1995. As indicated above, I remained employed at Wabush Mines for 30 years, working as a Technical Assistant to the Resident Manager of Scully Mine in my last four years of employment.
9. I have spent the majority of my working life in Newfoundland and Labrador.
10. I retired from Wabush Mines on April 30, 1999. I am now 72 years old and, like all other retirees of Wabush Mines, am highly dependent on my post-employment benefits and pension benefits for my everyday living expenses.

The Employment Contract, Salary, Pensions and Benefits

11. In consideration for my 30 years of service with the company, I had a contract of employment in which Wabush Mines paid and I earned wages and a salary, other employment benefits such as health benefits (payable during employment and after my retirement), and a pension.

12. For my employment service with the company, I earned the following compensation:
 - (a) **Pension Benefits.** I am a pensioner member of the Salaried Plan. Attached as **Exhibit "REPS-2"** is a copy of the Salaried Plan text. Section 4.02 of the Salaried Plan text directs the Employer (the Wabush CCAA Parties) to file the latest actuarial valuation report with the Newfoundland pension regulatory authority and Revenue Canada. Attached as **Exhibit "REPS-3"** are copies of the Annual Information Return for the 2013 and 2014 plan year, respectively, which are also filed with the Newfoundland pension regulatory authority.
 - (b) **Health Benefits.** I earned an entitlement to post-retirement health benefits including Major Medical Benefits, Life Insurance, Hospital Expense Insurance, and Travel Insurance. The company is obliged to contribute the cost of the premiums necessary to maintain these benefits, "for as long as you live".

13. I have reviewed documentation relating to the Salaried Pension Plan, which indicate that:
 - (a) the Plan is registered in the Province of Newfoundland and Labrador;
 - (b) the Plan has been funded and administered in accordance with the NPBA and its Regulations since their inception;
 - (c) the actuarial reports have been and continue to be prepared in accordance with the NPBA;
 - (d) the Plan has been, and continues to be, regulated by the Newfoundland Superintendent of Pensions, pursuant to the provisions of the NPBA; and

- (e) the Plan is to be interpreted pursuant to the laws applicable in the province of Newfoundland (pursuant to section 12.06 of the Salaried Plan text, which is attached hereto as **Exhibit “REPS-2”**).
14. The Salaried Members are both a significant and vulnerable stakeholder group. There are over 600 Salaried Members impacted by these CCAA Proceedings, in addition to the union retirees.
 15. I have received a copy of the most recent Actuarial Valuation Report on the Salaried Pension Plan as at January 1, 2014 (attached hereto as **Exhibit “REPS-4”**), which discloses the membership breakdown of the Salaried Pension Plan totaling 695 Salaried Members as of that date, as follows:
 - (a) 188 active and disabled employees in the Salaried Plan located predominantly in Newfoundland and Labrador, and Québec;
 - (b) 324 retired members and beneficiaries in payment of a monthly pension, located across Canada and elsewhere; and
 - (c) 183 transferred and terminated vested members, located across Canada and elsewhere.
 16. On December 6, 2016, I received updated data from Morneau Shepell, the actuarial consulting firm who was appointed by the Newfoundland Superintendent of Pensions on March 30, 2016 as the replacement pension plan administrator, in respect of the

membership breakdown of the Wabush Mines employees and retirees in each jurisdiction, as follows:

Salaried Plan

- Federal – 14
- Newfoundland – 313
- Québec – 329

Union Plan

- Federal – 66
- Newfoundland – 1,005
- Québec – 661

The NPBA Deemed Trust in favour of pension plan beneficiaries

17. The Wabush pension plans are significantly underfunded. On August 14, 2015, Representative Counsel wrote to the Company and other parties asserting that the deemed trust provisions in the NPBA apply in favour of the Salaried Pension Plan pension plan beneficiaries and as such, that the amounts that are subject to the trust (i.e., unpaid employer contribution) are not available for distribution to other creditors. Attached as **Exhibit "REPS-5"** is a copy of the said correspondence.
18. On December 16, 2015, the Newfoundland Superintendent of Pensions declared that the Salaried Plan be terminated effective on that date. Attached as **Exhibit "REPS-6"** is a copy of the letter dated December 16, 2015 from the Superintendent to Cliffs Natural Resources, in its capacity as the Plan administrator.
19. On January 26, 2016, the retirees received a letter from Wabush Mines notifying them that, due to the underfunding in the pension plans, the Newfoundland Superintendent of Pensions has directed Wabush Mines to reduce the amount of monthly benefits being paid to all retirees. Attached hereto as **Exhibit "REPS-7"** is a copy of said letter received by another Representative, Michael Keeper. The monthly benefits of the Salaried Plan

retirees (including my own) have been reduced by 25% and those of the Union Plan retirees by 21%, to my knowledge and belief.

20. The reduction of retirees' monthly pension benefits, coupled with the loss of their health and life insurance benefits, has caused very significant financial hardship for myself and, as I have been told countless times by different people, for other Salaried and former unionized Wabush Mines retirees as well.
21. I am advised and believe that on November 16, 2015, at the hearing of the motion by the Monitor for approval of the Claims Procedure Order, our Representative Counsel Mr. Andrew J. Hatnay of Koskie Minsky LLP and Mr. Nicholas Scheib of Étude Légale Scheib, indicated in court that it is the Representatives' position that any issue(s) regarding the interpretation of the Newfoundland PBA Deemed Trust should be referred to the Supreme Court of Newfoundland and Labrador for adjudication. There was no decision made on that issue at the time, nor was a decision sought.

The Monitor's Motion for Directions

22. The Monitor filed a motion returnable on September 20, 2016 seeking:

*...directions with respect to the priority of Pension claims filed by the Plan Administrator...and the applicability and scope of deemed trusts under the Pension Benefits Standards Act, R.S.C. 1985, c. 32 (2nd Supp.) (PBSA) and the Newfoundland & Labrador Pension Benefits Act, S.N.L. 1996, c. P-401 (PBA)...¹ (emphasis added) (the "**Monitor's Motion for Directions**").*

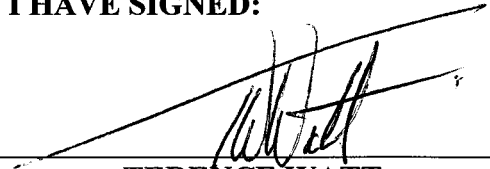
¹ Monitor's Notice of Motion dated September 20, 2016 at para. 9.

23. The Monitor's Motion for Directions seeks to have certain questions prepared by the Monitor concerning the priority of the various components of the Salaried DB Plan Claim and the Union DB Plan Claim, including questions involving the interpretation of the Newfoundland PBA Deemed Trust, put before the Superior Court of Québec and not the Newfoundland Court.
24. I disagree both with the approach adopted by the Monitor and its formulation of its questions. On October 7, 2016, Representative Counsel filed our Notice of Objection to the Monitor's Motion for Directions on our behalf. The Notice of Objection repeats that it is the Representatives' positions that any issue(s) regarding the interpretation of the NPBA Deemed Trust should be referred to the Supreme Court of Newfoundland and Labrador for adjudication. Attached hereto as **Exhibit "REPS-8"** is a copy of said Objection.
25. Morneau Shepell also filed a Notice of Objection objecting to the Monitor's Motion for Direction, including objections that there should be resolution between the affected parties with respect to the appropriate forum for the adjudication of any NPBA Deemed Trust issues.
26. The NPBA deemed trust is a critical remedy for the members of the Wabush Pension Plans to help relieve us from financial hardship caused by the underfunding of the Plans by Wabush Mines.
27. I and the other Representatives have been contacted by many Salaried Members and USW retirees, who have told us that they want to have the issue(s) regarding the

interpretation of the NPBA Deemed Trust be referred to the Supreme Court of Newfoundland and Labrador for adjudication.

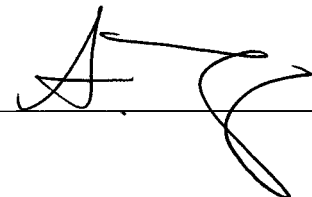
28. I understand that the Newfoundland Superintendent of Pensions and Graham Letto, the Member of the House of Assembly to Labrador West, are also in support of a transfer to Supreme Court of Newfoundland and Labrador in respect of any issue(s) regarding the interpretation of the NPBA Deemed Trust.

AND I HAVE SIGNED:



TERENCE WATT

SOLEMNLY AFFIRMED before me in Toronto,
the Province of Ontario, this 14th day of December
2016.



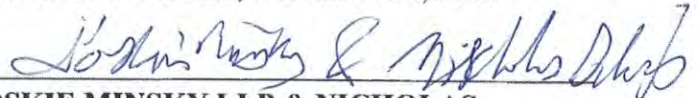
AMY TANG

LIST OF EXHIBITS

(In support of the Affidavit of Terence Watt accompanying the response to the Motion by the Monitor for Directions with respect to Pension Claims and the transfer of certain questions to the Newfoundland Court)

Exhibit "REPS-1"	CNR's Press Releases dated February 11, 2014, November 19, 2014, and January 27, 2015
Exhibit "REPS-2"	Contributory Pension Plan for Salaried Employees of Wabush Mines, Cliff Mining Company, Managing Agent Arnaud Railway Company and Wabush Lake Railway Company, Limited, as amended and restated effective as at January 1, 1997
Exhibit "REPS-3"	Annual Information Return for 2013 and 2014
Exhibit "REPS-4"	Actuarial Valuation Report on the Salaried Pension Plan as at January 1, 2014
Exhibit "REPS-5"	Letter from Andrew Hatnay (Koskie Minsky LLP) to Bernard Boucher, Milly Chow, and Steven Weisz (Blake, Cassels & Graydon LLP) dated August 14, 2015
Exhibit "REPS-6"	Letter from Superintendent of Pensions, Newfoundland & Labrador, to Kurt Holland (Cliffs Natural Resources Inc.) dated December 15, 2015
Exhibit "REPS-7"	Letter from Wabush Mines to Michael Keeper dated January 26, 2016
Exhibit "REPS-8"	Notice of Objection to the Monitor's Motion for Pension Directions of Representative Counsel dated October 7, 2016

Montreal and Toronto, December 14, 2016



**KOSKIE MINSKY LLP & NICHOLAS
SCHEIB**

Attorneys for the Petitioners-Mises-en-cause
Michael Keeper, Terence Watt, Damien Lebel, and
Neil Johnson

EXHIBIT "REPS-1"



February 11, 2014

Cliffs Natural Resources Inc. Announces Significant Reduction in 2014 Capital Expenditures



- Bloom Lake Mine Expansion Capital Curtailed; Cliffs to Run Phase I Operation Only
- Company Will Idle Wabush Mine by End of First-Quarter 2014
- Cash Flow Priorities to Drive Near-term Capital Allocation Decisions

CLEVELAND - Feb. 11, 2014 - Cliffs Natural Resources Inc. (**NYSE: CLF**) (**Paris: CLF**) announced today it expects its full-year 2014 capital expenditures to be in a range of \$375 - \$425 million, a greater than 50% year-over-year reduction from its full-year 2013 capital spending of \$862 million. This decrease is driven by a significant reduction in the Company's expansion and tailings and water management capital spending at its Bloom Lake Mine in Québec. Cliffs also announced that it will idle production at its Wabush Mine in the Province of Newfoundland and Labrador by the end of the first quarter of 2014.

Gary Halverson, president and chief operating officer, said, "Sharper capital allocation must drive our decisions. Today's announcement to reduce overall capital spending is an important first step." Mr. Halverson further noted that, "Bloom Lake's ore body is well suited for a global market that increasingly values quality and diversification of supply, but it also requires time and capital to be properly developed, built out, and operated to realize its full potential. Ultimately we must extract the highest value from Bloom Lake for our shareholders and operating Phase I preserves all possible options for this asset. Given the wide range of outlooks for iron ore prices, we reduced our 2014 capital expenditures at Bloom Lake Mine as we evaluate the best alternatives for this asset as part of our overall focus on enhancing value for shareholders."

Bloom Lake Mine

In the current pricing environment, Cliffs expects to produce and sell 5.5 - 6.5 million tons from Bloom Lake Mine's first phase in 2014, which is in line with full-year 2013 results. Cliffs expects Bloom Lake Mine's full-year 2014 cash costs to be \$85 - \$90 per ton versus fourth-quarter 2013's results of \$89 per ton. Cliffs indicated that it would idle Phase I if pricing significantly decreased for an extended period of time. With the Phase II expansion indefinitely suspended, the Company has made adjustments to various components of the mine plan, largely in the project's tailings and water management strategy. This has enabled Cliffs to defer and lower its year-over-year capital spending while continuing to operate Phase I.

Cliffs expects Bloom Lake Mine's full-year 2014 capital expenditures to be approximately \$200 million. This is comprised of \$65 million in carryover capital spending from 2013, with required license-to-operate and sustaining capital expenditures making up the remainder.

Wabush Mine

Cliffs' Wabush Scully Mine in Newfoundland and Labrador will be idled by the end of the first quarter of 2014. With costs unsustainably high, including fourth-quarter 2013 cash costs of \$143 per ton, it is not economically viable to continue running this operation. As previously disclosed, Cliffs idled Wabush Mine's Pointe Noire pellet plant in June of 2013. Approximately 500 employees at both the Wabush Scully Mine and the Pointe Noire rail and port operation in Québec will be impacted by these actions.

Gary Halverson continued, "Over the past three years we have seen pricing drop and Wabush Mine's costs escalate all while we have made significant capital investments into the operation. This is a regrettable but necessary decision. We simply cannot continue operating a high-cost mine while pricing and freight markets are so volatile. We do value the hard work of all our employees and are committed to easing the transition for the people and communities, including providing severance and

other support services as a result of this decision."

Cliffs anticipates incurring idle costs related to Wabush Mine of approximately \$100 million in 2014. Also, due to the idling of Wabush Mine, Cliffs' will record impairment and write-off charges of approximately \$183 million, which will be reflected in its fourth-quarter 2013 results. Cliffs will continue operating the port at Pointe Noire in Sept-Îles, Québec.

2014 Capital Allocation

Cliffs expects its full-year 2014 consolidated capital expenditures to be \$375 - \$425 million. This includes approximately \$100 million in cash-carryover capital, with the remainder primarily comprised of sustaining and license-to-operate capital. The first priority for any additional cash generated in excess of consolidated capital expenditures and dividend payments during the year will be to lower the Company's net debt position. Cliffs is in the process of evaluating a range of options for the next best use of the capital, all of which must have attractive return rates and drive long-term shareholder value.

Mr. Halverson added, "We will adhere to a return-driven approach to allocating capital. This will establish a prudent balance among key priorities relating to liquidity management, business investment, and capital allocation initiatives that provide for a more direct return to enhance long-term shareholder value."

Conference Call Information

As previously disclosed, Cliffs Natural Resources Inc. intends on announcing its fourth-quarter and full-year 2013 results after-market close on Thursday, Feb. 13, 2014. Cliffs will host a conference call to discuss the results at 10:00 a.m. ET on Friday, Feb. 14, 2014. The call will be broadcast live and archived on Cliffs' website: www.cliffsnaturalresources.com.

About Cliffs Natural Resources Inc.

Cliffs Natural Resources Inc. is an international mining and natural resources company. A member of the S&P 500 Index, the Company is a major global iron ore producer and a significant producer of high- and low-volatile metallurgical coal. Cliffs' strategy is to continually achieve greater scale and diversification in the mining industry through a focus on serving the world's largest and fastest growing steel markets. Driven by the core values of social, environmental and capital stewardship, Cliffs associates across the globe endeavor to provide all stakeholders operating and financial transparency.

The Company is organized through a global commercial group responsible for sales and delivery of Cliffs' products and a global operations group responsible for the production of the minerals the Company markets. Cliffs operates iron ore and coal mines in North America and an iron ore mining complex in Western Australia.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the federal securities laws. Although the Company believes that its forward-looking statements are based on reasonable assumptions, such statements are subject to risks and uncertainties relating to Cliffs' operations and business environment that are difficult to predict and may be beyond Cliffs' control. Such uncertainties and factors may cause actual results to differ materially from those expressed or implied by forward-looking statements for a variety of reasons including without limitation: trends affecting our financial condition, results of operations or future prospects, particularly the continued volatility of iron ore and coal prices; uncertainty or weaknesses in global economic conditions, including downward pressure on prices, reduced market demand, increases in supply and any slowing of the economic growth rate in China; our ability to successfully identify and consummate any strategic investments or capital projects and complete planned divestitures; our ability to successfully integrate acquired companies into our operations and achieve post-acquisition synergies, including without limitation, Cliffs Quebec Iron Mining Limited (formerly Consolidated Thompson Iron Mining Limited); our ability to cost effectively achieve planned production rates or levels; changes in sales volume or mix; the outcome of any contractual disputes with our customers, joint venture partners or significant energy, material or service providers or any other litigation or arbitration; the impact of price-adjustment factors on our sales contracts; the ability of our customers and joint venture partners to meet their obligations to us on a timely basis or at all; our ability to reach agreement with our iron ore customers regarding modifications to sales contract pricing escalation provisions to reflect a shorter-term or spot-based pricing mechanism; our actual economic iron ore and coal reserves or reductions in current mineral estimates, including whether any mineralized material qualifies as a reserve; the impact of our customers using other methods to produce steel or reducing their steel production; events or circumstances that could impair or adversely impact the viability of a mine and the carrying value of associated assets, as well as any resulting impairment charges; the results of prefeasibility and feasibility studies in relation to development projects; impacts of existing and increasing governmental regulation and related costs and liabilities, including failure to receive or maintain required operating and environmental permits, approvals, modifications or other authorization of, or from, any governmental or regulatory entity and costs related to implementing improvements to ensure compliance with regulatory changes; uncertainties associated with natural disasters, weather conditions, unanticipated geological conditions, supply or price of energy, equipment failures and other unexpected events; adverse changes in currency values, currency exchange rates, interest rates and tax laws; availability of capital and our ability to maintain adequate liquidity and successfully implement our financing plans; our ability to maintain appropriate relations with

unions and employees and enter into or renew collective bargaining agreements on satisfactory terms; risks related to international operations; the potential existence of significant deficiencies or material weakness in our internal controls over financial reporting; problems or uncertainties with leasehold interests, productivity, tons mined, transportation, mine-closure obligations, environmental liabilities, employee-benefit costs and other risks of the mining industry; and other factors and risks that are set forth in the Company's most recently filed reports with the Securities and Exchange Commission. The information contained herein speaks as of the date of this release and may be superseded by subsequent events. Except as may be required by applicable securities laws, we do not undertake any obligation to revise or update any forward-looking statements contained in this release.

Important Additional Information

Cliffs, its directors and certain of its executive officers may be deemed to be participants in the solicitation of proxies from Cliffs stockholders in connection with the matters to be considered at Cliffs' 2014 Annual Meeting. Cliffs intends to file a proxy statement with the U.S. Securities and Exchange Commission (the "SEC") in connection with any such solicitation of proxies from Cliffs stockholders. **CLIFFS STOCKHOLDERS ARE STRONGLY ENCOURAGED TO READ ANY SUCH PROXY STATEMENT AND ACCOMPANYING WHITE PROXY CARD WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION.** Information regarding the ownership of Cliffs' directors and executive officers in Cliffs stock, restricted stock and options is included in their SEC filings on Forms 3, 4 and 5. More detailed information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, will be set forth in the proxy statement and other materials to be filed with the SEC in connection with Cliffs' 2014 Annual Meeting. Information can also be found in Cliffs' Annual Report on Form 10-K for the year ended Dec. 31, 2012, filed with the SEC on Feb. 12, 2013. Stockholders will be able to obtain any proxy statement, any amendments or supplements to the proxy statement and other documents filed by Cliffs with the SEC for no charge at the SEC's website at www.sec.gov. Copies will also be available at no charge at Cliffs' website at www.cliffsnr.com or by contacting Carolyn Cheverine, Vice President, General Counsel & Secretary at (216) 694-7605.

SOURCE: Cliffs Natural Resources Inc.

**News releases and other information on the Company are available on the Internet at:
<http://www.cliffsnaturalresources.com>**

Follow Cliffs on Twitter at: <http://twitter.com/CliffsNR>.

INVESTOR RELATIONS AND GLOBAL COMMUNICATIONS CONTACTS:

Jessica Moran	Patricia Persico
Director, Investor Relations	Director, Global Communications
(216) 694-6532	(216) 694-5316 office

EASTERN CANADA MEDIA RELATIONS CONTACTS:

Arlène Beaudin	Annie Desrosiers
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Directrice, affaires publiques	Manager, Sustainability and Community Relations
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NEWS RELEASE

Cliffs Natural Resources Inc. to Pursue Exit Options for its Eastern Canadian Operations

CLEVELAND – Nov. 19, 2014 – Cliffs Natural Resources Inc. (**NYSE: CLF**) announced today that it is pursuing exit options for its Eastern Canadian iron ore operations which may result in the closure of the Bloom Lake mine.

Lourenco Goncalves, Cliffs' Chairman, President and Chief Executive Officer said, "Despite the continued interest of the prospective equity partners in Bloom Lake and in its high quality ore, the potential investment is not achievable within a time frame acceptable to Cliffs. With expansion no longer viable, we have shifted our focus to executing an exit option for Eastern Canadian operations that minimizes the cash outflows and associated liabilities."

The Company previously disclosed that to make Bloom Lake viable, the development of the mine's Phase 2 was necessary. The investment was estimated to cost \$1.2 billion. In the event of a closure, the estimated closure costs are expected to be in the range of \$650 million to \$700 million in the next five years.

Cliffs stated also that the Company's subsidiary, Cliffs Quebec Iron Mining Limited, along with Bloom Lake General Partner Limited and The Bloom Lake Iron Ore Limited Partnership, recently lost an arbitration claim they filed against a former Bloom Lake customer relating to the August 2011 termination of an iron ore sales agreement. In November 2014, the arbitrators decided in favor of the former customer and awarded it damages in an amount of approximately \$71 million as well as attorneys' fees and accrued interest from the date of termination of the offtake agreement in August 2011. Cliffs Quebec Iron Mining Limited is currently reviewing the award to determine appropriate next steps.

About Cliffs Natural Resources Inc.

Cliffs Natural Resources Inc. is a leading mining and natural resources company. The Company is a major iron ore producer in the Great Lakes region and a significant producer of high- and low-volatile metallurgical coal in the U.S. Additionally, Cliffs operates iron ore mines in Eastern Canada and an iron mining complex in Western Australia. Driven by the core values of social, environmental and capital stewardship, Cliffs' employees endeavor to provide all stakeholders

operating and financial transparency. News releases and other information on the Company are available at: <http://www.cliffsnaturalresources.com>.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the federal securities laws. Although the Company believes that its forward-looking statements are based on reasonable assumptions, such statements are subject to risks and uncertainties relating to Cliffs' operations and business environment that are difficult to predict and may be beyond Cliffs' control. Such uncertainties and factors may cause actual results to differ materially from those expressed or implied by forward-looking statements for a variety of reasons including without limitation: our ability to successfully execute an exit option for Bloom Lake mine that minimizes the cash outflows and associated liabilities of our Canadian operations; trends affecting our financial condition, results of operations or future prospects, particularly the continued volatility of iron ore and coal prices; our actual levels of capital spending; uncertainty or weaknesses in global economic conditions, including downward pressure on prices, reduced market demand and any slowing of the economic growth rate in China; our ability to successfully integrate acquired companies into our operations and achieve post-acquisition synergies; our ability to successfully identify and consummate any strategic investments and complete planned divestitures; the outcome of any contractual disputes with our customers, joint venture partners or significant energy, material or service providers or any other litigation or arbitration; the ability of our customers and joint venture partners to meet their obligations to us on a timely basis or at all; our ability to reach agreement with our iron ore customers regarding any modifications to sales contract provisions; the impact of price-adjustment factors on our sales contracts; changes in sales volume or mix; our actual economic iron ore and coal reserves or reductions in current mineral estimates, including whether any mineralized material qualifies as a reserve; the impact of our customers using other methods to produce steel or reducing their steel production; events or circumstances that could impair or adversely impact the viability of a mine and the carrying value of associated assets; the results of prefeasibility and feasibility studies in relation to projects; impacts of existing and increasing governmental regulation and related costs and liabilities, including failure to receive or maintain required operating and environmental permits, approvals, modifications or other authorization of, or from, any governmental or regulatory entity and costs related to implementing improvements to ensure compliance with regulatory changes; our ability to cost-effectively achieve planned production rates or levels; uncertainties associated with natural disasters, weather conditions, unanticipated geological conditions, supply or price of energy, equipment failures and other unexpected events; adverse changes in currency values, currency exchange rates, interest rates and tax laws; availability of capital and our ability to maintain adequate liquidity and successfully implement our financing plans; our ability to maintain appropriate relations with unions and employees and enter into or renew collective bargaining agreements on satisfactory terms; risks related to international operations; availability of capital equipment and component parts; the potential existence of significant deficiencies or material weakness in our internal control over financial reporting; problems or uncertainties with productivity, tons mined, transportation, mine-closure obligations, environmental liabilities, employee-benefit costs and other risks of the mining industry; and other factors and risks that are set forth in the Company's most recently filed reports with the

U.S. Securities and Exchange Commission (the "SEC"). The information contained herein speaks as of the date of this release and may be superseded by subsequent events. Except as may be required by applicable securities laws, we do not undertake any obligation to revise or update any forward-looking statements contained in this release.

Contact:
Patricia Persico
Director, Global Communications
(216) 694-5316

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For Immediate Release

Cliffs Natural Resources Inc. Announces Decision on Bloom Lake Mine

Commences Formal Canadian Restructuring Proceedings

CLEVELAND – Jan. 27, 2015 – Cliffs Natural Resources Inc. (**NYSE: CLF**) announced today that Bloom Lake General Partner Limited and certain of its affiliates, including Cliffs Quebec Iron Mining ULC (collectively, “Bloom Lake Group”) commenced restructuring proceedings in Montreal, Quebec, under the Companies’ Creditors Arrangement Act (Canada) (“CCAA”). The Bloom Lake Group had recently suspended operations and for several months has been exploring options to sell certain of its Canadian assets, among other initiatives.

The decision to seek protection under the CCAA was based on a thorough legal and financial analysis of the options available to the Bloom Lake Group. The Bloom Lake Group is no longer generating any revenues and is not able to meet its obligations as they come due. The Initial CCAA Order will address the Bloom Lake Group’s immediate liquidity issues and permit the Bloom Lake Group to preserve and protect its assets for the benefit of all stakeholders while restructuring and sale options are explored.

As part of the CCAA process, the Court has appointed FTI Consulting Canada Inc. as the Monitor. The Monitor’s role in the CCAA process is to monitor the activities of the Bloom Lake Group and provide assistance to the Bloom Lake Group and its stakeholders in respect of the CCAA process.

Lourenco Goncalves, Chairman of the Board, President and Chief Executive Officer of Cliffs Natural Resources Inc. said, “For several months, we have been seeking equity investors and exploring sale options for Bloom Lake including working collaboratively with Investissement Québec. We support the decision by the directors of the Bloom Lake Group to conduct a restructuring process under the supervision of the Court.”

Cliffs Natural Resources Inc. will file a Current Report on Form 8-K that provides pro forma financial information reflecting the deconsolidation of the Bloom Lake Group. Additional information regarding CCAA proceedings will be available on the Monitor’s website at <http://cfcanada.fticonsulting.com/bloomlake>.

About Cliffs Natural Resources Inc.

Cliffs Natural Resources Inc. is a leading mining and natural resources company. The Company is a major supplier of iron ore pellets to the U.S. steel industry from its mines and pellet plants located in Michigan and Minnesota. Cliffs also produces low-volatile metallurgical coal in the U.S. from its mines located in West Virginia and Alabama. Additionally, Cliffs operates an iron ore mining complex in Western Australia and owns two non-operating iron ore mines in Eastern

Canada. Driven by the core values of social, environmental and capital stewardship, Cliffs' employees endeavor to provide all stakeholders operating and financial transparency.

News releases and other information on the Company are available at:
<http://www.cliffsnaturalresources.com>.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the federal securities laws. Although the Company believes that its forward-looking statements are based on reasonable assumptions, such statements are subject to risks and uncertainties relating to Cliffs' operations and business environment that are difficult to predict and may be beyond Cliffs' control. Such uncertainties and factors may cause actual results to differ materially from those expressed or implied by forward-looking statements for a variety of reasons including without limitation: our ability to successfully execute an exit option for Bloom Lake mine that minimizes the cash outflows and associated liabilities of our Canadian operations including the CCAA process; trends affecting our financial condition, results of operations or future prospects, particularly the continued volatility of iron ore and coal prices; our actual levels of capital spending; uncertainty or weaknesses in global economic conditions, including downward pressure on prices, reduced market demand and any slowing of the economic growth rate in China; our ability to successfully identify and consummate any strategic investments and complete planned divestitures; the outcome of any contractual disputes with our customers, joint venture partners or significant energy, material or service providers or any other litigation or arbitration; the ability of our customers and joint venture partners to meet their obligations to us on a timely basis or at all; our ability to reach agreement with our iron ore customers regarding any modifications to sales contract provisions; the impact of price-adjustment factors on our sales contracts; changes in sales volume or mix; our actual economic iron ore and coal reserves or reductions in current mineral estimates, including whether any mineralized material qualifies as a reserve; the impact of our customers using other methods to produce steel or reducing their steel production; events or circumstances that could impair or adversely impact the viability of a mine and the carrying value of associated assets; the results of prefeasibility and feasibility studies in relation to projects; impacts of existing and increasing governmental regulation and related costs and liabilities, including failure to receive or maintain required operating and environmental permits, approvals, modifications or other authorization of, or from, any governmental or regulatory entity and costs related to implementing improvements to ensure compliance with regulatory changes; our ability to cost-effectively achieve planned production rates or levels; uncertainties associated with natural disasters, weather conditions, unanticipated geological conditions, supply or price of energy, equipment failures and other unexpected events; adverse changes in currency values, currency exchange rates, interest rates and tax laws; availability of capital and our ability to maintain adequate liquidity and successfully implement our financing plans; our ability to maintain appropriate relations with unions and employees and enter into or renew collective bargaining agreements on satisfactory terms; risks related to international operations; availability of capital equipment and component parts; the potential existence of significant deficiencies or material weakness in our internal control over financial reporting; problems or uncertainties with productivity, tons mined, transportation, mine-closure obligations, environmental liabilities, employee-benefit costs and other risks of the mining industry; and other factors and risks that are set forth in the Company's most recently filed reports with the U.S. Securities and Exchange Commission. The information contained herein speaks as of the date of this release and may be superseded by subsequent events. Except as may be required by applicable securities laws, we do not undertake any obligation to revise or update any forward-looking statements contained in this release.

