

GESTION
NALCAP
HOLDINGS INC



June 8, 1989

Mr. F.L.Hartman
Vice President
Corporate Counsel
Cleveland-Cliffs
1100 Superior Avenue
Cleveland, Ohio 44114-2589
U.S.A.

Dear Mr. Hartman:

As per Mr. Michael Smith's instructions, I am forwarding to you three (3) sets of duly signed copies of the First Amendment to the Memorandum of Agreement regarding the Wabush Mines lease.

If I can be of further assistance, please feel free to contact me.

Yours truly,

NALCAP HOLDINGS INC.

Deanne Joanissa
Deanne Joanissa

Enclosures

LA MAISON DES COOPÉRANTS
600 DE MAISONNEUVE BLVD. WEST, SUITE 2710, MONTREAL QUEBEC H3A 3J2
TEL.: (514) 844-9877 FAX: (514) 844-5991

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022089

FIRST AMENDMENT TO
MEMORANDUM OF AGREEMENT

This First Amendment Agreement, entered into as of the ___ day of _____, 1988, by and among Nalcap Holdings Inc. (hereinafter "Nalcap"), Wabush Iron Co. Limited (hereinafter "WIC"), Stelco Inc. (hereinafter "Stelco"), Dofasco Inc. (hereinafter "Dofasco"), WIC, Stelco and Dofasco hereinafter collectively referred to as "Wabush Owners".

WHEREAS, Nalcap and Wabush Owners entered into a Memorandum of Agreement dated November 24, 1987 (hereinafter "Memorandum"), by which the parties agreed to change certain royalty provisions contained in the Mining Lease described therein, subject to the satisfaction of certain stated conditions;

WHEREAS, Wabush Owners, effective October 1, 1987, paid royalties to Nalcap pursuant to the Memorandum notwithstanding that the condition set out in paragraph 4 thereof had not been satisfied; and

WHEREAS, as of the date hereof, the said condition set out in paragraph 4 thereof has not been satisfied;

NOW, THEREFORE, the parties hereto agree as follows:

A. The condition set out in paragraph 4 of the Memorandum regarding the Government of Newfoundland (hereinafter the "reduction condition") is hereby waived for the period July 1, 1987 through December 31, 1989 of the said Mining Lease, as amended (hereinafter the "waiver period"). The parties agree

that the royalties actually paid and received by Nalcap for the calendar year of 1987 were the correct rates and amounts and discharge and fully satisfy Wabush Owners' obligations to pay royalties pursuant to the Mining Lease for such year.

B. The base royalty of C\$1.65 set out in Clause 3, Paragraph 2 of the Amendment of Mining Lease, dated January 1, 1987, shall be C\$1.685, effective January 1, 1988 and, subject to the provisions of paragraph E, below, shall remain in effect for the balance of the term of the Mining Lease.

C. During the waiver or extension period, the parties hereto agree to cooperate to identify investment opportunities at the Wabush Owners' Joint Venture mining facilities for Nalcap, which opportunities, if undertaken by Nalcap, may serve as consideration for the Government of Newfoundland to agree to reduce the royalty tax payable by Nalcap to said Government with respect to the Mining Lease.

D. In the event agreement is reached between Nalcap and said Government pursuant to paragraph C above during the waiver or extension period, the reduction condition shall be deemed satisfied for the balance of the term of the Mining Lease.

E. Should the event described in paragraph D above not occur during the waiver period, this First Amendment shall automatically extend for an additional one year term (the "extension period"). In the event the reduction condition is not satisfied during the extension period, the parties hereto undertake promptly thereafter to negotiate in good faith the permanent disposition of one-half of the reduction condition and absent such good faith disposition, the matter shall be settled by arbitration pursuant to Clause 7, Part C of the Mining Lease. It is understood and agreed that the only matter

which shall be subject to such negotiation or arbitration shall be the permanent disposition of one-half of the reduction condition, all other terms and conditions of the Memorandum, as herein amended, shall remain, except that the base royalty referred to in paragraph D above shall be adjusted to reflect any disposition reached by such negotiation or arbitration hereunder.

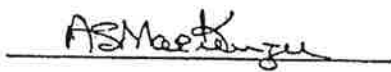
F. Nothing contained in this First Amendment should be interpreted so as to affect the applicability, enforceability or generality of the provisions contained in the closing paragraph of the Memorandum with regard to a joint review of the base royalty rate in the circumstances mentioned therein.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

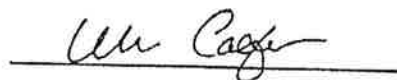
NALCAP HOLDINGS INC.



STELCO INC.



WABUSH IRON CO. LIMITED



DOFASCO INC.

