

**PROPOSED TERMS OF PLAN OF COMPROMISE OR ARRANGEMENT FOR
CLIFFS QUÉBEC IRON MINING ULC
AND OTHER CCAA PARTIES (AS DEFINED HEREIN)**

TERM SHEET

This Term Sheet dated as of March 14, 2018 (including schedules thereto, the “**Term Sheet**”) describes the principal terms of a proposed Plan of Compromise or Arrangement (the “**Proposed Plan**”) for Cliffs Québec Iron Mining ULC (“**CQIM**”) and certain other Applicants and Mises-en-Cause in the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) proceedings that are ongoing in the Superior Court of Québec (Commercial Division) (the “**Court**”) under Court File No. 500-11-048114-157 (the “**CCAA Proceedings**”).

1. On January 27, 2015, Bloom Lake General Partner Limited (“**BLGP**”), Quinto Mining Corporation (“**Quinto**”), 8568391 Canada Limited (“**8568391**”) and CQIM sought and obtained an initial order in the CCAA Proceedings from the Court (the “**BL Initial Order**”). The relief granted in the BL Initial Order extended to The Bloom Lake Iron Ore Mine Limited Partnership (“**BLLP**”) and Bloom Lake Railway Company Limited (“**BLRC**”, together with BLGP, Quinto, 8568391, CQIM, and BLLP, the “**BL CCAA Parties**”). Under the BL Initial Order, FTI Consulting Canada Inc. was appointed Monitor (the “**Monitor**”) in the CCAA Proceedings.
2. On May 20, 2015, the CCAA Proceedings were extended by a further initial order (the “**Wabush Initial Order**”) to include Wabush Iron Co. Limited, Wabush Resources Inc., Wabush Mines, Arnaud Railway Company (“**Arnaud**”) and Wabush Lake Railway Company Limited (“**Wabush Railway**”) (collectively, the “**Wabush CCAA Parties**” and, together with the BL CCAA Parties, the “**CCAA Parties**”) ¹.
3. On July 15, 2017, the Court granted an Order, *inter alia*, approving a methodology for the allocation of proceeds of realizations of the CCAA Parties’ assets and the costs of the CCAA Proceedings amongst the CCAA Parties and, to the extent necessary, amongst assets or asset categories (as may be amended on appeal by Ville de Fermont under Court File Number 500-09-027026-178, the “**Allocation Methodology**”).
4. As of the date of this Term Sheet, substantially all material assets of the CCAA Parties have been sold. With the exception of certain sale proceeds distributed, or to be distributed, to parties with secured or other accepted priority claims and amounts expended on operating costs and the fees and expenses of the CCAA Proceedings, the Monitor currently holds the net sale proceeds from these transactions determined by the Monitor in accordance with the Allocation Methodology, together with any cash on hand at the commencement of the CCAA Proceedings that has not been expended during the CCAA Proceedings and all accrued interest on the foregoing.

¹ For reference, the CCAA Parties are: Cliffs Québec Iron Mining ULC, Bloom Lake General Partner Limited, Quinto Mining Corporation, 8568391 Canada Limited, Wabush Iron Co. Limited, Wabush Resources Inc., The Bloom Lake Iron Ore Mine Limited Partnership, Bloom Lake Railway Company Limited, Wabush Mines, Arnaud Railway Company and Wabush Lake Railway Company Limited.