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EXHIBIT "REPS-2"

**Contributory Pension Plan for Salaried Employees of
Wabush Mines, Cliffs Mining Company, Managing Agent
Arnaud Railway Company and
Wabush Lake Railway Company, Limited**

As Amended and Restated Effective as of January 1, 1997

Revenue Canada / Canada Customs and Revenue Agency
Registration Number 0343558

Newfoundland Registration Number 021314-000

Contents

	Page
Section 1 – Amendment and Restatement	1
1.01 Amendment and Restatement	1
Section 2 – Definitions	2
2.01 Account	2
2.02 Actuarial Equivalent	2
2.03 Actuary	2
2.04 Approved Leave of Absence	2
2.05 Beneficiary	2
2.06 Commuted Value	2
2.07 Continuous Service	3
2.08 Credited Interest	4
2.09 Credited Service	4
2.10 Deferred Vested Termination Date	4
2.11 Defined Benefit Provision	4
2.12 Defined Contribution Provision	5
2.13 Disability or Disabled	5
2.14 Early Retirement Date	5
2.15 Earnings	5
2.16 Effective Date	5
2.17 Employee	5
2.18 Employer	5
2.19 Final Average Earnings	6
2.20 Funding Agency	6
2.21 Funding Agreement	6
2.22 Income Tax Act	6
2.23 Member	6
2.24 Normal Retirement Date	6
2.25 Pension Benefits Act	6
2.26 Pension Commencement Date	7
2.27 Pension Committee	7
2.28 Pension Fund	7
2.29 Plan	7
2.30 Plan Year	7
2.31 Pre-Pension Spouse Coverage	7
2.32 Québec Member	7
2.33 Special Early Retirement Date	7
2.34 Special Postponed Retirement Date	7
2.35 Spouse	7
2.36 Surplus Assets	8
2.37 YMPE	8

Contents

	Page
Section 3 – Membership	9
3.01 Immediate Membership	9
3.02 Opting Out of Membership Not Permitted	9
3.03 Change of Employment Status	9
3.04 Participation in Defined Benefit Provision and Defined Contribution Provision	9
3.05 Transfers of Employment	9
Section 4 – Contributions	11
4.01 Member Contributions	11
4.02 Employer Contributions	11
4.03 Contributions Under Defined Contribution Provision During Approved Leaves of Absence	12
4.04 Application of Surplus Assets	13
4.05 Transitional Provision	13
4.06 Maximum Contributions Under Defined Contribution Provision	13
Section 5 – Retirement Dates	14
5.01 Normal Retirement Date	14
5.02 Early Retirement Date	14
5.03 Special Early Retirement Date	14
5.04 Special Postponed Retirement Date	15
5.05 Deferred Vested Termination Date	15
5.06 Eligibility	15
Section 6 – Retirement Benefits	16
6.01 Normal and Special Postponed Retirement Benefits	16
6.02 Early Retirement Benefits	17
6.03 Special Early Retirement Benefits	18
6.04 Deferred Vested Retirement Benefits	19
6.05 Additional Voluntary Contributions	21
6.06 Temporary Supplementary Benefit	21
6.07 Retirement Benefits for Part-Time Employees	21
6.08 Re-Employment After Retirement, Termination of Employment or Break In Continuous Service	22

Contents

	Page
Section 7 – Forms of Pension Payment On Retirement	23
7.01 Normal Form of Payment	23
7.02 Surviving Spouse Benefit	23
7.03 Automatic Form of Payment for a Member With a Spouse	23
7.04 Optional Forms of Payment	23
7.05 Election	24
7.06 Defined Contribution Provision	24
Section 8 – Pre-Retirement Death Benefits	25
8.01 Refund of Amount from Defined Contribution Provision	25
8.02 Surviving Spouse Benefit	25
8.03 Optional Pre-Pension Spouse Coverage	25
8.04 Statutory Minimum Benefits	27
Section 9 – Payment of Benefits	28
9.01 Application for Benefits	28
9.02 Proof of Age and Marital Status	28
9.03 Misstatement in Application for Pension Benefit	28
9.04 Method of Payment	28
9.05 Evidence of Survival	28
9.06 Payments to Minors or Incompetents	29
9.07 Beneficiary Designation	29
9.08 Maximum Limits Under the <i>Income Tax Act</i>	29
9.09 Retirement Benefits From Excess Contributions	31
Section 10 – Pension Fund	32
10.01 General	32
10.02 Provision of Benefits	32
10.03 Investment – Defined Benefit Provision	32
10.04 Investment – Defined Contribution Provision	33
10.05 Expenses	33
Section 11 – Administration of the Plan	34
11.01 Administration of the Plan	34
11.02 Officers of Pension Committee	34
11.03 Powers of Pension Committee	34
11.04 Agents of Pension Committee	34
11.05 Actions of Pension Committee	35
11.06 Decisions of Pension Committee	35
11.07 Communication With Pension Committee	35
11.08 Allocation of Responsibilities Among the Employer, the Pension Committee and the Funding Agent	35
11.09 Records of the Employer	36
11.10 Communication	36

Contents

	Page
Section 12 – General Provisions	38
12.01 Employment Rights	38
12.02 Non-Assignability and Non-Commutability of Benefits	38
12.03 No Duplication of Benefits	38
12.04 Notices and Elections	38
12.05 Division of Pension Benefits on Marriage Breakdown	39
12.06 Applicable Law	39
Section 13 – Future of the Plan	40
13.01 Continuation of the Plan	40
13.02 Amendment of the Plan	40
13.03 Termination of the Plan	40
13.04 Wind-Up or Bankruptcy of the Employer	40
13.05 Asset Transfer or Merger	41
13.06 Surplus Assets	41
Section 14 – Special Provisions for Quebec Employees	42
14.01 Application	42
14.02 Early Retirement	42
14.03 Early Retirement Pension	42
14.04 Postponed Retirement	42
14.05 Actuarial Adjustment	42
14.06 Maximum Deferral of Pension	42
14.07 Effect of Maximum Benefit Rule	43
14.08 Partial Payment of Pension	43
14.09 Early Commencement of Deferred Vested Pension	43
14.10 Portability of Benefits	43
14.11 Death in Service After Normal Retirement Date	43
14.12 Commutation of Pension	44
14.13 Temporary Supplementary Benefit	44
Appendix A	45

Section 1 — Amendment and Restatement

1.01 Amendment and Restatement

Effective as of January 1, 1997, the Contributory Pension Plan for Salaried Employees of Wabush Mines, Cliffs Mining Company, Managing Agent, Arnaud Railway Company and Wabush Lake Railway Company, Limited, Revenue Canada registration number 0343558, is amended and restated to allow active Members to choose, on a one-time-only basis, one of two forms of pension benefits:

- a Defined Benefit Provision; or
- a Defined Benefit Provision plus a Defined Contribution Provision.

For active Members who terminated employment, died or retired on or after October 1, 1996 and before January 1, 1997, the Defined Benefit Provision as described in this amended and restated plan text shall apply.

Section 2 — Definitions

The following words and phrases, when used in this Plan, shall have the following meanings unless the context clearly indicates otherwise:

2.01 Account

“Account” means, in respect of a Member, the account established to record the Member's contributions pursuant to Sections 4.01(b), 4.01(c) and 4.03(a) and the Employer contributions pursuant to Sections 4.02(b), 4.03(b) and 4.04 plus any Credited Interest thereon.

2.02 Actuarial Equivalent

“Actuarial Equivalent” means, with respect to a benefit, the equivalent value, computed on the basis of actuarial assumptions last adopted for this purpose by the Employer on the recommendation of the Actuary. The determination of Actuarial Equivalent values shall not differentiate on the basis of gender, unless required by law.

2.03 Actuary

“Actuary” means the actuary or firm of actuaries retained by the Employer for the purposes of the Plan who is, or in the case of a firm of actuaries at least one of whom is, a Fellow of the Canadian Institute of Actuaries.

2.04 Approved Leave of Absence

“Approved Leave of Absence” means a period of paid or unpaid leave of absence authorized by the Employer for the purposes of the Plan.

2.05 Beneficiary

“Beneficiary” means the person last designated by a Member under Section 9.07 by written notice filed with the Employer to receive benefits payable from the Plan upon the Member's death and who survives the Member.

2.06 Commuted Value

“Commutated Value” means, with respect to pension benefits that a person has a present or future entitlement to receive, a lump-sum amount of the Actuarial Equivalent value of said benefits as of a specified date as determined by the Actuary in accordance with the Recommendations for the Computation of Transfer Values from Registered Pension Plans issued by the Canadian Institute of Actuaries, or such other basis as may be permitted or required from time to time under the *Pension Benefits Act* and the *Income Tax Act*.

2.07 Continuous Service

- (a) "Continuous Service" means the period of regular employment with the Employer from the later of the date of commencement of employment with the Employer or the date of re-employment following the last break in service, if any and shall include service with any subsidiary, affiliated or predecessor employer designated by the Employer.
- (b) Continuous Service shall be broken by an Employee's resignation or other voluntary termination of employment or termination of employment by the Employer or retirement.
- (c) Notwithstanding (a) and (b) above, Employees with eight or more years of Continuous Service as of the date they become eligible for long term disability benefits pursuant to the Employer's program of insurance benefits shall continue to accrue Continuous Service until the earlier of 30 years of Credited Service, Normal Retirement Date, or the date the payment of or eligibility for such benefits ceases.
- (d) Notwithstanding (a) and (b) above, a break in Continuous Service shall occur as of the date:
 - (i) the Employee fails to return to work promptly at the termination of any leave of absence; or
 - (ii) the Employee has been absent from work due to disability for more than 1 year in the case of an Employee with less than 3 years' service at the beginning of the absence, and for more than 2 years in the case of other Employees unless such absence was due to a temporary Disability compensable under workers' compensation laws or similar law in the province of employment and the Employee returns to work within 30 days after the termination of weekly compensation payments in respect of the disability, unless otherwise provided for under (c) above.
- (e) Notwithstanding anything to the contrary in the Plan, a transfer of employment from one Employer to an affiliate or subsidiary of the Employer shall not constitute a break in Continuous Service for the purpose of determining eligibility for benefits pursuant to the Plan.

2.08 Credited Interest

With respect to the Defined Contribution Provision, "Credited Interest" means interest on the amount in a Member's Account including any additional voluntary contributions pursuant to Section 4, compounded annually and computed from the first day of the month following the month in which the contributions were made to the first day of the calendar month in which a determination thereof is to be made, at the rate equal to the rate of return calculated on the portion of the Pension Fund in which the Member's Account and the additional voluntary contributions are deposited.

With respect to the Defined Benefit Provision, Credited Interest means interest at the rate of 3% per annum for all periods prior to January 1, 1971, 3 ½% per annum for the period January 1, 1971 through December 31, 1975, 5% per annum for the period January 1, 1976 through May 31, 1989 and the calendar year average of the yields of five-year personal fixed term chartered bank deposit rates published monthly in the Bank of Canada Review as CANSIM Series B14045 for the preceeding calendar year after May 31, 1989, compounded annually at the end of each calendar year and, on and after January 1, 1990, computed from the first day of the month following the month in which contributions were made to the date of retirement, death or other termination of employment.

2.09 Credited Service

(a) "Credited Service" means a Member's years and completed calendar months (expressed as twelfths of a year) of Continuous Service during which the Member participated in or was credited with participation in the Plan. Credited Service shall also include periods during which a Member is on an Approved Leave of Absence. For the purposes of this section, a "completed calendar month" shall include a calendar month during which an employee has participated or was credited with participation in the Plan for 15 or more days in the month.

(b) In no event shall the total period of unpaid Approved Leave of Absence on and after January 1, 1991 for the purposes of Credited Service exceed the sum of:

- (i) five years; and
- (ii) the period of parenting as defined in the Income Tax Act, subject to a maximum of 36 months of such periods of parenting and a maximum of 12 months for any one period of parenting.

The limitation on Credited Service set out in this Section 2.09(b) shall not apply to a period of disability.

2.10 Deferred Vested Termination Date

"Deferred Vested Termination Date" means the date described in Section 5.05.

2.11 Defined Benefit Provision

"Defined Benefit Provision" means the pension benefits calculated with reference to Section 6.01(a) and Section 6.01(b)(i) and excludes the pension benefits derived from the Defined Contribution Provision.

2.12 Defined Contribution Provision

“Defined Contribution Provision” means the pension benefits derived from the Members' contributions made pursuant to Section 4.01(b), 4.03(a), and the Employer's contributions made pursuant to Section 4.02(b), 4.03(b) and 4.04, and as calculated with reference to Section 6.01(b)(ii) and excludes the pension benefits derived from the Defined Benefit Provision .

2.13 Disability or Disabled

“Disability ” or “Disabled” means, suffering from a physical or mental impairment, as certified by a medical doctor, that prevents an Employee from performing the duties of employment in which the Employee was engaged before the commencement of the impairment.

2.14 Early Retirement Date

“Early Retirement Date” means the date of a Member's early retirement pursuant to Section 5.02.

2.15 Earnings

“Earnings” means the base salary paid by the Employer to a Member, including taxable income from cost of living adjustments, overtime pay, Sunday, shift and holiday premium payments, cash bonuses, the Northern allowance, and special vacation, regular vacation, and out-of-season vacation bonus pay. Earnings excludes lump sum payments paid to an individual as a consequence of the termination of employment of the individual and all other forms of remuneration, including but not limited to, all non-cash benefits, any remuneration resulting from the exercise of a qualified stock option, incentive stock option or other stock option or appreciation right, and all allowances (except the Northern allowance), including but not limited to, the housing, travel and tax equalization allowances. In determining the Earnings of a Member during a calendar month, the Earnings in the calendar year shall be divided by twelve.

2.16 Effective Date

“Effective Date” means January 1, 1982.

2.17 Employee

“Employee” means an individual who is employed by the Employer and receives a salary.

2.18 Employer

“Employer” means Wabush Mines, Cliffs Mining Company, Managing Agent, Arnaud Railway Company and Wabush Lake Railway Company, Limited.

2.19 Final Average Earnings

“Final Average Earnings” means the highest average annual Earnings of a Member during any 60 consecutive months of the last 120 full calendar months of Credited Service, excluding periods of layoff, immediately preceding the date of retirement, termination or death, whichever occurs first, except in the case of a Disabled Member, where Final Average Earnings shall be determined based on Earnings and Credited Service prior to the date the Member becomes Disabled. If, during the last ten consecutive calendar years of Credited Service, the Member was absent from work without pay or with reduced pay because of layoff, the references to “60 consecutive months” in this definition shall be read as the “number of months not exceeding 60”.

2.20 Funding Agency

“Funding Agency” means the trust company or insurance company, or any successor trust or insurance company, the Employer may appoint from time to time to hold, invest and administer the assets in the Pension Fund.

2.21 Funding Agreement

“Funding Agreement” means the agreement entered into between the Employer and the Funding Agency governing the custody, investment and administration of the assets in the Pension Fund.

2.22 Income Tax Act

“Income Tax Act” means the *Income Tax Act (Canada)*, as amended from time to time, the regulations made thereunder and the information circulars, interpretation bulletins and published administrative guidelines of Revenue Canada or any successor thereto.

2.23 Member

“Member” means an Employee who has been enrolled in the Plan pursuant to Section 3 and who continues to have rights or contingent rights to benefits pursuant to the Plan. “Member” includes a former Employee who has retired or terminated employment with the Employer but who retains a right to benefits pursuant to the Plan.

2.24 Normal Retirement Date

“Normal Retirement Date” means the date of a Member's normal retirement pursuant to Section 5.01.

2.25 Pension Benefits Act

“Pension Benefits Act” means the Newfoundland *Pension Benefits Act 1997*, S.N. 1996, c.P-4.01, as amended from time to time, and the Regulations thereunder as well as any similar statute applicable in a particular circumstance and any regulation pursuant thereto adopted by the federal or any provincial government.

- 2.26 Pension Commencement Date**
“Pension Commencement Date” means the date upon which a Member's payment of pension benefits is due to commence.
- 2.27 Pension Committee**
“Pension Committee” means the committee described in Section 11.
- 2.28 Pension Fund**
“Pension Fund” means the fund established pursuant to the terms of the Plan and the Funding Agreement to which all contributions under the Plan are made and from which the benefits and expenses of the Plan are paid.
- 2.29 Plan**
“Plan” means the Contributory Pension Plan for Salaried Employees of Wabush Mines, Cliffs Mining Company, Managing Agent, Arnaud Railway Company and Wabush Lake Railway Company, Limited.
- 2.30 Plan Year**
“Plan Year” means each 12 month period ending December 31.
- 2.31 Pre-Pension Spouse Coverage**
“Pre-Pension Spouse Coverage” means the optional benefit pursuant to Section 8.03.
- 2.32 Québec Member**
“Québec Member” means a Member who reports for work in the Province of Québec.
- 2.33 Special Early Retirement Date**
“Special Early Retirement Date” means the date of a Member's special early retirement pursuant to Section 5.03.
- 2.34 Special Postponed Retirement Date**
“Special Postponed Retirement Date” means the date of a Member's special postponed retirement pursuant to Section 5.04.
- 2.35 Spouse**
“Spouse” means a person of the opposite sex of a Member who, on the date of determination of marital status, either:
- (a) is legally married to the Member and is not living separate and apart from the Member;
 - (b) is not legally married to the Member but who has been living with the Member in a conjugal relationship continuously for a period of at least 3 years; or

- (c) is not legally married to the Member, but who is living with the Member in a conjugal relationship continuously for a period of at least one year and who, together with the Member, is the natural or adoptive parent of a child, both as defined in applicable family law legislation.

It is provided, however, that a person described in (b) or (c) above shall not be considered the Spouse of the Member for the purposes of the Plan if there is also a legal Spouse pursuant to (a) above, unless the Member has submitted a written election to the contrary to the Employer. With respect to same-sex spouses or equivalent, effective June 16, 1999, the definition set out in this section shall not apply where prohibited by the Pension Benefits Act in which case such other definition of spouse or equivalent as set out in the Pension Benefits Act shall apply.

2.36 Surplus Assets

“Surplus Assets” means, at any particular point in time, the excess of assets in the Pension Fund over the liabilities of the Plan, as determined by the Actuary. The assets and liabilities shall be as set out in the most recent going concern valuation report with respect to the determination of Surplus Assets on a going concern basis or the most recent wind-up valuation report with respect to the determination of Surplus Assets on a wind-up basis, as the case may be, filed with the applicable regulatory authorities.

2.37 YMPE

“YMPE” means the Year's Maximum Pensionable Earnings as defined in the *Canada Pension Plan* or the *Québec Pension Plan*, as applicable.

Words importing the singular number shall include the plural and vice versa depending upon the context.

Section 3 — Membership

3.01 Immediate Membership

A person who is hired by the Employer as an Employee shall join the Plan as of the Employee's date of hire.

3.02 Opting Out of Membership Not Permitted

A Member shall not discontinue or suspend his or her membership in the Plan while the Member is an Employee.

3.03 Change of Employment Status

If a Member's employment status with the Employer changes such that the Member is no longer an Employee, the Member's active participation in the Plan shall cease as of the date of said change in status and the Member shall cease to accrue further benefits pursuant to the Plan as of the date of said change in status.

3.04 Participation in Defined Benefit Provision and Defined Contribution Provision

(a) Current Members

An Employee who is a Member as of December 31, 1996 shall participate in the Defined Benefit Provision and may elect to participate in the Defined Contribution Provision, effective as of January 1, 1997, by completing the form prescribed by the Employer.

(b) New Members

An Employee who becomes a Member on or after January 1, 1997 shall participate in both the Defined Benefit Provision and the Defined Contribution Provision, effective as of the date the Employee becomes a Member.

3.05 Transfers of Employment

(a) A Member who ceases to be an Employee, but who remains employed with the Employer, shall cease accruing benefits pursuant to the Plan; however, such Member shall remain eligible to receive the benefits accrued pursuant to the Plan upon his or her subsequent termination of employment, retirement or death. Employment with the Employer in a capacity other than as an Employee shall continue to count as Continuous Service for the purpose of vesting of benefits, eligibility for retirement, and pre-retirement death benefits, but not as Credited Service for benefit calculation purposes pursuant to the Plan.

- (b) Should an employee of the Employer transfer to a position in which the employee is classified as an Employee pursuant to the Plan, any pension benefits to which the employee is entitled by reason of his or her prior service shall be dealt with pursuant to any pension plan applicable to his or her prior employment. For the purposes of the Plan, such prior service shall be counted as Continuous Service for the purposes of eligibility for participation and benefits, but not as Credited Service for the purposes of benefit calculation.

Section 4 — Contributions

4.01 Member Contributions

(a) Defined Benefit Provision

Members who elect not to participate in the Defined Contribution Provision shall contribute 2% of their Earnings to the Defined Benefit Provision of the Plan by payroll deduction. Once a Member has acquired 30 years of Credited Service, no further contributions shall be required of such Member.

(b) Defined Contribution Provision

A Member who elects to participate in the Defined Contribution Provision of the Plan shall contribute 2% of Earnings to his or her Account by payroll deduction.

(c) Additional Voluntary Contributions

A Member who participates in the Defined Contribution Provision may, in addition to the contributions pursuant to (b) above, make additional voluntary contributions to the Member's Account, by payroll deduction, up to such amounts as are permissible pursuant to the *Income Tax Act* as deductible contributions to a registered pension plan.

(d) Remittance of Contributions

The Employer shall remit Member contributions pursuant to (a) not later than the date specified in the *Pension Benefits Act*, pursuant to (b) and (c) as early as 7 days following the pay date on which they fall due but in any event not later than the date specified in the *Pension Benefits Act*.

4.02 Employer Contributions

The Employer shall have no liability to make any payments to the Pension Fund except as expressly provided in the Plan.

(a) Defined Benefit Provision

- (i) The Employer shall contribute to the Pension Fund in respect of the Defined Benefit Provision in such amount, based on the latest actuarial valuation report prepared by the Actuary and filed with the Newfoundland pension regulatory authority and Revenue Canada, as is required to provide for the normal cost of benefits accruing in the current Plan Year, after taking into account the assets of the Pension Fund and all other relevant factors, and to provide for the proper amortization of all unfunded liabilities and solvency deficiencies, if any, in accordance with the *Pension Benefits Act* and subject to subsection 147.2(2) of the *Income Tax Act*.

- (ii) The employer shall not contribute any amount to the Pension Fund which is not permissible pursuant to subsection 147.2(2) of the *Income Tax Act*.

(b) Defined Contribution Provision

The Employer shall contribute each payroll period to the Account of each Member who participates in the Defined Contribution Provision an amount equal to 3% of the Member's Earnings.

(c) Remittance of Contributions

The Employer shall remit its contributions in respect of the Defined Benefit Provision in accordance with the Pension Benefits Act, and shall remit its contributions in respect of the Defined Contribution Provision as soon as practical but not later than the date specified in the Pension Benefits Act.

4.03 Contributions Under Defined Contribution Provision During Approved Leaves of Absence

(a) Member Contributions

- (i) A Member who participates in the Defined Contribution Provision and who is on an Approved Leave of Absence may continue to contribute to the Member's Account pursuant to Section 4.01 (b). Alternatively, the Member may contribute a lesser amount or may cease contributing to the Member's Account. Prior to commencing the Approved Leave of Absence, the Member shall inform the Employer in writing of the amount of the Member's contributions. The contributions shall be made by payroll deduction or, if such method of payment is not possible, by delivering to the Employer post-dated cheques in respect of each month of the Approved Leave of Absence.
- (ii) In lieu of contributing to the Member's Account during an Approved Leave of Absence, the Member may instead elect to contribute to the Member's Account immediately upon returning to work from an Approved Leave of Absence. In such case, the Member may elect to contribute the amount which he would have otherwise contributed pursuant to Section 4.01(b) or a lesser amount, and the Member shall make such contributions within the lesser of the period of time equal to the period of the Approved Leave of Absence or 12 months.

(b) Employer Contributions

The Employer shall contribute to the Pension Fund in respect of the Defined Contribution Provision pursuant to Section 4.02 in respect of a Member who participates in the Defined Contribution Provision and who is on an Approved Leave of Absence; however, if a Member elects to contribute a lesser amount than prescribed pursuant to Section 4.01 (b), the Employer's contributions shall be reduced proportionately. The Employer shall not contribute in respect of a Member who elects to cease contributing to the Member's Account during an Approved Leave of Absence. Depending on the manner in which the Member elects to contribute to the Member's Account pursuant to subparagraph (a)(i) or (a)(ii) above, the Employer shall contribute to the Member's Account accordingly.

4.04 Application of Surplus Assets

In the event there are Surplus Assets in the Pension Fund, the Employer may in its sole discretion apply the Surplus Assets or any portion of the Surplus Assets toward the amount of Employer contributions pursuant to Section 4.02 or Section 4.03.

4.05 Transitional Provision

Any Member who elected to participate in the Defined Contribution Provision pursuant to Section 3.04(a) and who made contributions to the Plan prior to January 1, 1991 shall have such contributions, along with Credited Interest, transferred to his or her Member Account.

4.06 Maximum Contributions Under Defined Contribution Provision

The total of the contributions by a Member to the Pension Fund pursuant to Sections 4.01 and 4.03 above and the Employer's contributions in respect of the Member pursuant to Section 4.02 and Section 4.03 above for a calendar year shall not exceed the money purchase limit for the calendar year as prescribed under the *Income Tax Act*.

Section 5 — Retirement Dates

5.01 Normal Retirement Date

A Member's Normal Retirement Date shall be the first day of the month following the Member's attainment of age 65.

5.02 Early Retirement Date

A Member's Early Retirement Date shall be the date of a Member's retirement from the Employer on the first day of any month prior to the Member's Normal Retirement Date and after the Member has met one or both of the following requirements:

- (a) completion of at least 30 years of Continuous Service; or
- (b) attainment of at least age 55 and completion of at least 15 years of Continuous Service.

5.03 Special Early Retirement Date

A Member's Special Early Retirement Date shall be the date of a Member's retirement from the Employer on the first day of any month prior to the Member's Normal Retirement Date and after the Member has either

- attained at least age 55 and completed at least 15 years of Continuous Service; or
- completed at least 15 years of Continuous Service and the sum of the Member's age and Continuous Service, in years and completed months, equals 80 or more; and

the Member has satisfied one or more of the following requirements:

- (a) the Member's Continuous Service is broken by reason of a permanent shutdown of the operations in which the Member is engaged, or by reason of a layoff or physical disability;
- (b) the Member's Continuous Service is not broken and the Member is absent from work by reason of:
 - (i) a layoff resulting from such permanent shutdown, or
 - (ii) a Disability or layoff other than a layoff resulting from such permanent shutdown and whose return to active employment is declared unlikely by the Employer; or

- (c) the Member considers that it would be in his or her interest to retire and the Employer considers that such retirement would likewise be in its interest and, by applying like rules in a nondiscriminatory manner to like or similar circumstances, approves an application for retirement under mutually satisfactory conditions.

5.04 Special Postponed Retirement Date

A Member may, with the consent of the Company, elect to retire on a Special Postponed Retirement Date, which shall be the first day of any month beyond the Member's Normal Retirement Date, provided, however, that the Member's retirement date for purposes of the Plan shall not be postponed beyond December 1st of the year the Member attains age 69.

5.05 Deferred Vested Termination Date

A Member's Deferred Vested Termination Date under the Defined Benefit Provision shall be the date of a Member's termination of employment with the Employer for any reason other than death, prior to the Normal Retirement Date, Early Retirement Date or Special Early Retirement Date and after completion of at least (a) ten years of Continuous Service, in respect of benefits accrued prior to January 1, 1990, and (b) two years of Continuous Service, in respect of all other benefits.

A Member's deferred Vested Termination Date under the Defined Contribution Provision shall be the date of a Member's termination of employment with the Employer for any reason other than death, prior to the Normal Retirement Date, Early Retirement Date or Special Early Retirement Date and after the Member joins the Plan.

5.06 Eligibility

A Member shall be entitled to receive pension benefits pursuant to only one of Sections 5.01, 5.02, 5.03, 5.04 or 5.05.

Section 6 — Retirement Benefits

6.01 Normal and Special Postponed Retirement Benefits

(a) Members Who Do Not Participate in the Defined Contribution Provision

A Member who does not participate in the Defined Contribution Provision and who retires on the Member's Normal Retirement Date or Special Postponed Retirement Date shall be entitled to receive an annual pension benefit payable in equal monthly instalments commencing on the Normal Retirement Date or Special Postponed Retirement Date, as the case may be, and continuing on the first day of each month thereafter, equal to:

- (i) 1.7% multiplied by the Member's Final Average Earnings multiplied by the Member's years of Credited Service, plus
- (ii) any additional benefits applicable pursuant to Sections 6.01(c) and 6.01(d).

(b) Members Who Participate in the Defined Contribution Provision

A Member who participates in the Defined Contribution Provision and who retires on the Member's Normal Retirement Date or Special Postponed Retirement Date shall be entitled to receive a benefit pursuant to (i) and (ii) below:

(i) Benefit in Respect of Defined Benefit Provision

An annual benefit payable in equal monthly instalments commencing on the Normal Retirement Date or Special Postponed Retirement Date, as the case may be, and continuing on the first day of each month thereafter, equal to:

- (A) 1.5% multiplied by the Member's Final Average Earnings up the YMPE multiplied by the Member's years of Credited Service prior to January 1, 1997

plus

1.6% multiplied by the Member's Final Average Earnings in excess of the YMPE multiplied by the Member's years of Credited Service prior to January 1, 1997; plus

- (B) 1.0% multiplied by the Member's Final Average Earnings multiplied by the Member's years of Credited Service on and after January 1, 1997; plus
- (C) any additional benefits applicable pursuant to Sections 6.01(c) and 6.01(d).

(ii) Benefit in Respect of Defined Contribution Provision

A benefit equal to the amount in the Member's Account which may be transferred out of the Plan pursuant to Section 6.04(c).

(c) Minimum Benefit

The annual pension benefit payable under this Section 6.01 in respect of the Defined Benefit Provision shall be at least equal to:

(i) the annual pension benefit which would be payable under Section 6.01 of the Pension Plan for Bargaining Unit employees of Wabush Mines, Cliffs Mining Company, Managing Agent, Arnaud Railway Company and Wabush Lake Railway Company, Limited, if the Member had been a member of that plan instead of this Plan in respect of his Credited Service, plus

(ii) an annual pension benefit, commencing on the Member's Normal Retirement Date and payable for life in accordance with Section 7.01, which is the Actuarial Equivalent of the Member's contributions in respect of the Defined Benefit Provision together with Credited Interest but excluding any amounts transferred to his or her Member Account under Section 4.05.

(d) Make-up Benefit

In the event a Member has transferred to the Plan from the Pension Plan for Bargaining Unit Employees of Wabush Mines, Cliffs Mining Company, Managing Agent, Arnaud Railway Company and Wabush Lake Railway Company, Limited (the "bargaining unit plan") and his Continuous Service is terminated at a time when he has an entitlement to a deferred pension, he shall be eligible for a Make-up Benefit under the Plan, as set out in this Section 6.01(d). A Make-up Benefit shall be determined as a monthly amount determined by multiplying the Member's credited service under the bargaining unit plan by the lifetime benefit formula in effect under the bargaining unit at the time of the termination of Continuous Service under the Plan, less the frozen monthly lifetime benefit amount actually payable to the Member under the bargaining unit plan.

