

**[LETTERHEAD OF MONITOR]**

May \_\_, 2018

TO: Creditors of Cliffs Québec Iron Mining ULC (“**CQIM**”), Bloom Lake General Partner Limited (“**BLGP**”), The Bloom Lake Iron Ore Mine Limited Partnership (“**BLLP**”) and Quinto Mining Corporation (“**Quinto**” and, together with CQIM, BLGP and BLLP, the “**Participating BL CCAA Parties**”) and Wabush Iron Co. Limited (“**WICL**”), Wabush Resources Inc. (“**WRI**”), Wabush Mines (“**Wabush Mines**”), Arnaud Railway Company (“**Arnaud**”) and Wabush Lake Railway Company Limited (“**Wabush Railway**” and, together with WICL, WRI, Wabush Mines and Arnaud, the “**Wabush CCAA Parties**” and, together with the Participating BL CCAA Parties, as certain of them may be consolidated under the Plan (as defined below), the “**Participating CCAA Parties**”).

Dear Sirs/Mesdames:

**Proposed Joint Plan of Compromise and Arrangement of the Participating CCAA Parties**

Please find attached a Joint Plan of Compromise and Arrangement (as amended, restated or supplemented from time to time in accordance with the provisions thereof, the “**Plan**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) as filed by the Participating CCAA Parties (as defined above) with the Quebec Superior Court on April 16, 2018. Capitalized terms used in this letter not otherwise defined are as defined in Schedule “A” to the Plan.

The Plan seeks to implement the principal terms of a proposed settlement (the “**Settlement**”) between the Participating CCAA Parties and Cleveland-Cliffs Inc. (the “**Parent**”) and its former and current direct and indirect subsidiaries and affiliates (collectively with the Parent, the “**Non-Filed Affiliates**”) as negotiated by FTI Consulting Canada Inc., in its capacity as the independent court-appointed Monitor in the CCAA proceedings (the “**Monitor**”) and to distribute remaining assets of the Participating CCAA Parties to their creditors.

If the Plan is approved by the required majorities of creditors and sanctioned by the Court, the Plan will:

- resolve potential claims (collectively, the “**Potential Recovery Claims**”) against certain of the Non-Filed Affiliates, without the significant time and expense of litigation and of obtaining payment from defendants in multiple foreign jurisdictions, the whole with an uncertain outcome;
- resolve significant intercompany claims between the CCAA Parties and between the CCAA Parties and certain Non-Filed Affiliates without the significant time and expense that would otherwise be incurred;
- provide significant additional monetary recoveries to third-party creditors which would not be available absent successful litigation in respect of the Potential Recovery Claims; and
- accelerate the payment of interim distributions to third-party creditors.

Pursuant to the Settlement, the Non-Filed Affiliates have agreed to sponsor the Plan by contributing the following to the Participating CCAA Parties' estates for the benefit of Third Party Affected Unsecured Creditors with Proven Claims:

- (a) a cash contribution of CDN\$5 million, of which CDN\$4 million will be allocated to the CQIM/Quinto Unsecured Creditor Class and CDN\$1 million will be allocated amongst unsecured creditors of the other Participating CCAA Parties pro-rata based upon the amount of third party Proven Claims against such other CCAA Parties; and
- (b) all of the secured and unsecured distributions to which certain Non-Filed Affiliates would otherwise be entitled, which will be contributed to the CQIM/Quinto Parties (such Non-Filed Affiliates, being the "**Designated Non-Filed Affiliates**").

While the value of the distributions to be contributed by the Designated Non-Filed Affiliates cannot be calculated with certainty at this time because of various outstanding issues in the CCAA Proceedings, the Monitor estimates that the total incremental amount available to third-party creditors in the event that the Plan is implemented would be in the range of approximately CDN\$62 million to CDN\$100 million.

The Plan is a single joint Plan that will be subject to approval by each of the Unsecured Creditor Classes, which are:

- (a) CQIM/Quinto Unsecured Creditor Class: Affected Unsecured Creditors of CQIM or Quinto;
- (b) BL Parties Unsecured Creditor Class: Affected Unsecured Creditors of BLGP or BLLP;
- (c) Wabush Mines Parties Unsecured Creditor Class: Affected Unsecured Creditors of WICL, WRI or Wabush Mines;
- (d) Arnaud Unsecured Creditor Class: Affected Unsecured Creditors of Arnaud; and
- (e) Wabush Railway Unsecured Creditor Class: Affected Unsecured Creditors of Wabush Railway.

Third Party Affected Unsecured Creditors in each as class will be entitled to vote the amount of their Claim proven in accordance with the Claims Procedure Order. To the extent that a Claim or any part of a Claim remains unresolved, the Affected Unsecured Creditor will also be able to vote its Unresolved Claim and such vote shall be tabulated separately from the votes of Affected Unsecured Creditors with Proven Claims.