5. The following material outstanding items remain to be completed in the CCAA Proceedings:
- a. Resolution of any claims that may exist against Cleveland-Cliffs Inc. (the “**Parent**”), its current and former direct and indirect subsidiaries and all of its current and former affiliates that are not also CCAA Parties (the Parent and all such subsidiaries and affiliates, including subsidiaries of the CCAA Parties, collectively, the “**Non-Filed Affiliates**”), including (without limitation) in respect of the following matters as identified by the Monitor in its Twelfth Report and Nineteenth Report:
 - i. a series of reorganization transactions entered into between certain of the CCAA Parties and certain Non-Filed Affiliates in December 2014 involving a cash payment of US\$142 million by CQIM and a transfer of the Australian subsidiaries of CQIM; and
 - ii. certain other payments made by the CCAA Parties to certain Non-Filed Affiliates during the statutory review period provided under Sections 95 and 96 of the *Bankruptcy and Insolvency Act* (Canada) and Section 36.1 of the CCAA on account of debts owing to those certain Non-Filed Affiliates in an aggregate amount of approximately US\$30.6 million(together, the “**Non-Filed Affiliate Transaction Matters**”);
 - b. Resolution of the quantum of remaining claims, including material claims of certain Non-Filed Affiliates and certain CCAA Parties, that have not yet been finally determined in accordance with the Amended Claims Procedure Order dated November 16, 2015, granted in the CCAA Proceedings (as it may be further amended or restated from time to time, the “**Amended Claims Procedure Order**”);
 - c. Determining the proper characterization of claims of certain Non-Filed Affiliates and certain CCAA Parties filed pursuant to the Amended Claims Procedure Order;
 - d. Resolution of priority arguments asserted pursuant to the *Pension Benefits Act* (Newfoundland and Labrador), the *Pension Benefits Standards Act* (Canada) and the *Supplemental Pension Plans Act* (Quebec) in connection with the claims arising from any failure of the Wabush CCAA Parties to make certain normal course payments or special payments under the Wabush CCAA Parties’ pension plans and for the wind-up deficit under the Wabush CCAA Parties’ pension plans (the “**Pension Priority Matter**”); and
 - e. Distribution of the net proceeds of asset realizations, the remaining balance of cash on hand at the commencement of the CCAA Proceedings, and accrued interest on the foregoing, as determined by the Monitor in accordance with the Allocation Methodology, by way of interim distributions, as expeditiously as possible, and by way of final distributions after completion of all remaining matters in the CCAA Proceedings.

6. The CCAA Parties, other than 8568391² and BLRC³, (as the remaining CCAA Parties may be substantively consolidated for the purposes of the Plan, the “**Participating CCAA Parties**”) with the support of the Monitor and the Non-Filed Affiliates, intend to prepare and present to affected unsecured creditors of the Participating CCAA Parties the Proposed Plan to effect distributions of net proceeds of asset realizations, the remaining balance of cash on hand at the commencement of the CCAA Proceedings, and accrued interest on the foregoing, and to resolve the outstanding matters described in paragraph 5 above, with the exception of the Pension Priority Matter, efficiently and in a manner that the Participating CCAA Parties and the Monitor believe is in the best interests of the Participating CCAA Parties and their stakeholders.
7. The Non-Filed Affiliates have agreed to support the Proposed Plan by foregoing the benefit of any distributions or payments they may otherwise be entitled to receive as creditors of the Participating CCAA Parties and providing the Non-Filed Affiliate Cash Contribution (each as defined below).
8. The Non-Filed Affiliates and the Participating CCAA Parties have agreed to resolve the claims of Non-Filed Affiliates against the Participating CCAA Parties, the Non-Filed Affiliate Transaction Matters and any other claims by any person against the Non-Filed Affiliates or by any Participating CCAA Parties against any other Participating CCAA Parties on the terms set out in this Term Sheet, subject to implementation of the Proposed Plan.
9. The Non-Filed Affiliates hereby confirm that they are not aware of any transactions between the Non-Filed Affiliates and the CCAA Parties that are not disclosed in the books and records of the CCAA Parties that have been made available to the Monitor and that could be subject to challenge or review pursuant to Sections 95 to 101 of the *Bankruptcy and Insolvency Act* or Section 36.1 of the CCAA.

A summary of the material terms of the Proposed Plan is set out below. Additional matters may be added to the Proposed Plan as necessary to respond to the Participating CCAA Parties’ circumstances as the CCAA Proceedings continue.

Parties

The Proposed Plan will be presented on behalf of all Participating CCAA Parties as a Joint Plan of Compromise and Arrangement.

The Proposed Plan will provide for the compromise of all claims against the Participating CCAA Parties, other than the Unaffected Claims (as defined below).

The Proposed Plan will not determine the Pension Priority Matter and all interested parties will reserve all rights in respect of their positions on the Pension Priority Matter.