6.02 Early Retirement Benefits

(a) Members Who Do Not Participate in the Defined Contribution Provision

A Member who does not participate in the Defined Contribution Provision and who qualifies for a pension benefit commencing on an Early Retirement Date shall be entitled to receive a pension benefit payable in equal monthly instalments commencing on an Early Retirement Date and continuing on the first day of each month thereafter, calculated pursuant to one of the following:

- (i) If the Member has completed at least 30 years of Continuous Service, a pension benefit equal to the amount calculated pursuant to Section 6.01(a), based on the Member's Credited Service to his or her Early Retirement Date, without reduction on account of early commencement;
- (ii) If the Member has attained age 55 and completed at least 15 years of Continuous Service, a pension benefit calculated pursuant to Section 6.01(a), based on the Member's Credited Service to his or her Early Retirement Date, except the Member's pension benefit shall be reduced by ½% for each month by which commencement of the Member's pension precedes his or her Normal Retirement Date. It is further provided that the amount of the reduction to the monthly benefit shall not be less than required pursuant to regulation 8503(3)(c) of the *Income Tax Act* as described in Section 9.08(b).

(b) Members Who Participate in the Defined Contribution Provision

A Member who participates in the Defined Contribution Provision and who qualifies for a pension benefit commencing on an Early Retirement Date shall be entitled to receive a monthly pension benefit pursuant to (i) and (ii) below:

(i) Benefit in Respect of Defined Benefit Provision

A benefit payable in equal monthly instalments commencing on an Early Retirement Date and continuing on the first day of each month thereafter, equal to the pension described in (a) above that would be applicable to the Member if the references therein to "Section 6.01(a)" were changed to "Section 6.01(b)(i)".

(ii) Benefit in Respect of Defined Contribution Provision

A benefit equal to the amount in the Member's Account which may be transferred out of the Plan pursuant to Section 6.04(c).

6.03 Special Early Retirement Benefits

(a) Members Who Do Not Participate in the Defined Contribution Provision

A Member who does not participate in the Defined Contribution Provision and who qualifies for a pension benefit commencing on a Special Early Retirement Date shall be entitled to receive a pension benefit payable in equal monthly instalments commencing on a Special Early Retirement Date and continuing on the first day of each month thereafter, equal to the pension calculated pursuant to Section 6.01(a), based on the Member's Credited Service to his or her Special Early Retirement Date, without reduction on account of early commencement except as required pursuant to regulation 8503(3)(c) of the *Income Tax Act* as described in Section 9.08(b).

(b) Members Who Participate in the Defined Contribution Provision

A Member who participates in the Defined Contribution Provision and who qualifies for a pension benefit commencing on a Special Early Retirement Date shall be entitled to receive a monthly pension benefit pursuant to (i) and (ii) below:

(i) Benefit in Respect of Defined Benefit Provision

A benefit payable in equal monthly instalments commencing on a Special Early Retirement Date and continuing on the first day of each month thereafter, equal to the benefit described in (a) above that would be applicable to the Member if the reference therein in to "Section 6.01(a)" were changed to "Section 6.01(b)(i)".

(ii) Benefit in Respect of Defined Contribution Provision

A benefit equal to the amount in the Member's Account which may be transferred out of the Plan pursuant to Section 6.04(c).

6.04 Deferred Vested Retirement Benefits

A Member who terminates employment with the Employer on a Deferred Vested Termination Date shall be entitled to receive a monthly pension benefit pursuant to (a) and (b) below or, if the Member has not attained age 55 at the date of transfer, may transfer such benefit out of the Plan pursuant to (c) below. A Member who terminates employment with the Employer prior to a Deferred Vested Termination Date shall be entitled to the refund, if any, pursuant to (d) below.

(a) Benefit in Respect of Defined Benefit Provision

(i) A benefit payable in equal monthly instalments commencing on the Member's Normal Retirement Date and continuing on the first day of each month thereafter, equal to the amount of pension calculated pursuant to Section 6.01(a) or Section 6.01(b)(i), whichever is applicable to the Member. The Member may elect to commence his or her pension prior to the Normal Retirement Date, on the first day of any month after attaining age 55, in which case the amount of pension payable from such earlier Pension Commencement Date shall be reduced by ½% for each month by which commencement of the Member's pension precedes his or her Normal Retirement Date if the Member has 15 or more years of Continuous Service, or else shall be the Actuarial Equivalent of the amount of pension payable upon the Member's Normal Retirement Date, provided that the amount of reduction to the monthly pension shall not be less than required pursuant to regulation 8503(3)(c) of the *Income Tax Act* as described in Section 9.08(b).

(ii) Notwithstanding (i) above, the Member may elect to transfer the Commuted Value of the benefit pursuant to (i) above out of the Plan, pursuant to (c) below.

(b) Benefit in Respect of Defined Contribution Provision

A benefit equal to the amount in the Member's Account which may be transferred out of the Plan pursuant to (c) below.

(c) Transfer of Benefits Out of the Plan

The Commuted Value of a Member's accrued pension benefit in respect of the Defined Benefit Provision may be transferred out of the Plan and the amount in a Member's Account in respect of the Defined Contribution Provision may be transferred out of the Plan, to one of the retirement savings vehicles described in (i), (ii) and (iii) below, as elected by the Member on the form prescribed by the Employer and filed with the Employer within such time periods as prescribed by applicable provincial pension laws or at such other times as may be acceptable to the Employer:

- (i) a retirement savings plan, locked-in retirement account or life income fund, as prescribed by the *Pension Benefits Act*;
- (ii) the fund of another registered pension plan, if the other pension plan permits such a transfer; or
- (iii) a life insurance company licensed to transact business in Canada for the purpose of purchasing a deferred life annuity.

A transfer pursuant to (i), (ii) or (iii) above shall be made on a locked-in basis and the transferred amount shall be used to provide an annuity which shall not commence payment before the earliest date that the Member would have been entitled to receive a benefit pursuant to the Plan or, if transferred to another pension plan, under that plan.

In the event that a transfer is elected pursuant to this Section 6.04(c), the Member shall have no further rights under the Plan.

(d) Refund on Termination of Employment Prior to Deferred Vested Termination Date

A Member who terminates employment with the Employer prior to the completion of (a) ten years of Continuous Service, in respect of benefits accrued prior to January 1, 1990, and (b) two years of Continuous Service in respect of all other benefits, shall be entitled to

- (A) a benefit equal to the amount in the Member's Account, which may be transferred out of the Plan pursuant to (c) above, plus
- (B) a refund of his or her contributions made pursuant to Section 4.01 (a) and 4.03(a) plus Credited Interest thereon in the form of a lump sum payment.

6.05 Additional Voluntary Contributions

In addition to the benefits pursuant to Sections 6.01, 6.02, 6.03 and 6.04, a Member who participates in the Defined Contribution Provision and who has made additional voluntary contributions pursuant to Section 4.01(c) may be paid such contributions, plus Credited Interest thereon, in a lump sum payment at any time pursuant to the instructions of the Member or, in the alternative, the Member may elect to transfer such contributions plus Credited Interest thereon out of the Plan, pursuant to Section 6.04(c); however, such transfer shall not be on a locked-in basis.

6.06 Temporary Supplementary Benefit

A Member who qualifies for a pension benefit commencing on an Early Retirement Date or a Special Early Retirement Date shall be entitled to receive a temporary supplementary benefit payable in equal monthly instalments commencing on the Member's Early Retirement Date or Special Early Retirement Date, as the case may be, and continuing thereafter on the first day of each month, ending with the earlier of the month in which the Member attains age 65 and the month in which the Member dies, equal to one of the following, whichever is applicable to the Member:

- (i) \$18 multiplied by the Member's years of Credited Service, where the Member retires prior to attaining age 60 and has less than 35 years of Credited Service;
- (ii) \$27 multiplied by the Member's years of Credited Service to a maximum of 40 years, where the Member retires prior to attaining age 60 and has 35 or more years of Credited Service;
- (iii) \$18 multiplied by the Member's years of Credited Service, where the Member retires between ages 60 and 65 and has less than 30 years of Credited Service; or
- (iv) \$27 multiplied by the Member's years of Credited Service to a maximum of 40 years, where the Member retires between ages 60 and 65 and has 30 or more years of Credited Service.

If the Member retires on an Early Retirement Date and receives an annual pension pursuant to Sections 6.02(a)(ii), the amount of the temporary supplementary benefit shall be reduced by the same factors used to reduce the monthly pension payable under said provisions, whichever is applicable to the Member.

6.07 Retirement Benefits for Part-Time Employees

The retirement benefits pursuant to the Defined Benefit Provision calculated pursuant to this section in respect of a Member who is a part-time Employee shall be reduced in an equitable manner to an amount related to the hours worked by the Member in comparison to the hours worked by other Members who are employed as full-time Employees in a similar capacity.

6.08 Re-Employment After Retirement, Termination of Employment or Break In Continuous Service

(a) Re-Employment After Retirement

A Member who has retired and is receiving pension benefit payments pursuant to the Plan shall, upon re-employment with the Employer as an Employee, have such payments suspended. The Member shall retain his or her frozen suspended pension benefit which shall be added to any subsequent pension benefit to which the Member may become entitled in respect of service subsequent to the Member's date of re-employment.

(b) Re-Employment After Termination of Employment But Prior to Retirement

A Member who has terminated employment with the Employer and is entitled to a deferred vested pension pursuant to the Plan and who is re-employed with the Employer as an Employee prior to commencing receipt of pension benefit payments shall retain his or her frozen deferred vested pension benefit, which shall be added to any subsequent pension benefit to which the Member may become entitled in respect of service subsequent to the Member's date of re-employment.

(c) Return to Work After Break in Continuous Service

An Employee who incurs a break in Continuous Service prior to becoming eligible for an immediate or deferred vested pension and who is re-employed by the Employer shall, upon completion of one year of Continuous Service following such re-employment, have such break in Continuous Service removed if the period of Continuous Service accrued prior to the break is in excess of the period between the break and the date of re-employment.

Section 7 — Forms of Pension Payment On Retirement

7.01 Normal Form of Payment

The normal form of payment of the pension benefit pursuant to the Defined Benefit Provision shall be a lifetime pension payable in equal monthly instalments, ceasing with the payment due for the month in which the Member dies.

If upon the death of the Member after his or her retirement pension has commenced, the Member contributions in respect of the Defined Benefit Provision, together with Credited Interest to his or her retirement date but excluding any amounts transferred to his or her Member Account under Section 4.05, exceed the aggregate of his pension payments, such excess, if any, shall be paid to the deceased Member's Beneficiary, or to the deceased Member's estate if there is no such beneficiary.

7.02 Surviving Spouse Benefit

Notwithstanding Section 7.01, if a Member retires on his or her Early Retirement Date or Special Early Retirement Date at or after age 45, on or after March 1, 1990 and has a Spouse as of the Pension Commencement Date, and subsequently dies prior to reaching his or her Normal Retirement Date, the Member's surviving Spouse shall be entitled to receive a pension benefit payable in equal monthly instalments commencing on the first day of the month following the date of the Member's death and continuing on the first day of each month thereafter until the first day of the month in which the Spouse dies, equal to 50% of the amount of the pension benefit accrued by the Member pursuant to Section 6.01(a) or Section 6.01(b)(i), whichever would have been applicable to the Member, or \$140 per month if greater.

7.03 Automatic Form of Payment for a Member With a Spouse

The automatic form of payment of the pension benefit pursuant to the Defined Benefit Provision for a Member with a Spouse as of the Pension Commencement Date shall be a reduced pension payable in equal monthly instalments for the lifetime of the Member, with 60% of the benefit continued after the Member's death to the Spouse for the remaining lifetime of the Spouse, provided that the Spouse survives the Member. Such reduced pension benefit shall be the Actuarial Equivalent of the normal form of payment pursuant to Section 7.01, and shall take into account the Surviving Spouse Benefit payable pursuant to Section 7.02.

7.04 Optional Forms of Payment

In lieu of the form of payment pursuant to Section 7.01 or Section 7.03, a Member with a Spouse as of the Pension Commencement Date may elect to receive

- (a) a reduced pension payable in equal monthly instalments for the lifetime of the Member, with either 50% or 100% of the reduced pension continued after the Member's death for the remaining lifetime of the Member's Spouse, provided that the Spouse survives the Member, or

- (b) a reduced pension payable in equal monthly instalments for the lifetime of the Member, with the provision that in the event the Member dies before receiving 60, 120 or 180 payments, as elected by the Member, such monthly pension will, in any event, be continued to the Member's Beneficiary or his estate, as the case may be, for the remainder of the guarantee period elected by the Member.

Such reduced pension shall be the Actuarial Equivalent of the normal form of pension pursuant to Section 7.01 and shall take into account the Surviving Spouse Benefit payable pursuant to Section 7.02.

7.05 Election

In order to elect the normal form of payment pursuant to Section 7.01 or an optional form of payment pursuant to Section 7.04, a Member and the Member's Spouse, as applicable, shall sign and file the prescribed waiver form with the Employer within the period prescribed by applicable pension legislation.

7.06 Defined Contribution Provision

The form of payment of the pension benefit pursuant to the Defined Contribution Provision shall be the form of payment applicable to the retirement savings vehicle to which the benefit is transferred pursuant to Section 6.04(c), subject to the *Income Tax Act* and the *Pension Benefits Act*.

Section 8 — Pre-Retirement Death Benefits

8.01 Refund of Amount from Defined Contribution Provision

If a Member dies while employed with the Employer or after termination of employment with the Employer but prior to payment of benefits pursuant to Section 6.04(b), the Member's surviving Spouse shall be entitled to receive a benefit equal to the amount in the Member's Account in a single lump sum cash payment, or may direct the Employer to transfer the amount to a Registered Retirement Savings Plan on the Spouse's behalf. If the Member is not survived by a Spouse, said amount shall be paid to the Member's Beneficiary or, if none, to the Member's estate.

8.02 Surviving Spouse Benefit

If a Member dies either

- (a) while employed with the Employer and after completion of at least 15 years of Continuous Service; or
- (b) after termination of employment with the Employer on or after October 15, 1985, after becoming eligible for retirement and an immediate pension pursuant to the Plan but prior to application therefor,

the Member's surviving Spouse shall be entitled to receive a pension benefit payable in equal monthly instalments commencing on the first day of the month following the date of the Member's death and continuing on the first day of each month thereafter until the first day of the month in which the Spouse dies, equal to 50% of the amount of the pension benefit accrued by the Member pursuant to Section 6.01(a) or Section 6.01(b)(i), whichever would have been applicable to the Member, or \$140 per month if greater.

8.03 Optional Pre-Pension Spouse Coverage

A Member who is an Employee and who has a Spouse and who has attained age 55 and completed at least 15 years of Continuous Service may elect Pre-Pension Spouse Coverage, the benefits pursuant to which shall be in addition to any other benefits pursuant to the Plan in the event of the Member's death prior to his or her Pension Commencement Date.

(a) Election

At least two years and 90 days prior to becoming eligible to elect Pre-Pension Spouse Coverage, the Pension Committee shall advise each eligible Member of the opportunity to elect such coverage. The Member may elect to obtain such coverage by filing the prescribed form with the Pension Committee, either at the time the Member is first notified by the Pension Committee or at any time thereafter prior to the Member's Pension Commencement Date. A Member who has attained age 65 and completed at least 10 years of Continuous Service shall be deemed to have elected Pre-Pension Spouse Coverage, unless the Member waives such coverage in writing, and shall be so notified by the Pension Committee at least 90 days prior to satisfying the age and service requirements.

(b) Effective Date

The effective date of Pre-Pension Spouse Coverage for a Member shall be the later of the date the Member satisfies the required age and service criteria and the date that is two years following the date the Member elects the coverage except that, for a Member who is deemed to have elected Pre-Pension Spouse Coverage, the effective date of such coverage shall be the date upon which such Member shall be so deemed to have elected the coverage. If a Member dies as a result of an accident after having satisfied the required age and service criteria and having elected or being deemed to have elected Pre-Pension Spouse Coverage but prior to the date such coverage becomes effective, such coverage shall be deemed to have become effective as of the date such Member elected the coverage or was deemed to have elected the coverage.

(c) Termination

- (i) A Member may terminate Pre-Pension Spouse Coverage at any time by filing the prescribed form with the Pension Committee and the effective date of such termination shall be the date such form is filed with the Pension Committee. The consent of the Member's Spouse to terminate the coverage shall not be required.
- (ii) A Member's Pre-Pension Spouse Coverage shall terminate on the earliest of the date the Member ceases to have a Spouse, the Member's Pension Commencement Date or the date the Member incurs a break in Continuous Service. The Pre-Pension Spouse Coverage of a Member who incurs a break in Continuous Service shall be restored upon the Member's re-employment as an Employee, however, such Member may elect to revoke such coverage effective as of the date of re-employment, within 30 days after such re-employment.

(d) Amount of Pension Payable to Surviving Spouse in the Event of Member's Death While Pre-Pension Spouse Coverage is in Effect

The Pre-Pension Spouse Coverage shall be a pension benefit payable in equal monthly instalments commencing on the first day of the month following the date of the Member's death and continuing on the first day of each month thereafter until the first day of the month in which the Spouse dies, in an amount equal to 50% of the amount of pension accrued by the Member pursuant to Section 6.01(a) or Section 6.01(b)(i), whichever would have been applicable to the Member, as though the Member had attained his or her Normal Retirement Date on the date of death, multiplied by such actuarial factors as adopted from time to time by the Pension Committee based on the ages of the Member and the Member's Spouse as of the date of the Member's death. However, the amount determined pursuant to Section 6.01 shall be reduced by 0.68% multiplied by the number of years (and fractions thereof calculated to the nearest month) that the Pre-Pension Spouse Coverage was in effect for the Member.

(e) Adjustment to Amount of Pension Payable to Member On Retirement, if Pre-Pension Spouse Coverage is Elected

If a Member elects or is deemed to have elected Pre-Pension Spouse Coverage, the amount of the pension benefit payable to the Member upon his or her subsequent retirement pursuant to Section 6.01(a) or Section 6.01(b)(i), whichever would have been applicable to the Member, shall be reduced by 0.68% multiplied by the number of years (and fractions thereof calculated to the nearest month) that the Pre-Pension Spouse Coverage was in effect for the Member.

(f) Evidence

The Member shall provide the Pension Committee with satisfactory proof of spousal status and proof of age of the Member and the Spouse prior to any payment of Pre-Pension Spouse Coverage. In order for Pre-Pension Spouse Coverage to terminate pursuant to Section 8.03(c)(ii), the Member shall provide the Pension Committee with satisfactory proof of loss of spousal status by death, divorce or separation.

(g) Communication

The Pension Committee shall make reasonable efforts to inform eligible Members and their respective Spouses of the availability of the Pre-Pension Spouse Coverage.

8.04 Statutory Minimum Benefits

In no event shall the Commuted Value of the pension benefit payable upon the death of a Member who has completed at least two years of Continuous Service be less than the Commuted Value of the pension benefit accrued by the Member pursuant to Section 6.01, in respect of Credited Service on and after January 1, 1990.

Section 9 — Payment of Benefits

9.01 Application for Benefits

Payment of a pension or other benefit under the Plan shall be granted by the Employer and payment shall be made only upon application therefor in the manner prescribed by the Employer, and upon submission of such relevant information and supporting documentation as the Employer in its discretion may reasonably request.

9.02 Proof of Age and Marital Status

A Member shall be required to inform the Employer of his or her age and marital status and the age of the Member's Spouse (if any) and to file such proof thereof as required by the Employer. Pension benefits shall not commence to be paid until such proof of age and marital status has been received and admitted by the Employer. In the event that payment of pension benefits is delayed pending receipt and admittance of satisfactory proof of age and marital status, retroactive payments shall be made once satisfactory proof has been received.

9.03 Misstatement in Application for Pension Benefit

If a Member either knowingly or unknowingly has submitted any information to the Employer relevant to the amount of benefits he or she is to receive from the Plan which is incorrect, the amount of benefits payable from the Plan may be adjusted either, in the case of underpayment, by making additional payments from the Plan or, in the case of overpayment, by requiring repayment from the Member, whichever is appropriate in the circumstances.

9.04 Method of Payment

All retirement income and other benefits payable under the Plan shall be paid by cheque mailed by ordinary prepaid mail to the last known address of the Member, Spouse or Beneficiary as the case may be, or may be deposited directly into an account as directed by the Member, Spouse or Beneficiary. Posting or deposit of the cheque shall be an effective discharge of the Plan for the amount thereof.

9.05 Evidence of Survival

The Employer shall have the right to require satisfactory evidence that a retired Member or other Beneficiary under the Plan is living on each and every date a pension benefit is due the retired Member or other Beneficiary. In the absence of such evidence when required by the Employer, the benefits otherwise due shall not be paid until the evidence has been received.

9.06 Payments to Minors or Incompetents

If the Employer receives evidence satisfactory to it that a person entitled to receive any payment under the Plan is physically or mentally incompetent to receive such payment and to give valid receipt therefor, or is a minor, and another person or an institution is then maintaining or has custody of the person and no guardian, committee or other representative of the person has been duly and legally appointed, the Employer may authorize payment of the benefit to be made to such other person or institution and the release of the other person or institution shall be a valid and complete discharge of the liabilities of the Plan therefor.

9.07 Beneficiary Designation

A Member may, by written notice communicated to the Employer during the Member's lifetime, designate a Beneficiary to receive any benefits payable pursuant to the Plan in the event of the Member's death. The Member may revise or revoke any such designation from time to time, subject to the provisions of any annuity, insurance or other contract or law governing designation of beneficiaries which may apply to the Member. A Quebec Member may revoke the designation of a beneficiary only if the designation is stated to be revocable. The written notice shall be in such form and executed in such manner as the Employer in its discretion may specify from time to time. In the event a Member has not validly and effectively designated a Beneficiary or, if having done so, the Beneficiary is not living on the date of the Member's death or if the Member revoked the last designation so made, any amount payable pursuant to the Plan shall be paid in a lump sum amount to the Member's estate.

9.08 Maximum Limits Under the *Income Tax Act*

The *Income Tax Act* imposes conditions in order for a pension plan to maintain registered status under the *Income Tax Act*. Certain restrictions must be specifically stated in the Plan, even though the regular provisions of the Plan may be more restrictive. In administering the Plan, contributions and benefits are first determined pursuant to the regular provisions of the Plan, then tested against the provisions of this Section 9.08 and modified if necessary.

(a) Maximum Pension

Notwithstanding any other provision of the Plan, and subject to section (b) below, the annual pension payable to a Member under the Defined Benefit Provision on the date of the Member's retirement, termination of employment, or upon termination of the Plan, including any benefits paid to a Spouse pursuant to Section 12.05, shall not exceed the lesser of:

- (i) 2% of the Member's "highest average compensation" multiplied by the Member's years of "pensionable service" with the Employer; and
- (ii) the "defined benefit limit" for such year (currently \$1,722.22) multiplied by the Member's years of "pensionable service" with the Employer.

Pensionable service for a Member shall not exceed 35 years during a Member's period of service prior to 1992.

For the purposes of this subsection, the terms "highest average compensation", "defined benefit limit" and "pensionable service" shall have the meanings as defined in the *Income Tax Act*.

(b) Maximum Early Retirement Pension

The annual early retirement pension payable to a Member under the Defined Benefit Provision, as calculated pursuant to Section 6.02, 6.03 or 6.04 commencing prior to the Member's attainment of age 60, shall not exceed the lesser of the amount payable under the Defined Benefit Provision under Section 6.01 and the maximum amount determined pursuant to section (a) above, except that such maximum amount shall be reduced by 1/4 of 1% for each month by which the Member's Pension Commencement Date precedes the earliest of the first day of the month following:

- (i) the Member's attainment of age 60;
- (ii) the date the Member would have attained 30 years of service had he or she continued in employment with the Employer; or
- (iii) the date the Member would have attained a combined total of 80 years (and fractions of a year) of age and service had he or she continued in employment with the Employer.

(c) Combined Maximum Pension and Temporary Supplemental Benefit

In addition to the maximum pension limit described in paragraph (a) above, and notwithstanding any other provision of the Plan to the contrary, the total annual benefit payable to a Member under the Defined Benefit Provision prior to the Member's attainment of age 65, at the time of the Member's termination of employment, retirement, or termination of the Plan, as the case may be, shall not exceed the sum of:

- (i) the defined benefit limit for such year of termination multiplied by the Member's years of "pensionable service", as defined in the *Income Tax Act*; and
- (ii) 25% of the average of the YMPE for such year of termination and the two preceding calendar years, multiplied by a fraction, the numerator of which is the Member's years of pensionable service as defined in the *Income Tax Act* to a maximum of 35 and the denominator of which is 35.

(d) Maximum Pension Adjustment

A Member's pension adjustment for a calendar year in respect of the Employer and any employer that does not deal at arm's length with the Employer shall not exceed the maximum pension adjustment permitted under the *Income Tax Act*.

9.09 Retirement Benefits From Excess Contributions

- (a) A Member who is eligible to receive benefits under the Defined Benefit Provision shall receive additional monthly retirement income that is the Actuarial Equivalent of the amount, if any, by which his contributions made prior to January 1, 1990, together with Credited Interest but excluding any amounts transferred to his Member Account under Section 4.05, exceed the Commuted Value of any retirement income earned in respect of Credited Service prior to January 1, 1990 under the Defined Benefit Provision.
- (b) A Member who is eligible to receive benefits under the Defined Benefit Provision shall receive additional retirement income that is the Actuarial Equivalent of the amount, if any, by which his contributions made on or after January 1, 1990, together with Credited Interest but excluding any amounts transferred to his Member Account under Section 4.05, exceed 50% of the Commuted Value of any retirement income earned in respect of Credited Service on or after January 1, 1990 under the Defined Benefit Provision.

Section 10 — Pension Fund

10.01 General

- (a) The Employer shall establish and maintain a Pension Fund for the purpose of receiving and investing the contributions and providing the benefits pursuant to the Defined Benefit Provision and the Defined Contribution Provision of the Plan.
- (b) The Pension Fund shall be administered and invested pursuant to the terms of the Funding Agreement, and in compliance with the provisions of the *Pension Benefits Act*, the *Income Tax Act* and other applicable laws.
- (c) The Employer shall have the sole right to appoint the Funding Agency and to determine the form and terms of the Funding Agreement.

10.02 Provision of Benefits

- (a) No part of the Pension Fund shall be used for or diverted to purposes other than for the exclusive benefit of Employees, pensioners, contingent annuitants and surviving spouses prior to satisfaction of all liabilities to such persons pursuant to the Plan and the Funding Agreement. No Employee, prior to retirement under conditions of eligibility for a pension under the Plan, shall have any right or interest in or to any portion of any funds which may be paid into the Pension Fund and an Employee, contingent annuitant or surviving Spouse shall not have any right to any such pension except to the extent provided in the Plan.
- (b) All benefits pursuant to the Plan shall be paid from the Pension Fund; however, the Employer reserves the right to insure or reinsure any part of the benefits with an insurance company licensed to transact such business. If an annuity is purchased to provide pension benefits, such purchase shall operate as a complete discharge of the Employer and the Plan in respect of the amount purchased.
- (c) All payments pursuant to the Plan shall be made in Canadian currency.

10.03 Investment—Defined Benefit Provision

The Employer shall direct the Funding Agency to invest the Pension Fund relating to the Defined Benefit Provision in such manner as the Employer deems appropriate from time to time, subject to the *Pension Benefits Act* and the *Income Tax Act*.

10.04 Investment—Defined Contribution Provision

(a) Investment Option Form

- (i) Subject to the *Pension Benefits Act* and the *Income Tax Act*, a Member shall submit to the Funding Agency an investment option form directing the investment of the amount in the Member's Account in such investment options as may be offered by the Employer and the Funding Agency pursuant to the Funding Agreement.
- (ii) The amount in the Member's Account shall be invested in the investment options in such proportion as directed by the Member based on whole number increments from 1% to 100%.
- (iii) If a Member fails to submit an investment option form, the amount in a Member's Account shall be invested in an interest-bearing investment made available by the Funding Agency from time to time.

(b) Changes to Member Investment Options

A Member may change all or part of the Member's investment options at any time, subject to any conditions as may be required by the Funding Agency. The Member may direct the Funding Agency to transfer assets from one investment option to another and the Member's Account shall be debited or credited, as the case may be, by the value of the investment bought or sold as of the day the Funding Agency completes the change to a Member's investment options.

10.05 Expenses

Subject to the *Pension Benefits Act*, all reasonable charges, fees, taxes and other expenses incurred in the operation of the Plan and Pension Fund including, but not limited to, investment management fees, registration fees, auditor fees, trustee fees, legal fees, consulting fees and actuarial fees shall be paid from the Pension Fund, unless paid directly by the Employer or the Funding Agency.

Section 11 — Administration of the Plan

11.01 Administration of the Plan

- (a) The Employer is the administrator of the Plan. The Pension Committee is responsible for the day-to-day operation of the Plan, including the Defined Benefit Provision and the Defined Contribution Provision.
- (b) The Pension Committee shall consist of three or more persons resident in Canada, appointed by Cliffs Mining Company, to serve for such times until their respective successors have been appointed in like manner.

11.02 Officers of Pension Committee

The members of the Pension Committee shall elect a member to act as chairman and shall appoint a secretary who may, but need not be, a member of the Pension Committee.

11.03 Powers of Pension Committee

Subject to the *Pension Benefits Act*, the Pension Committee shall have all such powers and duties as Cliffs Mining Company may at any time grant, impose or delegate including, but not limited to, the following:

- (a) to award the payment of pension benefits pursuant to the Plan;
- (b) to make and enforce such rules and regulations as the Pension Committee deems necessary or appropriate for the efficient administration of the Plan;
- (c) to interpret or apply the Plan or any provision thereof; and
- (d) to do, or cause to be done, all such acts or things necessary or proper to carry out the rights and privileges granted to or the duties imposed upon it under any provision of the Plan or the Funding Agreement.

Except as otherwise provided in the Plan or the Funding Agreement, any act, interpretation or determination made by the Pension Committee shall be final and binding upon all affected persons.

11.04 Agents of Pension Committee

The Pension Committee may appoint or employ such administrative, medical, actuarial, legal and other agents as the Pension Committee deems necessary or appropriate. The fees and expenses of such agents shall be paid from the Pension Fund, unless paid directly by the Employer.

