



Canada Resources Investment Limited. Cliffs Quebec Iron Mining Limited is a corporation organized and existing under the laws of the Province of British Columbia and has its principal place of business in Montréal, Québec, Canada. WuGang Canada Resources Investment Limited is a corporation organized and existing under the laws of the Province of British Columbia and has its principal place of business in Vancouver, British Columbia, Canada.

2. Bloom Lake is an entity affiliated with Cliffs Natural Resources Inc. (“Cliffs”). Cliffs is an international mining and natural resources company headquartered in Cleveland, Ohio.

3. Beumer is a corporation organized and existing under the laws of the State of Delaware. Upon information and belief, Beumer has a principal place of business at 783 Main Street, Bridgewater, New Jersey 08807, and another corporate office located at 4435 Main Street, Suite 600, Kansas City, Missouri 64111.

#### **JURISDICTION AND VENUE**

4. This Court has original diversity jurisdiction over this action under 28 U.S.C. § 1332(a)(2) because this action is between diverse citizens and the amount in controversy exceeds Seventy-Five Thousand Dollars (\$75,000), exclusive of interest and costs.

5. Pursuant to two purchase agreements executed between Bloom Lake and Beumer and more fully described below, the parties have agreed that “[a]ny disputes arising out of or in conjunction with [the purchase agreements] shall be adjudicated in the local, state or federal courts of Cleveland, Ohio . . . .”

**FACTS COMMON TO ALL CLAIMS FOR RELIEF**

**I. Phase II of the Bloom Lake Project.**

6. Bloom Lake operates an iron ore mine in Fermont, Québec, Canada.

7. This dispute relates to the construction of Phase II of the Bloom Lake Project (the “Project”).

8. For the Project, Bloom Lake planned to construct a conveyor system and storage building designed to transport iron ore over long distances, and these transportation enhancements were ultimately designed to increase its iron ore production capacity at the mine.

9. On or about April 29, 2011, Bloom Lake invited Beumer to submit a proposal for the supply and pre-assembly of the conveyor system and storage building, among other things.

10. On or about May 18, 2011, Beumer provided Bloom Lake with its proposal, and the parties subsequently agreed to execute two separate agreements for Beumer’s piece of the Project.

11. Bloom Lake also contracted with other contractors to install the conveyor system and storage building at the Project site and perform other services.

**II. Purchase of the Overland Conveyor and Sacrificial Conveyor from Beumer.**

12. On or about October 1, 2011, Bloom Lake entered into a purchase agreement with Beumer (“Purchase Agreement I”) under which Beumer agreed, among other things, to supply and pre-assemble an upstream sacrificial conveyor and overland conveyor (the “OLC”).

13. The upstream sacrificial conveyor is an intermediary conveyor used to control the flow of iron ore from a crushed iron ore depository feeder to the OLC.

14. The OLC transports the crushed iron ore from the depository to the ore storage shed (the "OSS") located approximately 2.2 miles away.

### **III. Purchase of the Cover Tripper Conveyor and the OSS from Beumer.**

15. On or about October 1, 2011, Bloom entered into another purchase agreement with Beumer ("Purchase Agreement II") under which Beumer also agreed, among other things, to supply and pre-assemble a cover tripper conveyor and the OSS. Purchase Agreement I and Purchase Agreement II are collectively referred to in this Complaint as the "Purchase Agreements."

16. The cover tripper conveyor is another intermediary conveyor that moves the crushed iron ore off the OLC and into the OSS.

17. The OSS is a massive structure, and as its name suggests, stores crushed iron ore for future production.

### **IV. Beumer's Breach of Purchase Agreement I with Respect to the OLC.**

#### **A. Bloom Lake Encounters Disastrous Technical Problems in Installing the OLC.**

18. In general, Beumer's design and/or fabrication of the OLC was defective and included a multitude of technical problems, all of which caused Bloom Lake to incur substantial additional costs.

19. First, Beumer failed to provide alignment procedures for the OLC in violation of Purchase Agreement I, leaving Bloom Lake's installation contractor without alignment procedures.