² 8568391 is not the subject of any allowed Claims pursuant to the Amended Claims Procedure Order.

³ BLRC is not the subject of any allowed Claims pursuant to the Amended Claims Procedure Order.

Limited Consolidation **Substantive** There will be a single Proposed Plan that will be subject to approval by each Unsecured Creditor Class as provided below, and which will provide for distinct distributions with respect to each estate without substantive consolidation, save with respect to the consolidation of: (i) CQIM and Quinto⁴ (together, “**CQIM/Quinto Parties**”); (ii) BLGP and BLLP (together, “**BL Parties**”); and (iii) Wabush Iron Co. Limited, Wabush Resources Inc. and Wabush Mines (together, “**Wabush Mines Parties**”), as may be amended by the Participating CCAA Parties with the consent of the Monitor and the Parent, acting reasonably.

Plan Sponsor The Parent and certain other Non-Filed Affiliates as the Non-Filed Affiliates may determine, will agree to provide a cash contribution to fund additional distributions to unsecured creditors of the Participating CCAA Parties under the Proposed Plan in the amount of C\$5 million (the “**Non-Filed Affiliate Cash Contribution**”)⁵, which will be allocated to the Unsecured Creditor Classes as follows: C\$4 million to the CQIM/Quinto Unsecured Creditor Class (as defined below) and C\$1 million to be allocated to the other Unsecured Creditor Classes (as defined below) pro-rata based upon the proven affected unsecured claims in each such other Unsecured Creditor Class (excluding the claims of the Non-Filed Affiliates against each such Participating CCAA Party (all such Non-Filed Affiliate unsecured claims being the “**Non-Filed Affiliate Unsecured Interco Claims**”) and the claims of the CCAA Parties).

The Non-Filed Affiliate Cash Contribution will be delivered to the Monitor no later than 3 business days before the meeting of creditors to vote on the Proposed Plan. The Monitor shall return the Non-Filed Affiliate Cash Contribution to the Parent forthwith if: (a) the Proposed Plan is not approved by the requisite majorities of each Unsecured Creditor Class (as defined below) or sanctioned by the Court or if the Plan is not otherwise implemented in accordance with its terms, or (b) this Term Sheet is terminated in accordance with the provisions under the heading ‘Termination Rights’ below.

Subject to approval of the Proposed Plan by each Unsecured Creditor Class and sanction of the Court, the Parent and the other Non-Filed Affiliates will also agree to forego the benefit of any

⁴ No parties other than certain of the CCAA Parties and certain of the Non-Filed Affiliates hold allowed/unresolved claims against Quinto.

⁵ The Non-Filed Affiliate Cash Contribution shall only be available to third party unsecured creditors of the Participating CCAA Parties with proven claims and will not be available for distribution in respect of any deemed trust or other priority claims that may be asserted against the Participating CCAA Parties, including in connection with the Pension Priority Matter.

amounts otherwise payable or distributable to them under the Proposed Plan on account of Non-Filed Affiliate Unsecured Interco Claims and the benefit of any amounts they are otherwise entitled to receive on account of their secured claims against the Participating CCAA Parties and such amounts shall be made available for distribution to other creditors of the CQIM/Quinto Parties.⁶

Determination of Claims

Claims against all Participating CCAA Parties will be determined in accordance with the Amended Claims Procedure Order for the purposes of the Proposed Plan: For ease of reference:

1. If allowed, the Non-Filed Affiliate Unsecured Interco Claims will be in amounts not greater than the amounts set out on Schedule "A" hereto plus any applicable Deficiency Claims, or such lower amounts as provided in the Proposed Plan.
2. If allowed, the Non-Filed Affiliate secured claims (the "**Non-Filed Affiliate Secured Interco Claims**") will be in amounts not greater than the amounts set out on Schedule "B" hereto, subject to the the Allocation Methodology and any final determination of the Pension Priority Matters, or such lower amounts as provided in the Proposed Plan.
3. The pre-filing claims by CCAA Parties against other CCAA Parties (the "**CCAA Party Pre-Filing Interco Claims**"), shall be allowed in the amounts set out on Schedule "C" hereto.