11.05 Actions of Pension Committee

Any action of the Pension Committee may be taken by the written approval or the affirmative votes of a majority of the members of the Pension Committee. The Pension Committee may delegate to any of its members, officers, or agents such duties and powers, both ministerial and discretionary, as it deems appropriate, excepting only that any dispute shall be settled by the Pension Committee. The Pension Committee may authorize any one or more of its members to sign on its behalf any instructions, certificates, directions or notices of the Pension Committee to the Funding Agent or others, and the Funding Agent or any other person to whom any such writing is directed shall be fully protected in acting thereon.

11.06 Decisions of Pension Committee

The Pension Committee shall make all determinations as to the right of any person to a benefit pursuant to the Plan. Any denial by the Pension Committee of the claim for benefits pursuant to the Plan by a person shall be stated in writing by the Pension Committee and delivered or mailed to such person and shall set forth the specific reasons for the denial. In addition, the Pension Committee shall afford a reasonable opportunity to such person whose claim for benefits has been denied, for a reconsideration of the decision denying the claim.

11.07 Communication With Pension Committee

Any designations, elections or waivers pursuant to the Plan shall be in writing to the Pension Committee and, if valid, shall be considered in force as of the date received by the Pension Committee.

11.08 Allocation of Responsibilities Among the Employer, the Pension Committee and the Funding Agent

- (a) The Employer, the Pension Committee and the Funding Agency shall have only those specific powers, duties, responsibilities and obligations as are specifically provided in the Plan and the Funding Agreement. The Employer shall have the sole authority to appoint and remove the Funding Agency and any investment manager which may be provided for pursuant to the Plan or the Funding Agreement. The Funding Agency shall have the sole responsibility for the administration of the Pension Fund, pursuant to the Funding Agreement. The Employer, the Pension Committee and the Funding Agency may rely upon any direction, information or action of each other as being proper pursuant to the Plan and the Funding Agreement and is not required pursuant to inquire into the propriety of any such direction, information or action. It is intended that the Employer, the Pension Committee and the Funding Agency shall be responsible for the proper exercise of their respective own powers, duties, responsibilities and obligations pursuant to the Plan and the Funding Agreement and shall not be responsible for any act or failure to act of each other.

- (b) The rights of any person entitled to receive any payment or benefit pursuant to the Plan shall be limited to the assets of the Pension Fund as such assets exist from time to time. Neither the Plan nor the Funding Agreement shall create any privity between the Employer and any Employee or other person entitled to receive any payment or benefit pursuant to the Plan, and no right or claim of any such person shall be asserted or made against the Employer by reason of the Plan or the Funding Agreement. No right or claim shall be asserted or made by any person against the Funding Agency or the Pension Fund except in respect of a benefit provided pursuant to the Plan or the Funding Agreement and which has become due and payable pursuant to the Plan or the Funding Agreement.
- (c) The obligations of the Employer pursuant to the Plan shall be limited to the payments required to be made by the Employer in any calendar year pursuant to the Plan.

11.09 Records of the Employer

Wherever the records of the Employer or the Pension Committee are used for the purposes of the Plan, such records shall be conclusive of the facts with which they are concerned.

11.10 Communication

(a) Notice of Plan Provisions and Amendments

The Employer shall provide to each Member and each Employee eligible for membership in the Plan a written explanation of:

- (i) the provisions of the Plan and any amendments thereto applicable to the Member or Employee;
- (ii) the rights and duties of the Member or Employee with respect to the benefits available pursuant to the Plan;
- (iii) such other information as may be required under the *Pension Benefits Act* or other applicable provincial or federal laws; and
- (iv) amendments to the Plan, within the time period prescribed by the *Pension Benefits Act*.

(b) Statement of Benefits

A Member who terminates employment with the Employer and who is entitled to a benefit from the Plan shall be provided with a written statement setting out the benefit to which he or she is entitled or may become entitled pursuant to the Plan.

(c) Annual Statement of Benefits

Each year the Employer shall provide each Member who is actively participating in the Plan with a written statement of the Member's benefits pursuant to the Plan and such other information as may be required by the *Pension Benefits Act*.

(d) Inspection of Documents

A Member or a Member's agent so authorized in writing may inspect and make photocopies of the following documents, which shall be available, upon written request in advance, at the head office of the Employer during regular business hours:

- (i) the provisions of the Plan applicable to the Member;
- (ii) the amendments to the Plan applicable to the Member;
- (iii) the annual information return;
- (iv) an abstract of the actuarial valuation report indicating the official name of the Plan, the employer actuarial normal cost under the Plan for future service, the balance of all unfunded liabilities, the annual special contributions required to liquidate such liabilities and the amortization periods, and the Surplus Assets in the Plan, if any;
- (v) the Plan's financial statements; and
- (vi) such other documents as prescribed by the *Pension Benefits Act*.

Section 12 — General Provisions

12.01 Employment Rights

The establishment and implementation of the Plan shall not constitute an enlargement of any rights which a Member may have as an Employee apart from the Plan. Membership in the Plan does not confer a right on a Member to require the Employer to continue the Member in its employment, and if the service of the Member is terminated before the Member's Normal Retirement Date, such Member has only such rights as are provided for under the Plan. The benefits pursuant to the Plan shall not be used to increase damages in respect of the termination of employment of a Member.

12.02 Non-Assignability and Non-Commutability of Benefits

Any benefit payable pursuant to the Plan shall be for the personal use of the person entitled to receive such benefit, and shall not be given as security or be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, surrender or charge, or to attachment or legal process for debts of the person receiving such benefits, except as specifically provided by paragraph 8502(f) of the regulations to the Income Tax Act, by statute and as provided in Section 12.05 below. In no event shall such benefits confer upon any Member, or any other person, any rights or interest therein which is capable of being surrendered or commuted except as specifically provided by the Plan.

12.03 No Duplication of Benefits

There shall be no duplication of the benefits under any one section of the Plan and the benefits under any other section of the Plan, nor of the benefits under the Plan and the benefits under any other Employer-sponsored retirement plan or any other retirement plan sponsored by an affiliate or subsidiary of the Employer with respect to the same period of service.

12.04 Notices and Elections

Any notice or election to be given, made or communicated pursuant to or for any purpose of the Plan shall be given, made or communicated, as the case may be, in such manner as the Employer shall determine from time to time. Without limiting the generality of the foregoing, any person entitled to any benefit under the Plan shall be responsible for notifying the Employer in writing of his or her mailing address and subsequent changes of mailing address.

12.05 Division of Pension Benefits on Marriage Breakdown

In the event the Pension Committee is provided with a certified copy of a court order relating to the entitlement to or payment of a Member's pension benefits upon the marriage breakdown of the Member and the Member's Spouse, or a domestic agreement between the Member and the Member's Spouse which has been certified by a court order relating to the entitlement to or payment of the Member's pension benefits upon the marriage breakdown of the Member and the Member's Spouse, such benefits may be paid or divided pursuant to the terms of such court order or domestic agreement, as the case may be, subject to the *Pension Benefits Act*.

12.06 Applicable Law

The Plan shall be interpreted pursuant to the laws applicable in the province of Newfoundland.

Section 13 — Future of the Plan

13.01 Continuation of the Plan

The Employer intends to maintain the Plan in force indefinitely; however, the Employer reserves the right to terminate the Plan, either in whole or in part, at any time or times in the event that future conditions warrant such action, subject to the *Pension Benefits Act* and the *Income Tax Act*.

13.02 Amendment of the Plan

The Employer reserves the right to amend the Plan from time to time. No amendment to the Plan or other instrument established or entered into for purposes of holding and administering funds contributed hereunder, shall operate to reduce the benefits accrued by members or by their Spouses, Beneficiaries or estates up to the date of the amendment nor shall any amendment be made which would cause or permit any portion of the Pension Fund to be used for purposes other than as prescribed by the provisions of the Plan and the requirements of the *Pension Benefits Act* and the *Income Tax Act*.

13.03 Termination of the Plan

In the event the Plan is terminated, the assets of the Pension Fund, after provision for administrative expenses (including any expenses incurred in the termination of the Plan), shall first be used to provide pension benefits for Members, their respective Spouses, Beneficiaries and estates in an equitable manner to be determined by the Employer, with the recommendation of the Actuary, subject to the *Pension Benefits Act* and the *Income Tax Act*. The rights of all Members and their Spouses, Beneficiaries and estates to benefits accrued to the date of such termination, to extent then funded, are non-forfeitable.

13.04 Wind-Up or Bankruptcy of the Employer

In the event the Employer is wound up or becomes bankrupt, the Plan, unless continued by another employer, shall be deemed terminated and the provisions of Section 13.03 shall apply, except to the extent that any termination or action required to be made thereunder by the Employer, shall in such event, be made by the liquidator or trustee in bankruptcy, as the case may be.

13.05 Asset Transfer or Merger

- (a) The Employer may transfer or merge the assets of the Plan or the Pension Fund or any part thereof, and the liabilities related to such assets, to or with one or more trusts, pension fund societies or corporations, pension or superannuation plans or funds and which may result in one merged or amalgamated entity with or without termination of the entities merged. Subject to the *Pension Benefits Act* and without limiting the generality of the foregoing, the terms of the transfer or merger may provide for the termination or continuation of all or any part of the entities to be merged, the consolidation of the assets and liabilities of the merged entities, with or without any requirement to maintain a separate accounting in respect thereof, and the application of the assets of the fund or any part thereof to the liabilities related to any new participants or the merged entity, provided that any account maintained in respect of a Member shall continue to be maintained in respect of the Member until such time as the Member terminates employment with no vested benefit remaining to be paid.

- (b) In the event of a merger or consolidation of the Plan with, or transfer in whole or in part of the assets and liabilities of the Pension Fund to, another fund relating to any other plan of deferred compensation maintained or to be established for the benefit of all or some of the Members, the assets of the Pension Fund relating to any transferred Members shall be transferred to the other fund provided that:
 - (i) each Member would be entitled to (if either the Plan or the other plan is then terminated) receive a pension benefit immediately after the merger, consolidation or transfer equal to or greater than the pension benefit he or she would have been entitled to receive pursuant to the Plan immediately prior to the merger, consolidation or transfer;

 - (ii) the Employer, or any new or successor employer of the affected Members authorizes such transfer of assets; and

 - (iii) such other plan and trust agreement are registered with the applicable regulatory authorities.

13.06 Surplus Assets

If, after all accrued benefits pursuant to the Plan to Members and their respective Spouses, Beneficiaries or estates, as the case may be, have been paid and all expenses pursuant to the Plan have been paid, Surplus Assets remain in the Pension Fund, the Employer shall have legal title to such Surplus Assets, subject to the *Pension Benefits Act*, the *Income Tax Act* and other applicable laws.

Section 14 — Special Provisions for Quebec Employees

14.01 Application

This section applies to Employees who report for work in the Province of Quebec and is included in the Plan in order for the Plan to comply with the *Supplemental Pension Plans Act (Quebec)* (the "SPPA") and shall supplement all other provisions of the Plan which are not inconsistent and shall replace any other provisions which are inconsistent.

14.02 Quebec Early Retirement

A Quebec Member may elect to retire on the first day of the month following his or her 55th birthday, or on the first day of any succeeding month prior to his Normal Retirement Date, provided the Member has completed at least two years of Continuous Service, the date of such retirement being hereunder described as his or her "Quebec Early Retirement Date". Such Member shall be entitled, upon such early retirement, to receive a pension determined pursuant to Section 14.03.

14.03 Quebec Early Retirement Pension

A Quebec Member who retires pursuant to Section 14.02 may elect to receive a monthly pension commencing on his or her Quebec Early Retirement Date or at the election of the Quebec Member on the first day of any subsequent month (but not later than his or her Normal Retirement Date), in an amount equal to the Actuarial Equivalent of the pension calculated as in Section 6.01 based on his or her Credited Service to his or her Quebec Early Retirement Date.

14.04 Postponed Retirement

A Quebec Member may postpone his or her retirement beyond his or her Normal Retirement Date.

14.05 Actuarial Adjustment

Upon a Quebec Member's postponed retirement date, which shall be the first day of the month coincident with or next following the date on which the Member retires, the Quebec Member shall be eligible to receive a retirement pension equal to the Actuarial Equivalent of the pension determined pursuant to Section 6.01 based on Credited Service in effect on the Normal Retirement Date. Such Actuarial Equivalent shall be determined as of the date the pension commences and shall be determined on the basis of the method described in Appendix "A" to the Plan entitled "Revalorization of Postponed Retirement Pension".

14.06 Maximum Deferral of Pension

If a Quebec Member who has elected to postpone retirement after Normal Retirement Date has not effectively retired before his or her 69th birthday, the Member's postponed retirement pension shall commence on December 1st of the calendar year the Quebec Member attains age 69.

14.07 Effect of Maximum Benefit Rule

If a Quebec Member who has elected to postpone retirement after Normal Retirement Date shall become entitled to a postponed retirement pension which, after the revalorization described in Section 14.05 above, becomes equal to the maximum pension described in Section 9.08, the Member's postponed retirement pension shall then commence on the first day of the next calendar month.

14.08 Partial Payment of Pension

If the wages, as defined in the SPPA, of a Quebec Member who has elected to postpone retirement after Normal Retirement Date are reduced, the Member may elect to receive a partial payment of his or her retirement pension. Such election may be made at the time the Member's wages are reduced and each January 1st thereafter. The amount of the partial payment shall be equal to, if the amount of the retirement pension so permits, the amount of reduction in such wages. The remaining balance, if any, of his retirement pension shall be payable on the Member's effective retirement and shall be calculated according to Section 14.05 above.

14.09 Early Commencement of Deferred Vested Pension

A Quebec Member who is entitled to a deferred vested pension pursuant to Section 6.04 may, upon proper application therefor, elect to have the deferred vested pension commence prior to his or her Normal Retirement Date, on the first day of any month subsequent to the Member's 55th birthday, in which event the amount of such pension shall be the Actuarial Equivalent of the deferred pension otherwise payable from such Member's Normal Retirement Date.

14.10 Portability of Benefits

A Quebec Member whose employment with the Employer terminates before attaining age 55 and who is entitled to a deferred vested pension pursuant to the provisions of Section 6.04 may, within 180 days following the date of termination, and subsequently every five years, within 180 days from the date of expiry of each fifth year, elect to transfer an amount equal to the value of the deferred pension to a pension plan governed by the SPPA or to a locked in retirement account or annuity contract as prescribed by the SPPA. Any such transfer shall, however, be subject to such conditions and restrictions as may be prescribed by the SPPA, depending upon the solvency status of the Plan from time to time.

In the event that a portability election is completed pursuant to this Section 14.10, the Member shall have no further rights under the Plan.

14.11 Death in Service After Normal Retirement Date

If a Quebec Member dies subsequent to the Normal Retirement Date while in active employment leaving a surviving Spouse, the Member's Spouse shall be entitled to receive a pension the value of which shall be equal to the greater of:

- (a) the value of the death benefit under Section 8, or

- (b) the value of the pension the Spouse would have been entitled to receive under Section 7 if payment of the postponed pension had begun on the day preceding the death of the Quebec Member.

14.12 Commutation of Pension

If the value of a retirement pension or deferred vested pension payable under the Plan is less than 4% of the YMPE in the year that the Quebec Member retires, terminates employment or dies, or such other amount as may be permitted from time to time by the SPPA, a lump sum amount equal to the value of the benefit shall be paid to the person entitled to such benefit in lieu of any other benefits under this Plan.

14.13 Temporary Supplementary Benefit

For the purposes of Section 7.03, if the Member was receiving a temporary supplementary benefit pursuant to Section 6.06, such temporary supplementary benefit shall be subject to an actuarial reduction, and such benefit shall continue to be paid to the Member's Spouse ending with the month in which the Member would have attained age 65.

Appendix A

Revalorization of Postponed Retirement Pension

The retirement pension of a Quebec Member who has elected to postpone retirement after his or her Normal Retirement Date is revalorized as follows:

1. A notional account is set up for the Quebec Member.
2. There shall be credited to that account the monthly retirement pension that the Quebec Member would have received (up to but not including the date the Member actually begins to receive the retirement pension) if the Member had retired on his or her Normal Retirement Date.
3. There shall be credited to such account the interest earned on such monthly retirement pension from each due date thereof assuming a rate of interest for each calendar month corresponding to the average yield on "5-year personal fixed term deposits" (CANSIM series B14045) as published by the Bank of Canada Review.
4. When the postponement of the retirement pension ceases, a monthly postponed retirement pension shall be calculated based on the accumulated balance then existing in such account.
5. The accumulated balance in the account shall be divided by the present value of an annuity of \$1 per month payable for the Quebec Member's lifetime calculated by the Actuary and based on the following assumptions:
 - (i) 1983 Group Annuity Mortality Table, as published by the Society of Actuaries; and
 - (ii) Interest for the first 15 years at an annual rate equal to the yield on "long-term Government of Canada Bonds" (CANSIM series B14013) for the month preceding as published in the Bank of Canada Review, and interest at 6% per annum thereafter.
6. The Quebec Member's postponed retirement pension shall be calculated by adding:
 - (i) The monthly normal retirement pension that the Quebec Member would have been entitled to receive had the Member retired on his or her Normal Retirement Date; and
 - (ii) the pension calculated pursuant to paragraph 5 above.
7. In the event of a partial payment of the retirement pension after the Normal Retirement Date but before actual retirement (i.e. with different parts of the retirement pension being postponed for different periods), the foregoing procedure shall be applied separately to each part.

EXHIBIT "REPS-3"



**Form 2
Registered Pension Plan
Annual Information Return**

(Please read the instructions for Annual Information Returns before completing the Return)

Service NL
Pension Benefit Standards Division
2nd Floor, West Block, Confederation Bldg
P. O. Box 8700
St. John's, NL, A1B 4J6
Telephone: (709) 729-1039
Facsimile: (709) 729-3205

1 Title of pension plan and registration number

A. Official name of plan CONTRIBUTORY PENSION PLAN FOR SALARIED EMPLOYEES OF WABUSH MINES, CLIFFS MINING COMPANY, MANAGING AGENT	
B. Carrier and policy or trust number, if any CIBC MELLON TRUST COMPANY ACCT WHMF100-000 AND SUNLIFE ASSURANCE CO. #66534 AND #66535	
C. Provincial registration number 021314 - 000	D. Canada Revenue Agency registration number 0343558

2 Name and address of plan administrator (see instructions)

A. Name PENSION COMMITTEE		
B. Contact name KURT J. HOLLAND, DIRECTOR - COMPENSATION AND BENEFITS		
C. Address of head office C/O CLIFFS NATURAL RESOURCES INC. 200 PUBLIC SQUARE, SUITE 3300		
City CLEVELAND	Province STATE: OH	Postal code 44114 - 2315
D. Mailing address in Canada if other than 2C		
City	Province	Postal code
E. Telephone number US: 216-694-5505, CAN: 418-964-3011	F. Email Address KURT.HOLLAND@CLIFFS.NR.COM	

3 Location of books and records, same as 2C above, or

Address		
City	Province	Postal code

4 End of plan year under review (see instructions)

A. YYYY / MM / DD 2013 / 12 / 31	B. Number of months in the plan year: 12 months <input checked="" type="checkbox"/> Other <input type="checkbox"/> _____ (not to exceed 12 months)
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5 Number of employers in the plan

How many employers participated in the plan at the end of the plan year? 3

6 Changes in the list of participating employers

A. Have there been any changes to the list of employers covered by this pension plan since the last annual information return (or since the application for registration, if this is the first annual information return)?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
B. If "yes", enter, in the appropriate subdivision below, the name and address of each employer and indicate whether it is an "addition" or "deletion".	
(i) Employers associated through ownership	
(ii) Employers associated only through nature of business	

PRIVACY NOTICE

Under authority of the Pension Benefits Act, 1997, personal information is collected by the Pension Benefit Standards Division in order to perform annual supervision of pension plans. This information is kept confidential and handled as required by the Access to Information and Protection of Privacy (ATIPPA) Act. If you have any questions about the collection or use of this information please contact us at: Service NL, Pension Benefit Standards Division, P. O. Box 8700, St. John's, NL A1B 4J6 or by calling (709) 729-1039.

Continued on Page 2

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7 Plan amendments

A. Were any amendments made to this pension plan or fund during the plan year under review?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
B. If "yes", have the amendments been submitted to the department? (see instructions if pension plan is established by virtue of a collective agreement or decree.)	Yes <input type="checkbox"/>	No <input type="checkbox"/>
C. Have all eligible employees, members and affected former members been informed of plan amendments?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
D. If "no", please explain		

8 Cessation of contributions/benefit accrual

A. Did a cessation of contributions or benefit accrual occur during the plan year?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
if "yes", what is:	B. Effective date of cessation Y Y Y Y M M D D	C. Date of final distribution of funds Y Y Y Y M M D D
		/ /
		/ /
D. Has the plan membership been affected by the discontinuation or sale of all or part of an employer's business operations?		
Yes <input type="checkbox"/> No <input type="checkbox"/>		

9 Current service cost (see instructions)

	DC	DB	DC
A. Member contributions accrued	\$ 700,535	E. Employer contributions accrued	\$ 2,060,387 1,401,070
B. Additional voluntary contributions	\$	F. Less: Amounts credited from surplus or forfeitures (explain)	\$ ()
C. Member amounts accrued in previous years and remitted in current year	\$	G. Employer amounts accrued in previous years and remitted in current year	\$
D. Member amounts accrued in current year but not remitted by year end	\$	H. Employer amounts accrued in current year but not remitted by year end	\$
I. Remarks: _____			

10 Special payments for defined benefit plans (see instructions)

Amount of special payments paid into the pension plan or fund during the plan year (not applicable to money purchase pension plans)	
A. Unfunded liability payments remitted \$ 0	B. Solvency deficiency payments remitted \$ 1,703,743

11 Contribution sufficiency (see instructions)

A. Were the payments shown in sections 9 and 10 above in accordance with the plan terms or the last actuarial report filed with the department?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
B. If "no", please explain		

12 Reconciliation of plan assets (see instructions)

	DB	DC	TOTAL
A. Market value of plan assets at beginning of the plan year	\$ 76,212,036	11,835,143	88,047,179
B. Amount transferred in from other registered plans	\$ -	-	-
C. Total employer contributions remitted (sum of 9E to 9G, less 9H, plus 10A and 10B)	\$ 3,764,130	1,401,070	5,165,200
D. Total member contributions remitted (sum of 9A to 9C, less 9D)	\$ -	700,535	700,535
E. Investment earnings (losses) net of all expenses	\$ 10,533,776	1,591,108	12,124,884
F. Less: Benefits paid directly from the plan	\$ (6,257,752	809,901	(7,067,653)
G. Less: Benefits transferred to other registered plans	\$ (-	1,267,504	(1,267,504)
H. Market value of plan assets at plan year end (sum of A to G)	\$ 84,252,190	13,450,451	97,702,641
I. Book value of plan assets at plan year end	\$ 82,777,352	13,450,451	96,227,803

13 Reconciliation of plan members (see instructions)

A. Number of plan members at previous plan year end	240
B. Add: New entrants, i.e., employees joining the plan during the plan year	0
C. Subtract: Retirements during the plan year	(4)
D. Subtract: Deaths during the plan year	(0)
E. Subtract: Terminations during the plan year	(46)
F. Number of plan members at plan year end (sum of A to E)	190

14 Plan membership by area of employment (see instructions)

Area of employment	Plan members		Number of members from columns (a) and (b) working in "included employment"
	(a) Male	(b) Female	
Newfoundland and Labrador	81	20	101
Prince Edward Island			
Nova Scotia			
New Brunswick			
Québec	70	19	89
Ontario			
Manitoba			
Saskatchewan			
Alberta			
British Columbia			
Yukon			
Northwest Territories			
Nunavut			
Outside Canada			
Total	151	39	190

15 Former members (see instructions)

Number of former members who have ceased membership or retired (excluding persons for whom individual annuities have been purchased)	
A. Pensioners and beneficiaries	320
B. Vested former members entitled to deferred pensions	177

**Defined benefit plans - complete questions 16 - 17
All other plans - go to Canada Revenue Agency Schedule**

16 Adjustments to pension benefits (see instructions)

Have adjustments been made to pensions in pay or deferred pension benefits during the plan year under review?

A. No

B. Yes - (in accordance with a requirement of the plan for regular adjustment of benefits)

C. Yes - (pursuant to a collective agreement)

D. Yes - (voluntarily by the employer)

E. Yes - other (describe) BILL 102 INDEXATION FOR QC MEMBERS OF THE PLAN

17 Basis for adjustment (see instructions)

A. Full Consumer Price Index (CPI)

B. Partial CPI

C. Based on excess interest earnings

D. Percentage increase _____ % (not based on CPI)

E. Flat dollar increase \$ _____ annually

F. Other method (specify) _____

Canada Revenue Agency Schedule

1 How many active members at plan year end were persons connected with the employer? 0

Specified multi-employer plans and multi-employer plans, go to question 5. Other plans, continue with question 2.

2 Did any member of this plan participate: in any other Registered Pension Plan (RPP) or Deferred Profit-sharing Plan (DPSP) provided by this plan sponsor? Yes No [X]
or, in an RPP or DPSP of any other sponsor who does not deal at arm's length with this sponsor? Yes No [X]
3 Have any connected persons joined or left the plan in the plan year? Yes No [X]
4 In the plan year, has a person or group acquired control of the corporation that is sponsoring the pension plan? N/A Yes No [X]
5 Actuarial liabilities resulting from plan obligations DB: 81,419,283 \$ DC: 10,620,112
6 Date of actuarial liability assessment Y Y Y Y M M D D 2 0 1 1 0 1 0 1

Money purchase plans and specified multi-employer plans, go to "certification". Other plans, continue with question 7.

7 Were any plan members provided with Post-1989 Past-Service Benefits in the plan year? Yes No [X]
8 Have any plan members who are connected persons been provided with Pre-1992 Past-Service Benefits in the plan year? Yes No [X]

Certification

As an authorized officer of the administrator of the pension plan noted above, I hereby certify that to the best of my knowledge and belief,
(a) the contributions paid to the plan have been at least equal to those required by the applicable pension benefits legislation.
(b) the plan and fund have been administered in accordance with the terms of the applicable pension benefits legislation.
(c) the administrator has established a written statement of investment policies and procedures in accordance with Section 39 of the Pension Benefits Act Regulations.
(d) the statement of investment policies and procedures complies with Section 39 of the Pension Benefits Act Regulations.
(e) during the plan year under review, the assets of the pension plan were invested in accordance with Section 39 of the Pension Benefits Act Regulations.
(f) the administrator has reviewed the statement of investment policies and procedures during the plan year under review.
(g) the details entered on this Annual Information Return are true, correct and complete.
(h) the plan complies with and is administered in accordance with sections 147.1, 147.2, and 147.3 of the Income Tax Act (Canada) and the related Regulations.

Signature: KURT J. HOLLAND Name in Block Letters: KURT J. HOLLAND Date:
Title of Person: DIRECTOR - COMPENSATION AND BENEFITS Company: CLIFFS MINING COMPANY, MANAGING AGENT OF WABUSH MINING

Table with 2 columns: NUMBER OF PLAN MEMBERS * and FEE PAYABLE. Rows include 0-19, 20-999, and 1,000 AND OVER.

*"Number of Plan Members" means the total number of plan members employed in any province or territory of Canada, excluding former members.

For Office Use Only

Remittance: \$ Date of Receipt:
Receipt No: Processed By:

Form 2
Registered Pension Plan
Annual Information Return
 (Please read the Instructions for Annual Information Returns before completing the Return)

Service NL
 Pension Benefit Standards Division
 2nd Floor, West Block, Confederation Bldg
 P. O. Box 8700
 St. John's, NL, A1B 4J6
 Telephone: (709) 729-1039
 Facsimile: (709) 729-3205

1 Title of pension plan and registration number

A. Official name of plan Contributory Pension Plan for Salaried Employees of Wabush Mines, Cliffs Mining Company, Managing Agent	
B. Carrier and policy or trust number, if any CIBC Mellon Trust Company Acct WHMF100-000 and Sun Life Assurance Co # 66534 and # 66535	
C. Provincial registration number 021314-000	D. Canada Revenue Agency registration number 0343558

2 Name and address of plan administrator (see instructions)

A. Name Pension Committee		
B. Contact name Kurt J. Holland, Director - Compensation and Benefits		
C. Address of head office c/o Cliffs Natural Resource Inc. 200 Public Square, Suite 3300		
City Cleveland	Province State: OH	Postal code 4414-2544
D. Mailing address in Canada if other than 2C		
City	Province	Postal code
E. Telephone number US: 216-694-5305	F. Email Address Kurt.Holland@CliffsNR.com	

3 Location of books and records, same as 2C above, or

Address		
City	Province	Postal code

4 End of plan year under review (see instructions)

A. YYYY / MM / DD 2014 / 12 / 31	B. Number of months in the plan year: 12 months <input checked="" type="checkbox"/> Other <input type="checkbox"/> (not to exceed 12 months)
-------------------------------------	---

5 Number of employers in the plan

How many employers participated in the plan at the end of the plan year?

6 Changes in the list of participating employers

A. Have there been any changes to the list of employers covered by this pension plan since the last annual information return (or since the application for registration, if this is the first annual information return)?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
B. If "yes", enter, in the appropriate subdivision below, the name and address of each employer and indicate whether it is an "addition" or "deletion".	
(i) Employers associated through ownership	
(ii) Employers associated only through nature of business	

PRIVACY NOTICE

Under authority of the Pension Benefits Act, 1997, personal information is collected by the Pension Benefit Standards Division in order to perform annual supervision of pension plans. This information is kept confidential and handled as required by the Access to Information and Protection of Privacy (ATIPP) Act. If you have any questions about the collection or use of this information please contact us at: Service NL, Pension Benefit Standards Division, P. O. Box 8700, St. John's, NL A1B 4J6 or by calling (709) 729-1039.

