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MESABI IRON COMPANY

to

BANKERS TRUST COMPANY

ARNOLD HOFFMAN

ARTHUR G. LOGAN

GILBERT M. HAAS

and

EARL KNUDSEN

**Trustees**

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AGREEMENT OF TRUST

Dated as of July 18, 1961

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**MESABI TRUST**

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## **AGREEMENT OF TRUST**

**AGREEMENT OF TRUST** made and entered into as of the 18th day of July, 1961, by and between MESABI IRON COMPANY, a corporation organized and existing under the laws of the State of Delaware (hereinafter called the "Company"), party of the first part, and BANKERS TRUST COMPANY, a corporation duly organized and existing under the laws of the State of New York, having its principal office at 16 Wall Street, in the Borough of Manhattan, the City of New York, State of New York, ARNOLD HOFFMAN, residing at 101 Central Park West, in the City, County and State of New York, ARTHUR G. LOGAN, residing at Barley Mill Road, Greenville, New Castle County, State of Delaware, GILBERT M. HAAS, residing at 10 Collamore Terrace, West Orange, Essex County, State of New Jersey, and EARL KNUDSEN, residing at 2455 Old Washington Road, Bridgeville, Allegheny County, Commonwealth of Pennsylvania, as Trustees, (hereinafter sometimes called the "Trustees"), parties of the second part;

WHEREAS, the Company and Reserve Mining Company, a Minnesota corporation (herein called "Reserve") are parties to an Assignment dated July 25, 1939 of a mining lease dated October 1, 1917 between East Mesaba Iron Company and Dunka River Iron Company, as lessors, and Claude W. Peters, as lessee, as amended and supplemented (herein called the "Peters Lease", which is more particularly described in Exhibit A annexed hereto and hereby made a part hereof and a composite copy of which is attached hereto as Schedule 1) of certain lands situated in the County of St. Louis, State of Minnesota, which are particularly described in the Peters Lease; and

WHEREAS, the Company and Reserve have entered into an agreement dated April 27, 1960 amending the said Assignment of the Peters Lease, dated July 25, 1939 (which Assignment as so amended is herein called the "Amended Assignment of Peters Lease", is more particularly described in Exhibit B annexed hereto and hereby made a part hereof and a composite copy of which is attached hereto as Schedule 2); and

WHEREAS, the Amended Assignment of Peters Lease provides, among the terms and provisions set forth therein, for the payment by Reserve to the Company of certain royalties on shipments by Reserve of minerals produced after December 31, 1959 from certain lands described therein; and

WHEREAS, the Company and Reserve are parties to an Assignment dated July 25, 1939 of a mining lease dated May 1, 1916, between Cloquet Lumbar Company, as lessor, and Claude W. Peters, as lessee, (herein called the "Cloquet Lease" which is more particularly described in Exhibit C annexed hereto and hereby made a part hereof and a copy of which is attached hereto as Schedule 3) of certain lands situated in the County of St. Louis, State of Minnesota, which are more particularly described in the Cloquet Lease, and said Assignment of Cloquet Lease (herein called the "Assignment of Cloquet Lease") is more particularly described in Exhibit D annexed hereto and hereby made a part hereof and a copy thereof is attached hereto as Schedule 4; and

WHEREAS, the Company, by an indenture of trust of even date herewith, more particularly described in Exhibit E annexed hereto and hereby made a part hereof, (herein called the "Land Trust") has conveyed to the trustees named therein its 20% fee interest in the lands subject to the Peters Lease and the fee interest in other leased lands, situated in the County of St. Louis, State of Minnesota, and other property, more particularly described in said Land Trust for the benefit of the Trustees herein and upon the other terms and conditions set forth therein including, among other provisions, the collection of all of the rents, royalties, income and proceeds of the corpus of said Land Trust and after the payment of all liabilities, obligations and other expenses set forth in said Land Trust, the distribution and payment of the net income provided therein to the Trustees under this Agreement of Trust; and

WHEREAS, the Company will have no business to conduct but principally will be concerned with matters relating to the receipt of the payments payable from time to time by Reserve pursuant to the Amended Assignment of Peters Lease (there being no separate amounts payable by Reserve to the Company under the Assignment of Cloquet Lease) and the receipt of the distributions payable to the beneficiary by the trustees of the Land Trust and, after the payment of Company's liabilities and expenses, the distribution of such amounts remaining thereafter pro rata to its shareholders; and

WHEREAS, the Company and its shareholders have determined that it is in their best interests that the Company create this trust and transfer to the Trustees all of the Company's right, title and interest in the Amended Assignment of Peters Lease, Assignment of Cloquet Lease, beneficial interest in the Land Trust and all the other assets and property hereinafter set forth to be held in trust for the benefit of the Trust Certificate holders, upon the terms and conditions herein set forth in order to preserve the Trust Estate and collect the income therefrom for such Trust Certificate holders, and that the Company wind up its affairs, distribute its assets to its shareholders subject to its liabilities existing at, or arising out of or from any act or transaction of the Company prior to, the date of such distribution to the extent the same are not separately provided for by the Company and be dissolved under the laws of the State of Delaware; and

WHEREAS, all things necessary to constitute these presents a valid Agreement of Trust according to its terms, have been done and performed, and the execution of this Agreement and the execution, authentication and delivery of the Trust Certificates have in all respects been duly authorized, and the Company, in the exercise of the legal right and power in it vested, has executed this Agreement and the Trustees propose to make, execute, issue and deliver the Trust Certificates in accordance with the provisions hereof;

NOW, THEREFORE, THIS AGREEMENT OF TRUST WITNESSETH, that, in order to declare the terms and conditions upon which this trust is created and the Trust Certificates are to be issued and received, and in consideration of the premises, and the acceptance of the Trust Certificates by the holders thereof and the transfer and assignment to the Trustees of all the property and assets herein described, the sum of One Dollar (\$1) and other good and valuable considerations duly paid to the Company by the Trustees at the execution of these presents, the receipt of all of which is hereby acknowledged, and for the purposes set forth herein, the Company covenants and agrees with the Trustees, for the equal and proportionate benefit of the respective holders from time to time of the Trust Certificates, as follows:



ARTICLE I  
TRANSFER TO THE TRUSTEES

Section 1.1 *Transfer to the Trustees.* The Company agrees to and by these presents does give, grant, bargain, sell, warrant, alien, demise, release, convey, assign, transfer, set over and confirm unto the Trustees, and to their successors in said trust and to their assigns, forever, all and singular, the following described properties (which initially are included in the “Trust Estate” as herein defined), to wit:

I

The Amended Assignment of Peters Lease, more particularly described in Exhibit B annexed hereto; and

II

The Assignment of Cloquet Lease, more particularly described in Exhibit D annexed hereto; and

III

The entire beneficial interest of the Land Trust, more particularly described in Exhibit E annexed hereto; and

IV

The property described in Exhibit F annexed hereto and hereby made a part thereof; and

V

Also, all and singular, the appurtenances and rights belonging to or appertaining to the aforesaid properties or any part thereof; with the reversions, remainders, tolls, rents, revenues, issues, income, products and profits thereof, and all the right, title, estate, interest and claims which the Company now has or may hereafter acquire in and to the aforesaid properties, and every part and parcel thereof, excluding, however, any royalties payable to the Company during July, 1961 for the period prior to July 1, 1961.

TO HAVE AND TO HOLD the Trust Estate unto the Trustees and their successors and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts and for the uses and purposes set forth herein for the equal proportionate benefit of all holders of the Trust Certificates to be issued hereunder, subject, however, to the payment of the liabilities and obligations of the Company hereinafter set forth.

AND the Trustees agree to and do hereby accept such properties and such trust.

Section 1.2 *Instruments of Further Assurance.* The Company and such persons as shall have the right and power after the dissolution of the Company will, upon reasonable request of the Trustees, execute, acknowledge and deliver such further instruments and do such further acts as may be necessary or proper more effectively to carry out the purposes of this Agreement, to transfer any property intended to be covered hereby and to vest in the Trustees, their successors and assigns, the estate, powers, instruments or funds in trust hereunder.

Section 1.3 *Assumption of Liabilities of Company.* The Trustees covenant and agree to pay and discharge when due the liabilities and obligations of the Company set forth in Exhibit G annexed hereto and hereby made a part hereof.

Section 1.4 *Payment of Transferee Liabilities.* If any liability shall be asserted against the Trustees as the Transferees of the Trust Estate, on account of any claimed liability of or through the Company, the Trustees may use such part of the Trust Estate as may be necessary in contesting any such liability and in payment thereof.

Section 1.5 *Acceptance of Incidental Property.* Subject to the limitations expressed herein, the Trustees may from time to time receive and accept as part of the Trust Estate any property or rights which may accrue or come to them in connection with the Trust Estate and such property or rights so received or accepted shall constitute a part of the Trust Estate for the uses and purposes set forth herein.

## ARTICLE II DEFINITIONS

Section 2.1 *Certain Terms Defined.* For all purposes of this instrument, unless the context otherwise requires:

*Agreement or Agreement of Trust* shall mean this instrument as originally executed or as it may from time to time be amended pursuant to the terms hereof.

*Company* shall mean Mesabi Iron Company, a corporation organized under the laws of the State of Delaware and intended to be dissolved after the execution of this instrument.

*Corporate Trustee* shall mean Bankers Trust Company and its successor or successors which shall become such in the manner hereinafter prescribed.

*Shareholders* shall mean the holders of record of the shares of the outstanding capital stock of the Company at the close of business on the date fixed by the Company for the determination of stockholders thereof entitled to receive distribution of the Trust Certificates to be issued hereunder, each such shareholder owning the number of Units equal to ten (10) times the number of shares of stock of the Company owned of record by such shareholder on such date.

*Trust Certificate or Trust Certificates* shall mean any Trust Certificate or Certificates, as the case may be, issued under this Agreement of Trust.

*Trust Certificate holder, or holders of Trust Certificates*, or any similar terms, shall mean the registered owner of a Trust Certificate, as shown by the registration books maintained by the Trustees.

*Trust Estate* shall mean all the property held from time to time by the Trustees under this Agreement of Trust.

*Trust Moneys* shall mean all rents, royalties, income, proceeds and other receipts of or from the Trust Estate, including but not limited to (i) royalties or payments made under the Amended Assignment of Peters Lease, (ii) payments made by the trustees of the Land Trust, (iii) compensation for any part of the Trust Estate taken by eminent domain, (iv) proceeds of sale of any part of the Trust Estate, (v) proceeds of insurance upon any part of the Trust Estate, and (vi) interest earned on any moneys or securities held by the Trustees under this Agreement of Trust.

*Trustees* shall mean the parties of the second part hereto and their successors which or who shall become such in the manner hereinafter prescribed.

Except where the context otherwise requires, words importing the masculine gender shall include the feminine and the neuter, if appropriate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations. All references herein to "Articles", "Sections" and other subdivisions refer to the corresponding Articles, Sections and other subdivisions of this instrument; and the words "herein", "hereof", "hereby", "hereunder" and words of similar import, refer to this instrument as a whole and not to any particular Article, Section or subdivision hereof.

### ARTICLE III TRUST CERTIFICATES

Section 3.1 *Issuance of Trust Certificates.* The beneficial interests hereunder shall be divided into 13,120,010 equal undivided portions (herein called "Units") which shall be evidenced by the Trust Certificates. The Trustees shall forthwith issue such Trust Certificates as directed by the Company. The number of Units represented by any single Trust Certificate shall be designated on said Trust Certificate. No fractional part of a single Unit shall be issued but in lieu thereof the Trustees may make such provision with respect to fractions of Units as they may deem appropriate.

Section 3.2 *Rights of Trust Certificate Holders.* The registered owner of each Trust Certificate shall be entitled to participation according to the number of his Units in the rights and benefits due to a Trust Certificate holder hereunder. Each Trust Certificate holder or transferee of any Trust Certificate shall take and hold the same subject to all the terms and provisions of this Agreement of Trust. The Trust Certificates and the interest of the Trust Certificate holders therein and all rights and benefits evidenced thereby, are hereby declared and shall be in all respects personal property and upon the death of an individual Trust Certificate holder his interest as represented by a Trust Certificate shall pass to his legal representative and such death shall in no wise terminate or affect the validity of this Agreement. A Trust Certificate holder shall have no title to, right to, possession of, management of, or control of, the Trust Estate

except as hereunder otherwise expressly provided. No widower, widow, heir or devisee of any person who may be the registered owner of a Trust Certificate shall have any right of dower, homestead or inheritance, or of partition, or of any other right, statutory or otherwise, in any property whatever forming a part of the Trust Estate, but the whole title, both legal and equitable, to all the Trust Estate shall be vested in the Trustees and the sole interest of the Trust Certificate holders shall be the rights and benefits given to such holders under the Agreement of Trust.

Section 3.3 *Form and Execution.* The Trust Certificates shall be in substantially the form set forth in Exhibit H hereto with such changes as the Trustees may from time to time find necessary or desirable to conform to any applicable laws or regulations. All Trust Certificates shall be executed by the manual or facsimile signatures of the individual Trustees and an authorized officers or officers of the Corporate Trustee. In case any Trustee or authorized officer, who has signed or whose facsimile signature has been placed upon a Trust Certificate, shall have ceased to be a Trustee or authorized officer before such Trust Certificate is issued, it may be countersigned by a transfer agent and registered by a registrar and issued with the same effect as if such Trustee or authorized officer had not then ceased to be a Trustee of authorized officer.

Section 3.4 *Registration of Trust Certificates.* The Trustees shall cause to be kept, at the office of the Corporate Trustee and at such other place or places within or without the state of New York as the Trustees may determine, books for the registration and transfer of any of the Trust Certificates (herein sometimes called the "register"); and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as they may prescribe, cause to be registered or transferred therein, any of the Trust Certificates. The Corporate Trustee is hereby appointed registrar of the Trust Certificates, for the purpose of registering and transferring Trust Certificates as herein provided. The Trustees may appoint one or more additional registrars for such purpose. Trust Certificate holders and their duly authorized representatives shall have the right, upon reasonable prior written notice to the Trustees (addressed to them in care of the Corporate Trustee), and in accordance with reasonable regulations prescribed by the Trustees, to inspect and make copies of the register.

For its services as registrar, including issuance and transfer of Trust Certificates, maintenance of records of Trust Certificate holders, periodic disbursement of moneys to Trust Certificate holders, mailing of reports and other material, and for all related services customarily performed by a registrar or transfer agent, the Corporate Trustee shall be entitled to receive reasonable compensation, which shall be in addition to the compensation provided for in Article Eleven hereof.

Section 3.5 *Transfer of Trust Certificates.* The Trust Certificates and the interest represented thereby (but no fractional part of a single Unit thereof) may be transferred by the holder thereof in person or by a duly authorized agent or attorney, or by the properly appointed legal representatives of the holder, upon the surrender of the Trust Certificate, duly executed for transfer, to the Trustees with directions that such transfer be made and recorded in the register of the Trustees, upon the delivery of such other documents as the Trustees may reasonably require and upon the payment of the reasonable transfer charges, if any, established by the Trustees for the purpose of reimbursing the Trustees for the expenses incident thereto. Until any such transfer is recorded in the register of the Trustees, the Trustees may treat the holder of record of

any Trust Certificate as the owner thereof for all purposes and shall not be charged with notice of any claim or demand to such Trust Certificate or the interest of any other person. The ownership and registration of the Trust Certificates may be in any form which the applicable law permits, subject to the reasonable regulation thereof by the Trustees.

