

From: Mohammad Al Zaibak
To: Tompkins, Kelly
Subject: Re: CDM Offer to Acquire the Chromite Project Assets - Confidential
Date: Wednesday, March 18, 2015 5:21:23 PM

Dear Kelly,

Thank you for your message last night regarding our offer. Clearly, I am surprised and disappointed in the answer that Cliffs does not believe our offer is compelling. Following my call with Moelis yesterday, I felt the communication was clear and was optimistic that we would be working today to complete a very efficient and attractive deal. I'd like to clarify a few points that I fear may continue to be misunderstood, as well as make what I believe to be, following discussions with my advisors, significant improvements to our initial offer.

Purchase Price

We would consider increasing the cash component of the purchase price payable at closing and reducing the deferred cash component thereof. As amended, CDM would pay US\$ million dollars for the Chromite Project assets, less the total amount of all outstanding liabilities referenced in the Letter of Intent provided with our initial offer, payable in cash at closing, plus an additional US\$1 million in cash before December 31, 2015.

No Financing Contingency

For certainty, there is no financing contingency associated with our offer whatsoever. While our proposal included a deferred payment of US\$2 million – as noted above this has now been reduced to US\$1 million – this payment is not at risk to Cliffs in any way. Our intention is to make sure this payment would occur before completion of your CCAA process so everything is complete for that process; I explained to Moelis yesterday that we would be willing to provide appropriate and mutually acceptable assurances to this effect. I assumed your CCAA process would continue through year-end and, therefore, originally set this as the outside date for this payment. The deferral is simply to allow me to manage cash flow, and I know that we can work together to make this deferral work for both parties.

"As-is, where-is"

I understand that the CCAA process makes this a non-traditional transaction and that as a result, typical reps and warranties will not be made for the assets involved in the CCAA approval process. The reference to reps and warranties in our initial proposal was in this context, i.e. reps and warranties typical for an "as-is, where is" transaction other than with respect to normal corporate and title matters (subject to our discussion below regarding the form of the agreement). When Moelis raised this with me on our call, I indicated we were aligned on this point. Further, I understand that this transaction can only be completed as a "clean deal", and I am prepared to complete the deal on this basis.

Form of Agreement

We understand that at this point you have invested significant time and effort negotiating with another potential purchaser, and your hesitation to engage with us reflects that effort. In order to convince you of our strong motivation to move forward with you, we are prepared to assume the agreement you have negotiated with this other party, subject only to a rapid review of the agreement and any provisions extraordinary or off-market for a transaction of this type. We expect to be able to identify any such provisions within 24 hours of receiving the agreement from you, and quickly come to a mutually acceptable agreement on these terms.

Expense Reimbursement

We are waiving the break fee and accepting an appropriate expense reimbursement in the event that Cliffs is legally required to accept a superior proposal.

Due Diligence

I also discussed with Moelis my very limited expectations around due diligence and can commit to this. In our proposal, we requested the ability to have an expert review the resource estimates. Given the existing disclosure of the Project resource and the rigor of Cliffs' geological studies, we are confident that this can be completed expeditiously. On the technical and economic aspects of the deal, this is all I require and it should be an easy step to complete very quickly. If this is a concern, please let me know and we can discuss it. Beyond that, all that is needed is review by my legal and financial advisors of your proposed deal structure, including allocation of purchase price and associated tax implications. While our initial offer was not detailed on this point, I want to ensure that you understand the very limited context of the term "due diligence" in the proposal. In short, I am not looking for a general "due diligence" out. This should not be perceived as a meaningful risk on your end, but the necessary mechanics of completing the deal. CDM can commit to due diligence taking at the most 25 days, and further commits to doing everything we can to expedite this.

Deposit

My company's offer to deposit \$500,000 is additional evidence of my commitment to do this deal. To strengthen this

commitment, CDM is willing to make this deposit non-refundable following execution of definitive agreements, subject only to Cliffs' failure to close or any failure to obtain required court approval.