Continued on Page 2

7 Plan amendments

A. Were any amendments made to this pension plan or fund during the plan year under review?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
B. If "yes", have the amendments been submitted to the department? (see instructions if pension plan is established by virtue of a collective agreement or decree.)	Yes <input type="checkbox"/>	No <input type="checkbox"/>
C. Have all eligible employees, members and affected former members been informed of plan amendments?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
D. If "no", please explain		

8 Cessation of contributions/benefit accrual

A. Did a cessation of contributions or benefit accrual occur during the plan year?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If "yes", what is:	B. Effective date of cessation Y Y Y Y M M D D / /	C. Date of final distribution of funds Y Y Y Y M M D D / /
D. Has the plan membership been affected by the discontinuation or sale of all or part of an employer's business operations?		
	Yes <input type="checkbox"/>	No <input type="checkbox"/>

9 Current service cost (see instructions)

	DC	DB		DC	DB
A. Member contributions accrued	\$ 399,879	0	E. Employer contributions accrued	\$ 799,757	1,536,131
B. Additional voluntary contributions	\$ _____		F. Less: Amounts credited from surplus or forfeitures (explain)	\$ (_____)	
C. Member amounts accrued in previous years and remitted in current year	\$ _____		G. Employer amounts accrued in previous years and remitted in current year	\$ _____	
D. Member amounts accrued in current year but not remitted by year end	\$ _____		H. Employer amounts accrued in current year but not remitted by year end	\$ _____	
I. Remarks: _____					

10 Special payments for defined benefit plans (see instructions)

Amount of special payments paid into the pension plan or fund during the plan year (not applicable to money purchase pension plans)	
A. Unfunded liability payments remitted \$ 644,028	B. Solvency deficiency payments remitted \$ 2,634,595

11 Contribution sufficiency (see instructions)

A. Were the payments shown in sections 9 and 10 above in accordance with the plan terms or the last actuarial report filed with the department?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
B. If "no", please explain		

12 Reconciliation of plan assets (see instructions)

	DB	DC	Total
A. Market value of plan assets at beginning of the plan year	\$ 84,252,190	13,450,451	97,702,641
B. Amount transferred in from other registered plans	\$ -	-	-
C. Total employer contributions remitted (sum of 9E to 9G, less 9H, plus 10A and 10B)	\$ 4,814,754	799,757	5,614,511
D. Total member contributions remitted (sum of 9A to 9C, less 9D)	\$ 0	399,879	399,879
E. Investment earnings (losses) net of all expenses	\$ 8,373,309	1,391,420	9,764,729
F. Less: Benefits paid directly from the plan	\$ (6,701,272)	4,166,004	10,867,276
G. Less: Benefits transferred to other registered plans	\$ (-)	1,526,873	1,526,873
H. Market value of plan assets at plan year end (sum of A to G)	\$ 90,738,981	10,348,630	101,087,611
I. Book value of plan assets at plan year end	\$ 86,616,640	10,348,630	96,965,270

13 Reconciliation of plan members (see Instructions)

A. Number of plan members at previous plan year end	190
B. Add: New entrants, i.e., employees joining the plan during the plan year	0
C. Subtract: Retirements during the plan year	(8)
D. Subtract: Deaths during the plan year	(0)
E. Subtract: Terminations during the plan year	(136)
F. Number of plan members at plan year end (sum of A to E)	46

14 Plan membership by area of employment (see Instructions)

Area of employment	Plan members		Number of members from columns (a) and (b) working in "included employment"
	(a) Male	(b) Female	
Newfoundland and Labrador	9	1	
Prince Edward Island			
Nova Scotia			
New Brunswick			
Québec	27	9	
Ontario			
Manitoba			
Saskatchewan			
Alberta			
British Columbia			
Yukon			
Northwest Territories			
Nunavut			
Outside Canada			
Total	36	10	

15 Former members (see Instructions)

Number of former members who have ceased membership or retired (excluding persons for whom individual annuities have been purchased)	
A. Pensioners and beneficiaries	326
B. Vested former members entitled to deferred pensions	292

Defined benefit plans - complete questions 16 - 17
All other plans - go to Canada Revenue Agency Schedule

16 Adjustments to pension benefits (see Instructions)

Have adjustments been made to pensions in pay or deferred pension benefits during the plan year under review?

A. No

B. Yes - (in accordance with a requirement of the plan for regular adjustment of benefits)

C. Yes - (pursuant to a collective agreement)

D. Yes - (voluntarily by the employer)

E. Yes - other (describe) Bill 102 Indexation for QC Members of the Plan

17 Basis for adjustment (see Instructions)

A. Full Consumer Price Index (CPI)

B. Partial CPI

C. Based on excess interest earnings

D. Percentage increase _____ % (not based on CPI)

E. Flat dollar increase \$ _____ annually

F. Other method (specify) _____

Canada Revenue Agency Schedule

1 How many active members at plan year end were persons connected with the employer? _____

Specified multi-employer plans and multi-employer plans, go to question 5. Other plans, continue with question 2.

2 Did any member of this plan participate:
 In any other Registered Pension Plan (RPP) or Deferred Profit-sharing Plan (DPSP) provided by this plan sponsor? Yes No
 or;
 in an RPP or DPSP of any other sponsor who does not deal at arm's length with this sponsor? Yes No

3 Have any connected persons joined or left the plan in the plan year? Yes No

4 In the plan year, has a person or group acquired control of the corporation that is sponsoring the pension plan? N/A Yes No

5 Actuarial liabilities resulting from plan obligations
 \$DB: 86,130,699
 \$DC: 13,450,451
 Y Y Y Y M M D D
 2 0 1 1 4 0 1 0 1

6 Date of actuarial liability assessment

Money purchase plans and specified multi-employer plans, go to "certification". Other plans, continue with question 7.

7 Were any plan members provided with Post-1989 Past-Service Benefits in the plan year? Yes No

8 Have any plan members who are connected persons been provided with Pre-1992 Past-Service Benefits in the plan year? Yes No

Certification

As an authorized officer of the administrator of the pension plan noted above, I hereby certify that to the best of my knowledge and belief,

- (a) the contributions paid to the plan have been at least equal to those required by the applicable pension benefits legislation.
- (b) the plan and fund have been administered in accordance with the terms of the applicable pension benefits legislation.
- (c) the administrator has established a written statement of investment policies and procedures in accordance with Section 39 of the *Pension Benefits Act Regulations*.
- (d) the statement of investment policies and procedures complies with Section 39 of the *Pension Benefits Act Regulations*.
- (e) during the plan year under review, the assets of the pension plan were invested in accordance with Section 39 of the *Pension Benefits Act Regulations*.
- (f) the administrator has reviewed the statement of investment policies and procedures during the plan year under review.
- (g) the details entered on this Annual Information Return are true, correct and complete.
- (h) the plan complies with and is administered in accordance with sections 147.1, 147.2, and 147.3 of the *Income Tax Act (Canada)* and the related Regulations.

KJ Holland
 Signature

KURT J. HOLLAND
 Name in Block Letters

6-25-2015
 Date

DIRECTOR, COMPENSATION & BENEFITS / CHIEFS NATURAL RESOURCES INC
 Title of Person / Company

NUMBER OF PLAN MEMBERS *	FEE PAYABLE
0 - 19	\$150.00
20 - 999	\$7.50 PER MEMBER
1,000 AND OVER	\$7,500.00

*"Number of Plan Members" means the total number of plan members employed in any province or territory of Canada, excluding former members.

For Office Use Only

Remittance: \$ _____ Date of Receipt: _____
 Receipt No: _____ Processed By: _____

EXHIBIT "REPS-4"

CLIFFS NATURAL RESOURCES INC.

**CONTRIBUTORY PENSION PLAN FOR SALARIED EMPLOYEES
OF WABUSH MINES, CLIFFS MINING COMPANY, MANAGING
AGENT**

Actuarial Valuation as at January 1, 2014

September 12, 2014

Registration Numbers:

Newfoundland and Labrador Superintendent of Pensions: 021314
Canada Revenue Agency: 0343558

This document is being filed with the Newfoundland and Labrador Superintendent of Pensions and the Canada Revenue Agency as required by statute and contains confidential financial information regarding the plan, the plan sponsor, and the plan members. Therefore, pursuant to subsection 20(1)(b) of the *Access to Information Act (Canada)*, or a corresponding provision under any comparable federal or provincial legislation, a government institution shall not disclose this document to any party as a result of a request under the *Access to Information Act (Canada)* or other applicable legislation.

TOWERS WATSON 

Table of Contents

Introduction	1
Section 1: Going Concern Financial Position	4
1.1 Statement of Financial Position	4
1.2 Reconciliation of Financial Position	5
Section 2: Solvency and Hypothetical Windup Financial Position	6
2.1 Statement of Solvency Financial Position.....	6
2.2 Hypothetical Windup Financial Position.....	7
2.3 Solvency Incremental Cost	8
2.4 Determination of the Statutory Solvency Excess (Statutory Solvency Deficiency)	9
Section 3: Contribution Requirements	11
3.1 Contribution for Current Service (Ensuing Year)	11
3.2 Contributions for Past Service	12
3.3 Estimated Minimum Employer Contribution (Ensuing Year)	13
3.4 Estimated Maximum Employer Contribution (Ensuing Year)	14
3.5 Timing of Contributions	15
3.6 Other Statutory Contributions	15
3.7 Future Contribution Levels.....	15
Section 4: Actuarial Certification and Opinion	16
4.1 Actuarial Certification	16
4.2 Actuarial Opinion.....	19
Appendix A: Significant Terms of Engagement	A-1
Appendix B: Assets	B-1
Appendix C: Actuarial Basis – Going Concern Valuation	C-1
Appendix D: Actuarial Basis – Solvency and Hypothetical Windup Valuations	D-1
Appendix E: Membership Data	E-1
Appendix F: Summary of Plan Provisions	F-1
Appendix G: Solvency Ratio	G-1
Appendix H: Certificate of the Plan Administrator	H-1
Appendix I: Actuarial Information Summary	I-1

Introduction

Purpose

This report with respect to the Contributory Pension Plan for Salaried Employees of Wabush Mines, Cliffs Mining Company, Managing Agent has been prepared for Wabush Mines, the plan administrator, and Cliffs Natural Resources Inc., the owner of Wabush Mines, and presents the results of the actuarial valuation of the plan as at January 1, 2014.

The principal purposes of the report are:

- to present information on the financial position of the plan on both going concern and solvency bases;
- to review the hypothetical windup status of the plan;
- to provide the basis for employer contributions; and
- to provide certain additional information required for the administration of the plan.

This report outlines the changes in the plan's financial situation since the previous actuarial valuation at January 1, 2011, provides the information and the actuarial opinion required by the *Pension Benefits Act, 1997 (Newfoundland and Labrador)* and Regulation thereto and provides the information required to maintain plan registration under the *Income Tax Act (Canada)* and Regulations thereto.

This report summarizes the results of the actuarial valuation and contains an actuarial opinion as an integral part of the report. Supporting detailed information on the significant terms of engagement, assets, actuarial basis, membership data and plan provisions is contained in the Appendices.

The information contained in this report was prepared for Cliffs Natural Resources Inc., for its internal use and for filing with the Newfoundland and Labrador Superintendent of Pensions and the Canada Revenue Agency, in connection with the actuarial valuation of the plan prepared by Société Towers Watson Canada inc. ("Towers Watson"). This report is not intended, nor necessarily suitable, for other parties or for other purposes. Further distribution of all or part of this report to other parties (except where such distribution is required by applicable legislation) or other use of this report is expressly prohibited without Towers Watson's prior written consent. Towers Watson is available to provide additional information with respect to this report to the above-mentioned intended users upon request.

The numbers in this report are not rounded. The fact that numbers are not rounded does not imply a greater level of precision than if the numbers had been rounded.

Significant Events Since Previous Actuarial Valuation

Actuarial Basis

Since the previous actuarial valuation, the solvency and hypothetical windup actuarial assumptions have been updated to reflect market conditions at the valuation date. In addition, there have been changes to the going concern actuarial basis, as follows:

- Increase in the liability discount rate from 6.00% to 6.25%;
- Decrease in the rate of escalation of YMPE under Canada/Québec Pension Plan from 4.50% to 3.50%;
- Decrease in the rate of escalation of *Income Tax Act (Canada)* maximum pension limitation from 4.50% to 3.50%; and
- Change in the mortality assumption.

Plan Provisions

This actuarial valuation reflects the plan provisions as at January 1, 2014 and does not make any provision for the possibility that a change or action (retroactive or otherwise) may be imposed by order of a regulatory body or a court as we were not aware of any definitive events that would require such change or action at the time this actuarial valuation was completed.

There have been no changes to the plan provisions since the previous actuarial valuation that affect the actuarial valuation's results.

Legislative and Actuarial Standards Updates

Since the previous actuarial valuation, the *Standards of Practice for Pension Commuted Values* published by the Canadian Institute of Actuaries effective April 1, 2009 provide for, effective February 1, 2011, an update to the mortality assumption. Such update has been reflected for purposes of the solvency and hypothetical windup valuations.

Subsequent Events

We completed this actuarial valuation on August 27, 2014.

Effective February 11, 2014, Cliffs Natural Resources Inc. made the decision to idle the Scully Mine. The idling of the Scully Mine will result in a reduction in active membership.

The financial impact of the event has not been reflected in this report but will, together with other subsequent experience, be reflected in the next actuarial valuation. However, the normal cost contribution rule reflects the expected reduction in membership resulting from the idling. To the best of our knowledge and on the basis of our discussions with Cliffs Natural Resources Inc., no other events

which would have a material financial effect on the actuarial valuation occurred between the actuarial valuation date and the date this actuarial valuation was completed.

Section 1: Going Concern Financial Position

1.1 Statement of Financial Position

	January 1, 2014	January 1, 2011
Going Concern Value of Assets		
Defined benefit provision	\$ 79,802,299	\$ 81,551,580
Defined contribution provision	13,450,451	10,620,112
Total going concern value of assets	<u>\$ 93,252,750</u>	<u>\$ 92,171,692</u>
Actuarial Liability		
<i>Defined Benefit Provision</i>		
Active and disabled members	\$ 17,367,021	\$ 13,810,681
Retired members and beneficiaries	64,954,532	64,992,930
Transferred and terminated vested members	3,809,146	2,615,672
Total	<u>\$ 86,130,699</u>	<u>\$ 81,419,283</u>
<i>Defined Contribution Provision</i>	<u>13,450,451</u>	<u>10,620,112</u>
<i>Total Actuarial Liability</i>	<u>\$ 99,581,150</u>	<u>\$ 92,039,395</u>
Actuarial Surplus (Unfunded Actuarial Liability)	<u>\$ (6,328,400)</u>	<u>\$ 132,297</u>

Comments:

- The financial position of the plan on a going concern basis is determined by comparing the going concern value of assets to the actuarial liability and is a reflection of the assets available for the benefits accrued in respect of credited service prior to the actuarial valuation date assuming the plan continues indefinitely.
- The increase in the defined benefit actuarial liability as at January 1, 2014, which would result from a 1% decrease in the assumed liability discount rate, is \$10,367,078. For purposes of this calculation, no changes were made to any of the other actuarial assumptions or actuarial methods.

1.2 Reconciliation of Financial Position

Actuarial surplus (unfunded actuarial liability) as at January 1, 2011		\$	132,297
Net special payments			5,111,229
Expected interest on:			
● Actuarial surplus (unfunded actuarial liability)	\$	25,271	
● Net amortization payments and transfer deficiency payments		<u>466,843</u>	492,114
Plan experience:			
● Investment gains (losses), net of all expenses	\$	(7,233,535)	
● Salary gains (losses)		90,364	
● Retirement gains (losses)		(609,607)	
● Termination gains (losses)		1,725,927	
● Mortality gains (losses)		(786,201)	
● New entrant gains (losses)		(2,185,605)	
● Data corrections gains (losses)		(192,096)	
● Gains (losses) from miscellaneous sources		<u>239,397</u>	(8,951,356)
Change in actuarial basis:			
● Economic assumptions	\$	1,453,935	
● Demographic assumptions		(4,566,619)	(3,112,684)
Change in plan provisions			<u>0</u>
Actuarial surplus (unfunded actuarial liability) as at January 1, 2014		\$	(6,328,400)

Section 2: Solvency and Hypothetical Windup Financial Position

2.1 Statement of Solvency Financial Position

	January 1, 2014	January 1, 2011
Solvency Value of Assets		
<i>Defined Benefit Provision</i>		
Market value of assets	\$ 83,733,274	\$ 77,584,053
Provision for plan windup expenses	<u>(200,000)</u>	<u>(200,000)</u>
Total	\$ 83,533,274	\$ 77,384,053
<i>Defined Contribution Provision</i>	<u>13,450,451</u>	<u>10,620,112</u>
Total Solvency Value of Assets	\$ 96,983,725	\$ 88,004,165
Solvency Liability		
<i>Defined Benefit Provision</i>		
Active and disabled members	\$ 13,082,660	\$ 8,487,081
Retired members and beneficiaries	75,183,832	73,122,162
Transferred and terminated vested members	<u>5,738,114</u>	<u>3,394,035</u>
Total	\$ 94,004,606	\$ 85,003,278
<i>Defined Contribution Provision</i>	<u>13,450,451</u>	<u>10,620,112</u>
Total Solvency Liability	\$ 107,455,057	\$ 95,623,390
Solvency Surplus (Unfunded Solvency Liability)	\$ (10,471,332)	\$ (7,619,225)

Comments:

- The financial position of the plan on a solvency basis is determined by comparing the solvency value of assets to the solvency liability (the actuarial present value of benefits accrued in respect of credited service prior to the actuarial valuation date, calculated as if the plan were wound up on that date).

- The solvency actuarial valuation results presented in this report are determined under a scenario where, following a plan windup, the employer continues its operations and there is no closure of the mine.
- The Regulation to the *Pension Benefits Act, 1997 (Newfoundland and Labrador)* permits certain benefits to be excluded from the solvency liability, without requiring the employer to make an election. The plan administrator has directed that consent for the “70/80 special early retirement” provision (described in Appendix D) will not be granted. Consistent with the scenario used for the solvency valuation, the “70/80 special early retirement” provision has been excluded from the solvency liability.
- The increase in the defined benefit solvency liability as at January 1, 2014, which would result from a 1% decrease in the assumed liability discount rate, is \$11,949,638. For purposes of this calculation, no changes were made to any of the other actuarial assumptions or actuarial methods.

2.2 Hypothetical Windup Financial Position

The hypothetical windup valuation results presented in this report are determined under a scenario in which the plan is wound up and the mine is shut down.

If the plan were to be wound up on the actuarial valuation date, the hypothetical windup value of assets would be equal to the solvency value of assets. Consistent with the scenario used for the hypothetical windup valuation, no benefits have been excluded from the hypothetical windup liability. Therefore, the hypothetical windup liability is \$94,251,745 as at January 1, 2014. Consequently, the hypothetical windup surplus (unfunded hypothetical windup liability) as at the actuarial valuation date is (\$10,718,471).

2.3 Solvency Incremental Cost

Defined Benefit Provision

The solvency incremental cost for a given year represents the present value, at the valuation date, of the expected aggregate change in the solvency liability during the year, increased for expected benefit payments during the year. The solvency incremental cost in respect of each year between January 1, 2014 and January 1, 2017, the next valuation date, are derived from the projection of the solvency liability, as follows:

	Year		
	2014	2015	2016
Solvency liability as at beginning of year	\$ 94,004,606	\$ 93,282,267	\$ 92,647,605
Solvency incremental cost for the year ^{1,2}	2,170,560	2,257,372	2,679,545
Interest on projected solvency liability, solvency incremental cost and expected benefit payments	3,433,804	3,388,560	3,342,974
Expected benefit payments during year ²	<u>(6,326,703)</u>	<u>(6,280,594)</u>	<u>(6,145,238)</u>
Projected solvency liability as at end of year ²	\$ 93,282,267	\$ 92,647,605	\$ 92,524,886

Notes:

¹ These amounts are as at the beginning of the year. The solvency incremental cost, adjusted with interest as at January 1, 2014 is \$2,177,032 for 2015 and \$2,492,833 for 2016.

² These amounts do not reflect the estimated membership reduction resulting from the idling of the Scully Mine as at February 11, 2014.

2.4 Determination of the Statutory Solvency Excess (Statutory Solvency Deficiency)

The minimum funding requirements under the Regulation to the *Pension Benefits Act, 1997 (Newfoundland and Labrador)* are based on the statutory solvency excess (statutory solvency deficiency) as at the actuarial valuation date. In calculating the statutory solvency excess (statutory solvency deficiency), various adjustments can be made to the solvency financial position including:

- recognition of the present value of existing amortization payments, including any going concern amortization payments established at the actuarial valuation date, due to be paid within the periods prescribed by the Regulation.

To the extent that there exists a statutory solvency deficiency, after taking account of these adjustments, additional amortization payments must be made. If there is no statutory solvency deficiency, the statutory solvency excess may be used to reduce the period of any existing solvency amortization payments.

Statutory Solvency Excess (Statutory Solvency Deficiency)

	January 1, 2014	January 1, 2011
Solvency surplus (unfunded solvency liability)	\$ (10,471,332)	\$ (7,619,225)
Adjustments to solvency position:		
● Present value of existing amortization payments	<u>6,221,792</u>	<u>0</u>
Statutory solvency excess (statutory solvency deficiency)	\$ (4,249,540)	\$ (7,619,225)

Comments:

- The present value of existing amortization payments reflects any changes made in this actuarial valuation to going concern amortization schedules.
- Further details on the present value of existing amortization payments at January 1, 2014 are provided below.

Details of Present Value of Existing Amortization Payments

Type of payment	Effective date	Month of last payment recognized in calculation	Annual amortization payment	Present value as at January 1, 2014 (at 3.70% per annum)
Going Concern	Jan 1, 2014	Dec. 2018	\$ 644,028	\$ 2,940,135
Solvency	Jan. 1, 2011	Dec. 2015	1,703,743	3,281,657
Total			<u>\$ 2,347,771</u>	<u>\$ 6,221,792</u>

Section 3: Contribution Requirements

3.1 Contribution for Current Service (Ensuing Year)

	January 1, 2014	January 1, 2011
Employer Normal Actuarial Cost		
<i>Defined Benefit Provision</i>		
Estimated contribution	\$ 1,524,956 ¹	\$ 1,719,998
Estimated payroll	19,359,779 ¹	22,638,017
% of payroll	7.88%	7.60%
<i>Defined Contribution Provision</i>		
Estimated contribution	\$ 1,161,587 ¹	\$ 1,358,281
Estimated payroll	19,359,779 ¹	22,638,017
% of payroll	6.00%	6.00%
Estimated Member Contributions		
Defined contribution provision	\$ 580,794 ¹	\$ 679,141

Note:

¹ Reflect estimated membership reduction resulting from the idling of the Scully Mine as at February 11, 2014.

Comments:

- The employer defined benefit normal actuarial cost rate changed by 0.22% of payroll due to the change in membership profile and by 0.06% of payroll due to the change in actuarial basis since the previous valuation.
- The increase in the employer defined benefit normal actuarial cost rate between the actuarial valuation date and the next actuarial valuation date, which would result from a 1% decrease in the assumed liability discount rate, is 2.08% of payroll. For purposes of this calculation, no changes were made to any of the other actuarial assumptions or actuarial methods.

3.2 Contributions for Past Service

Going Concern Amortization Payments

The unfunded actuarial liability is \$6,328,400 and must be liquidated by employer amortization payments at least equal to the amounts, payable monthly in arrears, and for the periods set forth below in order to comply with the Regulation to the *Pension Benefits Act, 1997 (Newfoundland and Labrador)*.

Effective date	Month of last payment	Annual amortization payment	Present value as at January 1, 2014 (at 6.25% per annum)
January 1, 2014	Dec. 2028	\$ 644,028	\$ 6,328,400

Solvency Amortization Payments

The statutory solvency deficiency revealed at this actuarial valuation is \$4,249,540. This statutory solvency deficiency together with the remaining statutory solvency deficiency from the previous actuarial valuation must be liquidated by employer amortization payments at least equal to the amounts, payable monthly in arrears, and for the periods set forth below in order to comply with the Regulation to the *Pension Benefits Act, 1997 (Newfoundland and Labrador)*.

Effective date	Month of last payment	Annual amortization payment	Present value as at January 1, 2014 (at 3.70% per annum)
January 1, 2011	Dec. 2015	\$ 1,703,743	\$ 3,281,657
January 1, 2014	Dec. 2018	930,852	4,249,540
Total		\$ 2,634,595	\$ 7,531,197

3.3 Estimated Minimum Employer Contribution (Ensuing Year)

	January 1, 2014	January 1, 2011
Employer Normal Actuarial Cost		
Defined benefit provision	\$ 1,524,956	\$ 1,719,998
Defined contribution provision	<u>1,161,587</u>	<u>1,358,281</u>
Total	\$ 2,686,543	\$ 3,078,279
Amortization Payments		
Going concern	\$ 644,028	\$ 0
Solvency	<u>2,634,595</u>	<u>1,703,743</u>
Total	\$ 3,278,623	\$ 1,703,743
Estimated Minimum Employer Contribution	\$ 5,965,166	\$ 4,782,022

3.4 Estimated Maximum Employer Contribution (Ensuing Year)

	January 1, 2014	January 1, 2011
Employer Normal Actuarial Cost		
Defined benefit provision	\$ 1,524,956	\$ 1,719,998
Defined contribution provision	<u>1,161,587</u>	<u>1,358,281</u>
Total	\$ 2,686,543	\$ 3,078,279
Greater of the Unfunded Actuarial Liability and the Unfunded Hypothetical Windup Liability	<u>10,718,471</u>	<u>7,619,225</u>
Estimated Maximum Employer Contribution	\$ 13,405,014	\$10,697,504

Comment:

- The *Income Tax Act (Canada)* permits the employer to make contributions up to the above amount less the amortization payments made in respect of periods since January 1, 2014, provided that all assumptions made for the purposes of the hypothetical windup valuation remain reasonable at the time each contribution is made. In addition, the maximum employer contribution is to be adjusted with interest for the period between the actuarial valuation date and the date each contribution is made.

3.5 Timing of Contributions

To satisfy the requirements of Newfoundland and Labrador pension legislation, the employer defined benefit normal actuarial cost and amortization payments must be paid quarterly and within 30 days of the month to which they pertain, the employer defined contribution normal actuarial cost and members' contributions must be remitted to the fund monthly and within 30 days of the month to which they pertain.

In addition, within 60 days after this report is filed with the Newfoundland and Labrador Superintendent of Pensions, the employer must make a special contribution equal to the excess, if any, of:

- the amount of employer contributions (employer normal actuarial cost and amortization payments) that should have been paid after January 1, 2014 according to the minimum contribution requirements revealed by this report, over
- the actual amount of employer contributions in respect of periods after January 1, 2014.

Interest must be added to this excess, with such interest determined by reference to the going concern discount rate for payments in respect of employer normal actuarial cost or going concern amortization payments and the solvency discount rate for payments in respect of solvency amortization payments.

To satisfy the requirements of the *Income Tax Act (Canada)*, employer contributions that are remitted to the plan in the taxation year or within 120 days after the end of such taxation year are deductible in such taxation year provided they were made to fund benefits in respect of periods preceding the end of the taxation year.

3.6 Other Statutory Contributions

Additional contributions may be required in respect of the transfer values for members who terminate employment or active plan membership. Where applicable, such additional contributions must be remitted before the related transfer value may be paid in full to the terminated member. Details are provided in Appendix G.

3.7 Future Contribution Levels

Future contribution levels may change as a result of future changes in the actuarial methods and assumptions, the membership data, the plan provisions and the legislative rules, or as a result of future experience gains or losses, none of which has been anticipated at this time. Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future actuarial valuations.

Section 4: Actuarial Certification and Opinion

4.1 Actuarial Certification

Based on the results of these actuarial valuations, we hereby certify that, in our opinion, as at January 1, 2014:

- The actuarial surplus (unfunded actuarial liability), determined by comparing the actuarial liability, the measure of obligations of the plan on a going concern basis, to the going concern value of assets, is \$(6,328,400).
- The unfunded actuarial liability is \$6,328,400 and must be liquidated by employer amortization payments at least equal to the amounts and for the periods set forth in Section 3 in order to comply with the Regulation to the *Pension Benefits Act, 1997 (Newfoundland and Labrador)*.
- The solvency surplus (unfunded solvency liability), determined by comparing the solvency liability, as defined in the Regulation to the *Pension Benefits Act, 1997 (Newfoundland and Labrador)*, to the solvency value of assets, is \$(10,471,332).
- The statutory solvency excess (statutory solvency deficiency) revealed at this actuarial valuation is \$(4,249,540). This statutory solvency deficiency together with the remaining statutory solvency deficiency from the previous actuarial valuation must be liquidated by employer amortization payments at least equal to the amounts and for the periods set forth in Section 3 in order to comply with the Regulation to the *Pension Benefits Act, 1997 (Newfoundland and Labrador)*.
- The hypothetical windup surplus (unfunded hypothetical windup liability), determined by comparing the hypothetical windup liability, the measure of the obligations of the plan on a hypothetical windup basis including the value of any potential obligations that may have been excluded for purposes of the solvency valuation, to the hypothetical windup value of assets, is \$(10,718,471).
- The excess actuarial surplus, pursuant to section 147.2(2) of the *Income Tax Act (Canada)*, is \$0.
- The rule for computing the employer defined benefit normal actuarial cost is 7.88% of payroll. Based on the plan membership used for this actuarial valuation, the normal actuarial cost for the next three years is estimated to be:

Defined Benefit Provision

	Year		
	2014	2015 ^{1,2}	2016 ^{1,2}
Estimated employer normal actuarial cost	\$ 1,524,956	\$ 1,169,261	\$ 1,227,724

Notes:

- ¹ Assumes the employer normal actuarial cost increases by 5% each year following the valuation date based on expected payroll increases.
- ² Reflect estimated membership reduction resulting from the idling of the Scully Mine as at February 11, 2014.

The rule for computing the employer defined contribution normal actuarial cost is stipulated in the plan. Based on the plan membership used in this actuarial valuation, the defined contribution requirement for the next three years is estimated to be:

Defined Contribution Provision

	Year		
	2014	2015 ^{1,2}	2016 ^{1,2}
Estimated employer normal actuarial cost^{2,3}	\$ 1,161,587	\$ 823,106	\$ 864,261
Estimated member contributions	\$ 580,794	\$ 411,553	\$ 432,131

Notes:

- ¹ Assumes the employer normal actuarial cost increases by 5% each year following the valuation date based on expected payroll increases.
- ² Reflect estimated membership reduction resulting from the idling of the Scully Mine as at February 11, 2014.
- ³ Prior to any application of non-vested forfeitures.

The employer is required to make normal actuarial cost contributions to the plan in accordance with the above rules until the effective date of the next actuarial opinion.

- The maximum employer contributions permissible under the *Income Tax Act (Canada)* are described in Section 3.
- The solvency ratio, as defined in the Regulation to the *Pension Benefits Act, 1997 (Newfoundland and Labrador)*, is 0.89.
- In accordance with the Regulation to the *Pension Benefits Act, 1997 (Newfoundland and Labrador)*, the next actuarial valuation should be performed with an effective date not later than

January 1, 2017. The basis for employer contributions presented in this report is effective until the next actuarial opinion is filed.

4.2 Actuarial Opinion

In our opinion:

- the membership data on which the actuarial valuations are based are sufficient and reliable for the purposes of the going concern, solvency and hypothetical windup valuations,
- the assumptions are appropriate for the purposes of the going concern, solvency and hypothetical windup valuations, and
- the methods employed in the actuarial valuation are appropriate for the purposes of the going concern, solvency and hypothetical windup valuations.

This report has been prepared, and our opinion has been given, in accordance with accepted actuarial practice in Canada. The actuarial valuations have been conducted in accordance with our understanding of the funding and solvency standards prescribed by the *Pension Benefits Act 1997 (Newfoundland and Labrador)* and Regulation thereto, and in accordance with our understanding of the requirements of the *Income Tax Act (Canada)* and Regulations thereto. This actuarial opinion forms an integral part of the report.