Distributions on account of Proven Claims of Affected Unsecured Creditors in each Unsecured Creditor Class will be based on the pro-rata share of the net amounts available in each estate from realizations as determined pursuant to the Allocation Methodology approved by the Court by an Order granted July 25, 2017, as supplemented by the amounts being contributed by the Designated Non-Filed Affiliates. The methodology for calculating the distribution entitlement of individual Affected Unsecured Creditors is the same for each Unsecured Creditor Class.

The Plan provides for customary releases for the Participating CCAA Parties and their respective Directors, Officers, Employees, advisors, legal counsel and agents, the Monitor, FTI and their respective current and former affiliates, directors, officers and employees and all of their respective advisors, legal counsel and agents, and the Non-Filed Affiliates and their respective current and former members, shareholders, directors, officers and employees, advisors, legal counsel and agents. The defendants named in class action proceedings filed in the Supreme Court of Newfoundland and Labrador on behalf of former salaried and union employees are not released from the claims asserted in those class action proceedings. Accordingly, those class action proceedings are not impacted by the Plan.

The Plan does not affect the determination of the Pension Priority Proceedings, which matters are the subject of dispute and must be resolved prior to any distributions to Affected Unsecured Creditors of the Wabush CCAA Parties.

The information provided in this letter is intended to give a high-level overview to help you understand the Plan. You should note, however, that the governing document is the Plan. Accompanying this letter are the following important documents:

- The Plan;
- The Meetings Order, granted April 20, 2018;
- A Notice of Creditors' Meetings and Sanction Hearing;
- A form of Proxy and instructions for its completion;
- The Monitor's Report on the Plan;
- A Letter from Salaried Members Representative Counsel; and
- A Letter from USW Counsel.

**You should read each of these documents carefully and in their entirety. You may wish to consult financial, tax or other professional advisors regarding the Plan and should not construe the contents of this letter as investment, legal or tax advice.**

**The Creditors' Meetings will be held on June 18, 2018 in Montreal, Quebec.** Details of the Creditors' Meetings and the Sanction Hearing are contained in the Notice of Creditors' Meetings and Sanction Hearing.

Creditors that are corporations, partnerships or trusts wishing to vote on the Plan must submit a properly completed Proxy by no later than **5:00 p.m. (Eastern time) June 14, 2018** (the "**Proxy Deadline**") appointing a proxy holder to attend and vote at the Creditors' Meeting.

Creditors that are individuals wishing to vote on the Plan may (i) appoint a proxy holder to attend and vote at the Creditor's Meeting by submitting a properly completed Proxy by no later than the Proxy Deadline; or (ii) vote in person at the Creditors' Meeting.

As stated in the Monitor's Report on the Plan, and for the reasons set out therein, the Monitor recommends that creditors vote **FOR** the Plan.

The Salaried Members Representative Counsel (the lawyers representing the salaried/non-Union Employees and retirees of the Wabush CCAA Parties in these proceedings, the

“Salaried Members”) and the USW Counsel (the lawyers representing the Employees and retirees of the Wabush CCAA Parties that are or were members of United Steelworkers locals 6254, 6285 or 9996, including any successor of such Employees and retirees, the “USW Members”) recommend that you vote **FOR/AGAINST** the Plan. You will find enclosed letters from the Salaried Members Representative Counsel and the USW Counsel explaining their reasons.

If you are a Salaried Member and you **AGREE** with the recommendation of the Salaried Members Representative Counsel, you do NOT have to fill out, sign or return any Proxy or any other form to the Monitor since the Salaried Members Representative Counsel have been authorized by the CCAA Court to attend at the Creditors’ Meeting and to vote your employee claims on your behalf according to that recommendation (the "Salaried Members Deemed Proxy"). If however, you **DISAGREE** with the recommendation, you have the right to opt out of the Salaried Members Deemed Proxy by advising the Monitor in writing of your desire to do so and you may vote in person at the Creditors’ Meeting in Montreal or you may appoint a different Proxy holder by using the Proxy form.

If you are a USW Member and you **AGREE** with the recommendation of the USW Counsel, you do NOT have to fill out, sign or return any Proxy or any other form to the Monitor since the USW Counsel have been authorized by the CCAA Court to attend at the Creditors’ Meeting and to vote your employee claims on your behalf according to that recommendation (the "USW Deemed Proxy"). If however, you **DISAGREE** with the recommendation, you have the right to opt out of the USW Deemed Proxy by advising the Monitor in writing of your desire to do so and you may vote in person at the Creditors’ Meeting in Montreal or you may appoint a different Proxy holder by using the Proxy form.

If you have any questions regarding the Plan, the vote, or matters with respect to the Creditors’ Meetings or Sanction Hearing, please contact the Monitor by email at [bloomlake@fticonsulting.com](mailto:bloomlake@fticonsulting.com) or by telephone at 1-844-669-6338 or 416-649-8126.

Yours sincerely,

FTI Consulting Canada Inc., solely in its capacity as Court-Appointed  
Monitor of the CCAA Parties