20. Second, Beumer provided defective design and fabrication for many of the components of the OLC. As a result, the components of the OLC failed to properly align, and included, among other things:

- a. missing slots for idlers (the pulleys for the conveyor);
- b. interference of return idlers with the frames of throughing idlers;
- c. inconsistent heights of idlers on transition sections;
- d. deck trusses that prevented the requisite conveyor alignment;
- e. errors in alignment/banking drawings that required Bloom Lake's installation contractor to remobilize and make corrections;
- f. interferences between the upper cross member and the return belt path; and
- g. incorrect orientation of certain idlers.

21. Third, without advising Bloom Lake, Beumer unilaterally changed the configuration of throughing idlers, and upon receipt of these changes, Bloom Lake's installation contractor was required to perform corrective work.

22. Fourth, Beumer failed to provide complete erection drawings or any erection procedures, which caused Bloom Lake to incur additional cost during the installation of the OLC.

23. Fifth, Beumer failed to supply certain parts and in some cases supplied defective parts for the OLC, which included, among other things:

- a. Beumer's failure to provide pre-assembled bolts, washers, and nuts;
- b. Beumer's delivery of defective bolts that broke and cracked; and
- c. Beumer's failure to provide a complete set of bolts (i.e., missing bolts).

24. Sixth, Beumer provided components that did not appropriately fit with other components for the OLC, and examples of Beumer's failures included, among other things:

- a. bolt patterns between components that did not correspond;
- b. gusset plates installed at the wrong location;
- c. structural elements not fabricated in accordance with the drawings;
- d. misfits between mechanical components; and
- e. a defective design for the OLC feed chute.

**B. Beumer's Deficiencies Carry Over to Transfer Tower 2.**

25. The OLC was connected to various other appurtenances, including Transfer Tower 2.

26. Specifically, Transfer Tower 2 was located between the OLC and the OSS. It is where the ore is transferred from the OLC to the tripper conveyor, and from the tripper conveyor, the ore is, in turn, transferred to the OSS.

27. As with the OLC, Bloom Lake encountered severe problems with Beumer's design and fabrication.

28. The problems included, among other things:

- a. bolt patterns between components that did not correspond;
- b. gusset plates that were fabricated by Beumer in the wrong location;
- c. the structural elements of the tower that were not fabricated in accordance with design drawings;
- d. the bolt patterns for certain parts were not compatible with the larger structural elements of the tower;
- e. certain bolts that were the wrong dimensions;

- f. pulley frames with stiffeners that were only tack welded;
- g. the mechanical components for conveyors 205 and 206 did not align with the corresponding support brackets on the conveyor frame;
- i. pulleys located at different elevations along the tower did not align with the corresponding support structure; and
- j. major discrepancies in the connection of consecutive chute sections.

29. Moreover, Beumer delivered components out of sequence, and in this case, delivered a number of large components for the OLC after the erection of Transfer Tower 2 forcing Bloom Lake's installation contractor to dismantle certain elements of the tower and then re-install the same.

30. Finally, all of the chutes in Transfer Tower 1 and Transfer Tower 2, as well as the tripper car, were designed and delivered by Beumer without lip liners — an essential component to these items.

**C. Beumer's Defective Design and Fabrication Also Affected Conveyor Hoods.**

31. The conveyor system included certain protective equipment, including "hoods" which refer to the covers installed over the OLC .

32. The hoods, along with other equipment, are intended to prevent ore dust from spreading, provide safety guarding for the conveyor, and prevent snow accumulation and ice buildup on the conveyor belt and idler.

33. Beumer's design and fabrication for the hoods was defective, and examples of Beumer's defective services included, among other things:

- a. the failure to provide any design drawings for the conveyor hoods;
- b. the weight of the hoods was excessive; and
- c. the number of metal screws for the hoods was also excessive and were not easily accessible from the walkway.

34. In light of these issues, , Bloom Lake procured and installed replacement hoods in an effort to mitigate its damages.

35. Beumer also failed to provide the hoods and related equipment (e.g., the rings) by the required scheduled date.

36. Further, Beumer's defective design and fabrication caused Bloom Lake to incur additional costs for equipment such as additional boom trucks to install the equipment.

