

MOVABLE HYPOTHEC

This Movable Hypothec is made as of February 23, 2015.

BY: **WABUSH IRON CO. LIMITED**, an Ohio company, having an office at 1155 University Avenue, Suite 508, Montreal, Quebec H3B 3A7

(hereinafter "**Wabush Iron**")

AND: **WABUSH RESOURCES INC.**, a company incorporated under the laws of Canada, having an office at 1155 University Avenue, Suite 508, Montreal, Quebec H3B 3A7

(hereinafter "**Wabush Resources**")

IN FAVOUR OF: **CLIFFS MINING COMPANY**, a Delaware company, having an office at 200 Public Square, Suite 3300, Cleveland, Ohio 44114-2544

(hereinafter the "**Creditor**")

WHEREAS:

A. Wabush Iron and Wabush Resources (each a "**Grantor**" and, collectively, the "**Grantors**") are, or may become, indebted or liable to the Creditor in connection with a credit agreement dated as of the date hereof between the Grantors and the Creditor (as amended, supplemented, restated or replaced from time to time, the "**Credit Agreement**").

B. To secure the payment and performance of its Secured Liabilities, each Grantor has agreed to grant to the Creditor the Hypothec in accordance with the terms of this Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged by each Grantor, each Grantor, solidarily, agrees with and in favour of the Creditor as follows:

1. **Definitions.** In this Agreement capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the Credit Agreement, and the following terms shall have the following meanings:

"**Agreement**" means this movable hypothec including the schedules and recitals hereto as it or they may be amended or supplemented from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular section or other portion of this Agreement.

"**Books and Records**" means, with respect to any Grantor, all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Equipment of such Grantor which are at any time owned by such Grantor or to which such Grantor (or any Person on such Grantor's behalf) has access.

"**Charged Property**" means, with respect to any Grantor, the following property of such Grantor:

- (a) The trucks (light, medium or heavy duty), truck body, loaders, shovel and other motor vehicle or equipment as listed or referred to in Schedule A hereto, together with all

present and future equipment, attachments and accessories attached thereto (collectively, the “**Equipment**”);

- (b) all present and future proceeds of any sale, assignment, lease or other disposition of the Equipment or other Charged Property, any present and future claim resulting from such a sale, assignment, lease or other disposition, as well as any present and future property acquired in replacement thereof;
- (c) all present and future rights attached to the Charged Property, including without limitation all present and future insurance proceeds arising or relating the Charged Property and all present and future fruits and revenues of the Charged Property;
- (d) all present and future Permits;
- (e) all present and future Books and Records; and
- (f) all present and future rights, title and interest of such Grantor in the Charged Property and all present and future claims and rights of action of such Grantor to or relating to any of the Charged Property..

“**Credit Agreement**” has the meaning set out in the recitals hereto.

“**Creditor**” has the meaning set out in the recitals hereto, and shall include its successors and assigns.

“**Grantors**” has the meaning set out in the recitals hereto, and shall include their respective successors and assignors.

“**Hypothec**” means, with respect to any Grantor, the hypothec created by such Grantor in favour of the Creditor under this Agreement.

“**Permits**” means, with respect to any Grantor, all permits, licences, waivers, exemptions, consents, certificates, authorizations, approvals, franchises, rights-of-way, easements and entitlements that such Grantor has, requires or is required to have, to own, possess or operate any of the Equipment.

“**Person**” includes any natural person, corporation, company, limited liability company, unlimited liability company, trust, joint venture, association, incorporated organization, partnership, Governmental Authority or other entity.

“**Receiver**” means a receiver, a manager, a receiver and manager, or an administrator.

“**Release Date**” means the date on which all the Secured Liabilities of the Grantors have been indefeasibly paid and discharged in full and the Credit Agreement has terminated.

“**Secured Liabilities**” means, with respect to any Grantor, all present and future indebtedness, liabilities and obligations of any and every kind, nature and description (whether direct or indirect, joint or several, or solidary, absolute or contingent, matured or unmatured) of such Grantor to the Creditor under, in connection with or with respect to the Loan Documents, and any unpaid balance thereof.

2. **Grant of Hypothecs.** As general and continuing security for the due payment and performance of its Secured Liabilities, each Grantor hereby hypothecs in favour of the Creditor, for the sum of Sixty

Million Canadian Dollars (Cdn\$60,000,000.00) with interest thereon at the rate of twenty-five (25%) per annum from the date hereof, the Charged Property of such Grantor.