The recordation in the register of the Trustees of a transfer of a Trust Certificate shall, for the purposes of this trust, transfer to the transferee as of the date of such recordation all right, title and interest of the transferor in and to the Trust Certificate to which the transferor might then be or thereafter become entitled, except that a transfer of a Trust Certificate shall not by such transfer, transfer to the transferee the right of the transferor to any sum payable by the Trustees to holders of record on a date prior to the date of recordation in the register of the Trustees of the transfer.

Section 3.6 *Applicable Law.* As to matters affecting the title, ownership, warranty, transferability or attachment of the Trust Certificates, the laws from time to time in force in the State of New York with respect to stock certificates shall govern except as otherwise herein specifically provided.

Section 3.7 *Mutilated, Lost, Stolen and Destroyed Certificates.* In case any Trust Certificate shall be mutilated, lost, stolen or destroyed, then, upon the production of such mutilated Trust Certificate or upon the receipt of evidence satisfactory to the Trustees of the loss, theft or destruction of such Trust Certificate and upon receipt also of a surety bond satisfactory to them, unlimited in amount if they shall so specify, or such other security or indemnity as may be required by them, the Trustees in their discretion may execute and deliver or cause to be executed and delivered a new Trust Certificate in exchange for, and upon cancellation of, the mutilated Trust Certificate, or in lieu of the Trust Certificate so lost, stolen or destroyed. Any holder of a new Trust Certificate issued under this Section shall be entitled to the benefits of this Agreement of Trust equally and ratably with all other holders of Trust Certificates. The Trustees, in their discretion, may place upon such new Trust Certificate a distinguishing mark or legend to comply with the rules of any securities exchange or to conform to any usage with respect thereto, but such mark or legend shall in no wise affect the validity of such new Trust Certificate. If required by the Trustees, the applicant for such substitute certificate may also be required, as a condition precedent to the issuance of such certificate, to pay all reasonable costs, expenses and attorneys' fees incurred in connection with the issuance of such Trust Certificate.

Section 3.8 *Ownership of Trust Certificates by Trustees.* Each Trustee, either individually or in a representative or fiduciary capacity (other than as a Trustee hereunder), may acquire, own and dispose of Trust Certificates to the same extent as if he were not a Trustee hereunder.

#### ARTICLE IV DURATION AND TERMINATION OF TRUST

Section 4.1 *Name.* This Trust may be known as the "Mesabi Trust."

Section 4.2 *Duration.* Unless sooner terminated as hereinafter provided, this trust shall continue until twenty one (21) years after the death of the survivor of the persons named in

Exhibit I annexed hereto and hereby made a part hereof. In the event the duration of this trust is necessarily limited by the applicable laws of any state to a term which is shorter than the term hereinabove set forth and a court of competent jurisdiction has finally determined that such shorter term must be used and the laws of such state must be applied in determining the duration of this trust, then and in such event this trust shall continue for the maximum period permitted under the laws of said state for the duration of this trust, in lieu of the period set forth in the preceding sentence.

Section 4.3 *Termination by Trustees.* If the Trustees sell any part of the Trust Estate as permitted by Article Seven (other than investments of Trust Moneys by the Trustees pursuant to Section 9.4) the trust shall be deemed terminated with respect to the property sold.

Section 4.4 *Termination by Trust Certificate Holders.* The trust may be terminated at any time by the action of 75% in interest of the Trust Certificate holders as evidenced in the manner provided in Section 13.1.

Section 4.5 *Distributions on Termination by Sale by Trustees.* In the event of a termination of the trust, in part, as a result of a sale by the Trustees of any part of the Trust Estate, the Trustees shall distribute to the Trust Certificate holders, pro rata according to the number of Units outstanding at the date fixed by the Trustees for distribution, the net proceeds of the sale (the “net proceeds” means the proceeds of the sale, whether in cash or other property, less (i) expenses of the sale, and (ii) such reserve as the Trustees deem necessary to establish out of the proceeds to meet liabilities in connection therewith), provided, however, that the Trustees shall not be required to make a separate distribution of the net proceeds if they shall be less than \$100,000 (in which event such net proceeds shall be distributed with the next regular income distribution). Each distribution of cash hereunder shall be made by mailing checks to the Trust Certificate holders of record at the close of business on the date fixed by the Trustees for such distribution at their addresses as shown by the register maintained by the Trustees. Each distribution of other property may be made by mailing appropriate instruments of title to the Trust Certificate holders of record at the close of business on the date fixed by the Trustees for such distribution at their addresses as shown by the register maintained by the Trustees.

Section 4.6 *Distribution on Termination by Passage of Time or by Determination of Trust Certificate Holders.* Upon the termination of the trust by passage of time or by action of the Trust Certificate holders in accordance with the provisions of Section 4.4, the Trustees shall proceed as rapidly as possible to convert the Trust Estate into cash or other property and the Trustees shall distribute to the Trust Certificate holders, pro rata according to the number of Units outstanding at the date fixed by the Trustees for distribution, the net proceeds (the “net proceeds” means the total cash or other property received as a result of the conversion of the Trust Estate to cash or such other property less (i) expenses of such conversion, (ii) liabilities hereunder and (iii) such reserve as the Trustees deem necessary to establish to meet liabilities hereunder), provided, however, that if the Trustees determine that it will be in the best interests of the Trust Certificate holders not to convert part or all of the Trust Estate into cash or other property, the Trust Estate not so converted shall be distributed in kind to the Trust Certificate holders, pro rata according to the number of Units outstanding at the date of distribution. Each distribution of cash hereunder shall be made by mailing checks to the Trust Certificate holders of record at the close of business on the date fixed by the Trustees for such distribution at their

addresses as shown by the register maintained by the Trustees. Each distribution of other property and distribution in kind may be made by mailing appropriate instruments of title to the Trust Certificate holders of record at the close of business on the date fixed by the Trustees for such distribution at their addresses as shown by the register maintained by the Trustees.

Section 4.7 *Continuance of Trust for Winding Up.* After the termination of the trust and for the purpose of liquidating and winding up the affairs of this trust, the Trustees shall continue to act as such until their duties have been fully performed. Upon the distribution of all of the Trust Estate to the Trust Certificate holders and the payment and discharge of all debts, liabilities and obligations of the trust, the Trustees shall have no further duties or obligations hereunder except to account as provided in Section 5.5.

## ARTICLE V COLLECTION AND APPLICATION OF TRUST MONEYS

Section 5.1 *Collection of Trust Moneys.* All Trust Moneys shall be collected by the Trustees and held as a part of the Trust Estate.

Section 5.2 *Payment of Expenses and Other Liabilities.* The Trustees shall pay from Trust Moneys all expenses, charges, liabilities and obligations of the Trust Estate and all liabilities and obligations which the Trustees specifically assumed and agreed to pay pursuant to this Agreement of Trust and such transferee liabilities which the Trustees may be obliged to pay as transferees of the Trust Estate, including, among the foregoing and without limiting the generality of the foregoing, interest, taxes, assessments and public charges of every kind and nature and the costs, charges and expenses connected with or growing out of the execution or administration of this trust and such other payments and disbursements as are provided in this Agreement or which may be determined to be a proper charge against the Trust Estate by the Trustees. The Trustees may, in their discretion, make provision by reserve or otherwise out of the Trust Moneys, for such amount as the Trustees in good faith may determine to be necessary to meet present or future liabilities of the trust, whether fixed or contingent.

Section 5.3 *Distribution of Trust Moneys.* The Trustees shall, on or before the twentieth (20th) days of February, May, August and November in each year or as soon as practicable thereafter commencing August 20, 1961 distribute and pay, or cause to be distributed and paid, to the Trust Certificate holders of record at the close of business on the 30th day of the preceding January, April, July and October, respectively, (the "record date"), in proportion to their respective interests as evidenced by Trust Certificates, that is, pro rata according to the number of Units owned by each Trust Certificate holder, as of the said record date, all of the Trust Moneys (not theretofore distributed to the Trust Certificate holders) as of the close of business on such record date that is left after payment of, or provision for, the expenses, liabilities and obligations of the Trust Estate as set forth in this Article (including any reserve referred to in Section 5.2) and after the withholding of the taxes or charges, if any, as provided in Section 5.4.

The Trustees shall maintain their accounts in accordance with generally accepted accounting principles and may rely upon the advice and opinion of independent certified public accountants or of counsel with respect to any matter relating to the determination of net income,

undistributed net income or amounts available for distribution to the Trust Certificate holders. The amount required to be distributed to the Trust Certificate holders on each distribution date in accordance with the provisions of this Section shall be determined by the Trustees in their discretion and their determination shall be final and conclusive on all persons and in the absence of bad faith shall not be review by any court.

The distributions to Trust Certificate holders required or made in accordance with the provisions of this Article shall be made by mailing checks to the Trust Certificate holders at the addresses set forth in the register of the Trustees.

Section 5.4 *Withholding of Taxes and Other Charges.* The Trustees may withhold from the Trust Moneys distributable to certain or all of the Trust Certificate holders from time to time such sums as may be sufficient to pay any taxes or other charges which have been or may be imposed on the Trust Certificate holders under the income tax laws or other laws of the United States or any state or political subdivision by reason of the distributions of net income to Trust Certificate holders, whenever the withholding of such sums is required by law or regulation, and the Trustees may, in their discretion, enter into agreements with taxing or other authorities for the payment of such amounts as may be withheld in accordance with the provisions of this section.

Section 5.5 *Reports to Holders of Trust Certificates.* As soon as practicable after the end of each fiscal year of the trust and after termination of the trust, the Trustees shall submit a written report and account to the holders of Trust Certificates showing (i) the assets and liabilities of the trust at the end of such fiscal year or upon termination and the receipts and disbursements of the Trustees for such fiscal year or period, certified by independent public accountants, (ii) any changes in the Trust Estate which they have not previously reported, and (iii) any action taken by the Trustees in the performance of their duties under this Agreement of Trust which they have not previously reported and which in their opinion materially affects the Trust Estate. The Trustees may submit similar reports for such interim periods during the fiscal year as they deem advisable.

Section 5.6 *Federal Income Tax Information.* As soon as practicable after the close of each calendar year, the Trustees shall mail to each holder of a Trust Certificate at the close of the year, a statement showing on a unit basis the dates and amounts of all distributions made by the Trustees during such year, depletion and depreciation allowances, if any, and such other information as is reasonably available to the Trustees which may be helpful in determining the amount of taxable income from the trust that such holder should include in his federal income tax return for the preceding calendar year. In addition, after receipt of a request in good faith or in their discretion without such request, the Trustees may furnish to any person who has been a holder of a Trust Certificate at any time during the preceding calendar year or any person whose interest has changed during such year a statement containing such further information as is reasonably available to the Trustees which may be helpful in determining the amount of taxable income which such person should include in his federal income tax return.



ARTICLE VI  
PURPOSE OF TRUST AND LIMITATIONS ON TRUSTEES

Section 6.1 *Purpose of Trust.* The sole purpose of this Trust is to conserve and protect the Trust Estate and collect and distribute the income and proceeds therefrom to the Trust Certificate holders after the payment of, or provision for, expenses and liabilities.

Section 6.2 *Limitations on Trustees.* The Trustees shall not at any time, on behalf of the Trust or Trust Certificate holders, enter into or engage in any business, including, without limitation, the exploration, development or operation of any ore deposit or mine wherever located. This limitation shall apply irrespective of whether the conduct of any such business activities is deemed by the Trustees to be necessary or proper for conservation and protection of the Trust Estate. The Trustees shall not invest any of the funds held in the Trust Estate except that the Trustees may deposit money held under this Agreement in an interest-bearing bank account or accounts or in a checking account or accounts (which may be accounts with the Corporate Trustee) and the Trustees may purchase obligations of the United States. The Trustees shall be restricted to the holding and collection of the Trust Moneys and the payment and distribution thereof for the purposes set forth in this Agreement and to the conservation and protection of the Trust Estate and the administration thereof in accordance with the provisions of this Agreement. The Trustees shall not acquire any new properties of any kind except as permitted by Section 1.5.

Section 6.3 *General Application.* Every provision in this Agreement, including the provisions of Article Seven shall be construed in a way that is consistent with the purpose and with the limitations on the Trustees set forth in this Article Six, and no power granted by Article Seven or any other provision of this Agreement shall be exercised in a manner which goes beyond the purpose and the limitations of this Article Six.

ARTICLE VII  
POWERS OF THE TRUSTEES

Section 7.1 *Generally.* The Trustees shall hold the legal and equitable title to all property at any time constituting a part of the Trust Estate and shall hold such property in trust to be administered and disposed of by them pursuant to the terms of this Agreement for the benefit of the Trust Certificate holders hereunder.

Section 7.2 *Specific Powers Exercisable Without the Consent of the Trust Certificate Holders.* Subject to the provisions of Article Six, the Trustees shall have the following specific powers, exercisable without the consent of the Trust Certificate holders, but their enumeration shall not be considered in any way to limit or control the power of the Trustees to act as specifically authorized by any other Section or provision of this Agreement and to act in such manner as the Trustees may deem necessary or appropriate to conserve and protect the Trust Estate or to confer on the Trust Certificate holders the benefits intended to be conferred upon them by this Agreement:

- (1) To grant or consent to licenses, easements and consents for roads, rights of way, power lines, telephone lines, pipe lines and similar uses and to grant other usage

rights, on or with respect to the Trust Estate, whether or not the term thereof may extend beyond the duration of this trust;

(2) To cause any investments of Trust Moneys pursuant to Section 9.4 to be registered and held in the name of any one or more of their names or in the names of a nominee or nominees without increase or decrease of liability with respect thereto;

(3) To collect and receive any and all money and other property of whatsoever kind or nature due to or owing or belonging to the trust and to give full discharge and acquittance therefor;

(4) To institute or defend actions for declaratory judgments or other actions and to take such other action as the Trustees may deem necessary or desirable to prevent a default or to enforce the default provisions or other provisions of the Amended Assignment of Peters Lease, Assignment of Cloquet Lease and any other instruments relating to or forming a part of the Trust Estate;

(5) To sell or dispose of any part of the personal property not in excess of \$10,000 in value or amount of the Trust Estate which is not used and useful in the administration of the Trust Estate and necessary therefor in the best interests of the Trust Certificate holders, at public or private sale, for such amount or amounts and on such terms and conditions as the Trustees in good faith may determine are reasonable under all the circumstances;

(6) To perform any act authorized, permitted or required under the Amended Assignment of Peters Lease, Assignment of Cloquet Lease or other instruments relating to or forming a part of the Trust Estate whether in the nature of an approval, consent, demand or notice thereunder or otherwise, unless such act would require the consent of the holders of the Trust Certificates in accordance with the express provisions of this Agreement, and including, without limiting the generality of the foregoing, to act in connection with the designation of a substitute index for the Wholesale Price Index All Commodities as provided by Paragraph 5 of the Amended Assignment of Peters Lease or in connection with the appointment of a person to choose the substitute index as set forth in said Paragraph 5;

(7) To keep any or all of the Trust Estate that is movable at any place or places or with a depository or custodian at such place or places.