37. As a result the deficiencies identified above, Bloom Lake incurred significant damages, including, but not limited to, additional costs to compensate third parties contracted by Bloom Lake to perform installation work.

**D. Beumer Delivered Components of the OLC Out of Sequence.**

38. In addition to the instances above of Beumer delivering components out of sequence, there were numerous other problems with Beumer's delivery of certain components, including instances where Beumer delivered components out of sequence. This caused Bloom Lake to incur significant additional costs.

39. First, Bloom Lake experienced significant problems with respect to Beumer's delivery of components for the tower and bent erection for the OLC causing



Bloom Lake's installation contractor to expend further time and effort. Bloom Lake's problems included, among other things:

- a. Beumer shipped the components that make up the bents by component type rather than number, making it difficult to identify the correct component and forcing onsite measurement;
- b. Beumer failed to provide a parts list or drawings for the assembly of the bents; and
- c. Bloom Lake and its installation contractor also identified missing components, such as braces.

40. Second, Bloom Lake experienced significant problems with Beumer's out of sequence delivery of components for the gallery and deck truss erection, which included, among other things:

- a. Beumer failed to deliver the first gallery from Transfer Tower 2 to Tower 5 on time, and thus, the gallery erection from Transfer Tower 2 could not begin; and
- b. Beumer also failed to timely deliver all components for Tower 5.

41. Third, Beumer failed to provide timely notice for the availability of the conveyor belt and failed to provide appropriate information that would have allowed Bloom Lake to make appropriate arrangements for transportation — causing Bloom Lake to incur additional freight costs.

42. Fourth, Beumer's out of sequence delivery and other issues forced Bloom Lake to use additional personnel and re-assign personnel from other contractors onsite to keep the installation of the OLC on schedule.

**E. Beumer's Deficiencies Caused an Project Delays.**

43. Beumer's deficiencies forced Bloom Lake to incur significant costs.

44. In addition to the items discussed above, Bloom Lake was also required to divert the delivery of the OLC's structural components to its installation contractor's shop to sort the components prior to delivery onsite.

45. All told, Beumer's numerous deficiencies required Bloom Lake to compensate its installation contractor for an additional four months of work to address the same, among other things.

**V. Beumer Breaches Purchase Agreement II Related to the OSS.**

**A. Beumer Provided Defective Design and Fabrication for the OSS.**

46. Beumer's design and fabrication of the OSS was also defective.

47. First, Beumer failed to provide an erection plan for the OSS and performed deficient design, including, but not limited to, utilizing sheeting as a structural component, which ultimately led to a dangerous condition.

48. Second, Beumer's design and fabrication included numerous instances of misalignment of structural components, including, among other things:

- a. Beumer failed to provide bolts and assembly plates for the A-frame;
- b. Beumer's design and fabrication caused a misalignment in the holes required to bolt the A-frame of the building;
- c. Beumer's design and fabrication caused a misalignment in certain bracing for the truss of the building; and
- d. Beumer incorrectly welded in the wrong orientation for the main trusses causing braces for the building to buckle under tension;

49. Third, Beumer's design and fabrication caused significant sagging or deflection on the main trusses that was so severe that a truss could not be released from the crane without compromising the structural integrity of the building.

50. Fourth, Beumer failed to take into account dust accumulation in its design forcing Bloom Lake to incur costs to address the same.

**B. Beumer Also Delivered Components of the OSS Out of Sequence.**

51. As was the case on other parts of the Project, Beumer again failed to deliver structural elements of the OSS in the correct sequence.

52. Specifically, Beumer often failed to deliver small essential parts that were required for assembly, and therefore, even if Beumer delivered larger parts to the site, no assembly could take place without these smaller components.

53. Moreover, Bloom Lake's installation contractor encountered problems in sorting and identifying elements because Beumer delivered pieces for the OSS in the same shipment as pieces for the OLC.

54. Finally, Beumer delivered components required at the end of the erection of the OSS in the beginning of the Project and mixed these parts with other components in direct violation of the parties' agreements.