3. **No Obligation to Advance.** Each Grantor confirms that consideration has been given by the Creditor to such Grantor, that such Grantor has rights in its interest in the Charged Property existing at the date of this Agreement. The Hypothec with respect to the Charged Property created by this Agreement shall have effect and be deemed to be effective whether or not the Secured Liabilities of such Grantor or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution and delivery of this Agreement nor the provision of any financial accommodation by the Creditor shall oblige the Creditor to make any financial accommodation or further financial accommodation available to any Grantor or any other Person.

4. **Permits.** If the grant of the Hypothecs with respect to any Permit under Section 2 would result in the termination or breach of such Permit, or is otherwise prohibited or ineffective (whether by the terms thereof or under applicable Law), then the Hypothec with respect to such Permit shall be under suspensive condition and, on the exercise by the Creditor of any of its rights or remedies under this Agreement shall be assigned by such Grantor as directed by the Creditor; provided that the Hypothec of such Grantor shall affect and charge such Permit, or applicable portion thereof, immediately at such time as the condition causing such termination or breach is remedied.

5. **Collection of Hypothecated Claims.** The Creditor hereby authorizes each Grantor to collect and recover all claims forming part of the Charged Property (collectively, the "**Hypothecated Claims**"), in the ordinary course of business of such Grantor and for the purpose of carrying on the same. At any time that the Creditor makes a demand under Section 2.1 of the Credit Agreement, such authorization may be withdrawn and revoked by the Creditor by written notice with respect to all or any part of the Hypothecated Claims, whereupon the Creditor shall be free to itself effect such collection; such Grantor shall then remit to the Creditor all Books and Records and all other documents related to the Hypothecated Claims. If, after such authorization is withdrawn (and even if such revocation is not yet registered or delivered to the holders of such claims), sums payable under such Hypothecated Claims and property are paid to such Grantor, such Grantor shall receive same as mandatary of the Creditor and shall remit same to the Creditor promptly without the necessity of any demand to this effect.

6. **Representations and Warranties.** Each Grantor represents and warrants to the Creditor that, as of the date of this Agreement:

- (a) **Grantor Information.** All of the information set out in Schedule A with respect to the Equipment of the Grantors is accurate and complete.
- (b) **Title; No Other Liens.** The Grantors own the Charged Property free and clear of any Liens other than Liens from time to time permitted in writing by the Creditor.
- (c) **Authority.** Such Grantor has full power and authority to grant to the Creditor the Hypothecs granted by such Grantor and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of such Grantor's organizational documents or any agreement, instrument or restriction to which such Grantor is a party or by which such Grantor or any of the Charged Property is bound.
- (d) **Execution and Delivery.** This Agreement has been or will be duly authorized and has been duly executed and delivered by such Grantor and is a valid and binding obligation

of such Grantor enforceable against such Grantor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar Laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

7. **Covenants.** Each Grantor covenants and agrees with the Creditor that:

- (a) **Further Documentation.** Such Grantor shall from time to time, at the expense of such Grantor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Creditor may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any registration applications, financing statements or financing change statements under any applicable legislation with respect to the Hypothecs). Such Grantor acknowledges that this Agreement has been prepared based on the Laws of the Province of Québec and that a change in such Laws, or the Laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, such Grantor agrees that the Creditor shall have the right to require that this Agreement be amended, supplemented, restated or replaced, and that such Grantor shall immediately on request by the Creditor authorize, execute and deliver any such amendment, supplement, restatement or replacement (i) to reflect any changes in such Laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if such Grantor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Creditor Liens similar to, and having the same effect as, the Hypothecs.
- (b) **Maintenance of Records.** The Grantors shall keep and maintain accurate and complete records of the Charged Property. At the written request of the Creditor, the Grantors shall mark any Charged Property specified by the Creditor to evidence the existence of the Hypothecs.
- (c) **Right of Inspection.** The Creditor may, at all times during normal business hours, without charge, enter the premises of the Grantors where any of the Charged Property is located for the purpose of inspecting such Charged Property, observing its use or otherwise protecting its interests in such Charged Property. The Grantors, at their expense, shall provide the Creditor with such clerical and other assistance as may be reasonably requested by the Creditor to exercise any of its rights under this paragraph.
- (d) **Limitations on Other Liens.** The Grantors shall not create, incur or permit to exist, and shall defend the Charged Property against, and shall take such other action as is necessary to remove, any and all Liens in and other claims affecting the Charged Property, other than Liens from time to time permitted in writing by the Creditor, and the Grantors shall defend the right, title and interest of the Creditor in and to the Charged Property against the claims and demands of all Persons.
- (e) **Limitations on Dispositions of Charged Property.** The Grantors shall not, without the Creditor's prior written consent, sell, lease or otherwise dispose of any of the Charged Property.