The results presented in this report have been developed using a particular set of actuarial assumptions. Other results could have been developed by selecting different actuarial assumptions. The results presented in this report are reasonable actuarial results based on actuarial assumptions reflecting our expectation of future events.

Société Towers Watson Canada inc.

Julie Simard
Fellow of the Canadian Institute of Actuaries

Pierre Charette
Associate of the Canadian Institute of Actuaries

Montréal, QC
September 12, 2014

Appendix A: Significant Terms of Engagement

For purposes of preparing this actuarial valuation report, the plan administrator has directed that:

- The actuarial valuation is to be prepared as at January 1, 2014.
- For purposes of the going concern valuation, the terms of engagement require the use of the margins for adverse deviations mentioned in Appendix C.
- For purposes of determining the going concern liability discount rate, the target asset class distribution is to be established in accordance with the investment policy dated July 1, 2013 which is the most up to date version.
- For purposes of determining the going concern financial position of the plan, the going concern value of assets is to be determined using the averaging technique described in the Asset Valuation Method section in Appendix C.
- This report is to be prepared on the basis that there will be no retroactive changes to previously filed partial windup reports, if any, and neither the applicable pension regulator nor the plan sponsor will order/declare any partial plan windup with an effective date prior to the actuarial valuation date.
- The hypothetical windup valuation results presented in this report are to be determined under a scenario where the employer continues to operate and certain expenses are paid from the pension fund (consistent with past practice) while the employer pays other plan expenses.
- This report is to be prepared on the basis that the employer is entitled to apply the actuarial surplus, if any, revealed in an actuarial valuation report to meet its contribution requirements under the plan while the plan remains a going concern, to the extent permitted by applicable pension legislation. (This report does not address the disposition of any surplus assets remaining in the event of plan windup.) If an applicable pension regulator or other entity with jurisdiction directs otherwise, certain financial measures contained in this report, including contribution requirements, may be affected.

Should these directions from the plan administrator be amended or withdrawn, Towers Watson reserves the right to amend or withdraw this report.

Appendix B: Assets

Statement of Market Value

	January 1, 2014	January 1, 2011
Defined Benefit Provision		
Invested assets:		
● Pooled funds	\$ 84,252,190	\$ 77,584,053
Net outstanding amounts:		
● Contributions receivable	\$ 0	\$ 0
● Benefits payable	(518,916)	0
● Expenses and other payables	0	0
● Total net outstanding amounts	\$ (518,916)	\$ 0
Total	\$ 83,733,274	\$ 77,584,053
Defined Contribution Provision		
Invested assets	\$ 13,450,451	\$ 10,620,112
Net outstanding amounts	0	0
Total	\$ 13,450,451	\$ 10,620,112
Total Assets	\$ 97,183,725	\$ 88,204,165

Comments:

- The invested assets in respect of the plan's defined benefit provision are held by CIBC Mellon under account WHMF10000002. The invested assets in respect of the plan's defined contribution provision are held by Sun Life Financial under policy 66535.
- The data relating to the invested assets are based on the financial statements issued by CIBC Mellon and Sun Life Financial. The data relating to net outstanding amounts were furnished by Cliffs Natural Resources Inc. All such data has been relied upon by Towers Watson following tests of reasonableness with respect to contributions, benefit payments and investment income. However, Towers Watson has not independently audited or verified this data.

Asset Class Distribution

The following table shows the target asset allocation stipulated by the plan's defined benefit component investment policy in respect of various major asset classes and the actual asset allocation as at January 1, 2014.

	Target asset allocation ¹	Asset allocation as at January 1, 2014 ²
Canadian Equity	30%	31%
Foreign Equity	30%	31%
Fixed Income	30%	27%
Hedge Fund	10%	10%
Cash & Other	0%	1%
Total	100%	100%

Notes:

¹ This information was obtained from the investment policy in effect for the plan as at January 1, 2014.

² This information was obtained from Cliffs Natural Resources Inc. All such data has been relied upon by Towers Watson and compared against the target asset allocation to assess reasonableness. However, Towers Watson has not independently audited or verified this data.

Reconciliation of Invested Assets (Market Value) — Defined Benefit Provision

Assets as at January 1, 2011		\$ 77,584,053
Receipts:		
● Contributions:		
– Employer normal actuarial cost	5,872,563	
– Employer amortization payments	5,111,229	
– Employer transfer deficiency payments	<u>0</u>	\$ 10,983,792
● Investment return, net of investment expenses		15,427,253
● Other receipts		<u>0</u>
● Total receipts		\$ 26,411,045
Disbursements:		
● Benefit payments:		
– Pension payments	\$ 19,081,546	
– Lump sum settlements	661,362	
– Other benefit payments	<u>0</u>	\$ 19,742,908
● Other disbursements		<u>0</u>
● Total disbursements		\$ 19,742,908
Assets as at January 1, 2014		\$ 84,252,190

Comments:

- This reconciliation is based on the financial statements issued by CIBC Mellon. All such data has been relied upon by Towers Watson following tests of reasonableness with respect to contributions, benefit payments and investment income. However, Towers Watson has not independently audited or verified this data.
- The rate of return earned on the market value of assets, net of all expenses, from January 1, 2011 to January 1, 2014 is approximately 6.58% p.a.

Actuarial Value of Assets – Defined Benefit Provision

	2013	2012	2011	2010
Market value of assets, January 1	\$ 76,212,036	\$ 73,769,910	\$ 77,584,053	\$ 75,627,186
Contributions from January 1 to December 31	3,764,130	3,845,662	3,374,000	957,000
Benefit payments from January 1 to December 31	(6,257,752)	(6,654,471)	(6,830,685)	(6,342,870)
Expected net investment earnings at going concern discount rate applicable for the year	<u>4,497,914</u>	<u>4,341,930</u>	<u>4,551,343</u>	<u>4,740,726</u>
Expected market value of assets, December 31	\$ 78,216,328	\$ 75,303,031	\$ 78,678,711	\$ 74,982,042
Actual market value of assets, December 31	<u>84,252,190</u>	<u>76,212,036</u>	<u>73,769,910</u>	<u>77,584,053</u>
(Gain) loss on assets during the year	\$ (6,035,862)	\$ (909,005)	\$ 4,908,801	\$ (2,602,011)
Asset Value Adjustment	Original Amount of (Gain) Loss	(Gain) Loss Admitted in Prior Years	(Gain) Loss Admitted at January 1, 2014	(Gain) Loss to be Admitted in Future Years
Year				
2010	\$ (2,602,011)	\$ (1,561,207)	\$ (502,402)	\$ (502,402)
2011	4,908,801	1,963,520	981,761	1,963,520
2012	(909,005)	(181,801)	(181,801)	(545,403)
2013	(6,035,862)	0	(1,207,172)	<u>(4,828,690)</u>
Total				\$ (3,930,975)
Actual market value of assets, January 1, 2014				84,252,190
Contribution in transit at January 1, 2014				<u>(518,916)</u>
Market value of assets, January 1, 2014 (including contributions in transit)				\$ 83,733,274
Adjustment to market value of assets for (gain) loss to be admitted in future years				<u>(3,930,975)</u>
Actuarial value of assets, January 1, 2014 (including contributions in transit)				\$ 79,802,299

Comments:

- The asset valuation method is described in Appendix C.
- The starting value of each column is the actual market value of invested assets at the indicated date.
- Net cash flow was calculated as contributions less benefit payments on a cash basis during the year.
- The rate of return earned on the going concern value of assets, net of all expenses, from January 1, 2011 to January 1, 2014 is approximately 2.94% p.a.

Appendix C: Actuarial Basis – Going Concern Valuation

Methods

Defined Benefit Provision

Asset Valuation Method

The going concern value of assets was calculated using a five-year average of market values. Under this method, realized and unrealized gains and losses were recognized at 20% in the year of occurrence and an additional 20% in each of the subsequent four years. Gains and losses for a given year are determined relative to expected investment income, calculated using the going concern liability discount rate in effect for that year. Finally, the going concern value of assets was further adjusted for net outstanding amounts.

The objective of the asset valuation method is to produce a smoother pattern of going-concern surplus (deficit) and hence a smoother pattern of contributions, consistent with the long-term nature of a going concern valuation.

Such smoothing is achieved by use of an averaging process which systematically recognizes investment returns different from expectations over a four-year period, with 20% recognized at the actuarial valuation date and the remainder at a rate of 20% per year. This method will be expected to average periods of outperformance with periods of underperformance.

Actuarial Cost Method

The actuarial liability and the normal actuarial cost were calculated using the projected unit credit cost method.

Prospective benefits were calculated for each active and disabled member according to the plan provisions and actuarial assumptions. The actuarial liability was calculated as the actuarial present value of the member's prospective benefits accrued for credited service to date (the benefit accrual method).

The actuarial liability for retired members and beneficiaries and transferred and terminated vested members was calculated as the actuarial present value of their respective benefits.

The normal actuarial cost for each active and disabled member was calculated as the actuarial present value of the member's prospective benefits accruing in respect of credited service in the

ensuing year. The normal actuarial cost rate determined by the projected unit credit cost method will be stable over time if the demographic characteristics of the active and disabled members remain stable from actuarial valuation to actuarial valuation. All other things being equal, a population of active members whose average age increases (decreases) between actuarial valuations will result in an increasing (decreasing) normal actuarial cost rate.

Defined Contribution Provision

For the purposes of the going concern valuation, the determination of the actuarial liability and normal actuarial cost for the defined contribution provision does not involve the use of an actuarial cost method, nor does it involve actuarial assumptions. By definition, the actuarial liability under the defined contribution provision corresponds with the market value of the members' defined contribution accounts at the actuarial valuation date.

The employer normal actuarial cost for each active and disabled member was calculated as the expected employer contribution to be made to the member's defined contribution accounts in the year following the actuarial valuation date. The expected contribution to be made to each member's defined contribution account was determined by increasing the actual contributions made in 2013 by 5.0%, the salary increase assumption on a going concern basis. The expected contribution was further adjusted to reflect the estimated membership reduction resulting from the idling of the Sully Mine as at February 11, 2014.

Actuarial Assumptions — Defined Benefit Provision

	January 1, 2014	January 1, 2011
Economic Assumptions (per annum)		
Liability discount rate	6.25%	6.00%
Rate of salary increase	5.00% (nil for disabled members)	5.00% (nil for disabled members)
Escalation of YMPE under Canada/Québec Pension Plan ¹	3.50%	4.50%
Escalation of <i>Income Tax Act (Canada)</i> maximum pension limitation ²	3.50%	4.50%
Rate of inflation	2.50%	2.50%
Pre-retirement indexation ³	1.25%	1.25%
Demographic Assumptions		
Mortality	2014 Canadian Pensioners' Mortality Table, projected generationally using Scale B	1994 Uninsured Pensioner Mortality Table, projected generationally using Scale AA
Withdrawal	Service-related rates (refer to Table 1) for Newfoundland members; nil for Quebec members	Service-related rates (refer to Table 1) for Newfoundland members; nil for Quebec members
Disability incidence/recovery	Nil	Nil
Retirement from active membership	Age-related rates (see Table 2)	Age-related rates (see Table 2)
Pension commencement after termination of employment	Age 65	Age 65
Other		
Percentage of members with eligible spouses at pension commencement and electing joint and survivor pension form	85%	85%
Years male spouse older than female spouse	3	3
Provision for non-investment expenses	None; return on plan assets is net of all expenses	None; return on plan assets is net of all expenses

Notes:

- ¹ The YMPE of \$52,500 for 2014 is the starting value for the YMPE projection as at the current actuarial valuation and is indexed starting in 2015.
- ² The *Income Tax Act (Canada)* maximum pension limit of \$2,770.00 per year of service in 2014 is the starting value for maximum pension limit projection as at the current valuation and is indexed starting in 2015.
- ³ Applied only for post-2000 service related benefits for Québec members in respect of indexation from date of termination to age 55.

Table 1 — Non-disabled Withdrawals for 1,000 Participants

Completed Years of Service	Male	Completed Years of Service	Male
0	198	15	44
1	181	16	39
2	165	17	35
3	150	18	32
4	136	19	28
5	123	20	25
6	112	21	23
7	101	22	20
8	91	23	18
9	82	24	16
10	74	25	14
11	67	26	13
12	60	27	11
13	54	28	10
14	49	29	9
		30+	0

Table 2 — Assumed Retirement Pattern

Assumed Retirement Age

- 75% retire as soon as eligible for an unreduced pension, but not earlier than age 60.
- 25% retire as soon as eligible for an unreduced pension, but not earlier than age 52.

Rationale for Actuarial Assumptions

The rationale for the material actuarial assumptions used in the going concern valuation is summarized below.

The going concern assumptions do not include margins for adverse deviations, except as noted below.

Liability discount rate

The assumption is an estimate of the expected long-term return on plan assets, net of a provision for non-investment expenses expected to be paid from the plan of 0.18% of invested assets, less a 0.50% margin for adverse deviations. The expected long-term return is based on returns for each major asset class in which the plan is expected to be invested (net of investment expenses), the plan's investment policy with consideration of the effects of diversification and periodic rebalancing to maintain the target mix of the plan's investment policy. We have assumed that additional returns associated with employing an active investment management strategy would equal the additional expenses associated with employing such strategy. Consequently, we have disregarded any potential additional returns.

In carrying out the plan's investment policy, the plan administrator has opted to invest the plan's assets in a diversified portfolio, which includes certain asset classes subject to risk that provide potential for higher return. The expected long-term return for asset classes subject to risk includes an estimated risk premium. Based on historical experience, assets invested in instruments subject to risk are normally expected to yield higher returns in the long-run than assets invested in low-risk investments, but these returns may fluctuate significantly from year to year and not necessarily in line with changes in the plan's liabilities over long periods of time. As a result, investing in riskier asset classes will generally increase the potential for future asset-liability mismatch, which could lead to greater volatility in the plan's financial position and minimum contribution requirements.

Rate of salary increase

The assumption reflects an assumed rate of inflation of 2.50% per annum, plus an allowance of 1.0% per annum for the effect of real economic growth and productivity gains in the economy. In addition, an allowance of 1.5% per annum has been made to reflect the average expected increase as a result of individual employee merit and promotion. The merit/promotion assumption is based on discussions with Cliffs Natural Resources Inc. management concerning their future expectations.

Escalation of YMPE under Canada/Québec Pension Plan

The YMPE is indexed annually based on increases in the Industrial Aggregate Wage index for Canada. The assumption reflects an assumed rate of inflation of 2.50% per annum, plus an allowance of 1.0% per annum for the effect of real economic growth and productivity gains in the economy.

Escalation of Income Tax Act (Canada) maximum pension limitation

The maximum pension limitation under the *Income Tax Act (Canada)* is scheduled to be indexed annually based on assumed increases in the Industrial Aggregate Wage index. The assumption reflects an assumed rate of inflation of 2.50% per annum, plus an allowance of 1.0% per annum for the effect of real economic growth and productivity gains in the economy.

Rate of inflation

The assumption reflects an estimate of future rates of inflation considering economic and financial market conditions at the actuarial valuation date.

Pre-retirement indexation

The pre-retirement indexation assumption represents 50% of the inflation assumption, up to a maximum of 2% per annum.

Mortality

The 2014 Canadian Pensioners' Mortality Table (CPM2014) is based on a mortality experience study for calendar years 1999 to 2008 conducted by the Canadian Institute of Actuaries on a sample of Canadian registered pension plans. The CPM2014 table includes potential adjustments to the mortality rates based on pension size and/or industry classification. Improvement Scale B (CPM-B) is a two-dimensional scale developed by the Canadian Institute of Actuaries based primarily on the mortality experience of pensioners under the Canada Pension Plan (CPP) and the Québec Pension Plan (QPP) up to 2007 as well as the assumptions used in the 26th CPP Actuarial Report.

Base mortality rates from the CPM2014 table are considered reasonable for the actuarial valuation of the plan given that the mortality experience of the plan membership is insufficient to assess plan-specific experience, and there is no reason to expect the mortality experience of the plan to differ significantly from that of other pension plans covering membership groups with similar characteristics. Applying improvement scale CPM-B generationally provides allowance for improvements in mortality after 2014 and is considered reasonable for projecting mortality experience into the future.

No allowance has been made for mortality prior to retirement with respect to terminated vested members in order to approximate the value of pre-retirement death benefits.

At the previous actuarial valuation, the 1994 Uninsured Pensioner Mortality Table projected generationally using Scale AA was used.

Withdrawal

Withdrawal rates are typically developed taking into account the past experience of the plan. However, based on discussions with management, recent withdrawal experience is not considered appropriate for assessing the future incidence of withdrawal. Accordingly, the rates of withdrawal are based on the Society of Actuaries 2003 Pension Plan Termination and Retirement Study (using the table for small plans – 1,000 lives or less – with turnover by service), following discussions with management concerning their future expectations and our experience with other similar plans.

Disability incidence/recovery

There are no disability benefits under the plan other than the accrual of retirement income (earnings remain constant) during disability. Consequently, the assumption of no incidence of disability or recovery therefrom makes an appropriate allowance, in combination with the other assumptions, for such continued accruals.

Retirement from active membership

Retirement rates are typically developed taking into account the past experience of the plan. However, based on discussions with Cliffs Natural Resources Inc. management, recent retirement experience is not considered appropriate for predicting the future incidence of retirement. Accordingly, rates of retirement were developed based on discussions with Cliffs Natural Resources Inc. management concerning their future expectations, the plan provisions and our experience with other similar plans. All members are assumed to commence their pension at retirement date.

Pension commencement after termination of employment

All transferred and terminated members are assumed to commence their pension at the normal retirement age of 65, as the plan's termination benefit provides for either an actuarially reduced benefit or a 6% per year reduction upon pension commencement prior to normal retirement age.

Percentage of members with eligible spouses at pension commencement and electing joint and survivor pension form

When provided, the actual data on the spouse and form of payment were used for retired members. For other members, the assumed percentage of members with a spouse is based on the percentages for the general population. All members with eligible spouses were assumed to elect a joint and survivor pension form

Years male spouse older than female spouse

When provided, the actual data on the spouse were used for retired members. For other members, the assumption is based on surveys of the age difference in the general population and an assessment of future expectations for members of the plan.

Provision for non-investment expenses

The liability discount rate is net of all expenses (with the exception of any fees associated with employing an active investment management strategy). The assumed level of expenses reflected in the liability discount rate is based on recent experience of the plan and an assessment of future expectations.

Appendix D: Actuarial Basis – Solvency and Hypothetical Windup Valuations

Methods

Defined Benefit Provision

Asset Valuation Method

The market value of assets, adjusted for net outstanding amounts, has been used for the solvency and hypothetical windup valuations. The resulting value has been reduced by a provision for plan windup expenses.

Liability Calculation Method

The solvency and hypothetical windup liabilities for active and disabled members were calculated as the actuarial present value of all benefits accrued up to the actuarial valuation date (treating all members as if vested).

The solvency and hypothetical windup liabilities for retired members and beneficiaries and transferred and terminated vested members were calculated as the actuarial present value of their respective benefits.

Other Considerations

The solvency and hypothetical windup valuations have been prepared on a hypothetical basis. In the event of an actual plan windup, the plan assets may have to be allocated between various classes of plan members or beneficiaries as required by applicable pension legislation. Such potential allocation has not been performed as part of these solvency and hypothetical windup valuations.

Defined Contribution Provision

For the purposes of the solvency and hypothetical windup valuations, the determination of the liability for the defined contribution provision does not involve the use of a liability calculation method, nor does it involve actuarial assumptions. By definition, the solvency and hypothetical windup liability under the defined contribution provision corresponds with the market value of the members' defined contribution accounts at the actuarial valuation date.

Solvency Incremental Cost Actuarial Method

Defined Benefit Provision

The solvency incremental cost for a given year represents the present value, at the actuarial valuation date, of the expected aggregate change in the defined benefit solvency liability during the year, increased for expected benefit payments during the year.

The solvency incremental cost reflects expected decrements and related changes in membership status, accrual of service, any expected changes in benefits, entitlements, pension formula or increases in the maximum pension limits, and projected pensionable earnings during the year.

The solvency incremental cost has been calculated for each year until the next actuarial valuation date as the projected solvency liability at the end of the year, minus the solvency liability at the beginning of the year, increased for expected benefit payments during the year. Each of these amounts is discounted to the actuarial valuation date using the projected solvency liability discount rate.

The method used to calculate the projected solvency liability at the end of the year is the same as used in the solvency valuation.

Actuarial Assumptions — Defined Benefit Provision

	January 1, 2014	January 1, 2011
Economic Assumptions (per annum)		
Liability discount rate		
● Annuity purchase	3.80%	4.50%
● Commuted value transfers	3.10% for 10 years, 4.60% thereafter	3.70% for 10 years, 5.00% thereafter
● Commuted value transfers (for benefits subject to pre-retirement indexation) ¹	2.40% for 10 years, 3.50% thereafter	2.80% for 10 years, 3.70% thereafter
Discount rate for determining amortization payments ²	3.70%	4.42%
Escalation of <i>Income Tax Act (Canada)</i> maximum pension limitation ³	Nil	Nil
Rate of inflation		
● Commuted value transfers	1.36% for 10 years, 2.12% thereafter	1.76% for 10 years, 2.50% thereafter
Demographic Assumptions		
Mortality	1994 Uninsured Pensioner Mortality Table, projected generationally using Scale AA	1994 Uninsured Pensioner Mortality Table, projected to 2020 using Scale AA
Withdrawal	N/A	N/A
Disability incidence/recovery	N/A	N/A
Retirement/pension commencement	Described in detail on page D-7	Described in detail on page D-7
Other		
Percentage of members with eligible spouses at pension commencement and electing joint and survivor pension form	85%	85%
Years male spouse older than female spouse	3	3

	January 1, 2014	January 1, 2011
Percentage of members receiving settlement by commuted value transfer ⁴		
● Retired members and beneficiaries	0%	0%
● Active members (eligible for immediate retirement; not in Quebec)	0%	0%
● Other members	100%	100%
Provision for expenses		
● Solvency	\$200,000	\$200,000
● Hypothetical windup	\$200,000	\$200,000

Notes:

- ¹ Applied only to post-2000 service related benefits for Québec members.
- ² Equal to the liability-weighted average of the liability discount rates for settlements by commuted value transfer (rate in effect for the first 10 years) and annuity purchase.
- ³ The *Income Tax Act (Canada)* maximum pension limit is \$2,770.00 per year of service as at January 1, 2014.
- ⁴ The balance are assumed to receive settlement by annuity purchase.

Rationale for Actuarial Assumptions

The rationale for the material actuarial assumptions used in the solvency and hypothetical windup valuations is summarized below.

The actuarial assumptions used in the solvency and hypothetical windup valuations do not include margins for adverse deviations.

Liability discount rate

In the event of a plan windup, it is expected that a portion of the liabilities will be settled by a group annuity purchase and the balance of the liabilities will be settled by commuted value transfers.

For the calculation of the portion of the solvency and hypothetical windup liabilities relating to the benefits that are expected to be settled by a group annuity purchase, the liability discount rate corresponds to an approximation of the annuity purchase rates as at the actuarial valuation date following application of the relevant guidance on assumptions for solvency and hypothetical windup valuations issued by the Canadian Institute of Actuaries' Committee on Pension Plan Financial Reporting. Effective June 30, 2013, the guidance was revised to reflect the duration of the liabilities for non-indexed benefits assumed to be settled by group annuity purchase in the approximation of the annuity purchase rate. The duration of the liabilities assumed to be settled through the purchase of non-indexed annuities is 9.4.

For the calculation of the portion of the solvency and hypothetical windup liabilities relating to the benefits that are expected to be settled by commuted value transfers, the liability discount rates have been determined in accordance with the *Standards of Practice for Pension Commuted Values* published by the Canadian Institute of Actuaries effective April 1, 2009 and revised effective February 1, 2011. For this actuarial valuation, the January 2014 rates have been used.

For the calculation of the portion of the solvency and hypothetical windup liability relating to benefits subject to pre-retirement indexation that are expected to be settled by commuted value transfers, the liability discount rates have been determined as the interest rate for pensions indexed at 50% of the increases in the Consumer Price Index (maximum of 2% per annum) in accordance with the Canadian Institute of Actuaries' *Standards of Practice for Pension Commuted Values*.

Escalation of Income Tax Act (Canada) maximum pension limitation

The *Income Tax Act (Canada)* maximum pension limitation specified in the Act as at the actuarial valuation date is applied without consideration for future scheduled increases, as pension entitlements are determined as at the actuarial valuation date.

Rate of inflation

For benefits that are expected to be settled by commuted value transfers, the assumption has been determined in accordance with the Canadian Institute of Actuaries' *Standards of Practice for Pension Commuted Values*.

Mortality

For benefits that are expected to be settled by commuted value transfers, the assumption has been determined in accordance with the *Standards of Practice for Pension Commuted Values* published by the Canadian Institute of Actuaries effective April 1, 2009 and revised effective February 1, 2011. For the benefits that are expected to be settled by a group annuity purchase, the assumption has been set following application of the relevant guidance on assumptions for solvency and hypothetical windup valuations issued by the Canadian Institute of Actuaries' Committee on Pension Plan Financial Reporting. No pre-retirement mortality has been assumed in order to approximate the value of pre-retirement death benefits.

Retirement/pension commencement

- Members eligible to retire: pension commences at the age that produces the highest value (among the retirement age options for which the member qualifies upon termination of employment).
- Other members: pension commences at age 65.

For benefits that are expected to be settled by commuted value transfers, this assumption is in accordance with the Canadian Institute of Actuaries' *Standards of Practice for Pension Commuted Values*. For the benefits that are expected to be settled by a group annuity purchase, this is consistent with the expected assumption that will be used by insurers to price the group annuity.

Following is a summary of the plan's early retirement provisions, and how they are reflected in the solvency valuation.

<i>Plan Provision</i>	<i>Treatment of Plan Provision, for Solvency Valuation</i>
<ul style="list-style-type: none"> ● "30 and out" early retirement <ul style="list-style-type: none"> – 30+ years of continuous service – unreduced benefit 	<ul style="list-style-type: none"> ● Included in solvency valuation.
<ul style="list-style-type: none"> ● "55 and 15" early retirement <ul style="list-style-type: none"> – age 55+ with 15+ years of continuous service – 6% reduction per annum pre-65 applied 	<ul style="list-style-type: none"> ● Included in solvency valuation.
<ul style="list-style-type: none"> ● "70/80" special early retirement <ul style="list-style-type: none"> – age 55+ with 15+ years of continuous service, <u>or</u> – 80+ age/service points with 15+ years of continuous service – upon shutdown or permanent disability or with company consent: unreduced benefit 	<ul style="list-style-type: none"> ● Company has never granted consent in the past, in individual situations. ● Company has used the provision in the past, for targeted downsizings in 1981, 1987, 1991, and 2002. ● Management indicated consent would not be granted if the pension plan were to be terminated. ● Statutory solvency funding rules focus on pension plan termination, not shutdown of the mine. ● Scenario for solvency valuation assumes that the employer continues its operations and there is no closure of the mine. ● Conditions for including this provision in the solvency valuation are therefore not met; excluded from solvency valuation, in accordance with directions from the plan administrator.
<ul style="list-style-type: none"> ● Statutory early retirement <ul style="list-style-type: none"> – age 55+ with 2+ years of continuous service (no service requirement for Quebec employees) – actuarial reduction applied 	<ul style="list-style-type: none"> ● Included in solvency valuation.
<ul style="list-style-type: none"> ● Deferred vested early retirement <ul style="list-style-type: none"> – termination of service prior to retirement eligibility – with 15+ years of continuous service: 6% reduction per annum pre-65 applied – less than 15 years of continuous service: actuarial reduction applied 	<ul style="list-style-type: none"> ● Included in solvency valuation.

Percentage of members with eligible spouses at pension commencement and electing joint and survivor pension form

See rationale for going concern assumptions in Appendix C.

Years male spouse older than female spouse

See rationale for going concern assumptions in Appendix C.

Percentage of members receiving settlement by commuted value transfer

This assumption has been determined by considering the benefit provisions of the plan, legislative requirements to offer specific settlement options to various classes of members, and, in particular, the options to be provided to members upon plan windup.

The assumption also reflects the expectation that members further from retirement are more likely to elect to settle their pension benefit by a commuted value transfer, while members closer to retirement are more likely to elect to settle their pension benefit through a group annuity purchase where this option is available.

Provision for expenses

Allowance was made for normal administrative, actuarial, legal and other costs which would be incurred if the plan were to be wound up (excluding costs relating to the resolution of surplus or deficit issues). The actuarial valuation is premised on a scenario in which the employer continues to operate after the windup date. In establishing the allowance for plan windup costs, certain administrative costs were assumed to be paid from the pension fund (consistent with past practice) while other costs were assumed to be borne directly by the employer.

Solvency Incremental Cost Actuarial Assumptions

Demographic and Benefit Projection Actuarial Assumptions

Except as noted below, the projected population and benefits valued in the solvency liability projection are based on the demographic and benefit projection assumptions used for the going concern valuation described in Appendix C.

New entrants

No allowance has been made for new entrants between the current actuarial valuation date and next actuarial valuation date in the demographic projections on the basis that the plan is closed to new entrants.

Solvency Liability Projection Actuarial Assumptions

The solvency liability projections for purposes of calculating the solvency incremental cost are based on the assumptions used for the solvency valuation described previously.

Appendix E: Membership Data

Summary of Membership Data

Active and disabled members

	January 1, 2014	January 1, 2011
Defined Benefit Provision		
● Number	188	186
● Average age	45.2	44.4
● Average credited service	6.9	7.7
● Annual payroll	\$ 25,654,389	\$ 22,638,017
● Average salary	\$ 136,460	\$ 121,710
Defined Contribution Provision		
● Number	259	229

The following distribution relates to active and disabled members under the defined benefit provision. The following meanings have been assigned to age and credited service:

- Age Age as at January 1, 2014
- Credited Service Credited service as at January 1, 2014

Age	Credited Service							Total	
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34		35 +
< 25	2								2
25 - 29	12	2							14
30 - 34	9	5							14
35 - 39	12	10							22
40 - 44	18	7	6	4			1		36
45 - 49	17	13	9	2	2				43
50 - 54	15	4	2	3	3		1		28
55 - 59	7	5	3	2					17
60 - 64	5		3	1				2	11
65 +		1							1
Total	97	47	23	12	5	2			188

Retired members and beneficiaries

	January 1, 2014	January 1, 2011
● Number	324	314
● Average age	72.1	70.2
● Total annual lifetime pension	\$ 5,907,882	\$ 5,880,593
● Total annual temporary pension to age 65	\$ 336,435	\$ 272,110
● Average annual pension (lifetime plus temporary)	\$ 18,234	\$ 19,595

Transferred and terminated vested members

	January 1, 2014	January 1, 2011
● Number	183	132
● Average age	49.1	49.4
● Total annual pension	\$ 708,349	\$ 504,185
● Average annual pension	\$ 3,871	\$ 3,820

Review of Membership Data

The membership data with respect to the defined benefit provision were supplied by Cliffs Natural Resources Inc. as at January 1, 2014. The membership data with respect to the defined contribution provision were supplied by Sun Life Financial as at January 1, 2014.