"**Deficiency Claims**" means, in respect of a creditor holding valid security, the amount by which such creditor's secured claim (including, without limitation, Non-Filed Affiliate Secured Interco Claims) exceeds the value recoverable by such creditor from the proceeds of their collateral, as determined by the Monitor in accordance with the Allocation Methodology.

Classification of Creditors

Affected unsecured creditors (including, for greater certainty, any creditors in respect of their Deficiency Claims) of each of the Participating CCAA Parties shall be entitled to vote their proven claims and unresolved claims on the Proposed Plan in the following classes:

1. the **CQIM/Quinto Unsecured Creditor Class**: being creditors with affected unsecured claims against any of the CQIM/Quinto Parties;

⁶ Including any CCAA Parties holding CCAA Party Pre-Filing Interco Claims.

2. the **BL Parties Unsecured Creditor Class**: being creditors with affected unsecured claims against any of the BL Parties;
3. the **Wabush Mines Parties Unsecured Creditor Class**: being creditors with affected unsecured claims against any of the Wabush Mines Parties;
4. the **Arnaud Unsecured Creditor Class**: being creditors with affected unsecured claims against Arnaud Railway Company;
5. the **Wabush Railway Unsecured Creditor Class**: being creditors with affected unsecured claims against Wabush Lake Railway Company Limited

(each, an “**Unsecured Creditor Class**” and, collectively, the “**Unsecured Creditor Classes**”).

The Participating CCAA Parties and the Monitor may amend the Unsecured Creditor Classes if any of such classifications are not approved by the Court or if necessary to maintain consistency with any amendments to the proposed limited substantive consolidation described above.

The Plan Administrator of each pension plan shall be entitled to vote on the Proposed Plan in connection with the pension-related claims, without prejudice to the arguments that may be raised in the Pension Priority Matter. These claims will be treated as unresolved claims for the purposes of the Proposed Plan and will be accounted for in the Unresolved Claims Reserve (as defined below) or a separate reserve as may be considered appropriate by the Participating CCAA Parties with the consent of the Monitor pending final determination of the Pension Priority Matter, and will be tabulated separately from the remaining unsecured claims in the applicable Unsecured Creditor Class for voting purposes on the Proposed Plan.

Secured creditors, to the extent of the realized value available for distribution to them from the sale of their collateral, shall be unaffected by the Proposed Plan (other than the Non-Filed Affiliates who will forego the benefit of any amount which they would have been entitled to receive in respect of such claims) and shall not be permitted to vote on the Proposed Plan.

In accordance with the CCAA, the Participating CCAA Parties and the Non-Filed Affiliates (to the extent claims of the Non-Filed Affiliates are allowed), as related parties, will only be permitted to vote their unsecured claims, if any, against, but not for, the Proposed Plan. However, the Participating CCAA Parties and the Non-Filed Affiliates (to the extent claims of the Non-Filed Affiliates are allowed) agree not to vote against the Proposed Plan provided

it is consistent with this Term Sheet.

Treatment of Unsecured Creditors The Unsecured Creditor Cash Pool for each Unsecured Creditor Class will be distributed on a pro-rata basis based upon the value of each proven unsecured claim relative to the value of all proven unsecured claims in such Unsecured Creditor Class.

No distributions or payments on account of any other secured or unsecured claims (other than claims secured by the Court-ordered charges) shall be made by the Wabush CCAA Parties until, and only to the extent proceeds are available following, final determination of the Pension Priority Matter.

Treatment of Secured Creditors Secured creditors shall receive, on account of their proven secured claims, any net proceeds (after application of the Allocation Methodology) from their collateral remaining in the Participating CCAA Parties' possession as of the effective date of the Proposed Plan to the extent not previously distributed to prior ranking secured creditors. Non-Filed Affiliates will forego the benefit of any amounts to which they would otherwise have been entitled on account of their secured claims and such amounts otherwise payable to the Non-Filed Affiliates shall be added to the Unsecured Creditor Cash Pool for the CQIM/Quinto Parties.