- (f) Maintenance of Charged Property. The Grantors shall maintain the Charged Property in good operating condition, ordinary wear and tear excepted, and such Grantor shall provide all maintenance, service and repairs necessary for such purpose.
- (g) Notices. Such Grantor shall advise the Creditor promptly, in reasonable detail, of:
 - (i) any change in the location of the jurisdiction of incorporation or amalgamation, chief executive office or domicile of such Grantor;
 - (ii) any change in the name of such Grantor;
 - (iii) any merger, consolidation or amalgamation of such Grantor with any other Person;
 - (iv) any Lien on, or claim asserted against, any of the Charged Property; or
 - (v) any occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Charged Property or on the Hypothecs.

8. **Enforcement Rights of Creditor.** If the Creditor makes a demand under Section 2.1 of the Credit Agreement, then and in every such case the Hypothecs shall become enforceable and the Creditor may proceed to realize the security created by this Agreement and to exercise, personally or by agent, at such time or times as the Creditor in its discretion may determine, any right, recourse or remedy of the Creditor under this Agreement or provided for by Law, including without limitation any of the hypothecary rights and recourses provided for under the Civil Code of Québec. Without limitation to any of the foregoing, the Creditor may do any one or more of the following:

- (a) Take Possession. Enter on any premises where any Charged Property is located and take possession of, disable or remove such Charged Property.
- (b) Deal with Charged Property. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Charged Property for such time and on such terms as the Creditor may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Charged Property.
- (c) Dispose of Charged Property. Realize on any or all of the Charged Property and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Charged Property (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Creditor or elsewhere, with or without advertising or other formality (except as required by applicable Law), on such terms and conditions as the Creditor may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery.
- (d) Court-Approved Disposition of Charged Property. Obtain from any court of competent jurisdiction an order for the sale or foreclosure of any or all of the Charged Property.
- (e) Purchase by Creditor. At any public sale, and to the extent permitted by Law on any private sale, bid for and purchase any or all of the Charged Property offered for sale and, upon compliance with the terms of such sale, hold, retain, sell or otherwise dispose of

such Charged Property without any further accountability to any Grantor or any other Person with respect to such holding, retention, sale or other disposition, except as required by Law. In any such sale to the Creditor, the Creditor may, for the purpose of making payment for all or any part of the Charged Property so purchased, use any claim for all or any of the Liabilities then due and payable as a credit against the purchase price.

- (f) Appoint Receiver. Appoint by instrument in writing one or more Receivers of any Grantor or any or all of the Charged Property with such rights, powers and authority (including any or all of the rights, powers and authority of the Creditor under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable Law, any Receiver appointed by the Creditor will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the applicable Grantor and not of the Creditor.
- (g) Court-Appointed Receiver. Obtain from any court of competent jurisdiction an order for the appointment of a Receiver of any Grantor or of any or all of the Charged Property.

The Creditor may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable Law) to or on any Grantor or any other Person, and each Grantor hereby waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable Law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time.

9. Continuing Liability of Grantors. Each Grantor will remain liable for any Secured Liabilities that are outstanding following realization of all or any part of the Charged Property and the application of the proceeds thereof.

10. Continuing Security. Each Hypothec shall be and have effect whether or not the moneys thereby secured shall be received before or after or upon the date of the execution of this Agreement. The extinction or reduction of such obligations for any reason whatsoever shall not in any way extinguish or reduce any Hypothec and, unless expressly cancelled in whole or in part by the Creditor, such Hypothec, to the extent not so cancelled, shall subsist with respect to any obligations thereafter incurred by the Grantor of such Hypothec from time to time. Each Grantor shall be deemed to obligate itself again as provided in Article 2797 of the Civil Code of Québec with respect to any future obligation hereby secured.

11. Time is of essence. Each Grantor shall be deemed "*en demeure*" by the mere lapse of time provided for to such Grantor to perform its obligations or the expiry of any term therefor or any other method provided by Law, without the Creditor being obliged to serve any notice or prior notice upon such Grantor.

12. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

13. **Dealings by Creditor.** The Creditor shall not be obliged to exhaust its recourse against any Grantor or any other Person or against any other security it may hold with respect to the Secured Liabilities of such Grantor or any part thereof before realizing upon or otherwise dealing with the Charged Property in such manner as the Creditor may consider desirable. The Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with any Grantor and any other Person, and with any or all of the Charged Property, and with other security and sureties, as the Creditor may see fit, all without prejudice to the Secured Liabilities of any Grantor or to the rights and remedies of the Creditor under this Agreement. The powers conferred on the Creditor under this Agreement are solely to protect the interests of the Creditor in the Charged Property and shall not impose any duty upon the Creditor to exercise any such powers.

14. **Communication.** Any notice or other communication required or permitted to be given under this Agreement will be made in accordance with the terms of the Credit Agreement.