The membership data have been relied upon by Towers Watson following tests for reasonableness and found to be sufficient and reliable for the purposes of the actuarial valuation. Elements of the data review included the following:

- ensuring that the data were intelligible (i.e., that an appropriate number of records was obtained, that the appropriate data fields were provided and that the data fields contained valid information);
- preparation and review of membership reconciliations to ascertain whether the complete membership of the plan appeared to be accounted for;
- review of consistency of individual data items and statistical summaries between the current actuarial valuation and the previous actuarial valuation;
- review of reasonableness of individual data items, statistical summaries and changes in such information since the previous actuarial valuation date; and
- comparison of the membership data and the plan's financial statements for consistency.

However, the tests conducted as part of the membership data review may not have captured certain deficiencies in the data. We have also relied on the certification of the plan administrator as to the quality of the data.

Membership Reconciliation

	Active and disabled members	Retired members and beneficiaries	Transferred and terminated vested members
As at January 1, 2011	186	314	132
• New entrants (including re-employed)	107		
• Non-vested termination	(23)		
• Vested termination	(63)		63
• Settlement	(4)		(5)
• Transfer			
• Retirement	(14)	21	(7)
• New beneficiaries		6	
• Deceased (with beneficiary)		(6)	
• Deceased (without beneficiary)		(15)	
• Deceased (settlement)	(1)		
• Data correction		4	
• Net change	<u>2</u>	<u>10</u>	<u>51</u>
As at January 1, 2014	188	324	183

Appendix F: Summary of Plan Provisions

The following is an outline of the principal features of the plan which are of financial significance to valuing the plan benefits. For a detailed description of the benefits, please refer to the plan document.

Plan Effective Date

The Plan was restated effective January 1, 1997. Predecessor arrangements date back to July 1, 1963.

Date of Last Amendment

November 26, 2010 (update to defined contribution default investment option). The plan will be further amended to reflect regulatory updates since the last restatement of the text and the closing of the plan to new members, effective January 1, 2013.

Definitions

Credited Service

Service while a member of the Plan.

Pensionable Earnings

Basic remuneration, including overtime (for periods prior to June 23, 2008), shift premiums and cash bonuses. Excludes stock options, severance payments and all other non-cash benefits.

Plan Participation

All employees who are not within the bargaining unit are required to join the Plan on their date of employment.

Normal Retirement

Eligibility

Age 65.

Effective January 1, 1997 existing plan members were offered a one-time choice between two pension options, Option A or B. All future new hires from January 1, 1997 onward must enrol under Option B. As at January 1, 2011, there are no remaining members in active status, with coverage under Option A.

Option B offers a combination of Defined Benefit coverage (for past service and future service) and Defined Contribution coverage (for future service, from January 1, 1997 onward), as follows:

Basic Annual Pension, Defined Benefit

The annual pension benefit payable on normal retirement is the sum of (i) and (ii):

- (i) the sum of 1.5% of highest 5-year average earnings up to the YMPE plus 1.6% of highest 5-year average earnings over the YMPE, for each year of credited service prior to January 1, 1997;
- (ii) 1.0% of highest 5-year average earnings for each year of credited service after December 31, 1996.

However, the pension payable on normal retirement will not be less than the amount that would be payable, if the member had been a member of Option B of the Bargaining Unit plan sponsored by the company instead of this salaried employees plan, plus the amount of pension which could be purchased with the employee's required contributions with interest.

In addition, a "make-up benefit" is payable to salaried employees who have a frozen monthly lifetime benefit under the Bargaining Unit plan (in respect of a period of Bargaining Unit credited service prior to becoming a salaried employee). The make-up benefit is based on the difference between the Bargaining Unit plan's current lifetime benefit rates under Option B and the benefit rates that were in effect at the time of the employee's transfer to salaried status.

Member Contributions

Prior to January 1, 1997, 1.2% of earnings up to the YMPE and 3.0% of earnings above the YMPE.

Effective January 1, 1997, employees covered under Option B ceased contributing toward the Defined Benefit component of the plan; from 1997 onward, employees covered under Option B contribute 2% of earnings per annum to a Defined Contribution component of the Plan, and are entitled to a contribution made by the Company of 3% of earnings per annum. Effective May 1, 2007, contributions to the Defined Contribution component of the Plan were increased to 3% of earnings from the employees and 6% of earnings from the Company.

The Defined Contribution account balance, including investment earnings thereon, will be used at retirement to provide additional pension income.

Early Retirement

Please refer to the summary in Appendix D.

In addition to lifetime retirement benefits, employees who retire early from active status will receive a monthly supplement, payable to age 65, of \$18.00 per year of service (to a maximum of 40 years of service). The \$18.00 multiplier is increased to \$27.00, for employees who retire from active status at age 60 or later with 30 or more years of credited service, or at any age with 35 or more years of credited service.

Postponed Retirement

Eligibility

Up to age 71 if continued employment with the Company.

Benefit

Continued accrual of benefits for non-Quebec members. Revalorized pension determined for Quebec members.

Termination of Employment

Eligibility

All active plan members in Newfoundland are vested (in respect of their Defined Benefit entitlements) after two years of plan membership. All active plan members in Quebec are vested immediately (in accordance with Bill 102).

Defined Contribution entitlements are immediately vested, regardless of the number of years of service.

Benefit

Defined Benefit pension at normal retirement date, based on service at termination. Upon earlier retirement, the pension is actuarially reduced (or is subject to a 6% reduction per annum pre-65, with 15 or more years of continuous service). Effective January 1, 2001, for terminating active Quebec

members, the pension for post-2000 credited service is subject to adjustment, in accordance with Quebec Bill 102. In lieu of the monthly benefit, the participant may transfer the commuted value of the benefit to a locked-in RRSP or other registered vehicle.

Defined Contribution account balances may be transferred to a locked-in RRSP or other registered vehicle.

Death While Active – Surviving Spouse Coverage

Eligibility

15 years of service, with spouse.

Benefit

Benefit payable is 50% (before any reduction) of the accrued monthly Defined Benefit or \$140 if greater, and is payable during the spouse's remaining lifetime.

Death While Active – Optional Pre-Pension Spouse Coverage

Eligibility

Age 55 and 15 years of service, with spouse, and member has elected coverage.

Benefit

Benefit payable is 50% (before any reduction) of the accrued monthly Defined Benefit, and is payable during the spouse's remaining lifetime. If the member subsequently survives to retirement, his retirement benefit will be reduced by 0.68% for each year this coverage was in effect.

Minimum Death Benefit

Eligibility

Two or more years of plan membership.

Benefit

The commuted value of the Defined Benefit earned after January 1, 1990 to the date of death is payable to the spouse or, if applicable, designated beneficiary. If the spouse is the recipient, the spouse will have the option of taking the commuted value in the form of a monthly pension.

If less than two years of plan membership, refund of Defined Benefit member contributions with interest. Effective January 1, 2001, immediate vesting is provided upon the death of active Quebec members, in accordance with Bill 102.

In addition, the full Defined Contribution account balance, with investment earnings, will be vested, regardless of the number of years of service.

Forms of Payment

Normal Form

Annuity for life, with 50% of the lifetime benefit continuing to the spouse if the retired employee dies before age 65; refund of any contributions with interest in excess of benefits paid out.

Optional Forms

For married participants, the automatic option is a reduced 60% joint and survivor pension, actuarially equivalent to the normal form. Other options are also available on an actuarially equivalent basis.

Disability Benefit

While benefits are payable from the LTD plan, pension benefits continue to accrue under the Defined Benefit provisions based on the earnings rate at the time of disability. Company contributions continue under the Defined Contribution provisions, if the member elects to contribute.

Special Provisions on Mine Shut-Down

The special benefits payable on shut-down of the mine are described in Appendix D.

Appendix G: Solvency Ratio

Solvency Ratio

	January 1, 2014
Solvency value of assets	\$ 83,533,274
Solvency liability	\$ 94,004,606
Solvency ratio	89%

Comments:

- The solvency value of assets reflects net outstanding amounts.
- For purposes of calculating the solvency ratio, the solvency value of assets and the solvency liability exclude assets under the defined contribution provision.
- As the degree of solvency is less than 1.00, transfer deficiencies must be paid over a maximum period of five years unless the cumulative transfer deficiencies are within the limits prescribed by the Regulation to the *Pension Benefits Act, 1997 (Newfoundland and Labrador)* or the employer remits additional contributions in respect of the transfer deficiencies. Pursuant to Regulations 15(4) or 15(5) to the *Pension Benefits Act, 1997 (Newfoundland and Labrador)*, approval of the Superintendent will be required to make commuted value transfers if there has been a significant decline in the solvency ratio after the valuation date.

Appendix H: Certificate of the Plan Administrator

I hereby certify that to the best of my knowledge and belief:

- the significant terms of engagement contained in Appendix A of this report are accurate and reflect the plan administrator's judgement of the plan provisions and/or an appropriate basis for the actuarial valuation of the plan;
- the information on plan assets forwarded to Société Towers Watson Canada inc. and summarized in Appendix B of this report is complete and accurate;
- the data forwarded to Société Towers Watson Canada inc. and summarized in Appendix E of this report are a complete and accurate description of all persons who are members of the plan, including beneficiaries who are in receipt of a retirement income, in respect of service up to the date of the actuarial valuation;
- the summary of plan provisions contained in Appendix F of this report is accurate; and
- except as noted in the Introduction of the report, there have been no events which occurred between the actuarial valuation date and the date this actuarial valuation was completed that may have a material financial effect on the actuarial valuation.

Signature

Date

Name

Title

Appendix I: Actuarial Information Summary

EXHIBIT "REPS-5"

August 14, 2015

Via E-Mail

Andrew J. Hatnay
Direct Dial: 416-595-2083
Direct Fax: 416-204-2872
ahatnay@kmlaw.ca

Blake, Cassels & Graydon LLP
600 de Maisonneuve Blvd. W, Suite 2200
Montreal, QC H3A 3J2

Attention: Bernard Boucher (Montreal)
Milly Chow (Toronto)
Steven Weisz (Toronto)

Dear Counsel:

Re: Wabush Mines (CCAA), Québec Court File No. 500-11-048114-157
Contributory Pension Plan for Salaried Employees of Wabush Mines, Cliffs Mining
Company, Managing Agent Arnaud Railway Company and Wabush Lake Railway
Company, Limited Newfoundland Registration Number 021314-000 (the “Salaried
Plan”)
Our File No. 15/1359

We are the court-appointed Representative Counsel to all non-union employees and retirees of Wabush Mines in its CCAA proceedings. These individuals are also members of the Salaried Plan.

As you are aware, the company reported that as at January 1, 2015, the Salaried Plan is underfunded on a wind up basis by approximately \$18.2 million.

Further, the company has reported that it owes amounts to the Salaried Plan referred to as “Monthly Amortization Payments” in the amount of \$273,218.58 per month, and a “Yearly Catch-Up Amortization Payment” of approximately \$5.5 million (for both the Salaried and Union Plans) which was due for payment in July, 2015.

In the decision of Mr. Justice Hamilton dated June 26, 2015, the court approved the company’s request to not make the Monthly Amortization Payments nor the Yearly Catch-Up Amortization Payment going forward.

Accordingly, the amount of the Monthly Amortization Payments and the proportionate share of the Yearly Catch-Up Amortization Payment attributable to the Salaried Plan are therefore owing to the Salaried Plan and have not been paid by the company.

Statutory deemed trust priorities for members of the Salaried Plan

The Salaried Plan is registered in Newfoundland and thus subject to the Newfoundland *Pension Benefits Act*, 1997, SNL 1996 c.P-4.01 s.1 (“PBA”). It is also our understanding that certain members of the Salaried Plan may be subject to federal jurisdiction making the federal *Pension Benefits Standards Act*, 1985 (R.S.C., 1985, c.32 (2nd Supp.)) (“PBSA”) also applicable.

Both the PBA and the PBSA contain statutory protections for members of underfunded pension plans.

The PBA states:

Amounts to be held in trust

32. (1) An employer ... shall ensure, with respect to a pension plan, that

...

(b) an amount equal to the aggregate of

(i) the normal actuarial cost, and

(ii) any special payments prescribed by the regulations, that have accrued to date; and

(c) all

...

(ii) other amounts due under the plan from the employer that have not been remitted to the pension fund

are kept separate and apart from the employer's own money, *and shall be considered to hold the amounts referred to in paragraphs (a) to (c) in trust for members, former members, and other persons with an entitlement under the plan.*

(2) In the event of a liquidation, assignment or bankruptcy of an employer, an amount equal to the amount that under subsection (1) is considered to be held in trust shall be considered to be separate from *and form no part of the estate in liquidation, assignment or bankruptcy, whether or not that amount has in fact been kept separate and apart from the employer's own money or from the assets of the estate.*

(3) *Where a pension plan is terminated in whole or in part, an employer who is required to pay contributions to the pension fund shall hold in trust for the member or former member or other person with an entitlement under the plan an amount of money equal to employer contributions due under the plan to the date of termination.*

(4) *An administrator of a pension plan has a lien and charge on the assets of the employer in an amount equal to the amount required to be held in trust under subsections (1) and (3).* [emphasis added]

The PBSA states:

8. (1) An employer shall ensure, with respect to its pension plan, that the following amounts are kept separate and apart from the employer's own moneys, *and the employer is deemed to hold the amounts referred to in paragraphs (a) to (c) in trust for members of the pension plan, former members, and any other persons entitled to pension benefits under the plan:*

...

(b) an amount equal to the aggregate of the following payments that have accrued to date:

(i) the prescribed payments, and

(ii) the payments that are required to be made under a workout agreement; and

(c) all of the following amounts that have not been remitted to the pension fund:

...

(ii) other amounts due to the pension fund from the employer, including any amounts that are required to be paid under subsection 9.14(2) or 29(6).

...

29(6) *If the whole of a pension plan is terminated, the employer shall, without delay, pay into the pension fund all amounts that would otherwise have been required to be paid to meet the prescribed tests and standards for solvency referred to in subsection 9(1) and, without limiting the generality of the foregoing, the employer shall pay into the pension fund*

(a) *an amount equal to the normal cost* that has accrued to the date of the termination;

(b) *the amounts of any prescribed special payments* that are due on termination or would otherwise have become due between the date of the termination and the end of the plan year in which the pension plan is terminated;

(c) the amounts of payments that are required to be made under a workout agreement that are due on termination or would otherwise have become due between the date of the termination and the end of the plan year in which the pension plan is terminated;

(d) all of the following amounts that have not been remitted to the pension fund at the date of the termination:

(i) the amounts deducted by the employer from members' remuneration, and

(ii) *other amounts due to the pension fund from the employer*; [emphasis added]

As the Monthly Amortization Payments and the proportionate share of the Yearly Catch-Up Amortization Payments have not been paid by Wabush, those amounts are now subject to the deemed trust priorities pursuant to both section 32 of the PBA and section 8 of the PBSA in favour of the Salaried Plan members.


Furthermore, in the event the Salaried Plan is wound up, which we expect to be highly likely in the company's current circumstances, the amount the company owes to the Salaried Plan in respect of the wind up liability is also subject to the PBA deemed trust priority in favour of the plan members.

We are writing to confirm that the above-noted priorities will be asserted on behalf of the Salaried Plan members in respect of the amounts owing by the company to the Salaried Plan and are to be paid from the company's assets ahead of the claims of other creditors (after payment of the court-ordered CCAA charges). As a trust claim, the amounts owing to the Salaried Plan that are subject to the PBA and PBSA deemed trusts have priority over any secured claim that may be claimed by another creditor. Please bear that in mind should any bidder in the current sales process applicable to Wabush seek to assert a "credit bid" predicated on its assertion that it is a first priority secured creditor of Wabush.

Should you have any questions with respect to the above, please do not hesitate to contact the undersigned. Thank you for your attention to this matter.

Yours truly,

KOSKIE MINSKY LLP



Andrew J. Hatnay
AJH:vdl

cc. Nigel Meakin, Steven Bissell, *FTI Consulting* (Monitor)
Sylvain Rigaud, Chrystal Ashby, *Norton Rose Fulbright LLP* (Counsel for the Monitor)
Matthew Gottlieb, *Lax O'Sullivan LLP* (Independent Counsel for the Board of Directors of the Petitioners)
Louis Dumont, *Dentons LLP*, Counsel to Cliffs Mining Company (the DIP Lender)
Grant Moffat, *Thornton Grout Finnigan LLP*, Counsel for Cliffs Mining Company (the DIP Lender)
Pierre Lecavalier, *Department of Justice, Attorney General of Canada* (Counsel to OSFI)
Doug Mitchell, Leslie-Anne Wood, *Irving Mitchell Kalichman* (Counsel to Superintendent of Pensions, Newfoundland and Labrador)
Jean-Francois Beaudry, *Philion Leblanc Beaudry*, (Counsel to Syndicat des Metallos, Section Locale 6285)
Gerry Apostolatos, Langlois Kronstrom Desjardins, (Creditors Quebec North Shore and Labrador Railway Company Inc., Air Inuit Ltd., Metso Shared Services Ltd., Iron Ore Company of Canada, and WSP Canada)

Inc.)
Nicholas Scheib, *Scheib Legal*
Ari Kaplan, *Koskie Minsky LLP*
Service List

EXHIBIT "REPS-6"

December 16, 2015

Mr. Kurt Holland
Director - Benefits
c/o Cliffs Natural Resources, Inc.
200 Public Square, Suite 3300
Cleveland, Ohio
USA
44114 – 2315

Dear Mr. Holland:

**Re: Contributory Pension Plan for Salaried Employees of Wabush Mines,
Cliffs Mining Company, Managing Agent, Arnaud Railway Company and
Wabush Lake Railway Company, Limited; (the "Plan")
NL Registration Number 0021314**

I am writing to you in your capacity as the Plan administrator. Pursuant to subsections 59(1)(b) and (d) of the *Pension Benefits Act, 1997* (the Act), I am terminating the Plan effective immediately.

On May 20, 2015, Wabush Iron Co. Limited, Wabush Resources Inc. and certain of their affiliates, including Wabush Mines, Arnaud Railway Company and Wabush Lake Railway Company Limited (collectively the "Wabush Group") were made subject to proceeding under the Companies' Creditors Arrangement Act (CCAA). As part of the CCAA proceeding, payments of special payments have been suspended as of May 2015. In addition, the Wabush Mine has been shut down and substantially all of its employees have been terminated. As a result, I am of the opinion that the Plan has failed to meet the requirements prescribed by the *Pension Benefits Act Regulations* (the Regulations) for solvency in respect of funding as required by section 12 of the Regulations, and that the employer has discontinued all of its business operations

Furthermore, it is my understanding based on recent communication with you and your legal counsel that, although there may be some prospects with respect to the sale of at least some of the Wabush Group's assets, it is highly unlikely that any potential buyer would agree to assume the assets and liabilities of the Plan. Given the Plan's future prospects and its current financial position, I consider that it would be in the best interests of members to terminate the Plan effective immediately.

Based on the above, I declare the Plan terminated effective the date of issuance of this letter, December 16, 2015.

Mr. K. Holland
December 16, 2015

Subsection 61(1) of the Act provides that upon termination of a plan the employer must pay into the pension fund all amounts that would otherwise have been required to be paid to meet the requirements prescribed by the Regulations for solvency. Under section 25 of the Regulations, this amount is required within 30 days of the date of termination of the Plan.

Additionally, subsection 61(2) of the Act requires that on plan termination the employer shall, as prescribed by the Regulations, pay into the pension fund the amount that is necessary to fund the benefits provided under the Plan. Section 25.1 of the Regulations outlines the rules with respect to the required funding.

Section 32 of the Act sets out rules with respect to the application of the deemed trust upon plan termination.

I wish to inform you that following the termination of a plan, an annual information return and actuarial termination report must be filed with my office pursuant to subsection 60(2) of the Act. Please be advised that funds cannot be transferred until the Superintendent has approved the termination report and transfer in writing. Please refer to the Act and associated regulations and Directives (in particular Nos. 8, 9 and 11) for additional details. The Directives can be found on the Service NL website.

Once the wind-up report has been approved, option statements must be provided to members in accordance with the Act and Directives. However, please note that copies/templates are required by this office prior to approving the termination report. Please refer to the requirements under Directive No. 8 (and any additional requirements under Directive No. 11).

Please inform all Plan members of my decision to declare the Plan terminated effective the date of issuance of this letter, December 16, 2015.

Should you have any questions or concerns please contact me directly at (709) 729-6014.

Yours truly,



Michael Delaney
Superintendent of Pensions
Pension Benefit Standards Division

cc: Marthe Brodeur, Cliffs Natural Resources
Natalie Bussière, Blakes
Nigel Meakin, FTI Consulting
Michel Drolet, Regie des rentes

EXHIBIT "REPS-7"

Mines Wabush
C.P. 25
Bureau Chef
Saint-Bruno de Montarville, Qc J3V 4P8

January 26, 2016

Mr. Michael Keeper


Subject: Contributory Pension Plan for Salaried Employees of Wabush Mines, Cliffs Mining Company, Managing Agent, Arnaud Railway Company and Wabush Lake Railway Company, Limited (Newfoundland Registration No. 021314 and CRA Registration NO. 0343558) (The "Plan")

Notice of Plan termination as of December 16, 2015

Dear Mr. Keeper:

Wabush Iron Co. Limited, Wabush Resources Inc. and certain of their affiliates, including Wabush Mines, Arnaud Railway Company and Wabush Lake Railway Company Limited, filed for restructuring proceedings under the Companies' Creditors Arrangement Act (CCAA) in May 2015. As part of the CCAA proceeding, special payments towards the deficits of the Plan have been suspended since May 2015, affecting the financial position of the Plan. In addition, Wabush Mines has ceased its operation, with essentially all of its employees laid-off or terminated and it appears unlikely that the Plan can continue as a going concern under a new sponsor.

As a result, the Newfoundland Superintendent of Pensions (the "Regulator") has ordered the termination of the Plan effective as of December 16, 2015.

About the termination

As required by the pension legislation, Wabush Mines will arrange for a Termination Report that reviews the financial position of the Plan as of December 16, 2015. That report will be filed with the Regulator for approval.

All participants will eventually receive a personalized statement setting out their entitlements under the Plan and their options as a result of the termination. Please note that until the Termination Report is approved by the Regulator, no benefits (except for regular monthly pension payments for participants currently receiving payments) may be paid from the Plan. If you are eligible to retire immediately and would like to start your pension, you may contact Marthe Brodeur using the contact information below.

You will find enclosed a *Frequently Asked Questions (FAQs)* document that should answer most of your questions until further information is available. If you have any additional questions, please contact the undersigned.

Please read question 4 of the enclosed FAQ as your monthly pension benefit will be adjusted as early as March 1, 2016 as requested by Provincial regulators.

Wabush Mines

CONTRIBUTORY PENSION PLAN FOR SALARIED EMPLOYEES OF WABUSH MINES, CLIFFS MINING COMPANY, MANAGING AGENT, ARNAUD RAILWAY COMPANY AND WABUSH LAKE RAILWAY COMPANY, LIMITED (Newfoundland Registration No. 021314 and CRA Registration NO. 0343558) (The "Plan")

Frequently Asked Questions (FAQs) – Current recipients

1. *What is a pension plan termination?*

A pension plan termination causes the plan to cease to exist for all members, former members and retirees. All benefits will be settled either through a lump-sum payment or through the purchase of an annuity from a life insurance company. The Newfoundland Superintendent of Pensions (the "Regulator"), has oversight of the termination and must approve the *Termination Report* before benefits are paid out.

2. *When will the Plan be terminated?*

The Plan termination date is December 16, 2015.

3. *Will I receive more information?*

All participants or person entitled to a benefit will eventually receive a personalized statement setting out their entitlements under the Plan and their options as a result of the termination.

4. *Will I be affected?*

You will continue to receive a monthly payment but such payment will be adjusted ("Adjusted Pension Benefit") to reflect the financial position of the Plan as will be stipulated in the *Termination Report*. As requested by Provincial regulators, a preliminary reduction of 25% will be applied to your total gross monthly pension benefit you currently receive starting on March 1, 2016. The reduction could potentially change and your monthly pension be readjusted once the *Termination Report* is filed with the Regulators. We will make sure to keep you informed if this is the case.

Once the termination process is completed, the payments will be paid from a life insurance company instead of from the Plan. The pension option you chose at retirement (for example, a survivor pension option), remains in effect. For example, if you elected a Joint & Surviving Spouse option upon retirement and you die before your spouse, your spouse will receive a percentage of your *adjusted* amount upon your death, in accordance with the provisions of the plan.

As a current recipient, you do not have anything to do. Once the Regulators have approved the *Termination Report*, Wabush Mines will proceed with the annuity purchase

5. When will my pension statement be ready?

Wabush Mines will send individual pension statements approximately 30 days following the approval of the *Termination Report* by the Regulator.

6. What is an annuity?

An annuity is a financial contract with a life insurance company that provides a continuing payment with a monthly amount payable for your lifetime, just like a pension.

7. Is my pension guaranteed after the annuity is purchased?

The purchase of the annuity will not affect your *Adjusted Pension Benefit*. Once the annuity is purchased, your *Adjusted Pension Benefit* is protected by Assuris against the unlikely event that the life insurance company selected to pay your monthly pension is ever declared insolvent. Assuris is a not-for-profit organization of Canadian insurers whose role is to provide additional protection to policyholders against loss of benefits and it covers pension annuities up to a maximum of \$2,000 per month, or 85% of your monthly pension if greater.

8. When will the annuity purchases happen?

The annuity purchase can only happen after the plan *Termination Report* has been approved by the Regulator. This may take up to 12 months or more from the *termination date*.

9. When will I be notified about the purchase of my annuity?

Once an annuity has been purchased for you, you will receive a notice from Wabush Mines, which will include the name of the life insurance company who will provide the annuity and the date you will receive your first annuity payment from the insurance company. You will also receive a welcome letter from the insurance company.

10. How will the insurance company know where to send my payments?

Wabush Mines will arrange to provide certain personal information including banking information for direct deposits, as well as the name and age of your spouse (for survivor benefits, if applicable) and beneficiary information. The welcome letter from the insurance company will ask you to review and confirm the accuracy of your personal information.

11. Will my payments continue to be received on exactly the same schedule?

We know you count on receiving your payments on schedule and may have automatic banking transactions in place based on these dates. Wabush Mines and the insurance company who will provide your annuity will work together to ensure that there is no disruption to your pension.

12. Will I miss any of my monthly payments as a result of the annuity purchase

There will be no disruption in your monthly pension payments as a result of the annuity purchase. You will continue to receive your *Adjusted Pension Benefit* payments from the Plan up to the first payment from the life insurance company, at which time the payments will then be paid by the insurance company.

13. Where can I get more information?

Should you have any questions, please contact Marthe Brodeur using the contact information included in the notice.

While every effort has been made to be accurate, the official Plan document and the full Termination Report will govern in the event of any conflict between this Frequently Asked Questions document and one or both of those documents.

Contact information

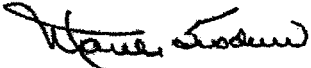
Mailing address: Wabush Mines
C.P. 25
Succ. Bureau Chef
St-Bruno de Montarville, Qc
J3V 4P8

Phone: 450-441-9564 or
1-844-954-6534 (toll free)

Email: marthe.brodeur@cliffsnr.com

Please make sure to keep Wabush Mines informed of any change of address that you may incur.

Sincerely,



Marthe Brodeur
Manager, Compensation and Benefits ECIO

EXHIBIT "REPS-8"

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No: 500-11-048114-157

SUPERIOR COURT
(Commercial Division)

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

IN THE MATTER OF THE PLAN OF
COMPROMISE OR ARRANGEMENT
OF:

BLOOM LAKE GENERAL PARTNER
LIMITED, QUINTO MINING CORPORATION,
8568391 CANADA LIMITED, CLIFFS QUEBEC
IRON MINING ULC, WABUSH IRON CO.
LIMITED, WABUSH RESOURCES INC.

Petitioners

-and-

THE BLOOM LAKE IRON ORE MINE
LIMITED PARTNERSHIP, BLOOM LAKE
RAILWAY COMPANY LIMITED,
WABUSH MINES, ARNAUD RAILWAY
COMPANY, WABUSH LAKE RAILWAY
COMPANY LIMITED

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

-and-

MICHAEL KEEPER, TERENCE WATT,
DAMIEN LEBEL AND NEIL JOHNSON

OBJECTING PARTIES-Mises-en-cause

-and-

UNITED STEELWORKERS, LOCAL 6254,
UNITED STEELWORKERS, LOCAL 6285

Mises-en-cause

-and-

MORNEAU SHEPELL
Mise-en-cause

**NOTICE OF OBJECTION BY THE REPRESENTATIVES OF THE SALARIED
EMPLOYEES AND RETIREES TO THE MOTION BY THE MONITOR FOR
DIRECTIONS WITH RESPECT TO PENSION CLAIMS**
(Sections 11 and 23(k) of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36)

TO THE HONOURABLE MR. JUSTICE STEPHEN W. HAMILTON, J.S.C., OR TO ONE OF THE HONOURABLE JUDGES SITTING IN THE COMMERCIAL DIVISION IN AND FOR THE JUDICIAL DISTRICT OF MONTRÉAL, THE OBJECTING PARTIES-MISES-EN-CAUSE RESPECTFULLY SUBMIT THE FOLLOWING:

The court-appointed Representatives to the non-union employees and retirees (the "**Salaried Members**") of the Wabush CCAA Parties object to the Motion by the Monitor for Directions with respect to Pension Claims dated September 20, 2016 ("**Motion for Directions**") on the following basis:

Background

1. The Wabush CCAA Entities are under CCAA protection but are not restructuring. The Wabush CCAA Entities have shut down operations, terminated the vast majority of the employees, and are selling their assets in a sales process in the CCAA proceedings. The shutdown of Wabush Mines is part of the disengagement by Cliffs Natural Resources based in Cleveland, Ohio, the parent company of Wabush Mines (and Bloom Lake), from its mining operations in Eastern Canada.
2. The Wabush Salaried Plan (and Union plans) are registered in Newfoundland and regulated under the Newfoundland *Pension Benefits Act*, S.N.L. 1996 c. P-4.01 ("**Newfoundland PBA**"). The Plans are significantly underfunded. They are in the process of being wound up by Morneau Shepell who was appointed as the replacement pension plan administrator by the Newfoundland Superintendent of Pensions.
3. As a result of the underfunding of the pension plans, the monthly pension benefits of the Salaried Members have been significantly reduced by 25%. Coupled with the loss of their earned health and life insurance benefits that occurred in June, 2015 at the

commencement of the Wabush CCAA proceedings, the Salaried Members are suffering significant financial losses and hardship in the course of this CCAA proceeding. The Salaried Members are a very significant creditor group.