For the purposes of determining distributions to secured creditors, all secured creditors are assumed to recover first from the proceeds of their collateral, with any remaining unsatisfied claim being treated as an unsecured claim.

Beneficiaries of the Court-ordered charges granted in the CCAA Proceedings shall be unaffected by the Proposed Plan and all amounts secured by the Court-ordered charges shall continue to be secured by a charge on the remaining property of the CCAA Parties, including all remaining cash held by the Participating CCAA Parties, the Administrative Reserve (as defined below) and any remaining property of the CCAA Parties (including any tax refunds); provided, however, that the Interim Lender Charge (as defined in the Wabush Initial Order) and the Sale Advisor Charge (as defined in the Orders of the Court granted on June 9, 2015 and April 17, 2015) shall be terminated, and the Directors' Charge (as defined in the BL Initial Order and the Wabush Initial Order) shall attach solely to the D&O Reserve (as defined below).

No payments on account of any secured claims (other than claims secured by the Court-ordered charges) shall be made by the Wabush CCAA Parties until, and only to the extent proceeds are

available following, resolution of the Pension Priority Matter.

Treatment of Potential Pension Deemed Trust

The priority of claims that were the subject of the Monitor's Motion for Directions on pension matters dated September 20, 2016 in the CCAA Proceedings shall be determined by final non-appealable court order on that Motion or agreement of the parties, and not under the terms of the Proposed Plan.

Treatment of Equity Holders

The equity interests, as defined in the CCAA, in the Participating CCAA Parties will remain unaffected by the Proposed Plan.

All equity claims, as defined in the CCAA, will be released without consideration.

Statutory Requirements

The Proposed Plan will comply with Section 6(3), Section 6(5) and Section 6(6) of the CCAA.

The Proposed Plan will provide for the compromise of a claim under Section 19(2) of the CCAA only if the holder of such claim has voted for the acceptance of the Proposed Plan.

The Proposed Plan will provide for payments to former employees in an amount necessary to ensure such former employees' payments are no less than:

1. the amounts such former employees would have been qualified to receive under paragraph 136(1)(d) of the Bankruptcy and Insolvency Act (Canada) if the Participating CCAA Parties had become bankrupt on the date of court sanction of the Proposed Plan, which, for greater certainty, excludes any OPEB, pension contribution, and termination and severance entitlements;
2. the amounts for wages, salaries, commissions or compensation for services rendered by such former employees after the commencement of the CCAA Proceedings to the applicable Participating CCAA Party, which, for greater certainty, excludes any OPEB, pension contribution, and termination and severance entitlements; and
3. any amounts in excess of (1) and (2) above, that the Participating CCAA Parties former employees would have been entitled to receive pursuant to the Wage Earner Protection Program Act if the applicable Participating CCAA Party had become bankrupt on the date of court sanction of the Proposed Plan

(the payments as set out above are, collectively, referred to

herein as the “**Employee Priority Amounts**”).

Unaffected Claims

The following claims shall be unaffected pursuant to the Proposed Plan:

1. Secured claims including any tax claims secured by a lien ranking in priority to unsecured claims, to the extent of the realized value available for distribution on such claims from the sale of collateral determined by the Monitor in accordance with the Allocation Methodology;
2. Amounts payable under Sections 6(3), 6(5) and 6(6) of the CCAA,
3. Employee Priority Amounts, to the extent not covered by Section 6(5) of the CCAA;
4. Any Excluded Claims (as defined in the Amended Claims Procedure Order);
5. In respect of the Wabush CCAA Parties, any priority claim or deemed trust resulting from the final determination or resolution of the Pension Priority Matter; and
6. Any amounts payable from the Administrative Reserve.