(8) To do and perform any acts or things and only those acts or things necessary or appropriate for the conservation and protection of the Trust Estate, and in connection therewith to employ such agents (one or more of whom from time to time may be the Corporate Trustee) and to confer upon them such authority as the Trustees may deem expedient, and to pay reasonable compensation therefor.

The Corporate Trustee may execute and perform any duty or power hereunder either directly or through its agents or attorneys.

Section 7.3 *Specific Powers Exercisable With the Consent of the Trust Certificate Holders.* Subject to the provisions of Article Six, the Trustees, with the consent of at least 66-2/3% in interest of the Trust Certificate holders (except with respect to subsection (1) of this Section, which shall require the consent of at least 75% in interest of the Trust Certificate holders), evidenced in the manner provided in Section 13.1, shall have the following specific powers, but the enumeration of these specific powers shall not be considered in any way to limit or curtail the other specific powers given to the Trustees in Section 7.1 or 7.2 or elsewhere in this Agreement unless expressly set forth therein:

(1) To sell, transfer, assign or otherwise dispose of all or any part of the Trust Estate for cash or other considerations. In the event it should be finally determined by a court of proper jurisdiction that the required consent of at least 75% in interest of the Trust Certificate holders is an invalid suspension of the power of alienation by the Trustees, then the Trustees shall have the power to sell, transfer, assign or otherwise dispose of all or any part of the Trust Estate for cash or other considerations without such consent on and after the death of the survivor of the first two persons named in Exhibit I annexed hereto.

(2) To cancel or terminate the Amended Assignment of Peters Lease, the Assignment of Cloquet Lease or any other instrument relating to or forming a part of the Trust Estate, and to execute a new assignment or assignments with respect to the Peters Lease and the Cloquet Lease notwithstanding that the term of any such assignment may extend beyond the term of this trust provided that no such new assignment or assignments or other instrument shall permit the Trustees to engage in any activity prohibited by Article Six.

(3) To amend the Amended Assignment of Peters Lease, the Assignment of Cloquet Lease or any other instrument relating to or forming a part of the Trust Estate so as to alter the duration thereof or the boundaries of the land covered thereby or so as to reduce or alter the method of calculation of the income or rates of royalty payable under said assignments or other instruments or so as to defer the payment of any such income or royalties for a period of more than one year.

(4) To amend this Agreement in any manner whatever, provided that no such amendment shall permit the Trustees to engage in any activity prohibited by Article Six.

(5) To borrow money, including any borrowing from the Corporate Trustee, and to pledge or mortgage as security for the loan all or any part of the Trust Estate when in the opinion of the Trustees it is necessary to borrow money in order to carry out properly the purpose of this trust, and so long as such borrowing does not violate the provisions of Article Six.

## ARTICLE VIII DUTIES OF THE TRUSTEES

Section 8.1 *Payment of Trust Obligations.* The Trustees shall pay out of the Trust Estate all liabilities and obligations incurred by them in connection with the conservation or

administration of the Trust Estate, including without limiting the generality of the foregoing, the liabilities and obligations set forth in Article Five.

Section 8.2 *Books of Account.* The Trustees shall maintain books of account showing all receipts and disbursements and such other transactions as the Trustees may deem appropriate in accordance with good accounting principles. Such books of account shall be open at all reasonable times to the inspection by any holder of a Trust Certificate, or his duly authorized agent or attorney, upon a reasonable period of prior written notice to the Trustees.

Section 8.3 *Approval of Accounts.* The Trustees shall render the written report to the holders of Trust Certificates required by Section 5.5 hereof and said report shall constitute an account of the Trustees' administration of the trust for the fiscal year covered thereby. The approval by 51% in interest of the Trust Certificate holders of any account or accounts shall, as to all matters and transactions disclosed therein, be final and binding upon all persons (whether in being or not) who may then or thereafter become interested in or entitled to share in any Trust Certificate. Said approval may be evidenced in the manner provided in Section 13.1 and, if evidenced by instruments, the execution thereof by Trust Certificate holders need not be acknowledged or witnessed.

Section 8.4 *Fiscal Year of the Trust.* The fiscal year of the trust shall end on December 31 of each year unless the Trustees deem it advisable to establish some other date as the date on which the fiscal year of the trust shall end.

## ARTICLE IX CONCERNING THE TRUSTEES

Section 9.1 *Generally.* The Trustees accept and undertake to discharge the trusts created by this Agreement, upon the terms and conditions thereof. The Trustees shall exercise such of the rights and powers vested in them by this Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Agreement shall be construed to relieve the Trustees from liability for their own negligent action, their own negligent failure to act, or their own wilful misconduct, except that

- (a) no Trustee shall be responsible for the acts or omissions of any other Trustee if done or omitted without his knowledge or consent unless it shall be proved that such Trustee was negligent in ascertaining the pertinent facts and no successor Trustee shall be in any way responsible for the acts or omissions of any Trustees in office prior to the date on which he becomes a Trustee;
- (b) no Trustee shall be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Trustees;
- (c) in the absence of bad faith on the part of the Trustees, the Trustees may conclusively rely, as to the truth of the statements and the correctness of the

opinions expressed therein, upon any certificates or opinions furnished to the Trustees and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustees, the Trustees shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement;

(d) no Trustees shall be liable for any error of judgment made in good faith, unless it shall be proved that such Trustee was negligent in ascertaining the pertinent facts; and

(e) the Trustees shall not be liable with respect to any action taken or omitted to be taken by them in good faith in accordance with the direction of the holders of not less than a majority in interest of the Trust Certificates at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustees, or exercising any trust or power conferred upon the Trustees under this Agreement.

Section 9.2 *Reliance by Trustees.* Except as otherwise provided in Section 9.1:

(a) the Trustees may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties; and

(b) the Trustees may consult with legal counsel to be selected by them, and the Trustees shall not be liable for any action taken or suffered by them in accordance with the advice of such counsel.

(c) persons dealing with the Trustees shall look only to the Trust Estate to satisfy any liability incurred by the Trustees to such person in carrying-out the terms of this trust, and the Trustees shall have no personal individual obligation to satisfy any such liability.

Section 9.3 *Recitals.* The recitals contained herein and in the Trust Certificates shall be taken as the statements of the Company, and the Trustees assume no responsibility for the correctness of the same. The Trustees make no representations as to the validity of this Agreement.

Section 9.4 *Money Received by Trustees.* All moneys received by the Trustees shall, until used or applied as herein provided, be held in trust for the purposes for which they were received. The Trustees, however, shall, insofar as practicable, pending distribution thereof use their best efforts to deposit moneys received by them hereunder in an interest-bearing bank account or accounts or to purchase obligations of the United States therewith, which obligations shall be converted into cash when cash is required for the payment of expenses, liabilities or distributions to the Trust Certificate holders in accordance with the terms of this Agreement, provided that no such investment need be made of any moneys distribution of which shall be required or made within thirty (30) days after receipt thereof, and provided, further, that in

addition thereto, the Trustees may maintain funds not in excess of \$100,000 in a non-interest-bearing account.

Section 9.5 *Indemnification of Trustees.* Each Trustee shall be indemnified by and receive reimbursement from the Trust Estate against and from any and all loss, liability, expense or damage which such Trustee may incur or sustain, in good faith and without negligence, in the exercise and performance of any of the powers and duties of such Trustee under this Agreement.

## ARTICLE X PROTECTION OF PERSONS DEALING WITH THE TRUSTEES

Section 10.1 *Action by Trustees-Quorum.* All action required or permitted to be taken by the Trustees, in their capacity as Trustees, pursuant to this Agreement shall be taken (i) at a meeting at which a quorum is present duly called by one or more of the Trustees and held on at least 3 days prior written or telegraphic notice to all of the Trustees then in office, or (ii) by a written vote, resolution or other writing without a meeting signed by all the Trustees then in office. Except where this Agreement otherwise provides, all action taken at such a meeting shall be by vote or resolution of a majority of such of the Trustees as are present and shall have the same force and effect as if taken by all the Trustees. A majority of the Trustees then in office shall constitute a quorum.

Section 10.2 *Reliance on Trustees' Statement as to Authority to Act.* Any person dealing with the Trustees shall be fully protected in relying upon the Trustees' certificate that they have authority to take any action under this trust.

Section 10.3 *Reliance on Statement by Trustees as to Meeting of Trust Certificate Holders.* Any person dealing with the Trustees shall be fully protected in relying upon the Trustees' certificate setting forth the facts concerning the calling of any meeting of the Trust Certificate holders, the giving of notice thereof, and the action taken at said meeting, including the number of Units represented by Trust Certificate holders taking such action.

Section 10.4 *Application of Money Paid or Transferred to the Trustees.* No person dealing with the Trustees shall be required to follow the application by the Trustees of any money or property which may be paid or transferred to the Trustees.

## ARTICLE XI COMPENSATION OF TRUSTEES

Section 11.1 *Compensation for Ordinary Services as Trustee.* In lieu of commissions fixed by law for trustees, each Trustee shall receive as compensation for services as Trustee hereunder one quarter of one percent ( $\frac{1}{4}$  of 1%) of the Trust Moneys (exclusive of proceeds of sale of any part of the Trust Estate) received by the Trustees and distributed to the Trust Certificate holders (but (i) as to the Corporate Trustee not less than \$15,000 in any fiscal year beginning after December 31, 1961 nor more than \$25,000 in any fiscal year ending prior to January 1, 1966 and (ii) as to each Individual Trustee not less than \$10,000 in any fiscal year beginning after December 31, 1961 nor more than \$20,000 in any fiscal year) while he is in office and such additional compensation from the cash proceeds of the sale of any part of the Trust Estate while he is in office as may be approved by a majority in interest of the Trust

Certificate holders, or in event of the sale of the Trust Estate by 75% in interest thereof. Any Trustee hereunder, who is also a trustee of the Land Trust, shall not receive any compensation or commissions for acting as a trustee of the Land Trust, but shall be entitled to receive compensation only under the provisions of this Agreement.

In addition to the compensation set forth above, the Corporate Trustee shall receive the sum of \$12,500 in each fiscal year (including the first fiscal year) to cover clerical and administrative services to the trust (other than services customarily performed by a registrar or transfer agent) provided, however, that an additional amount may be paid to the Corporate Trustee in any fiscal year to cover such services when deemed appropriate by action of the Trustees (in which all individual Trustees concur) taken in accordance with Section 10.1.

In the event of any substitution of or change in the Trustees, each Trustee shall receive compensation based only upon such rent, royalties and other income and proceeds of sale received and distributed while such Trustee was in office.

Section 11.2 *Dates of Payment of Compensation for Ordinary Services as Trustee.* The compensation payable to each Trustee pursuant to the provisions of Section 11.1 shall be paid quarter-annually or at such other times as the Trustees may determine.

Section 11.3 *Compensation for Extraordinary Services Rendered by the Trustees.* If a Trustee renders any unusual or extraordinary service to the trust, that is, service not expected of him as a Trustee hereunder, such Trustee shall be entitled to receive, in addition to the compensation called for by Section 11.1, reasonable compensation for such unusual or extraordinary service so rendered, but such compensation shall not exceed an amount which shall be approved by a majority in interest of the Trust Certificate holders prior to the payment thereof. Said approval may be evidenced in the manner provided in Section 13.1 and, if evidenced by instruments, the execution thereof by Trust Certificate holders need not be acknowledged or witnessed.

Section 11.4 *Expenses.* Each Trustee shall be reimbursed from the Trust Estate for all expenses reasonably incurred by him in the performance of his duties in accordance with this Agreement.

## ARTICLE XII TRUSTEES AND SUCCESSOR TRUSTEES

Section 12.1 *Number of Trustees.* Subject to the provisions of Section 12.3 relating to the period pending the appointment of a successor Trustee, there shall always be five (5) Trustees of this trust, one of whom shall be a Corporate Trustee with the qualifications prescribed in Section 12.4, and four of whom shall be individual citizens and residents of the United States.

Section 12.2 *Resignation and Removal.* Any Trustee may resign and be discharged from the trusts hereby created by giving written notice thereof to the remaining Trustees and by mailing such notice to the Trust Certificate holders at their respective addresses as they appear in the register of the Trustees. Such resignation shall become effective on the day specified in such

notice or upon the appointment of such Trustee's successor and such successor's acceptance of such appointment, whichever is earlier.

Any Trustee may be removed at any time, with or without cause, by the holders of two-thirds in interest of the Trust Certificates then outstanding.

Section 12.3 *Appointment of Successor.* In case at any time a Trustee shall resign or be removed or shall die or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Corporate Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Corporate Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, a vacancy shall be deemed to exist in the office of such Trustee, and a successor shall be appointed by the holders of a majority in interest of the Trust Certificates then outstanding. Pending the appointment of a successor Trustee, the remaining Trustees then in office may take any action in the manner set forth in Section 10.1.

Section 12.4 *Persons Eligible for Appointment as the Corporate Trustee.* The Corporate Trustee shall at all times be a bank or trust company having its principal office and place of business in the Borough of Manhattan in The City of New York, if there be such an institution willing and able to accept the trust upon reasonable or customary terms, and shall at all times be a corporation organized and doing business under the laws of the United States or the State of New York, with a combined capital and surplus of at least \$25,000,000 and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by Federal or State authority. If the Corporate Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to in this Section, then, for the purposes of this Section, the combined capital and surplus of the Trustee shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

In case at any time the Corporate Trustee shall cease to be eligible under this Section, it shall resign immediately in the manner and with the effect specified in Section 12.2; and in the event that the Corporate Trustee does not so resign, it may be removed forthwith by the holders of a majority in interest of the Trust Certificates then outstanding.

Section 12.5 *Acceptance of Appointment by Successor Trustee.* Any successor Trustee appointed hereunder shall execute an instrument accepting such appointment hereunder and shall deliver one counterpart thereof each to the other Trustees and, in case of a resignation, to the retiring Trustee. Thereupon such successor Trustee shall, without any further act, become vested with all the estates, properties, rights, powers, trusts and duties of his or its predecessor in the trust hereunder with like effect as if originally named therein; but the retiring Trustee shall nevertheless, when requested in writing by the successor Trustee or by the remaining Trustees and upon payment of its lawful charges and disbursements then unpaid, if any, execute and deliver an instrument or instruments conveying and transferring to such successor Trustee upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of such retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by it or him hereunder. Should any instrument from the remaining Trustees be reasonably required by any successor Trustee for more fully and certainly vesting in and confirming to him or it said estates, properties, rights, powers and trusts, then any and all such



instruments shall, on request of such successor Trustee, be executed, acknowledged and delivered by the remaining Trustees.