The Newfoundland PBA deemed trust priority for pension plan beneficiaries

4. On August 14, 2015, Representative Counsel wrote to the company and other parties asserting that the deemed trust priority provisions in the Newfoundland PBA (the "**Newfoundland PBA Deemed Trust**") apply as a priority claim in favour of the beneficiaries of the Wabush Salaried Plan. A copy of the letter is communicated herewith as **Exhibit OP-1**.
5. On November 16, 2015, at the hearing of the motion by the Monitor for approval of the Claims Procedure Order, Representative Counsel advised the Monitor and this Honourable Court that it is the Representatives' position that any issue(s) regarding the interpretation of the Newfoundland PBA Deemed Trust should be referred to the Supreme Court of Newfoundland and Labrador for adjudication.
6. Despite the previously communicated position of Representative Counsel, the Motion for Directions seeks to have such questions put before by this Court. Further, Representative Counsel does not agree with the relevance and/or the formulation of certain of the Monitor's proposed questions in its Motion for Directions.
7. In the event of dispute on the issue of transferring the Newfoundland PBA Deemed Trust question to the Newfoundland Court, that issue should be addressed first and scheduled for a hearing. There are a number of reasons that support such a transfer, including, but not limited to, the following:
 - a) The Wabush pension plans are registered in Newfoundland and Labrador and have been funded, administered and regulated in accordance with the Newfoundland PBA since their inception. The pension plans have been,

and continue to be, regulated by the Newfoundland Superintendent of Pensions pursuant to the provisions of Newfoundland PBA;

- b) The Québec Superior Court is a court of civil jurisdiction. The Newfoundland court is a court of common law jurisdiction. The Newfoundland PBA is a statute of a common law jurisdiction. It is respectfully submitted that it is more appropriate for a common law court to interpret a common law statute than a civil court interpreting a common law statute;
- c) It is more efficient and cost-effective for the Newfoundland Court to interpret the Newfoundland PBA Deemed Trust rather than the Québec CCAA court. Respectfully, this court does not have expertise in interpreting the Newfoundland PBA Deemed Trust. The adjudication of the Newfoundland PBA Deemed Trust will therefore require expert evidence to be adduced before the Québec court. That process involves the identification, retainer, and payment of suitable expert(s) by the adversarial parties who will be required to prepare expert affidavits on the interpretation of the Newfoundland PBA. The process to retain such expert(s) is time-consuming and costly and will contribute to delay and costs to the estate. Such delay and costs can be avoided by transferring the issue to a Newfoundland court which, as a court of competent jurisdiction to interpret Newfoundland statute law, does not require expert evidence;
- d) There is precedent authority directly on point supporting the transfer of a pension issue to the jurisdiction where the pension plan is registered and has been administered, where that jurisdiction is different from the jurisdiction of the court where the company filed for CCAA protection. For example, in the CCAA proceeding of *Timminco*, the company obtained CCAA protection in the Ontario Superior Court of Justice (Commercial List). An issue arose in the course of that proceeding on the

interpretation of the deemed trust priority provisions in the Québec *Supplemental Pension Plan Act*, chapter R-15.1 ("SPPA") which regulated one of the Timminco pension plans. The CCAA judge supervising Timminco ordered adjudication of those issues to be transferred to the Québec Superior Court. The monitor of Timminco (FTI Consulting), and counsel to the company (Blakes LLP) did not oppose the transfer in that case. A decision was ultimately released by Mr. Justice Mongeon of the Quebec court interpreting the provisions of the deemed trust provisions of the Quebec SPPA to the Québec Timminco Plan. A copy of the order of Mr. Justice Morawetz dated October 18, 2012 ordering the transfer is communicated herewith as **Exhibit OP-2**;

- e) Section 17 of the CCAA contemplates the possibility of a transfer of an issue that arises in a CCAA proceeding to another Canadian court from the CCAA court to "act in aid of and be auxiliary to each other". Accordingly, the transfer of the Newfoundland PBA Deemed Trust to the Newfoundland court is readily permissible by the CCAA;
- f) The Monitor states in its Motion for Directions that it believes another issue on which it needs direction is whether the proceeds derived from the sale of assets located in Quebec could be used toward the payment of a valid Newfoundland PBA Deemed Trust claim, should the court hold that the Newfoundland PBA Deemed Trust priority is valid. As a Québec *property* issue, that is not a factor to consider in transferring the Newfoundland PBA Deemed Trust *priority* issue to the Newfoundland court. The issue of whether Quebec property laws apply in the manner suggested by the Monitor may only arise, if at all, if the Newfoundland PBA Deemed Trust priority applies in favour of the pension plan beneficiaries. The Québec property issue may not arise at all.

8. The process to determine disputed claims in the Claims Process was extensively negotiated by Representative Counsel and USW and other affected parties and

culminated in the Claims Procedure Order of November 5, 2015. The Motion for Directions proposes an alternate process – a motion for directions – without prior consultation or agreement of Representative Counsel (nor other parties). Moreover, the Motion for Directions is in substance largely an advocacy piece and not a neutral document. Representative Counsel requests the opportunity to consult with the Monitor as to the appropriateness of a motion for directions instead of the Claims Process and on the questions to be proposed to the applicable court prior to the Motion for Directions proceeding further.

9. Representative Counsel agrees with the Objection of Morneau Shepell, concurrently filed herein.

Disagreement as to substance of questions and arguments in the Motion for Directions and reservation of rights

10. The Representatives disagree with the position adopted by the Monitor.
11. At the appropriate time, Representative Counsel will submit substantive arguments to such effect that all of the deficits in the Salaried Pension Plan should benefit from the priority deemed trust provisions set out in the Newfoundland PBA, in priority to all other claims against the Wabush CCAA Parties (other than the CCAA-ordered charges).
12. Representative Counsel reserve their rights to raise all other grounds for opposition of the matters raised in the Motion for Directions.
13. This Notice of Objection is well founded in fact and in law.

FOR THESE REASONS THE OBJECTING PARTIES-MISES-EN-CAUSE ASKS THAT THIS HONOURABLE COURT:

- [A] **GRANT** the present Notice of Objection;
- [B] **DISMISS** the Motion for Directions in respect of the Pension Claims;

- [C] **REQUIRE:** (1) the Monitor to consult with the affected parties and make best efforts to reach agreement on a procedure for the adjudication of the Newfoundland PBA Deemed Trust claims, including: the issues to be adjudicated, the appropriate forum for adjudication, the evidence on which the issues are to be adjudicated or the manner in which such evidence is to be tendered, and an appropriate timeline for adjudication; and (2) a motion be brought to amend the Amended Claims Procedure Order;

IN THE ALTERNATIVE:

- [D] **RESERVE** the rights of the Representatives to file a further Notice of Objection as to the specific issues raised in the Motion for Directions in respect of the Pension Claims no later than ten (10) business days after final adjudication of their present Notice of Objection;

IN THE FURTHER ALTERNATIVE

- [E] **DECLARE** the deemed trusts provided in section 52 of the Newfoundland PBA is applicable to the entirety of the deficits in the Wabush Salaried Plan in favour of the pension plan beneficiaries.

THE WHOLE WITHOUT COSTS, EXCEPT IN THE CASE OF CONTESTATION.

Toronto, October 7, 2016



KOSKIE MINSKY LLP

*Court-appointed Representative Counsel for the
OBJECTING PARTIES-Mises-en-cause Michael Keeper,
Terence Watt, Damien Lebel and Neil Johnson*



NICHOLAS SCHEIB

*Court-appointed Representative Counsel for the
OBJECTING PARTIES-Mises-en-cause Michael Keeper,
Terence Watt, Damien Lebel and Neil Johnson*

NOTICE OF PRESENTATION

IN SUPPORT OF NOTICE OF OBJECTION BY THE REPRESENTATIVES OF THE SALARIED EMPLOYEES AND RETIREES TO THE MOTION BY THE MONITOR FOR DIRECTIONS WITH RESPECT TO PENSION CLAIMS

TO: Me Bernard Boucher (bernard.boucher@blakes.com)
Me Sébastien Guy (sebastien.guy@blakes.com)
BLAKE, CASSELS & GRAYDON LLP
600 de Maisonneuve West, Suite 2200
Montreal, Quebec H3A 3J2
Counsel for the Petitioners and the Mises-en-cause (i.e., Wabush CCAA Parties)

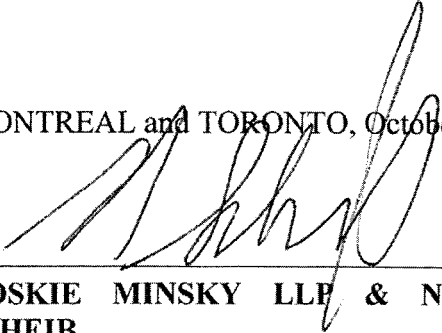
AND TO: Me Sylvain Rigaud (sylvain.rigaud@nortonrosefulbright.com)
NORTON ROSE FULBRIGHT CANADA LLP
1 Place Ville Marie, Suite #2500
Montreal, Quebec H3B 1R1
Counsel for the Monitor

AND TO: SERVICE LIST

TAKE NOTICE that the present *Notice of Objection by the Representatives of the Salaried Employees and Retirees to the Motion by the Monitor for Directions with Respect to Pension Claims* will be presented for adjudication before The Honourable Mr. Justice Stephen W. Hamilton, J.S.C., or another of the honourable judges of the Superior Court, Commercial Division, sitting in and for the district of Montreal, at the Montreal Courthouse located at 1 Notre-Dame Street East, Montreal, Québec, on **October 12, 2016** at a room and at a time to be determined (or such other date to be determined by the Court for hearing of the *Motion by the Monitor for Directions with Respect to Pension Claims*).

GOVERN YOURSELF ACCORDINGLY.

MONTREAL and TORONTO, October 7, 2016



KOSKIE MINSKY LLP & NICHOLAS SCHEIB

Attorneys for the OBJECTING PARTIES-Mises-en-cause Michael Keeper, Terence Watt, Damien Lebel and Neil Johnson

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
(Commercial Division)

No.: 500-11-048114-157

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

IN THE MATTER OF THE PLAN
OF COMPROMISE OR
ARRANGEMENT OF:

BLOOM LAKE GENERAL
PARTNER LIMITED, QUINTO MINING
CORPORATION, 8568391 CANADA
LIMITED, CLIFFS QUEBEC IRON
MINING ULC, WABUSH IRON CO.
LIMITED, WABUSH RESOURCES INC.

Petitioners

-and-

THE BLOOM LAKE IRON ORE
MINE LIMITED PARTNERSHIP,
BLOOM LAKE RAILWAY
COMPANY LIMITED, WABUSH MINES,
ARNAUD RAILWAY COMPANY,
WABUSH LAKE RAILWAY
COMPANY LIMITED

Mises-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

-and-

MICHAEL KEEPER, TERENCE WATT,
DAMIEN LEBEL AND NEIL JOHNSON
OBJECTING PARTIES-Mises-en-cause

-and-

UNITED STEELWORKERS, LOCAL 6254,
UNITED STEELWORKERS, LOCAL 6285

Mises-en-cause

-and-

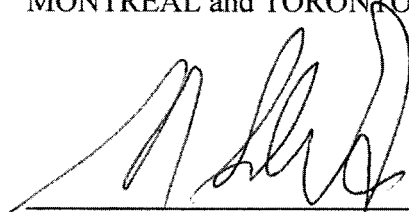
MORNEAU SHEPELL
Mise-en-cause

LIST OF EXHIBITS

(In support of the *Notice of Objection by the Representatives of the Salaried Employees and Retirees to the Motion by the Monitor for Directions with Respect to Pension Claims*)

Exhibit OP-1	Letter dated August 24, 2015 from Representative Counsel to counsel for the Wabush CCAA Parties
Exhibit OP-2	Copy of the Order (Approval of Priority Claim Adjudication Protocol) of Mr Justice Morawetz, J.S.C., of the Ontario Superior Court of Justice (Commercial List) dated October 18, 2015 in The Matter of the Plan of Compromise or Arrangement of Timminco Limited <i>et al</i>

MONTREAL and TORONTO, October 7, 2016



KOSKIE MINSKY LLP & NICHOLAS SCHEIB
Attorneys for the OBJECTING PARTIES-Mises-en-cause Michael Keeper, Terence Watt, Damien Lebel and Neil Johnson

Exhibit OP-1

August 14, 2015

Via E-Mail

Andrew J. Hatnay
Direct Dial: 416-595-2083
Direct Fax: 416-204-2872
ahatnay@kmlaw.ca

Blake, Cassels & Graydon LLP
600 de Maisonneuve Blvd. W, Suite 2200
Montreal, QC H3A 3J2

Attention: Bernard Boucher (Montreal)
Milly Chow (Toronto)
Steven Weisz (Toronto)

Dear Counsel:

Re: Wabush Mines (CCAA), Québec Court File No. 500-11-048114-157
Contributory Pension Plan for Salaried Employees of Wabush Mines, Cliffs Mining
Company, Managing Agent Arnaud Railway Company and Wabush Lake Railway
Company, Limited Newfoundland Registration Number 021314-000 (the “Salaried
Plan”)
Our File No. 15/1359

We are the court-appointed Representative Counsel to all non-union employees and retirees of Wabush Mines in its CCAA proceedings. These individuals are also members of the Salaried Plan.

As you are aware, the company reported that as at January 1, 2015, the Salaried Plan is underfunded on a wind up basis by approximately \$18.2 million.

Further, the company has reported that it owes amounts to the Salaried Plan referred to as “Monthly Amortization Payments” in the amount of \$273,218.58 per month, and a “Yearly Catch-Up Amortization Payment” of approximately \$5.5 million (for both the Salaried and Union Plans) which was due for payment in July, 2015.

In the decision of Mr. Justice Hamilton dated June 26, 2015, the court approved the company’s request to not make the Monthly Amortization Payments nor the Yearly Catch-Up Amortization Payment going forward.

Accordingly, the amount of the Monthly Amortization Payments and the proportionate share of the Yearly Catch-Up Amortization Payment attributable to the Salaried Plan are therefore owing to the Salaried Plan and have not been paid by the company.

Statutory deemed trust priorities for members of the Salaried Plan

The Salaried Plan is registered in Newfoundland and thus subject to the Newfoundland *Pension Benefits Act*, 1997, SNL 1996 c.P-4.01 s.1 (“PBA”). It is also our understanding that certain members of the Salaried Plan may be subject to federal jurisdiction making the federal *Pension Benefits Standards Act*, 1985 (R.S.C., 1985, c.32 (2nd Supp.)) (“PBSA”) also applicable.

Both the PBA and the PBSA contain statutory protections for members of underfunded pension plans.

The PBA states:

Amounts to be held in trust

32. (1) An employer ... shall ensure, with respect to a pension plan, that

...

(b) an amount equal to the aggregate of

(i) the normal actuarial cost, and

(ii) any special payments prescribed by the regulations, that have accrued to date; and

(c) all

...

(ii) other amounts due under the plan from the employer that have not been remitted to the pension fund

are kept separate and apart from the employer's own money, *and shall be considered to hold the amounts referred to in paragraphs (a) to (c) in trust for members, former members, and other persons with an entitlement under the plan.*

(2) In the event of a liquidation, assignment or bankruptcy of an employer, an amount equal to the amount that under subsection (1) is considered to be held in trust shall be considered to be separate from *and form no part of the estate in liquidation, assignment or bankruptcy, whether or not that amount has in fact been kept separate and apart from the employer's own money or from the assets of the estate.*

(3) *Where a pension plan is terminated in whole or in part, an employer who is required to pay contributions to the pension fund shall hold in trust for the member or former member or other person with an entitlement under the plan an amount of money equal to employer contributions due under the plan to the date of termination.*

(4) *An administrator of a pension plan has a lien and charge on the assets of the employer in an amount equal to the amount required to be held in trust under subsections (1) and (3).* [emphasis added]

The PBSA states:

8. (1) An employer shall ensure, with respect to its pension plan, that the following amounts are kept separate and apart from the employer's own moneys, ***and the employer is deemed to hold the amounts referred to in paragraphs (a) to (c) in trust for members of the pension plan, former members, and any other persons entitled to pension benefits under the plan:***

...

(b) an amount equal to the aggregate of the following payments that have accrued to date:

(i) the prescribed payments, and

(ii) the payments that are required to be made under a workout agreement; and

(c) all of the following amounts that have not been remitted to the pension fund:

...

(ii) other amounts due to the pension fund from the employer, including any amounts that are required to be paid under subsection 9.14(2) or 29(6).

...

29(6) If the whole of a pension plan is terminated, the employer shall, without delay, pay into the pension fund all amounts that would otherwise have been required to be paid to meet the prescribed tests and standards for solvency referred to in subsection 9(1) and, without limiting the generality of the foregoing, the employer shall pay into the pension fund

(a) ***an amount equal to the normal cost*** that has accrued to the date of the termination;

(b) ***the amounts of any prescribed special payments*** that are due on termination or would otherwise have become due between the date of the termination and the end of the plan year in which the pension plan is terminated;

(c) the amounts of payments that are required to be made under a workout agreement that are due on termination or would otherwise have become due between the date of the termination and the end of the plan year in which the pension plan is terminated;

(d) all of the following amounts that have not been remitted to the pension fund at the date of the termination:

(i) the amounts deducted by the employer from members' remuneration, and

(ii) *other amounts due to the pension fund from the employer*; [emphasis added]

As the Monthly Amortization Payments and the proportionate share of the Yearly Catch-Up Amortization Payments have not been paid by Wabush, those amounts are now subject to the deemed trust priorities pursuant to both section 32 of the PBA and section 8 of the PBSA in favour of the Salaried Plan members.

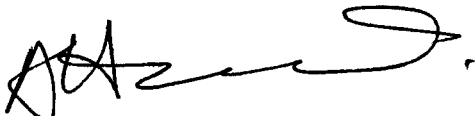
Furthermore, in the event the Salaried Plan is wound up, which we expect to be highly likely in the company's current circumstances, the amount the company owes to the Salaried Plan in respect of the wind up liability is also subject to the PBA deemed trust priority in favour of the plan members.

We are writing to confirm that the above-noted priorities will be asserted on behalf of the Salaried Plan members in respect of the amounts owing by the company to the Salaried Plan and are to be paid from the company's assets ahead of the claims of other creditors (after payment of the court-ordered CCAA charges). As a trust claim, the amounts owing to the Salaried Plan that are subject to the PBA and PBSA deemed trusts have priority over any secured claim that may be claimed by another creditor. Please bear that in mind should any bidder in the current sales process applicable to Wabush seek to assert a "credit bid" predicated on its assertion that it is a first priority secured creditor of Wabush.

Should you have any questions with respect to the above, please do not hesitate to contact the undersigned. Thank you for your attention to this matter.

Yours truly,

KOSKIE MINSKY LLP



Andrew J. Hatnay

AJH:vdl

cc. Nigel Meakin, Steven Bissell, *FTI Consulting* (Monitor)
Sylvain Rigaud, Chrystal Ashby, *Norton Rose Fulbright LLP* (Counsel for the Monitor)
Matthew Gottlieb, *Lax O'Sullivan LLP* (Independent Counsel for the Board of Directors of the Petitioners)
Louis Dumont, *Dentons LLP*, Counsel to Cliffs Mining Company (the DIP Lender)
Grant Moffat, *Thornton Grout Finnigan LLP*, Counsel for Cliffs Mining Company (the DIP Lender)
Pierre Lecavalier, *Department of Justice, Attorney General of Canada* (Counsel to OSFI)
Doug Mitchell, Leslie-Anne Wood, *Irving Mitchell Kalichman* (Counsel to Superintendent of Pensions, Newfoundland and Labrador)
Jean-Francois Beaudry, *Phillion Leblanc Beaudry*, (Counsel to Syndicat des Metallos, Section Locale 6285)
Gerry Apostolatos, Langlois Kronstrom Desjardins, (Creditors Quebec North Shore and Labrador Railway Company Inc., Air Inuit Ltd., Metso Shared Services Ltd., Iron Ore Company of Canada, and WSP Canada)

Inc.)
Nicholas Scheib, *Scheib Legal*
Ari Kaplan, *Koskie Minsky LLP*
Service List

Exhibit OP-2

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

THE HONOURABLE)
JUSTICE MORAWETZ)

THURSDAY *12th* *78*
~~WEDNESDAY~~, THE 10th DAY OF
OCTOBER 2012

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
TIMMINCO LIMITED AND BÉCANCOUR SILICON INC.

Applicants

ORDER
(Approval of Priority Claim Adjudication Protocol)

This Motion, made by Investissement Québec for an order approving the Priority Claim Adjudication Protocol and referring the adjudication of the BSI Pension Reimbursement Claims to the Superior Court of Québec (Commercial Division) was heard this day at 330 University Avenue, Toronto, ON.


On the consent of counsel for Timminco Limited and Bécancour Silicon Inc., FTI Consulting Canada Inc., in its capacity as court-appointed Monitor of the Timminco entities, Investissement Québec, Mercer Canada, the administrator of the Haley Pension Plan, The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW") and BSI Union and Non-Union employee Pension Committees:

1. **THIS COURT ORDERS** that the Priority Claim Adjudication Protocol, attached hereto as Schedule "A", be and the same is hereby authorized and approved.
2. **THIS COURT ORDERS** that the adjudication of whether the BSI Pension Reimbursement Claims are Priority Claims, all as defined in the attached Priority Claim Adjudication Protocol, be and the same is hereby referred exclusively to the Superior Court of Québec (Commercial Division) to be determined in accordance with the Priority Claim Adjudication Protocol.
3. **THIS COURT HEREBY REQUESTS** the aid and recognition of the Superior Court of Québec (Commercial Division) to give effect to this order and to adjudicate whether the BSI Pension Reimbursement Claims constitute Priority Claims in accordance with the terms of the Priority Claims Adjudication Protocol.

ENTERED AP / INSCRIT A TORONTO

ON / BOOK NO:

LE / DANS LE REGISTRE NO.:


OCT 19 2012

SCHEDULE "A"

Court File No. CV-12-9539-00CL

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
TIMMINCO LIMITED AND BÉCANCOUR SILICON INC.**

Applicants

PRIORITY CLAIM ADJUDICATION PROTOCOL

A. OVERVIEW

1. In accordance with the Reimbursement Agreement (the "**Reimbursement Agreement**") among Investissement Québec ("**IQ**"), FTI Consulting Canada Inc., as court-appointed Monitor, and Bécancour Silicon Inc., dated August 28, 2012 and the August 28, 2012 Interim Distribution Order (the "**Interim Distribution Order**")¹, two (2) sets of claims have been designated as Reimbursement Claims, namely:

- (i) a claim on behalf of Mercer Canada ("**Mercer**"), as administrator of the Haley Pension Plan, and on behalf of the beneficiaries of that plan (the "**Mercer Reimbursement Claim**"), which claim is supported by The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("**USW**"); and
- (ii) a claim by Le Comité de retraite du Régime de rentes pour les employés non-syndiqués de Silicium Bécancour Inc. and a claim by Le Comité de retraite du Régime de rentes pour les employés syndiqués de Silicium Bécancour Inc. (collectively the "**BSI Pension Committees**") (the "**BSI Pension Reimbursement Claims**").

2. IQ disputes that the above Reimbursement Claims have priority over the IQ Security and the parties do not anticipate the dispute will be resolved through the consented resolution process

¹ Unless otherwise indicated, any capitalized terms used but not defined herein shall have the meaning ascribed to such term in the Reimbursement Agreement and the Interim Distribution Order.

provided for in the Interim Distribution Order. Accordingly, an adjudication is required to determine whether such Reimbursement Claims constitute Priority Claims.

The following is the protocol for the adjudication of whether the Reimbursement Claims constitute Priority Claims.

B. THE MERCER REIMBURSEMENT CLAIM

1. The Mercer Reimbursement Claim shall be adjudicated by way of a motion before this Court wherein Mercer and USW will be the moving parties and IQ will be the respondent. If at any time Mercer shall cease the prosecution of the Mercer Reimbursement Claim, the USW shall be entitled to prosecute the Mercer Reimbursement Claim in the place and stead of Mercer.

As issues to be adjudicated regarding the Mercer Reimbursement Claim (such as, by way of example, substantive consolidation) may impact on other stakeholders of BSI or Timminco, the motion material hereafter described shall be served on the service list herein. Any creditor of the Timminco Entities or the Monitor, or the Timminco Entities themselves (“Interested Stakeholders”) shall have the right to file material and participate in the motion proceedings in accordance with the following timetable:

- (i) Mercer and USW, if so advised, will deliver moving party motion material by October 29, 2012;
- (ii) IQ and Interested Stakeholders, if any, shall deliver responding material by November 30, 2012;
- (iii) Mercer and USW will deliver reply material, if so advised, by December 17, 2012;
- (iv) cross-examinations on filed affidavits, if required, will be conducted during the week of January 13, 2012. During this period, the examination of Peter Kalins, (a former officer and director of Timminco and BSI) as a witness to the motion, shall be conducted if consented to by Peter Kalins or if an appropriate court order has been obtained;
- (v) Mercer and USW, if so advised, will deliver moving party’s facts by January 25, 2013;
- (vi) IQ and any Interested Stakeholders will deliver responding facts by February 13, 2013;
- (vii) Mercer and USW will deliver reply facts by February 20, 2013, if so advised; and
- (viii) the hearing of the motion will take place during the week of February 25, 2013.

2. In determining whether the Mercer Reimbursement Claim constitutes a Priority Claim, the determination of the quantum of such Priority Claim shall be postponed until after the determination of the nature of the claim and will be determined in accordance with the Claims Procedure Order or further order of the Court.

C. THE BSI PENSION REIMBURSEMENT CLAIMS

1. The adjudication of whether the BSI Reimbursement Claims constitute Priority Claims shall be referred exclusively to the Superior Court of Québec (Commercial Division) wherein the BSI Pension Committees will be the moving parties and IQ will be the respondent in accordance with the following timetable:

- (i) the BSI Pension Committees shall deliver their motion to institute proceedings within 60 days after the Order is made referring this matter to the Superior Court of Québec (Commercial Division);
- (ii) IQ and any Interested Stakeholders shall deliver their Statement of Defence within 30 days after receipt of the motion to institute proceedings;
- (iii) the BSI Pension Committees shall have up to 30 days after receipt of the IQ defence to deliver their response, if any;
- (iv) examinations, if necessary, are to be conducted by January 11, 2013;
- (v) written arguments and joint books of procedure and exhibits shall be delivered at least 2 weeks before the hearing of the motion; and
- (vi) the hearing of the motion is to be scheduled between February 18, 2013 and March 15, 2013 based upon a 1-2 day hearing.

For greater certainty, any appeal from an order of the Superior Court of Québec (Commercial Division) herein shall be to the Court of Appeal of Québec.

2. In determining whether the BSI Reimbursement Claims constitute Priority Claims, the determination of the quantum of such Priority Claims shall be postponed until after the determination of the nature of the claim and will be determined in accordance with the Claims Procedure Order or further order of the Court.

D. MONITOR'S REPORT

1. The Monitor, if it deems it necessary and appropriate to do so, may file a report with the court in connection with adjudication of either Reimbursement Claim.

In the matter of the *Companies' Creditors Arrangement Act*,
R.S.C. 1985, c. C-36, As Amended

And in the Matter of a Plan of Compromise or Arrangement
of Timminco Limited and Bécancour Silicon Inc.

Applicants

Court File No. CV-12-9539-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
Commercial List**

**Proceedings commenced at
TORONTO**

ORDER

(Approval of Priority Claim Adjudication Protocol)

Fasken Martineau DuMoulin LLP
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Patent and Trade-mark Agents
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Aubrey E. Kauffman (LSUC: 18829N)

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Fax: 416 364 7813

Lawyers for Investissement Québec

CITATION: Timminco Limited (Re), 2012 ONSC 5959
COURT FILE NO.: CV-12-9539-00CL
DATE: 20121018

**SUPERIOR COURT OF JUSTICE – ONTARIO
(COMMERCIAL LIST)**

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

**RE: IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF TIMMINCO LIMITED AND BÉCANCOUR SILICON INC., Applicants**

BEFORE: MORAWETZ J.

**COUNSEL: S. J. Weisz, for FTI Consulting Canada Inc., in its capacity as court-
appointed Monitor of the Timminco Entities**

HEARD: OCTOBER 18, 2012

ENDORSEMENT

[1] On consent of Timminco Limited and Bécancour Silicon Inc., FIT Consulting Canada Inc., in its capacity as court-appointed Monitor of the Timminco Entities, Investissement Québec, Mercer Canada, the Administrator of the Haley Pension Plan, The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (“USW”) and BSI Union and Non-Union Employee Pension Committees, the Priority Claim Adjudication Protocol is approved. The adjudication of whether the BSI Pension Reimbursement Claims are Priority Claims is referred to the Superior Court of Québec (Commercial Division) to be determined in accordance with the terms of the Priority Claims Adjudication Protocol.

[2] This determination has been made pursuant to s. 17 of the CCAA, and I express my thanks, in advance, to the Superior Court of Québec.

[3] To the extent leave is required to proceed, such leave is granted.


MORAWETZ J.

Date: October 18, 2012

N° / No.: 500-11-048114-157

SUPERIOR COURT
(COMMERCIAL DIVISION)

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:
BLOOM LAKE GENERAL PARTNER LIMITED, QUINTO MINING CORPORATION, 8568391 CANADA LIMITED, CLIFFS QUÉBEC
IRON MINING ULC, WABUSH IRON CO. LIMITED, WABUSH RESOURCES INC.,

Petitioners

- and -

THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP, BLOOM LAKE RAILWAY COMPANY LIMITED, WABUSH MINES,
ARNAUD RAILWAY COMPANY, WABUSH LAKE RAILWAY COMPANY LIMITED

Mises-en-cause

- and -

FTI CONSULTING CANADA INC.

Monitor

- and -

MICHAEL KEEPER, TERENCE WATT, DAMIEN LABEL & NEIL JOHNSON

OBJECTING PARTIES-Mises-en-cause

- and -

UNITED STEELWORKERS, LOCAL 6254, UNITED STEELWORKERS, LOCAL 6285

Mises-en-cause

- and -

MORNEAU SHEPELL

Mise-en-cause

*“Notice of Objection by the Representatives of the Salaried Employees and Retirees to the Motion by the Monitor for
Directions with Respect to Pension Claims”, Notice of Presentation, List of Exhibits and Exhibits OP-1 and OP-2*

M^{rs} NICHOLAS SCHEIB, ANDREW HATNAY AND BARBARA WALANCIK

Co-Attorneys for the Objecting Parties-Mises-en-cause Michael Keeper, Terence Watt, Damien Lebel and Neil Johnson

AS-0G41

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