Experienced Team and Advisors

I would also like to reiterate the importance of my experienced team in concluding an efficient transaction. As you know, core members of my team have significant mining experience. In addition, their knowledge of and experience with the Chromite Project assets, both technical and non-technical, will further ensure an efficient transaction.

Proposed Timeline to Close

Kelly, you should have a high degree of comfort that we can complete this deal and complete it quickly. We propose that due diligence can be completed and a definitive agreement can be executed within 25 days after the execution of the amended Letter of Intent; and following court approval, we can close within 5 business days. As I have told Moelis, I am committed to a very efficient transaction, and we will work to expedite this time period.

Extension of Offer

Our proposal was submitted with a deadline of yesterday. I expected that you would quickly come to a positive conclusion on the deal, so didn't see this as an issue. Based on our ongoing discussions, CDM is willing to extend our offer (as modified above) so that it now will remain open until 5:00 p.m. on Thursday, March 19, 2015. A revised Letter of Intent for your consideration that includes the modifications described above will follow shortly by separate email. However, please consider this email as modifying our proposal dated March 16, 2015, with the terms noted above.

We understand that you would like to have CDM enter into a non-disclosure agreement, which we are prepared to do. Please provide this NDA at your earliest convenience.

Kelly, I trust you will agree that it would be difficult for me to demonstrate any more clearly our willingness and ability to complete this deal very efficiently. I look forward to hearing from you. Please do not hesitate to call me if you would like to discuss any of the above or have any other questions.

Best regards,

Mohammad Al Zaibak
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On Mar 17, 2015, at 11:03 PM, Tompkins, Kelly wrote:

Mohammad:

Thank you for submitting your proposal which I recognize has by its terms expired earlier this evening.

For the record, please be advised that we have thoroughly reviewed your proposal internally and with our outside legal and financial advisors. Your willingness to talk with Mark and Carlo from Moelis earlier today was much appreciated. We also presented your proposal to and received input from the independent court appointed Monitor. All of this review was done mindful of your concerns about confidentiality.

After taking into account our advisors input and thoroughly considering all aspects of your proposal, both the timing and quantum of the purchase price and all other related terms and conditions, we have determined our best course of action is to conclude our current negotiations. Simply put, while certain attributes of your proposal were compelling, it was not overall enough to terminate negotiations with the party with whom we are very close to entering into a definitive agreement.

On behalf of Cliffs, I thank you again for your expression of interest.

Kelly

P. Kelly Tompkins
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Cliffs Natural Resources

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

From: Mohammad Al Zaibak [mailto:mohammad@sympatico.ca]
Sent: Tuesday, March 17, 2015 2:27 PM
To: Tompkins, Kelly
Subject: Re: CDM Offer to Acquire the Chromite Project Assets - Confidential

Thank you, Kelly.
Carlo and Mark from Moelis contacted me this morning and we've connected by phone at 1:30pm.
Best,
Mohammad

Mohammad, if you have not already received a call from our financial advisors at Moelis, you will. We had a call with our advisors (legal and financial) and we asked them to contact you (as you offered in your letter) about your financial wherewithal and a few other topics relating to your proposal. We have also, with the admonition of confidentiality, sent your proposal to the Monitor for review. We will revert back as soon as we can mindful of your deadline today.

Regards,

Kelly

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

From: Mohammad Al Zaibak [mailto:mohammad@sympatico.ca]
Sent: Monday, March 16, 2015 10:31 PM
To: Tompkins, Kelly
Subject: CDM Offer to Acquire the Chromite Project Assets - Confidential

Dear Kelly,

Please find attached signed a copy of our proposal to acquire all of the assets associated with Cliffs' Chromite Project.

I understand these assets are subject to a court process associated with a CCAA filing. I also understand this proposal will be shared in confidence with and reviewed by the Monitor in relation to that filing. I trust you will find our proposal compelling and hope it will have your support.

As stated in the attached documents, I am prepared to commence negotiation of definitive agreements as soon as practical and am looking forward to working with you on a very efficient transaction.

I would appreciate it if we can discuss this proposal directly and talk about next steps. Please contact me at your earliest convenience.

Best regards,

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