Section 12.6 *Merger or Consolidation of the Corporate Trustee.* Any corporation into which the Corporate Trustee may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Corporate Trustee shall be a party or any corporation to which substantially all the business and assets of the Corporate Trustee may be transferred, shall (subject to Section 12.4) be the Corporate Trustee under this Agreement, without further act.

Section 12.7 *Appointment of Successor Trustee by a Court.* In the event a vacancy in the office of Trustee shall continue for a period of at least 90 days, a temporary Trustee may be appointed by the Supreme Court of the State of New York, on the application of any Trust Certificate holder upon such notice, if any, as the Court may deem proper and prescribe. Such temporary Trustee shall act only until one or more successor Trustees shall have been appointed by the Trust Certificate holders in the manner prescribed in Section 12.3.

### ARTICLE XIII CONCERNING THE TRUST CERTIFICATE HOLDERS

Section 13.1 *Evidence of Action by Holders of Trust Certificates.* Whenever in this Agreement it is provided that the holders of Trust Certificates may take any action (including the making of any demand or request, the giving of any notice, consent or waiver, the removal of a Trustee, the appointment of a successor Trustee or the taking of any other action), the fact that at the time of taking any such action such holders have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by holders of Trust Certificates in person or by agent or attorney appointed in writing, or (b) by the record of the holders of Trust Certificates voting in favor thereof at any meeting of holders of Trust Certificates duly called and held in accordance with the provisions of Article Fourteen.

Section 13.2 *Proof of Action Other Than by Meeting.* Proof of the execution of any instrument referred to in clause (a) of Section 13.1 by a holder of Trust Certificates or his agent or attorney shall be sufficient if made in the following manner:

The fact and date of the execution by any such person of any instrument may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgments of deeds to be recorded in such jurisdiction that the person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer.

The record of any meeting of holders of Trust Certificates and of any action thereat shall be proved in the manner provided in Article Fourteen.

Section 13.3 *Limitation on Suits by Holders of Trust Certificates.* No holder of any Trust Certificate shall have any right by virtue of any provision of this Agreement to institute any action or proceedings at law or in equity against any party other than the Trustees upon or under or with respect to the Trust Estate or the agreements relating to or forming part of the Trust Estate, and the holders of the Trust Certificates do hereby waive any such right, unless the

holders of not less than 15% in interest of the Trust Certificates then outstanding shall have made written request upon the Trustees to institute such action or proceedings in their own names as Trustees hereunder and shall have offered to the Trustees reasonable indemnity against the costs and expenses to be incurred therein or thereby, and the Trustees for thirty days after their receipt of such notice, request and offer of indemnity shall have failed to institute any such action or proceedings; it being understood and intended, and being expressly covenanted by the holder of every Trust Certificate with every other holder and the Trustees, that no one or more holders of Trust Certificates shall have any right in any manner whatever by virtue of any provision of this Agreement to affect, disturb or prejudice the right of any other holder of Trust Certificates, or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under this Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Trust Certificates. Nothing contained in this Section 13.3, however, shall restrict or limit any right which a Trust Certificate holder may have as a matter of law to institute any action or proceeding against the Trustees upon, or under or with respect to this Agreement.

Section 13.4 *Requirement of Undertaking.* All parties to this Agreement agree, and each holder of any Trust Certificate by his acceptance thereof shall be deemed to have agreed, that the Trustees may request any court to require, and any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Agreement, or in any suit against the Trustees for any action taken or omitted by them as Trustees, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; provided, that the provisions of this Section shall not apply to any suit by the Trustees and such undertaking shall not be requested by the Trustees or otherwise required in any suit by any Trust Certificate holder or group of Trust Certificate holders holding more than 5% in interest of the Trust Certificates outstanding.

#### ARTICLE XIV MEETINGS OF TRUST CERTIFICATE HOLDERS

Section 14.1 *Purpose of Meetings.* A meeting of the Trust Certificate holders may be called at any time and from time to time pursuant to the provisions of this Article for the purposes of taking any action which the terms of this Agreement permit a percentage in interest of the Trust Certificate holders to take either acting alone or with the Trustees.

Section 14.2 *Meeting Called by the Trustees.* The Trustees may at any time call a meeting of the Trust Certificate holders, for the purpose of taking any action referred to in Section 14.1, to be held at such time and at such place within the State of New York (or elsewhere if so determined by all of the Trustees) as the Trustees shall determine. Written notice of every meeting of the Trust Certificate holders shall be given by the Trustees (except as provided in Section 14.3), which written notice will set forth the time and place of such meeting and in general terms the action proposed to be taken at such meeting, and shall be mailed not more than 40 or less than 20 days before such meeting is to be held to all of the Trust Certificate holders of record not more than 5 days before the date of such mailing. The notice shall be

directed to the Trust Certificate holders at their respective addresses as they appear in the register of the Trustees.

Section 14.3 *Meeting Called on Request of the Trust Certificate Holders.* Within 30 days after written request to the Trustees by at least 15% in interest of the Trust Certificate holders to call a meeting of Trust Certificate holders to take any action authorized by Section 14.1, which written request shall specify in reasonable detail the action proposed to be taken, the Trustees shall proceed under the provisions of Section 14.2 to call a meeting of the Trust Certificate holders, and if the Trustees fail to call such meeting within said 30 day period then such meeting may be called by said 15% in interest of the Trust Certificate holders or their designated representative.

Section 14.4 *Persons Entitled to Vote at Meeting of Trust Certificate Holders.* Each holder of one or more Trust Certificates on the record date shall be entitled to vote at a meeting of the Trust Certificate holders either in person or by his proxy duly authorized in writing. The signature of the holder on such written authorization need not be witnessed or notarized.

Section 14.5 *Number of Votes Available to Each Person Entitled to Vote.* Each person entitled to vote shall have one vote for each Unit represented by Trust Certificates he holds or represents.

Section 14.6 *Quorum.* At any meeting of Trust Certificate holders, the presence of persons holding or representing Trust Certificates for the number of Units sufficient to take action on any matter for the transaction of which such meeting was called shall be necessary to constitute a quorum; but if less than a quorum be present, the persons holding or representing a majority in interest of the Trust Certificates represented at the meeting may adjourn such meeting with the same effect and for all intents and purposes as though a quorum had been present.

Section 14.7 *Adjournment of Meeting.* Any meeting of Trust Certificate holders may be adjourned from time to time and a meeting may be held at such adjourned time and place without further notice.

Section 14.8 *Chairman and Secretary Meeting.* The Trustees shall appoint a temporary Chairman and temporary Secretary of the meeting. The Chairman of the meeting and the Secretary of the meeting shall be elected by vote of the persons holding or representing a majority in interest of the Trust Certificates represented at the meeting and entitled to vote.

Section 14.9 *Ballots.* The vote upon any resolution submitted to any meeting of Trust Certificate holders shall be by written ballot.

Section 14.10 *Inspection of Votes.* Two Inspectors of Votes, appointed by the permanent Chairman of the meeting, shall count all votes cast at the meeting for or against any resolution and shall make and file with the Secretary of the meeting their verified written report.

Section 14.11 *Record of Meeting.* A Record of the proceedings of each meeting of Trust Certificate holders shall be prepared by the Secretary of the meeting and there shall be attached to such Record the original reports of the Inspectors of Votes on any vote by ballot thereat, and the Record shall contain a copy of the notice of the meeting and an affidavit of mailing of notice

thereof as provided in Section 14.2 or Section 14.3 as the case may be. The Record shall be signed and verified by the affidavits of the permanent Chairman and permanent Secretary of the meeting and shall be delivered to the Trustees to be preserved by them. If the permanent Chairman and permanent Secretary fail to sign the Record, a majority of the Trustees present at the meeting may sign and verify it. Any Record so signed and verified shall be conclusive evidence of all the matters therein stated.

## ARTICLE XV BONDS

Section 15.1 *Original Trustees.* No bond shall be required of any original Trustee hereunder, or, if a bond is required by law, no surety or security with respect to such bond shall be required unless required by law.

Section 15.2 *Successor Trustees.* No bond shall be required of any successor Trustee hereunder, or, if a bond is required by law, no surety or security with respect to such bond shall be required unless required by law.

Section 15.3 *Authorization to Insure Acts of Trustees.* The Trustees may carry fidelity insurance on behalf of and at the expense of the trust, covering the acts of the Trustees and of their employees and agents.

## ARTICLE XVI FILING OF AGREEMENT

Section 16.1 *Filing of Agreement.* This Agreement shall be filed or recorded in the office of the Clerk of the County of New York, State of New York, and in such other office or offices as the Trustees may determine to be necessary or desirable. A copy of this Agreement and all amendments thereof shall be filed in the principal office of the Corporate Trustee and shall be available at all times for inspection by any Trust Certificate holder or his duly authorized representative.

Section 16.2 *Filing of any Amendment of Agreement of Trust.* The Trustees shall file or record any amendment of this Agreement in the same places where the original Agreement is filed or recorded.

Section 16.3 *Filing a Change in Trustees.* The Trustees shall file or record any instrument which relates to any change in the office of Trustee in the same places where the original Agreement is filed or recorded.

Section 16.4 *Filing of Other Instruments.* The Trustees shall determine what other instruments, if any, shall be filed or recorded and the place or places of such filing or recordation.

## ARTICLE XVII AMENDMENTS

Section 17.1 *Consent of Trust Certificate Holders.* At the direction or with the consent (evidenced in the manner provided in Section 13.1) of the holders of not less than 66-2/3% (unless a higher percentage is expressly required for an amendment under the provisions of this Agreement) in interest of the Trust Certificates, the Trustees shall promptly make and execute a declaration amending this Agreement for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or amendments hereto, provided, however, that no such amendment shall permit the Trustees hereunder to engage in any activity prohibited by Article Six.

Section 17.2 *Notice and Effect of Amendment.* Promptly after the execution by the Trustees of any such declaration of amendment the Trustees shall give notice of the substance of such amendment to the holders of the Trust Certificates or, in lieu thereof, the Trustees may send a copy of the amendment to each holder of the Trust Certificates. Upon the execution of any such declaration of amendment by the Trustees, this Agreement shall be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Agreement of the Trustees and the holders of the Trust Certificates shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such amendment shall be thereby deemed to be part of the terms and conditions of this Agreement for any and all purposes.

## ARTICLE XVIII MISCELLANEOUS PROVISIONS

Section 18.1 *Significance of Titles Given Articles and Sections.* Titles given to Articles and to Sections hereunder are for general information only and shall not influence the construction of the language of this Agreement.

Section 18.2 *Intention of Parties to Establish a Trust.* This Agreement is not intended to create and shall not be interpreted as creating an association, partnership or joint venture of any kind. It is intended as a trust to be governed and construed in all respects as a trust.

Section 18.3 *Laws as to Construction.* This Agreement shall be governed by and construed in accordance with the laws of the State of New York and the Company, the Trustees and the Trust Certificate holders, by their acceptance of the Trust Certificates issued hereunder, consent and agree that this Agreement shall be governed by and construed in accordance with the said laws.

Section 18.4 *Separability.* In the event any provision of this Agreement or the application thereof to any person or circumstances shall be finally determined by a court of proper jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

Section 18.5 *Notices*. Any notice or demand which by any provision of this Agreement is required or permitted to be given or served upon the Trustees by the Trust Certificate holders may be given or served by being deposited, postage prepaid and by registered or certified mail in a post office or letter box addressed (until another address is designated by notice to the Trust Certificate holders) in care of Bankers Trust Company, Corporate Trust Division, 16 Wall Street, New York 15, N. Y. Any notice or other communication by the Trustees to any holder of Trust Certificates issued hereunder shall be deemed to have been sufficiently given, for all purposes, if given by being deposited, postage prepaid, in a post office or letter box addressed to said holder at his address as shown on the register of the Trustees.

Section 18.6 *Counterparts*. This Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, MESABI IRON COMPANY has caused this Agreement to be signed and acknowledged by its President and its corporate seal to be affixed hereto, and the same to be attested by its Secretary, and the Trustees herein have signed, sealed and executed this Agreement, all as of the day and year first above written.

MESABI IRON COMPANY

By /s/ Arnold Hoffman  
*President*

In the presence of:

[Corporate Seal]

/s/ Wm. H. Deale     )  
                                  ) As to Mesabi  
                                  ) Iron Company  
/s/ Thora S. Tergesen )

Attest:  
  
/s/ Lendall P. Warriner  
*Secretary*

BANKERS TRUST COMPANY

By /s/ J. C. Kennedy  
*Vice President*

In the presence of:

[Corporate Seal]

/s/ Wm. H. Deale     )  
                                  ) As to Bankers  
                                  ) Trust Company  
/s/ Thora S. Tergesen )

Attest:  
  
/s/ C.D. Blakely  
*Assistant Secretary*

In the presence of:

As to  
/s/ Wm. H. Deale ) Arnold Hoffman  
                          ) Arthur G. Logan  
/s/ Thora S. Tergesen ) Gilbert M. Haas  
                          ) Earl Knudsen

/s/ Arnold Hoffman  
Arnold Hoffman

/s/ Arthur G. Logan  
Arthur G. Logan

/s/ Gilbert M. Haas  
Gilbert M. Haas

/s/ Earl Knudsen  
Earl Knudsen

*Trustees*

State of New York    )  
                          ) ss.:  
County of New York )

On this 18th day of July, 1961 before me personally came ARNOLD HOFFMAN, to me known, who, being by me duly sworn, did depose and say that he resides at 101 Central Park West, New York, N. Y., that he is the President of MESABI IRON COMPANY, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

/s/ Wayne Vrooman

[Notarial Seal]

Wayne Vrooman  
Notary Public, State of New York  
No. 31-9486775  
Qualified in New York County  
Commission Expires March 30, 1962

State of New York    )  
                          ) ss.:  
County of New York )

On this 18th day of July, 1961 before me personally came J.C. KENNEDY, to me known, who, being by me duly sworn, did depose and say that he resides at 72 Gates Avenue, Montclair, New Jersey, that he is a Vice President of BANKERS TRUST COMPANY, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

/s/ Wayne Vrooman

[Notarial Seal]

Wayne Vrooman  
Notary Public, State of New York  
No. 31-9486775  
Qualified in New York County  
Commission Expires March 30, 1962



State of New York    )  
                          ) ss.:  
County of New York )

On this 18th day of July, 1961 before me personally came ARNOLD HOFFMAN, ARTHUR G. LOGAN, GILBERT M. HAAS and EARL KNUDSEN, to me known to be the individuals described in and who executed the foregoing instrument, and acknowledged that they executed the same.

/s/ Wayne Vrooman

[Notarial Seal]

Wayne Vrooman  
Notary Public, State of New York  
No. 31-9486775  
Qualified in New York County  
Commission Expires March 30, 1962

[Minnesota Form of Acknowledgments]

State of New York    )  
                          ) ss.:  
County of New York )

On this 18th day of July, 1961 before me a Notary public within and for said County, personally appeared ARNOLD HOFFMAN and LENDALL P. WARRINER, to me personally known, who being each by me duly sworn did say that they are respectively the President and the Secretary of MESABI IRON COMPANY, one of the Corporations described in and which executed the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed in behalf of said Corporation by authority of its Board of Directors; and said ARNOLD HOFFMAN and LENDALL P. WARRINER acknowledged said instrument to be the free act and deed of said Corporation.

