

From: Tompkins, Kelly
To: Mohammad Al Zaihak
Cc: Tompkins, Kelly
Subject: RE: CDM Offer to Acquire the Chromite Project Assets
Date: Sunday, March 15, 2015 3:09:00 PM

Mohammad:

Let me begin by also noting it was a pleasure to talk with you yesterday morning and that I appreciate very much your interest in our Chromite assets.

I have had an opportunity to review your proposal and confer with our outside legal advisors. This will confirm that at this point, I have not shared your proposal with anyone other than our outside counsel and my colleague in the Cliffs Business Development group Adam Munson.

In the spirit of being fully transparent, I wanted to get back to you quickly (less than 24 hours from receipt of your proposal last night) with some preliminary but very fundamental observations of your bid that you will need to seriously consider.

First, while the purchase price is on its face higher than the proposal we are currently working on, when netted against liabilities being retained by Cliffs in your proposal and some additional friction costs to negotiate a new deal, the quantum is not compelling. A purchase price is, in our view, well short of a "knock out" bid relative to our current transaction. As I mentioned on our call yesterday, we have been and will continue to work toward consummating the other deal unless we have an alternative proposal that is in fact superior taking into account all other aspects of the bid. Your proposed purchase price is not superior from a holistic perspective.

Second, as I made clear on the call yesterday a "break fee" is for all intents and purposes a non-starter unless it is in the context of a stalking horse bid which is not the case here. The CCAA Monitor, as reaffirmed by our CCAA counsel, will not agree to a "break fee" but may, if the quantum and conditions are reasonable, agree to an expense reimbursement provision. As mentioned yesterday, the concept of a reasonable "expense reimbursement" can be workable as it is designed to compensate for lost fees and expenses. While I cannot guaranty it would pass muster, you should be thinking about an expense reimbursement quantum more in the range of \$250K and dismiss a break fee of . This is a very fundamental issue and one that you should honestly assess - if it is a non-starter for you, which I realize could well be the case, then the sooner we know that the better.

Third, I cannot stress enough the nature of the definitive agreement being on an "as is, where is" basis. Traditional or "standard" deal reps and warranties as noted in your Exhibit A will not work in the CCAA deal context. Your reference to "standard" may not imply anything but I note it out of caution since corporate deal lawyers often start with that approach in drafting the SPA only to find in a CCAA context that standard reps and warranties will not fly.

Fourth, as for due diligence, I appreciate there may not be much needed and would hope that to ultimately be the case. For the Monitor and the court, more diligence equals time and potential conditionality so keep this in mind.

Fifth, another key factor for us will be the time and expense it will take to reach a definitive agreement and we know considerable time and expense has been incurred to address matters such as inter-company debt balances and tax structuring. Any buyer needs to be comfortable that whatever Cliffs' optimum tax structuring work yields is also workable for them. I raise this since you and your acquiring entities may well have some unique tax attributes to consider and if our optimum structure does not work for you (or even if it takes time to address), all of this plays into net value and deal outcome.

Finally, I want to clarify next steps. By getting your proposal, I would normally be bound to send it along to the Monitor to review. After conferring with outside counsel we decided not to send it to the Monitor at this stage and likewise we have not sent it to our outside financial advisors for the simple reason that I do not know if you will submit a revised proposal. If you are inclined to do so, I will hold

off until we receive it. If you decline to revise your proposal, then our discussions can end without any further circulation of your material to our advisors or the Monitor.

I hope this helps.

Regards,

Kelly

P. Kelly Tompkins
Executive Vice President – Business Development
P 216.694.6529 M 216.577.8967 F 216.694.6509
kelly.tompkins@cliffsnr.com

Cliffs Natural Resources
200 Public Square, Suite 3300
Cleveland, Ohio 44114

-----Original Message-----

From: Mohammad Al Zaibak [<mailto:mohammad@sympatico.ca>]
Sent: Saturday, March 14, 2015 8:22 PM
To: Tompkins, Kelly
Subject: CDM Offer to Acquire the Chromite Project Assets

Dear Kelly,

It was a pleasure talking with you earlier today, and I am looking forward to meeting you in person in the near future.

In the meantime, please find attached in confidence our proposed offer to acquire Cliffs' Chromite Project Assets, for your review and consideration.

Please acknowledge receipt of this message by return, and confirm your acceptance of the offer at your earliest opportunity so that we can have it co-signed and proceed to next steps.

Best regards,

Mohammad Al Zaibak
President
Canadian DEvelopment and
Marketing Corporation
Suite 2700, 161 Bay Street,
Toronto, Ontario M5J 2S1
+1 416 482 1789 Direct
+1 416 727 7789 Mobile