15. **Release of Information.** Each Grantor authorizes the Creditor to provide a copy of this Agreement and such other information as may be requested of the Creditor (i) to the extent necessary to enforce the Creditor's rights, remedies and entitlements under this Agreement, (ii) to any assignee or prospective assignee of all or any part of its Secured Liabilities, and (iii) as required by applicable Law.

16. **Release of Grantor.** Upon the written request of any Grantor given at any time on or after the Release Date, the Creditor shall at the expense of such Grantor, release such Grantor and its Charged Property from the Hypothec of such Grantor and such release shall serve to terminate, with respect to such Grantor, any licence granted in this Agreement. Upon such release, and at the request and expense of such Grantor, the Creditor shall execute and deliver to such Grantor such releases and discharges as such Grantor may reasonably request.

17. **Alteration or Waiver.** None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Creditor. The Creditor shall not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Creditor, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Creditor of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Creditor would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale shall extinguish the liability of any Grantor to pay the Secured Liabilities of such Grantor, nor shall the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor shall the acceptance of any payment or other security constitute or create any novation.

18. **Governing Law; Attornment.** This Agreement shall be governed by and construed in accordance with the Laws of the Province of Québec. Without prejudice to the ability of the Creditor to enforce this Agreement in any other proper jurisdiction, each Grantor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable Law, each Grantor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such Province.

19. **Interpretation.** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "or" is disjunctive; the word "and" is conjunctive. The word "shall" is mandatory; the word "may" is permissive. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set out herein), (b) any reference herein to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time, (c) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and (e) all references herein to Sections and Schedules shall be construed to refer to Sections and Schedules to, this Agreement, Section headings are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

20. **Paramourty.** In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Credit Agreement then, notwithstanding anything contained in this Agreement, the provisions contained in the Credit Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency, save and except if such provision relates strictly or is legally required for the creation or enforcement of the Hypothecs, it being further understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to the Creditor under the Credit Agreement. If any act or omission of either or both Grantors is expressly permitted under the Credit Agreement but is expressly prohibited under this Agreement, such act or omission shall be permitted. If any act or omission is expressly prohibited under this Agreement, but the Credit Agreement does not expressly permit such act or omission, or if any act is expressly required to be performed under this Agreement but the Credit Agreement does not expressly relieve either or both Grantors from such performance, such circumstance shall not constitute a conflict or inconsistency between the applicable provisions of this Agreement and the provisions of the Credit Agreement.

21. **Successors and Assigns.** This Agreement shall enure to the benefit of, and be binding on, each Grantor and its successors and permitted assigns, and shall enure to the benefit of, and be binding on, the Creditor and its successors and assigns. No Grantor may assign this Agreement, or any of its rights or obligations under this Agreement. The Creditor may assign this Agreement and any of its rights and obligations hereunder to any Person.

22. **Electronic Signature and Counterparts.** Delivery of an executed signature page to this Agreement by any Grantor by facsimile or other electronic form of transmission shall be as effective as delivery by such Grantor of a manually executed copy of this Agreement by such Grantor. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

[signatures on the next following page]

IN WITNESS WHEREOF the parties hereto have has caused this Agreement to be duly executed as of the date first written above.

WABUSH IRON CO. LIMITED

By: Clifford T. Smith
Name: Clifford T. Smith
Title: President

WABUSH RESOURCES INC.

By: Clifford T. Smith
Name: Clifford T. Smith
Title: President

CLIFFS MINING COMPANY

By: Clifford T. Smith
Name: Clifford T. Smith
Title: Executive Vice President

SCHEDULE A**EQUIPMENT**

Charged Property Description	Serial Number
KOMATSU PC5500 SHOVEL	15122
LETOURNEAU L-1850 LOADER	2210
KOMATSU PC5500-6 TT SHOVEL	15052
KOMATSU 830E HAUL TRUCK	A30889
KOMATSU 830E HAUL TRUCK	A30883
KOMATSU 830E HAUL TRUCK	A30893
KOMATSU 830E HAUL TRUCK	A30761
KOMATSU D375A6 DOZER	60186
KOMATSU 830E HAUL TRUCK	A30589
KOMATSU 830E HAUL TRUCK	A30534
KOMATSU 830E HAUL TRUCK	A30533
KOMATSU 830E HAUL TRUCK	A30022
UNIT RIG HAUL TRUCK	MH136
UNIT RIG HAUL TRUCK	MH137
UNIT RIG HAUL TRUCK	MH164
UNIT RIG HAUL TRUCK	MH218
UNIT RIG HAUL TRUCK	MH219
KOMATSU WA600 LOADER	60902