Unsecured Creditor Cash Pool

The Unsecured Creditor Cash Pool for each Participating CCAA Party (or group of Participating CCAA Parties if consolidated) shall be composed of:

1. cash on hand for such Participating CCAA Party or Participating CCAA Parties at the commencement of the CCAA Proceedings in accordance with the Allocation Methodology;
2. the proceeds generated from the sale of such Participating CCAA Party’s or Participating CCAA Parties’ assets, both before and after the date of implementation of the Proposed Plan, in accordance with the Allocation Methodology; and
3. any cash received by such Participating CCAA Party or Participating CCAA Parties, before and after implementation of the Proposed Plan from tax refunds, accounts receivable, claims against third parties or otherwise;

less:

1. costs and expenses paid during the CCAA Proceedings and allocated to such Participating CCAA Party or Participating CCAA Parties in accordance with the

Allocation Methodology;

2. amounts payable to unaffected creditors as of the implementation date of the Proposed Plan, as described above, allocated to the CCAA Parties in accordance with the Allocation Methodology;
3. a reserve for unresolved claims, until such claims are finally determined in accordance with the Amended Claims Procedure Order (the “**Unresolved Claims Reserve**”);
4. a reserve for the estimated costs and expenses to complete the administration of the estates of the CCAA Parties until such administration is completed, in an amount to be determined by the Monitor and the CCAA Parties from time to time (the “**Administrative Reserve**”).
5. To the extent any directors or officers remain after the implementation of the Plan, a reserve for any claims against the directors or officers of the Participating CCAA Parties that would be secured by the Directors’ Charge in an amount to be agreed between the Monitor and independent counsel to the directors and officers or as otherwise determined by the Court if an amount cannot be agreed, which amount shall not exceed the aggregate amount of the Directors’ Charges granted pursuant to the BL Initial Order and the Wabush Initial Order, respectively (the “**D&O Reserve**”).
6. Such other reserve as the Participating CCAA Parties may deem necessary or appropriate, with the consent of the Monitor.

The Unsecured Creditor Cash Pools shall be adjusted to reflect (i) the Non-Filed Affiliate Cash Contribution, (ii) the intent of the Non-Filed Affiliates to forego the benefit of any amounts to which they would otherwise have been entitled on account of their secured and unsecured claims, and (iii) distributions made on account of unsecured claims of Participating CCAA Parties.

Releases

Subject to the exceptions set out below, the following parties shall receive the benefit of comprehensive releases of claims and permanent injunctions against proceedings in respect of all such released claims:

1. The CCAA Parties, the Parent and the other Non-Filed Affiliates and their respective current and former employees, financial advisors, legal counsel and agents;
2. All current and former directors and officers of the CCAA Parties, the Parent and the other Non-Filed Affiliates; and

3. the Monitor and its affiliates, and each of their respective employees, partners, legal counsel and agents.

The following claims are not to be released under the Proposed Plan:

1. claims described in Section 5.1(2) of the CCAA against directors of the CCAA Parties;
2. claims against any person for fraud or wilful misconduct;
3. Unaffected Claims;
4. claims as asserted in proceedings titled *Neil Johnson et al. v. Cliffs Mining Company et al.*, Supreme Court of Newfoundland and Labrador, No. 2017 01G4037 CP;
5. claims as asserted by the United Steelworkers in proceedings commenced by Jim Skinner and Brian Gaulton in the Supreme Court of Newfoundland and Labrador (Trial Division (General) under Court File No. 2017 01 G 4310 CP; and
6. rights to any distributions under the CCAA Plan.

Distributions

Following implementation of the Proposed Plan, distributions will be made to affected unsecured creditors periodically at times determined appropriate by the Monitor.

An interim distribution will be made to creditors in the CQIM/Quinto Unsecured Creditor Class and the Bloom Lake Unsecured Creditor Class as soon as practicable following implementation of the Proposed Plan.

An interim distribution will be made to creditors in the Wabush Mines Unsecured Creditor Class, the Wabush Railway Unsecured Creditor Class and the Arnaud Unsecured Creditor Class as soon as practicable following resolution of the Pension Priority Matter.

Final distributions shall be made after completion of all remaining matters in the CCAA Proceedings and the elimination of the Administrative Reserve, the Unresolved Claims Reserve, any D&O Reserve, and any other reserve established pursuant to the proposed Plan.

Payments shall be made, upon or forthwith following implementation of the Proposed Plan, to Unaffected Claim holders, including to secured creditors (other than Non-Filed Affiliates) in accordance with their respective priorities and to the extent of the value of the collateral of such secured creditors as determined by the Monitor in accordance with the Allocation Methodology.