/s/ Wayne Vrooman

[Notarial Seal]

Wayne Vrooman  
Notary Public, State of New York  
No. 31-9486775  
Qualified in New York County  
Commission Expires March 30, 1962

State of New York    )  
                                  ) ss.:  
County of New York    )

On this 18th day of July, 1961 before me a Notary public within and for said County, personally appeared J.C. KENNEDY and C.D. BLAKELY, to me personally known, who being each by me duly sworn did say that they are respectively a Vice President and an Assistant Secretary of BANKERS TRUST COMPANY, one of the Corporations described in and which executed the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said Corporation; and that said instrument was signed and sealed in behalf of said Corporation by authority of its Board of Directors; and said J.C. KENNEDY and C.D. BLAKELY acknowledged said instrument to be the free act and deed of said Corporation.

/s/ Wayne Vrooman

[Notarial Seal]

Wayne Vrooman  
Notary Public, State of New York  
No. 31-9486775  
Qualified in New York County  
Commission Expires March 30, 1962

State of New York    )  
                                  ) ss.:  
County of New York    )

On this 18th day of July, 1961 before me a Notary Public within and for said County personally appeared ARNOLD HOFFMAN, ARTHUR G. LOGAN, GILBERT M. HAAS and EARL KNUDSEN to me known to be the individuals described in and who executed the foregoing instrument and acknowledged that they and each of them executed the same as his free act and deed.

/s/ Wayne Vrooman

[Notarial Seal]

Wayne Vrooman  
Notary Public, State of New York  
No. 31-9486775  
Qualified in New York County  
Commission Expires March 30, 1962

## EXHIBIT A

### Description of Peters Lease

(Said exhibit is referred to in the first recital clause)

The Peters Lease is the Indenture made October 1, 1917, as of April 30, 1915, by and between EAST MESABA IRON COMPANY and DUNKA RIVER IRON COMPANY, both Minnesota corporations, as lessors, parties of the first part, and CLAUDE W. PETERS, of Forest Hills, State of New York, as lessee, party of the second part, and recorded October 24, 1939, in the office of the Register of Deeds of St. Louis County, Minnesota in Book 690 of Deeds, Page 411, as amended and supplemented by the following instruments:

1. Indenture dated February 3, 1921, by and between EAST MESABA IRON COMPANY and DUNKA RIVER IRON COMPANY, parties of the first part, and MESABI IRON COMPANY, party of the second part\*, and recorded in the office of the Register of Deeds of St. Louis County, Minnesota, in Book 492 of Deeds, Page 194.

2. Modification of Lease dated July 17, 1939, by and between EAST MESABA IRON COMPANY and DUNKA RIVER IRON COMPANY, parties of the first part and MESABI IRON COMPANY, party of the second part, and recorded in the office of the Register of Deeds of St. Louis County, Minnesota, in Book 690 of Deeds, Page 447.

3. Modification of Lease dated July 31, 1951, by and between EAST MESABA IRON COMPANY and DUNKA RIVER IRON COMPANY, parties of the first part, and RESERVE MINING COMPANY, party of the second part\*\*, and recorded August 8, 1951 in the office of the Register of Deeds of St. Louis County, Minnesota, in Book 889 of Deeds, Page 237.

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NOTE—See Schedule 1 for a composite copy of the Peters Lease as so amended and supplemented.

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\* The Peters Lease was assigned to Mesabi Iron Company by Indenture dated as of December 19, 1919, by and between Claude W. Peters and Jane Peters, his wife, as assignors, and Mesabi Iron Company, as assignee, recorded October 24, 1939 in the office of the Register of St. Louis County, Minnesota, in Book 690 of Deeds, Page 427.

\*\* Mesabi Iron Company assigned the Peters Lease to Reserve Mining Company as of July 25, 1939. See Exhibit B. Mesabi Iron Company was not a party to this modification.

## **EXHIBIT B**

### **Description of Amended Assignment of Peters Lease**

(Said exhibit is referred to in the second recital clause)

As set forth in the first footnote to Exhibit A, the Peters Lease was assigned by Claude W. Peters and his wife to Mesabi Iron Company by Indenture elated December 19, 1919. The said Peters Lease was further assigned as follows:

1. Agreement made as of July 25, 1939, by and between MESABI IRON COMPANY, first party, and RESERVE MINING COMPANY, second party, and recorded in the office of the Register of Deeds of St. Louis County, Minnesota, in Book 690 of Deeds, Page 453.

2. The Assignment of Peters Lease described in paragraph 1 above was amended by Agreement dated April 27, 1960, by and between MESABI IRON COMPANY and RESERVE MINING COMPANY and recorded in the office of the Register of Deeds of St. Louis County, Minnesota, in Book 1,056 of Deeds, Page 311.

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NOTE—See Schedule 2 for a composite copy of the Amended Assignment of Peters Lease.

## EXHIBIT C

### Description of Cloquet Lease

(Said exhibit is referred to in the fourth recital clause)

Indenture dated May 1, 1916, by and between CLOQUET LUMBER COMPANY, an Iowa corporation, as lessor, party of the first part, and CLAUDE W. PETERS, of Forest Hills, State of New York, as lessee, party of the second part, and recorded in the office of the Register of Deeds of St. Louis County, Minnesota, in Book 690 of Deeds, Page 529.\*

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NOTE—See Schedule 3 for a copy of the Cloquet Lease.

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\* The Cloquet Lease was assigned to Mesabi Iron Company by Indenture dated March 16, 1931, as of December 19, 1919, by and between Claude W. Peters and Jane Peters, his wife, as assignors, and Mesabi Iron Company, as assignee. By Indenture dated January 25, 1939, Cloquet Lumber Company waived all minimum royalty payments due or to grow due under the Cloquet Lease up to and including May 1, 1941. See Exhibit D for a description of the assignment of the Cloquet Lease by Mesabi Iron Company to Reserve Mining Company on July 25, 1939. The Cloquet Lease was amended by Modification of Lease dated January 2, 1946, by and between Cloquet Lumber Company, and Reserve Mining Company, and recorded in the office of the Register of Deeds of St. Louis County, Minnesota, in Book 780 of Deeds, Page 443. Mesabi Iron Company was not a party to this modification and a copy thereof is not included herein.

**EXHIBIT D**

**Description of Assignment of Cloquet Lease**

(Said exhibit is referred to in the fourth recital clause)

Indenture dated July 25, 1939, by and between MESABI IRON COMPANY, party of the first part and RESERVE MINING COMPANY, party of the second part, and recorded in the office of the Register of Deeds of St. Louis County, Minnesota, in Book 690 of Deeds, Page 565.

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NOTE—See Schedule 4 for a copy of the Assignment of Cloquet Lease.

## **EXHIBIT E**

### **Description of Land Trust**

(Said exhibit is referred to in the fifth recital clause)

Indenture of trust dated as of July 18, 1961, by and between MESABI IRON COMPANY and FIRST TRUST COMPANY OF SAINT PAUL, ARNOLD HOFFMAN, ARTHUR G. LOGAN, GILBERT M. HAAS and EARL KNUDSEN, as Trustees, and to be recorded in the office of the Register of Deeds of St. Louis County, Minnesota.

## EXHIBIT F

### Description of additional property transferred to Trustees

(Said exhibit is referred to in Section 1.1 IV)

1. Cash in the sum of \$100,000.00, plus such additional cash, if any, as may be paid to the Trustees by Mesabi Iron Company on or before July 31, 1961.
2. The marketable securities (including interest payable or accrued thereon) set forth at the foot of this Exhibit F.
3. All royalties and payments receivable by Mesabi Iron Company from Reserve Mining Company under Amended Assignment of Peters Lease for any period from and after July 1, 1961 and all of the right, title and interest of Mesabi Iron Company in and to any other amounts payable (including accruals, if any) by Reserve Mining Company to Mesabi Iron Company for any period from and after July 1, 1961.
4. All amounts payable to Mesabi Iron Company under the Land Trust for any period from and after July 1, 1961.
5. All of the right, title and interest of Mesabi Iron Company in and to any other accounts or notes receivable of Mesabi Iron Company at the date hereof.
6. All the furniture, fixtures and other personal property owned by Mesabi Iron Company at the date hereof and located at 452 Fifth Avenue, New York, N. Y.
7. All of the right, title and interest of Mesabi Iron Company in and to any other personal property owned by Mesabi Iron Company at the date hereof.

#### LIST OF MARKETABLE SECURITIES

\$3,300,000.00 U.S.A. Treasury Bills due April 15, 1962.

1,500,000.00 2-3/8% Cert. of Deposit issued by Bankers Trust Co. maturing 8/2/61  
# D 1006.



**EXHIBIT G**

**Schedules of liabilities and obligations of Mesabi Iron Company assumed by Trustees**

(Said exhibit is referred to in Section 1.3)

Name and address of <u>obligee</u>	Amount <u>due</u>	Date, due, terms, <u>and remarks</u>
1. Raymond Hindle	\$15,000	January 2, 1962 (pursuant to settlement agreement).

**EXHIBIT H**

Number . . . . . Units

**CERTIFICATE OF BENEFICIAL INTEREST**

**IN**

**MESABI TRUST**

Total Authorized Units 13,120,010 created by, issued under, and subject to Agreement of Trust dated July 18, 1961 created under the laws of New York.

This certifies that . . . . . is the owner of . . . . . fully paid and non-assessable units of beneficial interest in a trust created under an Agreement of Trust dated July 18, 1961, between Mesabi Iron Company, a corporation organized under the laws of the State of Delaware and Bankers Trust Company, Arnold Hoffman, Arthur G. Logan, Gilbert M. Haas and Earl Knudsen, as Trustees for the benefit of the holders of this trust certificate and of similar trust certificates issued or to be issued by the Trustees to evidence the beneficial interests created under such Agreement of Trust.

All of said certificates are issued or are to be issued by the Trustees under and in pursuance of said Agreement of Trust, which Agreement of Trust is on file in the principal office of the Corporate Trustee, to which Agreement of Trust reference is hereby made for a statement of the rights of the holders of this certificate and of all other certificates issued or to be issued under the Agreement of Trust, a copy of which will be furnished without charge to the holder hereof upon request.

The Agreement of Trust provides that on or before February 20, May 20, August 20 and November 20 in each year, or as soon as practicable thereafter, distributions shall be made to the record holder of this certificate as recorded on the Trustees' books at the close of business on the 30th day of January, April, July and October, respectively.

Subject to the terms and conditions of the Agreement of Trust, this certificate and the interest represented thereby (but no fractional part of a single unit thereof) may be transferred by the holder hereof in person or by duly authorized attorney upon surrender of this certificate, duly executed for transfer to the Trustees or the Transfer Agent for effecting such transfer upon the records of the Trustees or the Transfer Agent and the transferee shall, by accepting this certificate or any certificate which may be issued in place hereof, be bound thereby and entitled to all rights thereunder.

This certificate is not valid unless countersigned by one of the Transfer Agents and registered by the Registrar.

IN WITNESS WHEREOF, the Trustees have caused this certificate to be executed by the facsimile signatures of the Individual Trustees and the Corporate Trustee.

Dated: .....

[FACSIMILE SIGNATURES OF THE TRUSTEES]

GILBERT M. HAAS  
Trustee

ARNOLD HOFFMAN  
Trustee

BANKERS TRUST COMPANY  
Corporate Trustee

EARL KNUDSEN  
Trustee

ARTHUR G. LOGAN  
Trustee

By J.C. KENNEDY  
Vice President

Countersigned:  
[Name of Transfer Agent]

Registered:  
[Name of Transfer Agent]

By .....  
Authorized Officer

By .....  
Authorized Signature

FORM OF ASSIGNMENT

For Value Received, ..... hereby sell, assign and transfer into ..... (.....) units of beneficial interest, represented by the within Certificate of Beneficial Interest, and do hereby irrevocably constitute and appoint ..... attorney to transfer the said units on the books of said Trustees with full power of substitution in the premises.

Dated: .....  
.....

## **EXHIBIT I**

### **Identity of persons whose lives measure duration of trust**

(Said exhibit is referred to in Section 4.2 as to all persons and in Section 7.3(1) as to the first two persons named below)

<u><b>Name and present address</b></u>	<u><b>Date of birth</b></u>	<u><b>Place of birth</b></u>	<u><b>Parents' names</b></u>
1. Francis Butler* 790 Summit Avenue St. Paul 5, Minnesota	March 5, 1960	St. Paul, Minnesota	Francis David Butler Eunice Sanborn Butler
2. Peter Jeffries* 1268 Canton Avenue Milton, Massachusetts	October 24, 1956	Boston, Massachusetts	David Jeffries Marjorie Pemberton Shaw Jeffries
3. Andrew Mackay Rockefeller Flagler Drive Greenwich, Connecticut	February 15, 1959	New York City	Andrew Carnegie Rockefeller Jean Victoria Mackay Rockefeller
4. Robert Agassiz Butler c/o Q.A. Shaw, Jr. 39 Sears Road Brookline, Massachusetts	May 4, 1955	Hanover, New Hampshire	Allan Churchill Butler Augustine Pardee Shaw Butler
5. Helen Hamilton Maria Rhineland 46 Irving Street Boston, Massachusetts	May 27, 1960	Boston, Massachusetts	David Hamilton Rhineland Anne Davis Shaw Rhineland
6. Linda Shaw Jeffries 1268 Canton Avenue Milton, Massachusetts	November 28, 1954	Boston, Massachusetts	David Jeffries Marjorie Pemberton Shaw Jeffries
7. Elizabeth Gray Rockefeller Flagler Drive Greenwich, Connecticut	June 12, 1960	New York City	Andrew Carnegie Rockefeller Jean Victoria Mackay Rockefeller
8. William Quincy Jeffries 1268 Canton Avenue Milton, Massachusetts	April 18, 1960	Boston, Massachusetts	David Jeffries Marjorie Pemberton Shaw Jeffries
9. Molly Butler 401 Ivanhoe Street Denver, Colorado	January 23, 1959	Denver, Colorado	David Butler Barbara Clark Butler
10. Peter Butler 401 Ivanhoe Street Denver, Colorado	January 18, 1961	Denver, Colorado	David Butler Barbara Clark Butler
11. Elizabeth Bowdoin Warriner 78 Langdon Avenue Ardsley-on-Hudson, New York	January 12, 1955	Bronxville, New York	Lendall Pitts Warriner Ruth Rutter Warriner

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\* These two persons are the ones referred to in Section 7.3(1).