**C. Beumer's Deficiencies on the OSS Caused Project Delays.**

55. Overall, Beumer failed to timely deliver components for the OSS and provided design and fabrication errors.

56. As a result, Bloom Lake incurred significant costs in compensating its contractors to address Beumer's deficiencies, among other things, and in particular,

these contractors performed work over a longer period of time than Bloom Lake originally anticipated and during the harsh winter months.

**FIRST CLAIM FOR RELIEF**  
**BREACH OF CONTRACT**

57. Bloom Lake hereby incorporates by reference the allegations set forth in Paragraphs 1 through 56 of its Complaint as if fully restated herein.

58. The Purchase Agreements are valid and binding contracts between Bloom Lake and Beumer.

59. As set forth in paragraphs 18-56 above, Beumer failed to appropriately design, fabricate, and supply components and/or equipment related to the OLC and OSS (collectively, the "Beumer Defects").

60. The Beumer Defects constitute material breaches of the Purchase Agreements, and Bloom Lake has incurred substantial costs in connection with same.

61. Bloom Lake has fully satisfied its obligations under the Purchase Agreements.

62. As a result of the Beumer Defects, Bloom Lake has been damaged in an amount in excess of \$12,354,929.50, to be proven at trial, including pre- and post-judgment interest thereon.

**SECOND CLAIM FOR RELIEF**  
**DECLARATORY JUDGMENT – 28 U.S.C. § 2201(a)**

63. Bloom Lake hereby incorporates by reference the allegations set forth in Paragraphs 1 through 62 of its Complaint as if fully restated herein.

64. Pursuant to 28 U.S.C. § 2201(a), an actual and justiciable controversy exists between Bloom Lake and Beumer.

65. Beumer has breached the Purchase Agreements.

66. As a result, Bloom Lake has incurred significant additional costs, and thus, has withheld amounts from Beumer.

67. Further, the parties have placed certain amounts into escrow related to the Project, and have executed an escrow agreement to govern the retention and release of the escrowed amounts.

68. The escrow agreement provides, in relevant part, that the escrow agent cannot release escrowed funds (or any portion thereof ) unless it receives a written agreement executed by both parties or a final non-appealable order of a court of competent jurisdiction or arbitration decision directing delivery of the Escrowed Funds.

69. A judgment should be rendered in favor of Bloom Lake declaring that (1) Beumer is liable to Bloom Lake in an amount in excess of \$12,354,929.50, to be proven at trial, together with costs and pre- and post-judgment interest; (2) Bloom Lake is entitled under law to deduct and otherwise recover its damages from Beumer; and (3) Bloom Lake is entitled to all funds escrowed under the parties' escrow agreement.

#### **DEMAND FOR JUDGMENT**

WHEREFORE, Plaintiff The Bloom Lake Iron Ore Mine Limited Partnership respectfully requests that the Court enter judgment in its favor and against Defendant Beumer Corporation, as follows:

1. On the First Claim for Relief, that the Court enter judgment against Beumer in an amount in excess of \$12,354,929.50, to be proven at trial, together with pre- and post-judgment interest;

2. On the Second Claim for Relief, that the Court declare that (1) Bloom Lake is entitled to damages from Beumer in an amount in excess of \$12,354,929.50, to be proven at trial, together with pre- and post-judgment interest; (2) Bloom Lake is

entitled under law to deduct and otherwise recover its damages from Beumer; and (3) Bloom Lake is entitled to all funds escrowed under the parties' escrow agreement; and

3. That the Court award Bloom Lake such other and further legal or equitable relief, including its attorneys' fees and costs, as the Court deems just and proper.

OF COUNSEL:

HAHN LOESER & PARKS LLP

Respectfully submitted,

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**JURY DEMAND**

Plaintiff, The Bloom Lake Iron Ore Mine Limited Partnership, hereby demands a trial by jury on all issues so triable.

s/ Royce R. Remington  
*One of the Attorneys for Plaintiff,  
The Bloom Lake Iron Ore Mine  
Limited Partnership*