No distributions or payments on account of any secured or unsecured claims (other than claims secured by the Court-ordered charges) shall be made by the Wabush CCAA Parties until, and only to the extent proceeds are available following, resolution of the Pension Priority Matter.

Tax Matters

The structure of the Proposed Plan may be modified as necessary to achieve the commercial intention set out in this Term Sheet in a tax efficient manner.

Any time after the final distribution from the applicable Unsecured Creditor Cash Pool of any Participating CCAA Party and prior to the termination of the CCAA Proceedings, at the request of the Parent, such Participating CCAA Party and its subsidiaries, with the consent of the Monitor acting reasonably, may be wound up or dissolved in a tax efficient and orderly manner in accordance with applicable corporate law.

The Participating CCAA Parties agree, subject to the paragraph below, to execute, deliver and file such agreements, designations and/or joint elections under the Income Tax Act (Canada) or any other applicable taxing statute as may be requested by the Non-Filed Affiliates (or any one of them) (each, a "**Tax Filing**"), provided that either (a) such execution, delivery and filing does not give rise to any liability to any of the Participating CCAA Parties or (b) any such liability is indemnified by the applicable Non-Filed Affiliates in a manner satisfactory to the Participating CCAA Parties and the Monitor. The Participating CCAA Parties shall be reimbursed by the Non-Filed Affiliates for any costs incurred in connection with executing, delivering and filing each such Tax Filing.

Notwithstanding the foregoing, the Participating CCAA Parties shall not execute, deliver or file any Tax Filing which is potentially detrimental to the timing or quantum of recoveries to creditors of the Participating CCAA Parties or otherwise potentially detrimental to the timely completion of the CCAA proceedings or any steps which the Monitor reasonably believes should be undertaken to complete the CCAA proceedings (a "**Detrimental Tax Filing**"). Prior to executing, delivering or filing any Tax Filing, the applicable Participating CCAA Parties shall obtain confirmation from the Monitor that it does not consider the proposed Tax Filing to be a Detrimental Tax Filing. If the Monitor determines that the proposed Tax Filing is or may be a Detrimental Tax Filing, the applicable CCAA Parties shall not execute, deliver or file such Tax Filing unless otherwise authorized to do so by the Court. For greater certainty, the applicable Participating CCAA Parties and the Non-Filed Affiliates may at any time seek an order of the Court authorizing and directing the applicable Participating CCAA Parties to execute, deliver and file the Tax Filing, including, without limitation, on the basis that it is not a Detrimental Tax Filing.

Conditions

The Proposed Plan shall be subject to definitive documentation on terms acceptable to the Participating CCAA Parties, the Monitor and the Parent, each in their sole discretion, and consistent with the terms of this Term Sheet. The Proposed Plan shall be implemented once the order sanctioning the Proposed Plan becomes a final order.

The Proposed Plan shall be subject to approval of each of the Unsecured Creditor Classes and court sanction as required under the CCAA.

Termination Rights

Any party may terminate this Term Sheet if the CCAA Parties have not filed the Meeting Order Motion on or before March 30, 2018, or such later date as may be agreed to by the Monitor, the Participating CCAA Parties and the Parent.

Any party may terminate this Term Sheet if, other than as a result of a breach by such party of its obligations hereunder, the Proposed Plan is not implemented on or before June 29, 2018, or such later date as may be agreed to by the Monitor, the Participating CCAA Parties and the Parent.

If the Term Sheet is terminated pursuant to this Section, the obligations of the parties hereunder (other than with respect to the return of the Non-Filed Affiliate Cash Contribution delivered to the Monitor pursuant to this Term Sheet and the Proposed Plan) shall be at an end and no party shall have any liability hereunder.

[Signatures on subsequent page]

IN WITNESS HEREOF, the parties hereby execute this binding Term Sheet as at the date above.