<u>Name and present address</u>	<u>Date of birth</u>	<u>Place of birth</u>	<u>Parents' names</u>
12. Jacqueline Ann Hoffman 101 Central Park West New York, New York	January 9, 1954	New York City	Arnold Hoffman Patricia McGreevy Hoffman
13. Alberta Gay Logan Barley Mill Road Greenville, Delaware	October 29, 1954	Wilmington, Delaware	Arthur Gerald Logan Averil Martin Logan
14. Michael Arnold Hoffman 101 Central Park West New York, New York	August 15, 1949	Springfield, Vermont	Arnold Hoffman Patricia McGreevy Hoffman
15. Mark Scott Strand Meyers 16240 Greenridge Terrace Los Gatos, California	February 4, 1958	Los Gatos, California	Leroy Charles Meyers Margaret Sundness Meyers
16. Margaret Lee Meyers 16240 Greenridge Terrace Los Gatos, California	February 28, 1951	Los Gatos, California	Leroy Charles Meyers Margaret Sundness Meyers
17. Jonathan Gilbert Haas 10 Collamore Terrace West Orange, New Jersey	November 2, 1960	Newark, New Jersey	Gilbert Miller Haas Patricia Lawless Haas
18. Godfrey Lowell Cabot II Larch Row Wenham, Massachusetts	February 27, 1953	Boston, Massachusetts	Louis Wellington Cabot Mary Louis Bass Cabot
19. Amanda Chilton Cabot Larch Row Wenham, Massachusetts	November 1, 1954	Boston, Massachusetts	Louis Wellington Cabot Mary Louis Bass Cabot
20. Helen Cabot Larch Row Wenham, Massachusetts	October 11, 1956	Boston, Massachusetts	Louis Wellington Cabot Mary Louis Bass Cabot
21. Sophie Black 207 West 106th Street New York, New York	April 18, 1958	New York, New York	David Goldmark Black Linda Cabot Black
22. Alexander Goldmark Black 207 West 106th Street New York, New York	October 6, 1960	New York, New York	David Goldmark Black Linda Cabot Black
23. Cecily Wellington Cabot 521 East 84th Street New York, New York	April 25, 1954	Boston, Massachusetts	Thomas Dudley Cabot Anne Rutherford Flint Cabot
24. Philip Boden Alexander East Middle Patent Road Bedford, New York	August 18, 1956	Boston, Massachusetts	Arthur Douglass Alexander Eve duPont Boden Alexander
25. Thomas Bowen Hartz Lane R.D. #1 Conshohocken, Pennsylvania	October 10, 1960	Chestnut Hill, Pennsylvania	Laurence Bowen Zoe Boden Bowen

# AMENDMENT TO AGREEMENT OF TRUST

DATED OCTOBER 25, 1982

## ARTICLE ELEVEN

### Compensation of Trustees

**Section 11.1 Compensation for Ordinary Services as Trustee.** In any fiscal year ending prior to February 1, 1982, in lieu of commissions fixed by law for trustees, each Trustee shall receive as compensation for services as Trustee hereunder one quarter of one percent (1/4 of 1%) of the Trust Moneys (exclusive of proceeds of sale of any part of the Trust Estate) received by the Trustees and distributed to the Trust Certificate holders (but (i) as to the Corporate Trustee not less than \$15,000 in any fiscal year beginning after December 31, 1961 nor more than \$25,000 in any fiscal year ending prior to January 1, 1966 and (ii) as to each Individual Trustee not less than \$10,000 in any fiscal year beginning after December 31, 1961 nor more than \$20,000 in any fiscal year ending prior to February 1, 1982) while he is in office and such additional compensation from the cash proceeds of the sale of any part of the Trust Estate while he is in office as may be approved by a majority in interest of the Trust Certificate holders, or in event of the sale of the Trust Estate by 75% in interest thereof. In any fiscal year beginning after January 31, 1982, in lieu of commissions fixed by law for trustees, (a) the Corporate Trustee shall receive as compensation for services as Trustee hereunder one quarter of one percent (1/4 of 1%) of the Trust Moneys (exclusive of proceeds of sale of any part of the Trust Estate) received by the Trustees and distributed to the Trust Certificate holders (but not less than \$20,000 adjusted as provided below) while it is in office; (b) each Individual Trustee shall receive as compensation for services as Trustee hereunder not less than \$20,000 (adjusted as provided below) while he is in office; and (c) each Trustee shall receive such additional compensation from the cash proceeds of the sale of any part of the Trust Estate while he is in office as may be approved by a majority in interest of the Trust Certificate holders, or in event of the sale of the Trust Estate by 75% in interest thereof. In each fiscal year beginning after January 31, 1982, the minimum amount payable to each of the Trustees shall be escalated upwards or downwards (but not below \$20,000) in accordance with changes from the November 1981 level of 295.5 (herein called the 1981 escalation level) in the Producer Price Index for All Commodities (with 1967 = 100 as a base) published by the Bureau of Labor Statistics of the United States Department of Labor or any succeeding federal governmental agency publishing such index, such adjustment being herein called the "escalation adjustment". The escalation adjustment for the fiscal year ended January 31, 1983 and each succeeding fiscal year shall be made on the basis of the proportion between (a) the level of such index for the November preceding the end of such fiscal year and (b) the 1981 escalation level.

In the event the index referred to above shall use for 100 as a base some period other than the 1967 = 100 base referred to above, for the purposes hereof, such published index shall be adjusted so as to be in correct relationship to such 1967 base. In the event publication of such index is discontinued by any federal agency, the index to be used as aforesaid shall be that index, independently published, which, after necessary adjustments, if any, provides in the sole judgment of the Trustees the most reasonable substitute for such Producer Price Index for All Commodities during any period subsequent to November 1981, it being intended to substitute an

index which most accurately reflects fluctuations in the wholesale prices of all commodities in the manner presently reported by the Producer Price Index for All Commodities (with 1967 = 100 as a base) published by the Bureau of Labor Statistics of the United States Department of Labor.

Any Trustee hereunder, who is trustee of the Land Trust, shall not receive any compensation or commissions for acting as a trustee of the Land Trust, but shall be entitled to receive compensation only under the provisions of this Agreement.

In addition to the compensation set forth above, the Corporate Trustee shall receive the sum of \$12,500 in each fiscal year (including the first fiscal year) to cover clerical and administrative services to the trust (other than services customarily performed by a registrar or transfer agent) provided, however, that said amount of \$12,500 shall be increased to \$62,500 in each fiscal year beginning after January 31, 1982, and provided further that an additional amount may be paid to the Corporate Trustee in any fiscal year to cover such services when deemed appropriate by action of the Trustees (in which all individual Trustees concur) taken in accordance with Section 10.1.

In any event of any substitution of or change in the Trustees in any fiscal year ending prior to February 1, 1982, each Trustee shall receive compensation based only upon such rent, royalties and other income and proceeds of sale received and distributed while such Trustee was in office. In the event of any substitution of or change in the Trustees in any fiscal year beginning after January 31, 1982, (a) the Corporate Trustee shall receive compensation based only upon such rent, royalties and other income and proceeds of sale received and distributed while it was in office, but not less than the minimum compensation payable provided above for the quarters of any fiscal year that such Corporate Trustee was in office; and (b) each Individual Trustee shall receive compensation only for the quarters of any fiscal year that such Individual Trustee was in office.

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**MESABI IRON COMPANY**

Schedules 1, 2, 3 and 4

of

**MESABI TRUST**

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Schedule 1  
Composite Copy of Peters Lease

This Indenture, Made this 1st day of October, A. D. 1917, as of April 30th, 1915, by and between East Mesaba Iron Company, and Dunka River Iron Company, both corporations of the State of Minnesota, herinafter called the Lessors, parties of the first part, and Claude W. Peters, of Forest Hills, State of New York, herinafter called the Lessee, party of the second part, WITNESSETH:

WHEREAS, the Lessor, East Mesaba Iron Company, is the owner in fee of the following described lands, situated in the County of St. Louis and State of Minnesota, to-wit:

The South Half ( $S\frac{1}{2}$ ) of Section Twenty-two (22) ;

The South Half of the Southwest Quarter ( $S\frac{1}{2}$  of  $SW\frac{1}{4}$ ), the Northeast Quarter of the Southeast Quarter ( $NE\frac{1}{4}$  of  $SE\frac{1}{4}$ ) and the South Half of the Southeast Quarter ( $S\frac{1}{2}$  of  $SE\frac{1}{4}$ ) of Section Twenty-three (23) ;

The Southeast Quarter of the Northwest Quarter ( $SE\frac{1}{4}$  of  $NW\frac{1}{4}$ ) and the Southwest Quarter ( $SW\frac{1}{4}$ ) of Section Twenty-four (24) ;

The West Half ( $W\frac{1}{2}$ ) of Section Twenty-five (25);

All of Section Twenty-six (26);

All of Section Twenty-seven (27);

The South Half of the Northwest Quarter ( $S\frac{1}{2}$  of  $NW\frac{1}{4}$ ), the South Half of the Northeast Quarter ( $S\frac{1}{2}$  of  $NE\frac{1}{4}$ ) and the South Half ( $S\frac{1}{2}$ ) of Section Twenty-eight (28) ;

The South Half of the Southeast Quarter ( $S\frac{1}{2}$  of  $SE\frac{1}{4}$ ) and the South Half of the Southwest Quarter ( $S\frac{1}{2}$  of  $SW\frac{1}{4}$ ) of Section Twenty-nine (29) ;

The Northeast Quarter of the Northwest Quarter ( $NE\frac{1}{4}$  of  $NW\frac{1}{4}$ ), the South Half of the Northwest Quarter ( $S\frac{1}{2}$  of  $NW\frac{1}{4}$ ), the North Half of the Southwest Quarter ( $N\frac{1}{2}$  of  $SW\frac{1}{4}$ ) and the East Half ( $E\frac{1}{2}$ ) of Section Thirty-one (31) ;

All of Section Thirty-two (32) ;

The West Half of the Northeast Quarter ( $W\frac{1}{2}$  of  $NE\frac{1}{4}$ ) and the North Half of the Southeast Quarter ( $N\frac{1}{2}$  of  $SE\frac{1}{4}$ ) of Section Thirty-three (33);

The North half ( $N\frac{1}{2}$ ) of Section Thirty-four (34); East Half of Northeast Quarter ( $E\frac{1}{2}$  of  $NE\frac{1}{4}$ );\* West Half ( $W\frac{1}{2}$ ) of Section Thirty-three (33);\*

all in Township Sixty (60), Range Thirteen (13) West.

And the other Lessor, the Dunka River Iron Company, is the owner in fee of the following lands, situated in the County of St. Louis and State of Minnesota, to-wit:

The South Half of Southwest Quarter ( $S\frac{1}{2}$  of  $SW\frac{1}{4}$ ) and the Southeast Quarter ( $SE\frac{1}{4}$ ) of Section Eight (8);

The Southwest Quarter ( $SW\frac{1}{4}$ ) and the West Half of the Southeast Quarter ( $W\frac{1}{2}$  of  $SE\frac{1}{4}$ ) of Section Nine (9);

All of Section Seventeen (17);

All of Section Eighteen (18);

All of Section Nineteen (19);

The Northeast Quarter ( $NE\frac{1}{4}$ ), the Northwest Quarter ( $NW\frac{1}{4}$ ), the Southwest Quarter ( $SW\frac{1}{4}$ ), and the North Half of the Southeast Quarter ( $N\frac{1}{2}$  of  $SE\frac{1}{4}$ ) of Section Twenty (20);

The North Half of the Northwest Quarter ( $N\frac{1}{2}$  of  $NW\frac{1}{4}$ ) of Section Thirty (30);  
all in Township Sixty (60), Range Twelve (12) West.

The East Half ( $E\frac{1}{2}$ ) of Section Thirteen (13);

The East Half ( $E\frac{1}{2}$ ) of Section Twenty-four (24);

All\*\* of the North Half of Northeast Quarter ( $N\frac{1}{2}$  of  $NE\frac{1}{4}$ ); all of the South Half of the Northeast Quarter ( $S\frac{1}{2}$  of  $NE\frac{1}{4}$ ) and of the North Half of the Southeast Quarter ( $N\frac{1}{2}$  of  $SE\frac{1}{4}$ ) of Section Twenty-five (25);

all in Township Sixty (60), Range Thirteen (13) West.

AND WHEREAS, the Lessee is desirous of acquiring the exclusive right and privilege, upon payment of certain royalties hereinafter reserved, to explore for, mine and remove, treat, ship and sell the iron ore, taconite and any other minerals or materials that may be found in or on said lands.

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\* Added by Indenture dated February 3, 1921.

\*\* Changed to all of the said North Half by Indenture dated February 3, 1921.

NOW, THEREFORE, in consideration of the premises, the sum of One Dollar (\$1.00) by the Lessee to each of the Lessors in hand paid, and of other valuable consideration between the parties moving, the receipt whereof is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

FIRST: The Lessors, respectively, do hereby Let, Lease and Demise unto the Lessee, on the terms and conditions herein set forth, those certain tracts or parcels of land so owned by them, respectively, as above particularly described, the lease to continue until the iron ore, taconite and other minerals or materials thereon shall have been exhausted.

SECOND: The said lands are hereby leased to the Lessee for the purpose of exploring for, mining, removing, treating, shipping and selling the iron ore, taconite and any other iron bearing material, and any and all other minerals or materials that may be found therein or thereon, with the right to use the surface of said (demised premises for any and all purposes deemed necessary by said Lessee for mining purposes, including the right to construct roads and highways thereon, and of erecting and maintaining on said lands all such buildings, dwellings, stores, employees' and workmen's houses, mills and plants, machinery, excavations, openings, ditches, drains, flumes, pipe lines, railways, tramways, waterways, power and transmission lines, and all such other improvements and fixtures as may be deemed necessary or convenient for him for such mining or treating purposes. It is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that the Lessee shall not have the right hereunder to use, and that he will not use, said lands for agricultural purposes. The Lessee shall have the right to use such of the water on said demised premises as may be necessary for mining or treating purposes, insofar as the Lessors have authority to grant the same.

The Lessee shall have the right, during the existence of this lease, to cut and use the timber found upon said premises, belonging to the Lessors, or either of them, so far as may be necessary for fuel, and so far as may be necessary for the construction of buildings required in the operation of any mine or mines found on the premises hereby demised; and also timber required for drains, tramways, supports, railroads within the mine or mines, or connecting the mine or mines with the main line or lines of railroad over or upon which the said ore, or ore products, may be transported; and for any other use in connection with the operations carried on hereunder.

In the event of the erection of any buildings on said demised premises, the use and occupancy thereof shall cease and determine upon the termination of this lease, whether by the acts of the parties, or either of them, or by the expiration of the term hereof; and all such buildings which are removable under the terms of this lease shall be removed from the demised premises within the time mentioned in Paragraph Ninth hereof; and upon the failure to so remove them, title thereto shall vest in the respective Lessors. The Lessee covenants to preserve all the demised lands from adverse occupancy or possession on the part of any person, and to preserve the same from being lost for non-payment of taxes, mechanics' liens or otherwise.

THIRD: The Lessee shall have the right at any time to terminate this lease upon the thirty-first day of December in any year, upon giving ninety (90) days' written notice to the Lessors, either in person or by mail, and in case notice is given by mail it may be addressed to Dunka-Mesaba Security Company, at such place as the royalties are then payable, and thereupon

this lease shall cease and determine, and all arrearages and sums then accrued under the same up to, and including, the date of its termination, as set forth in such notice, shall be paid upon settlement and adjustment thereof.