**CLEVELAND-CLIFFS INC., ON BEHALF OF
ITSELF AND THE OTHER NON-FILED
AFFILIATES**

Per: *James D. Graham*
Name: James D. Graham
Title: Executive Vice President,
Chief Legal Officer & Secretary

**CLIFFS QUÉBEC IRON MINING ULC, ON
BEHALF OF ITSELF AND THE OTHER
PARTICIPATING CCAA PARTIES**

Per: *Clifford T. Smith*
Name: Clifford Smith
Title: President

Schedule "A"
Non-Filed Affiliate Unsecured Interco Claims

Schedule A - Non-Filed Affiliate Unsecured Interco Claims

	Debtor							Total
	Bloom Lake CCAA Parties			WICL/WRI/WM	Wabush Lake Railway	Arnaud Railway	Total	
	CQIM/Quinto	Bloom Lake LP	Total					
Cleveland-Cliffs International Holding Co.	-		-	117,066,682			117,066,682	117,066,682
Cliffs Canadian Shared Services Inc.	-	374,793	374,793				-	374,793
Cliffs International Management Company LLC	1,616,210	1,408,810	3,025,021	324,581			324,581	3,349,601
Cliffs Mining Company	1,753,324	173,237	1,926,561	549,623,203		1,084,122	550,707,325	552,633,886
Cliffs Mining Services Company	-	27,911,822	27,911,822	3,065,257			3,065,257	30,977,079
CLIFFS NATURAL RESOURCES INC.	55,060,060	122,294,633	177,354,693	108,963,422		23,093	108,986,515	286,341,208
Cliffs Natural Resources Luxembourg S.ar.L	566,735,982		566,735,982				-	566,735,982
Cliffs Natural Resources Pty Ltd.	293,401,553	474	293,402,027				-	293,402,027
CLIFFS NETHERLANDS B.V.	-		-	2,917,552			2,917,552	2,917,552
Cliffs UTAC Holdings LLC	7,656		7,656				-	7,656
Knoll Lake Minerals Ltd.	-		-	2,317,747			2,317,747	2,317,747
Northshore Mining Company	-	5,603	5,603	1,862			1,862	7,465
TILDEN MINING COMPANY LLC	-		-	63,640			63,640	63,640
Total	918,574,784	152,169,372	1,070,744,156	784,343,946	-	1,107,215	785,451,161	1,856,195,317

Note - Excluding Deficiency Claims

Schedule "B"
Non-Filed Affiliate Secured Interco Claims

Schedule B - Non-Filed Affiliate Secured Interco Claims

	Debtor							Total
	Bloom Lake CCAA Parties						Total	
	CQIM/Quinto	Bloom Lake LP	Total	WICL/WRI/WM	Wabush Lake Railway	Arnaud Railway		
Cliffs Mining Company				8,862,833			8,862,833	8,862,833
CLIFFS NATURAL RESOURCES INC.	62,614,190	111,144,305	173,758,495				-	173,758,495
Total	62,614,190	111,144,305	173,758,495	8,862,833	-	-	8,862,833	182,621,328

Schedule "C"
CCAA Party Pre-Filing Interco Claims

Schedule C - CCAA Party Pre-Filing Interco Claims

	Debtor							Total
	Bloom Lake CCAA Parties			WICL/WRI/WM	Wabush Lake Railway	Arnaud Railway	Total	
	CQIM/Quinto	Bloom Lake LP	Total					
ARC - Arnaud Railway Company	1,780,021		1,780,021				-	1,780,021
BLIOM - The Bloom Lake Iron Ore Mine Limited Partnership	11,465		11,465			11,710,818	11,710,818	11,722,283
CQIM - Cliffs Quebec Iron Mining ULC	-	495,265,137	495,265,137				-	495,265,137
QMC - Quinto Mining Corporation	20,425,496		20,425,496				-	20,425,496
WLRC - Wabush Lake Railway Company Limited	-		-			45,345	45,345	45,345
WICL - Wabush Iron Co. Limited	69,840,432	3,449,806	73,290,238	2,081	417,500	3,056,445	3,476,025	76,766,263
WRI - Wabush Resources Inc.	36,586,055	9,408,212	45,994,267		1,141,361	8,335,447	9,476,808	55,471,076
Total	128,643,469	508,123,156	636,766,624	2,081	1,558,861	23,148,054	24,708,996	661,475,620