FOURTH: It is further agreed that no part of the premises hereby demised shall at any time be sublet for mining purposes by the Lessee, and that this lease shall not be assigned without the written consent of the Lessors; and no assignment of this lease shall operate as a release or discharge of the Lessee from the performance of the conditions or covenants of this lease. It is understood, however, that this provision shall not be construed as to prevent the lessee from leasing any of such buildings and appurtenances, and granting easements and licenses in respect to the use of the same. Nothing in this paragraph contained shall be construed to limit or restrict the right of the Lessee to encumber the leasehold estate hereby created, by mortgage or trust deed, or instrument in the nature thereof, but any such encumbrance so created shall be made expressly subject to all the terms and conditions of this agreement.

FIFTH:\*\* The parties hereto believe that the greater portion of the ore-bearing rock (hereinafter called "crude concentrating ore") now known to exist on, in or under the demised lands, is so largely composed of silicious and other substances as to require the concentration thereof by crushing, grinding and magnetic treatment, or other processes, before shipment, and the binding of the resulting concentrates, so as to secure a product which will be merchantable and of proper composition for successful and economical use in a blast furnace. It is, therefore, agreed that the Lessee shall have the right to improve the crude concentrating ore by concentration, separating and other treatment, on the demised premises, or Lessee may remove it from the demised premises to such other points as Lessee may deem best for the purpose of making the same merchantable. The waste material resulting from such concentration may, at the option of the Lessee, be deposited on the demised premises, but in such manner, and in such place or places, as will not conflict with or embarrass the future operation of any mine or mines thereon.

The Lessee may, at Lessee's option, as a part of such treatment, sinter, briquette, nodulize, pelletize or otherwise agglomerate and prepare the iron ore for shipment and sale, and may metalize the same, or any part thereof, before selling.

The Lessee may use any portion of any strippings, tailings or other waste material arising from such mining, concentrating or other treatment of crude concentrating ore to make it merchantable, in any manner in carrying on any mining or treating operation under this lease. The Lessee may also sell the same or any part thereof, or the Lessee may dispose of or completely waste all of such tailings or other waste materials by depositing the same in Lake Superior or in any other manner Lessee considers advisable; provided, however, that if the Lessee shall sell any such waste material for the further recovery of any mineral values, then the Lessee shall pay to the Lessors such royalties thereon as may be agreed upon between the parties and, if they fail to agree, then the Lessee shall pay to the Lessors twenty per cent (20%) of the sale price received by the Lessee after deducting the expenses in connection with said sale.

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\*\* All Articles marked with a double asterisk were added by the Modification of Lease dated July 31, 1951 to which Mesabi Iron Company is not a party.

The Lessee further agrees to conduct such concentrating and agglomerating and other treatment of said minerals in a good and workmanlike manner, and in accordance with the requirements of good engineering practice and sound business principles, in order to render the product of such treatment merchantable and of proper composition and character for successful and economical furnace use, and that Lessee will use in such treatment proper machinery and appliances to that end.

In this connection, it is understood that a certain loss or waste of mineral will of necessity result from any such treatment and that the aim of the parties hereto, respectively, is to realize the largest net profit attainable. It is, therefore, agreed that the Lessee may use Lessee's best judgment in the matter of the recovery of mineral value, and may from time to time modify Lessee's processes and the degree of recovery of such mineral value to meet changed business and market conditions, having at all times in view the greatest net profit for the time being from such operation.

Lessee shall have the right to mix crude concentrating ore mined from the demised premises with crude concentrating ore mined from other lands in St. Louis County, Minnesota, which are owned or held under lease by Lessee and located in the following:

Townships Fifty-nine (59), Sixty (60) and Sixty-one (61) North, Range Twelve (12) West, of the Fourth P. M.

Townships Fifty-nine (59) and Sixty (60) North, Range Thirteen (13) West, of the Fourth P. M.

Townships Fifty-nine (59) and Sixty (60) North, Range Fourteen (14) West, of the Fourth P. M.

provided, however, Lessee shall take representative samples and make detailed analyses thereof to determine the content of the crude concentrating ore mined from the demised premises and from the other lands comprising the mixture and the recoverable iron through beneficiation of such crude concentrating ores, and shall keep accurate records of such analyses and of the recoverable iron content and of the weight of the crude concentrating ore removed from the demised premises and of the crude concentrating ore removed from other lands which comprise the mixture. From said analyses and from said percentage of recovery of iron and said weights, Lessee shall determine and keep a proper record of the percentage of concentrated ore resulting from the treatment of the crude concentrating ore mined from the demised premises and the percentage of the concentrated ore resulting from the treatment of the crude concentrating ore mined from the other lands. Lessee shall permit authorized representatives of Lessors to examine said records at all reasonable times and to be present when said analyses and tests are made.

Lessors hereby grant to Lessee the right and privilege to transport ore from other lands owned or leased by Lessee over and across the demised premises and the further right to beneficiate the same thereon.

If any such concentrating plant or any such agglomerating plant is located by the Lessee on any lands other than the demised premises, or if the tailings or waste material from any

treatment of such crude concentrating ore to improve its grade and make it merchantable is deposited on lands other than the demised premises, then in such case the Lessee shall, before any such crude concentrating ore is removed from the demised premises to any such concentrating or treating plant, and before any tailings or waste from any treatment is so deposited upon any lands other than the demised premises, notify the Lessors in writing of the description of the lands upon which any such plant is located, setting forth Lessee's title thereto, and the lands upon which any such tailings or waste material is deposited, and the lands upon which any such concentrates or agglomerated material, the product of any crude concentrating ore taken from the demised premises, shall be stockpiled; and thereupon and thenceforth, such premises, and the improvements thereon, shall be deemed as though all of said improvements were made, and waste material deposited upon, and such concentrates or agglomerated products were located and deposited upon, the demised premises. The intention hereof is to grant to the Lessee the right to conduct, at Lessee's election, certain of the treatment of such crude concentrating ore upon lands other than the demised premises, but without waiving any right which the Lessors would have if the same were conducted or deposited upon the demised premises.

SIXTH\*\*: The Lessee covenants and agrees to and with the Lessors that Lessee will on the twentieth (20th) days of January, April, July and October of each year (hereinafter called "quarter days"), or on the day ensuing if that day falls on Sunday or on a legal holiday, during the period this lease continues in force, pay to the Dunka-Mesaba Security Company, a Minnesota corporation, for the use of the Lessors, at such bank in the State of Minnesota or elsewhere in the United States, as the said Dunka-Mesaba Security Company may from time to time in writing designate, as rent or royalty hereunder, the following amounts:

A. Until subdivision B hereof becomes effective, at the option of the Lessee, either:

(1) Six and one-third Cents ( $6\frac{1}{3}\text{¢}$ ) per gross ton of two thousand two hundred forty pounds (2,240 lbs.) avoirdupois upon all crude concentrating ore mined and removed from the pit or pits on the demised premises by the Lessee during the three (3) months preceding the first day of the month in which payment is made; or

(2) Nineteen Cents (19¢) per gross ton of two thousand two hundred forty pounds (2,240 lbs.) avoirdupois upon all concentrated ore shipped by Lessee during the three (3) months preceding the first day of the month in which payment is made.

B. When in any calendar year the production of concentrated ore from the demised premises equals or exceeds two million five hundred thousand (2,500,000) gross tons, then effective January 1st of the following calendar year, but no later than January 1, 1959, the royalty for all years thereafter until subdivision C hereof becomes effective, to be paid by Lessee to Lessors, shall be, at the option of Lessee, either:

(1) Seven and one-third Cents ( $7\frac{1}{3}\text{¢}$ ) per gross ton of two thousand two hundred forty pounds (2,240 lbs.) avoirdupois upon all crude concentrating

ore mined and removed from the pit or pits on the demised premises by Lessee after the effective date set forth above in this Paragraph B and during the three (3) months preceding the first day of the month in which payment is made; or

(2) Twenty-two Cents (22¢) per gross ton of two thousand two hundred forty pounds (2,240 lbs.) avoirdupois upon all concentrated ore produced by Lessee from the demised premises after the effective date set forth above in this Paragraph B and shipped by Lessee during the three (3) months preceding the first day of the month in which payment is made.

C. When in any calendar year the production of concentrated ore from the demised premises equals or exceeds five million (5,000,000) gross tons, then effective January 1st of the following calendar year, but no later than January 1, 1967, the royalty for all years thereafter to be paid by Lessee to Lessors shall be, at the option of Lessee, either:

(1) Eight and one-third Cents (8-1/3¢) per gross ton of two thousand two hundred forty pounds (2,240 lbs.) avoirdupois upon all crude concentrating ore mined and removed from the pit or pits on the demised premises by Lessee after the effective date set forth in this Paragraph C above and during the three (3) months preceding the first day of the month in which payment is made; or

(2) Four-tenths of One Cent (\$.004) for each one per cent (1%) of metallic iron natural contained in each gross ton of two thousand two hundred forty pounds (2,240 lbs.) avoirdupois of concentrated ore produced by Lessee from the demised premises after the effective date set forth above in this Paragraph C and shipped by Lessee during the three (3) months preceding the first day of the month in which payment is made. (For example, on a gross ton of concentrated ore averaging 62.5% metallic iron natural, the royalty would be 25¢.)

D. In the event concentrated ore shall be in stockpile on any date hereinabove provided for an increase in royalty rates on which royalty has not been paid as crude concentrating ore, then such tonnage on stockpile shall be determined and any tonnage shipped after the effective date of such increase shall bear the lower royalty rate in effect at the time such tonnage was produced until tonnage equal to the tonnage in stockpile on said effective date shall have been shipped.

E. The royalty upon all iron ore merchantable for blast furnace or other furnace direct use in its natural condition shall be Twenty-five Cents (25¢) per gross ton of two thousand two hundred forty pounds (2,240 lbs.) avoirdupois of such ore mined and shipped from the demised premises by Lessee during the three (3) months preceding the first day of the month in which payment is made.

The words "crude concentrating ore" wherever used herein mean ore-bearing rock as the same is delivered for milling at the primary crusher. The words "concentrated ore" used herein mean iron ore mined from the demised premises as to which the iron content has been increased

by concentrating and/or further treatment of such concentrated product by any process such as sintering, briquetting, nodulizing, agglomerating, pelletizing or any other process that does not involve the reduction of the iron minerals either in part or in whole to metallic iron. If the Lessee elects to treat any iron ore mined from the demised premises by metalizing the same before the sale thereof, then, and in such event, royalty shall be paid, as aforesaid, on either the crude concentrating ore, ore merchantable, or the concentrated ore used in such process; and the delivery of any crude concentrating ore, ore merchantable, or concentrated ore to any plant for metalization shall be deemed the equivalent of shipment of such ore from the premises, and the royalty shall thereupon become payable thereon, as in this Article SIXTH hereinabove provided.

In computing royalties to be paid on either crude concentrating ore, merchantable ore, or concentrated ore, no deduction from weights shall be made on account of moisture contained in such crude concentrating ore, merchantable ore, or concentrated ore.

All concentrated ore produced and shipped hereunder shall be sampled in such a manner as to show the true grade of the ore and analyzed by the mine chemist of Lessee in the manner usual and customary in the industry. Analysis reports, certified by Lessee, shall be deemed prima facie correct. The Lessors shall have the right to sample the ore, check the analyses and inspect, review and test the correctness of the methods and books of the Lessee in sampling, analyzing, recording and reporting such analyses, it being understood that any errors in this respect, when ascertained, shall be corrected.

All crude concentrating ore mined and removed from the pit or pits on the demised premises, all merchantable ore and all concentrated ore shipped by the Lessee and all ore delivered to a metalizing plant, whether as crude concentrating ore, ore merchantable, as aforesaid, or concentrated ore, shall be weighed on the scales of the railroad transporting the same, or on scales of the Lessee operated by a certified weighmaster, or the weight shall be determined by such other method of weighing or by measurement as may be agreed upon by the Lessors and the Lessee; the weight reports certified by said railroad or by said certified weighmaster or determined in accordance with the method agreed upon by the Lessors and Lessee, shall be deemed prima facie correct and shall be used in computing the royalty hereunder. Quarterly payments of royalty shall be accompanied by a statement of the weights taken as aforesaid during the preceding quarter, itemized to show the quantity of each of said types of iron ore and the respective disposition made thereof. Either party shall have the right to investigate such railroad scale weights and such weighmaster weights and the records of the Lessee if any other method to determine the weights is adopted, and any errors or mistakes, when ascertained, shall be adjusted at the next maturing payment.

So far as the Lessee is concerned, the leased premises shall be considered one property and the Lessee shall not be required to keep separate accounts of the ore, ore products, or other material derived from the properties of the different Lessors, or to apportion the rents or royalties payable hereunder. The Lessee shall not be required to pay any royalty on any strippings, tailings or other waste material arising from the mining, concentrating or other treatment of crude concentrating ore hereunder, used or sold by Lessee, subject to the provisions of Article FIFTH hereof.



SEVENTH\*\*: Lessee further covenants and agrees that from and after October 1, 1951, Lessee shall pay as minimum royalty hereunder at the rate of One Hundred Twenty-five Thousand Dollars (\$125,000.00) each year until December 31, 1958, and then at the rate of Two Hundred Fifty Thousand Dollars (\$250,000.00) each year until the end of that calendar year in which the production of concentrated ore from the demised premises in such calendar year equals or exceeds five million (5,000,000) gross tons. Thereafter, Lessee shall not be obligated to pay to Lessors any minimum royalty. Such minimum royalty shall be paid in each year in four (4) equal installments on the "quarter days" mentioned in Article SIXTH hereof. An initial minimum royalty payment of Thirty-one Thousand Two Hundred Fifty Dollars (\$31,250.00) shall be paid on October 20, 1951, and the first of such quarterly installments shall be paid on January 20, 1952, for the quarter ending December 31, 1951, and, thereafter, such payments shall be made on the aforesaid "quarter days" in each year for the quarter ending on the last day of the month next preceding each such payment.

If in any quarter during the continuance of this lease the minimum royalty payments called for hereunder exceed earned royalties on ores mined and removed or shipped (as may be elected by Lessee under the provisions of Article SIXTH hereof) from the demised premises during such quarter, the excess of such minimum royalty payments over and above the amounts due as earned royalties on ores actually mined and removed or shipped during such quarter may be applied towards the payment of earned royalties on ores mined and removed or shipped from the demised premises in any subsequent quarter during the continuance of this lease in excess of the minimum royalty payable for such quarter, as hereinbefore provided. Whenever Lessee shall have credited all previous excess payments of minimum royalty and shall mine and remove or ship in any year more ore from the demised premises than is required at the actual royalty rates specified in this lease to equal the minimum royalty payment due for such year, then the excess of the actual earned royalties paid for such year over the minimum royalty due for such year may be credited against the payment of minimum royalty in any subsequent quarter in which the actual earned royalties paid for such quarter are less than the minimum royalty payable for such quarter.

EIGHTH: The Lessee agrees, before penalty attaches for nonpayment, to pay all taxes, general or specific, upon the lands so demised, which may be assessed either against said lands, or the improvements thereon, or upon the iron ore product thereon, or on any personal property at said mine or mines, or upon any concentrating or treating plant used for the treatment of lean ores from said premises, from and after this date, and during the continuance of this lease. It is understood, however, that the Lessee shall have the right to contest in the courts, or otherwise, the validity of any such taxes, but that such taxes as are finally adjudged due shall in any event be paid before any such property is sold for their non-payment.

NINTH: It is mutually understood and agreed that upon the termination of this lease, whether by the acts of the parties, or either of them, or by limitation, the Lessee shall have ninety (90) days in which to remove all engines, tools, machinery, railroad tracks and structures erected or placed by him, or under his direction, on said lands, (except any concentrating or agglomerating plant or plants, excluding any temporary or experimental plant or plants, for treating lean ore, and the machinery and equipment in such plant or plants which shall be deemed part of the leased property), but shall not remove or impair any supports placed in the mines, nor any timber or frameworks necessary to the use and maintenance of the shafts or other

approaches to the mine, nor any tramways within any underground mines. Title to any such property not so removed within said time shall thereupon vest in the Lessors.

TENTH: The Lessee agrees to conduct all his work and operations hereunder in a good, skillful and workman like manner, and to conduct his operations with reference to the development, advantage and profitable use of the lands hereby demised as ore producing property, and with reference to the permanent working of said lands as an ore mine or mines, and will not do, or cause or suffer to be done, anything which will hinder, prevent or detract from such profitable development, advantage and use of said lands, or which will unnecessarily increase the cost of developing or operating the same, or result in waste of the mineral thereon, except such as is usual and necessary in mining and concentrating operations, or is permitted by Paragraph Fifth hereof, or, except by the removal of the ores and minerals, as permitted by this lease, to lessen the present or future value of said demised premises as ore producing property; and will deposit any waste material as the result of mining, in such manner as not to interfere with future operations of the said mine or mines.

ELEVENTH: The Lessee covenants that while this lease remains in force he will protect the said lands, and the improvements thereon, and the iron ore stockpiled on the demised premises, and the iron ore or concentrates or product stockpiled on any lands upon which such treating plant is situated, free from all liens for labor or material, and keep the title to all the same free from all clouds and encumbrances arising from such liens in any way caused by his mining, concentrating or treating operations thereon, or occupation thereof by him, his agents, servants, employees or contractors.

TWELFTH: The Lessors expressly reserve to themselves, and the Lessee agrees that the Lessors shall have the right for themselves, their agents or servants, to enter into and upon the demised premises, or any part or parts thereof, and any concentrating or other plant or plants used for the treatment of ore from the demised premises, at any time or times, to inspect the same, not unnecessarily or unreasonably hindering or interrupting the works or operations of the Lessee.

THIRTEENTH: The Lessee agrees that when this lease shall for any cause terminate, he will enter, or cause to be entered, a certificate of that fact upon the proper book of record in said St. Louis County, State of Minnesota, provided this lease shall have been recorded there.

FOURTEENTH: It is further provided, and the present lease granted upon the express condition, that if the rent hereby reserved (the said royalty being treated as rent), or any part thereof, or the said taxes, shall be and remain unpaid after the days and times when, by the preceding covenants, the same should be paid, or in the event of the termination of the foregoing lease and demise, as hereinabove provided, or in case the Lessee shall fail to keep or perform any of the other covenants or conditions herein expressed to be kept and performed on his part, and if such non-payment, or any other default, shall continue for sixty (60) days after the written notice thereof has been given the Lessee by the Lessors, specifying any such default complained of, then and from thenceforth, and in any of those events, it shall be lawful for the Lessors, at their option, to enter into and upon the said demised premises and the same to have and possess again as of their first and former estate; and the Lessee, and all persons claiming any interest in said lands under him, wholly to exclude therefrom.

FIFTEENTH: It is understood and agreed that the Lessors reserve, and at all times shall have, possess and hold a lien upon all ore mined and not removed from the demised premises, and upon all ore products not shipped, whether on the demised premises, or at any concentrating or treating plant, and on all improvements made on said demised premises by the Lessee, and upon any plant or plants for treatment of minerals from said demised premises, wheresoever situated, as security for any unpaid balance of money due under this lease, and which lien may be enforced against such property in like manner as liens by chattel mortgage are or may be entitled to be enforced under the laws of the State of Minnesota.

SIXTEENTH: Each of the Lessors, for itself and its successors covenants that it is the owner in fee simple of all the demised lands herein represented to be owned by it, and has full power and authority to enter into this lease; and that its title to all of said lands is free from all liens and encumbrances, except any railroad rights of way which may be upon certain parts thereof.

SEVENTEENTH: The Lessee agrees that whenever he is conducting explorations on the demised premises he will furnish to the Lessors a report of all thereof, accompanied by a blueprint showing the location of all work of exploration and the results thereof, and also showing the character of the material encountered, and the analyses of such material, such report to be furnished at least every three (3) months during the conduct of such exploration. Upon request he also agrees to furnish the Lessors a portion of the samples taken in such exploration. He further agrees to notify the Lessors of his intention to carry on explorations before undertaking the same, to the end that the Lessors may inspect the same as it progresses, and at their election to take samples of any material encountered in such exploration. He further agrees to furnish the Lessors blue prints of the underground or other workings of any mine or mines on said premises at any time, upon request of the Lessors.

EIGHTEENTH: The Lessor hereby consents that the Lessee may assign this lease to a corporation, anything in this lease to the contrary notwithstanding, and that upon such assignment being made and accepted by such corporation, and written notice thereof being given to the Lessors, the Lessee herein, Claude W. Peters, shall be released from all further obligations hereunder.

NINETEENTH\*\*: In case any question or dispute shall arise between Lessors and Lessee involving the interpretation, application, fulfillment of terms or performance of obligations under this lease by either party, then such question or dispute shall be determined by arbitration. R. H. Tennant, as representative of the Lessors, and W. K. Montague, as representative of the Lessee, are hereby constituted a permanent Board of Arbitration. Either party, from time to time hereafter, upon ten (10) days' written notice to the other party, may substitute any person in lieu of its representative.

In the event such question or dispute arises, either party may request arbitration thereof by a statement in writing to the aforesaid representative of the other party, or his successor, of the question or dispute involved and of the desire to have such question or dispute settled by the permanent Board of Arbitration. Thereupon, the permanent Board of Arbitration shall meet to determine the question or dispute. The determination of said Board shall be made in writing and signed by both members. If the members of said Board fail to agree, they shall forthwith select a

third arbitrator, giving written notice to both parties of the choice so made and fixing a place and time for meeting not later than twenty (20) days thereafter, at which both parties may appear and be heard touching such controversy. The decision of the said arbitrators shall be made in writing within ten (10) days after the completion of hearings thereon, and when signed by a majority of them shall be final and conclusive upon both parties, except as in this Article hereinafter provided. In case the two arbitrators shall fail to agree upon a third arbitrator, such third arbitrator, upon the application of either party, of which the other shall be given written notice, shall be named by the person who may then be the Senior Judge (in point of Service) of the United States District Court in and for the district in which Duluth, Minnesota, is located, or the person holding an office which corresponds to such office as now extant, if it shall then have been abolished. If such Senior Judge shall be incapacitated or shall fail or refuse to appoint such arbitrator within reasonable time after such application, the next in length of service of said judges shall make such appointment. Each party hereto shall bear the compensation and expenses of its arbitrator. The compensation and expenses of the third arbitrator, as well as other costs of arbitration, shall be divided equally between the two parties. Nothing in this Article shall prevent either party from taking such action in a court of competent jurisdiction as may be necessary to have any question of law decided by said Board reviewed by such court and the decision of said Board set aside if found to be contrary to law, but the decision of said Board as to the facts shall be final and binding upon the parties hereto and upon any court to which any question of law arising hereunder is submitted.

TWENTIETH: It is mutually agreed that all the covenants, grants, stipulations and conditions herein expressed shall run with the land, and shall bind and inure to the benefit of the successors and assigns of the Lessors, and the heirs, assigns and sublessees of the Lessee, and shall supersede and be substituted for any and all prior agreements between the Lessee herein and either or both of said Lessors.

TWENTY FIRST:\*\* It is agreed that in the event more than two persons, partnerships, associations, trusts or corporations shall succeed to the interest of the Lessors hereunder,

(a) Any act which shall relate to the appointment of an arbitrator by the Lessors or to a demand for arbitration or to notice of termination for default may be accomplished on behalf of Lessors by written instrument or instruments executed by Lessors owning fifty-one per cent (51%) or more of the total interest of all Lessors in the demised premises, acting for said entire interest, as shown by the records in the Office of the Registrar of Deeds of St. Louis County, Minnesota.

(b) Any modification of this lease (except a modification described in Paragraph (c) below) or any act authorized by or required of the Lessors herein in carrying out the terms and conditions of this lease, whether in the nature of an approval, consent, demand or notice (other than a notice covered by Paragraph (a) above), may be accomplished on behalf of the Lessors by written instrument or instruments executed by Lessors owning sixty-five per cent (65%) or more of the total interest of all Lessors in the demised premises, acting for said entire interest, as shown by the records in the Office of the Register of Deeds of St. Louis County, Minnesota.

(c) Any act which shall relate to the modification of the term of this lease or the amount or rate of any rent or royalty or minimum royalty hereunder may be accomplished on behalf of the Lessors by written instrument or instruments executed by Lessors owning ninety per cent (90%) or more of the total interest of all Lessors in the demised premises, acting for said entire interest, as shown by the records in the Office of the Register of Deeds of St. Louis County, Minnesota.

(d) If the owner of any Lessor's interest shall also have any other interest which conflicts with his interest as Lessor with respect to the particular matter upon which action is being taken pursuant to Paragraphs (a), (b) or (c) hereof, so as to make his participation therein as an owner of a Lessor's interest an inequitable or fraudulent use of such interest, then such Lessor's interest shall not be used in computing the total Lessors' interest nor in computing the percentage of interest required for action on such matter.

(e) Notwithstanding any of the provisions of this Article, any owner of a Lessor's interest may

(1) Maintain an action for the recovery of his proportionate share of the rents or royalties stipulated in this lease; and

(2) Begin an action in a court of competent jurisdiction, within sixty (60) days after notice to such owner of the completion of any action under this Article TWENTY-FIRST, to determine whether any Lessor's interest improperly participated in any action under this Article in contravention of Paragraph (d) of this Article.

Unless action shall be commenced as aforesaid within said sixty (60) day period, the Lessee and its successors shall have the right at all times to rely upon acts of the Lessors which have been authorized and performed in accordance with the provisions of this Article.

(f) It is the intention of the parties that this Article, so long as this modification of lease remains in effect, shall create an irrevocable agency coupled with an interest and shall constitute a covenant which shall run with the land and bind the successors and assigns of the parties. In the event of such a succession of interest by more than two parties, then each such successor Lessor shall furnish promptly to the Lessee a statement of ownership of an undivided interest in the demised premises, together with its address and the volume and page in the Register of Deeds of St. Louis County, Minnesota, where such ownership has been recorded. Thereafter, the parties may rely upon such record ownership in determining the percentages of interest required for action under this Article, and Lessee shall be deemed to have fulfilled its obligation under this lease to pay rent or royalty by making such payments to such owner of record according to his proportionate interest, until such time as such successor Lessor shall notify Lessee in writing of a transfer in the ownership of any such undivided interest, or any part thereof, the address or addresses, as the case may be, and the volume and

page in the Register of Deeds of St. Louis County, Minnesota, where the instrument transferring such ownership has been recorded.

IN WITNESS WHEREOF, the parties of the first part have caused these presents to be signed by their proper officers, and their respective corporate seals to be hereunto affixed, duly attested, and the party of the second part has hereunto set his hand and affixed his seal, the day and year first above written.

EAST MESABA IRON COMPANY

Signed, Sealed and Delivered

By Thomas Pellow  
President

Attest: George A. St. Clair  
Secretary

(Corporate Seal)

In Presence of:

John G. Williams  
M.E. Riley

DUNKA RIVER IRON COMPANY

By Thomas Pellow  
President

Attest: George A. St. Clair  
Secretary

(Corporate Seal)

John G. Williams  
M.E. Riley  
s/d John G. Williams  
s/d Arthur J. Ronaghan

Claude W. Peters (seal)

State of Minnesota,    )  
                                  ) ss.:  
County of St. Louis,    )

On this 27th day of October, A. D. 1917, before me, a Notary Public within and for said County, personally appeared Thomas Pellow, to me personally known, who, being by me duly sworn, did say that he is the President of East Mesaba Iron Company, the corporation named in the within instrument; that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said Thomas Pellow acknowledged said instrument to be the free act and deed of said corporation.

John G. Williams  
Notary Public,  
St. Louis County, Minnesota.

My commission expires May 31st, 1920.

(Notarial Seal)

State of Minnesota,    )  
                                  ) ss.:  
County of St. Louis,    )

On this 27th day of October, A. D. 1917, before me, a Notary Public within and for said County, personally appeared Thomas Pellow, to me personally known, who, being by me duly sworn, did say that he is the President of Dunka River Iron Company, the corporation named in the within instrument; that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said Thomas Pellow acknowledged said instrument to be the free act and deed of said corporation.

John G. Williams  
Notary Public,  
St. Louis County, Minnesota.

My commission expires May 31st, 1920.

(Notarial Seal)



State of New York,    )  
                                  ) ss, :  
County of New York, )

On this 14th day of November A. D. 1917, before me, a Notary Public within and for said County, personally appeared Claude W. Peters, to me known to be the person described in, and who executed, the within instrument, and acknowledged that he executed the same as his free act and deed.

Arthur J. Ronaghan  
Notary Public, Kings County No. 91  
Certificate filed in New York County No. 222  
My commission expires May 31st, 1920.  
..... County, .....

Kings County Register's No. 3089  
New York County Register's No. 8177

My Commission Expires March 30, 1918.

(Notarial Seal)  
(js-5.8.40)  
(6-c)

## SCHEDULE 2

### Composite copy of Amended Assignment of Peter Lease

THIS AGREEMENT made this 25 day of July, 1939, by and between MESABI IRON COMPANY, a corporation organized under the laws of the State of Delaware and qualified to do business in the State of Minnesota, First Party, hereinafter for convenience referred to as "Mesabi", and RESERVE MINING COMPANY, a corporation organized under the laws of the State of Minnesota, Second Party, hereinafter for convenience referred to as "Company";

#### WITNESSETH THAT:

WHEREAS, Mesabi is the present lessee under that certain indenture of lease made the 1st day of October, 1917, as of April 30, 1915, by and between East Mesaba Iron Company and Dunka River Iron Company, corporations of the State of Minnesota, as lessors, and Claude W. Peters, of Forest Hills, State of New York, as lessee, and assigned by said Claude W. Peters to Mesabi by instrument of assignment dated December 19, 1919, which said lease was amended as to the lands thereby leased and was referred to in that certain indenture dated February 3, 1921, by and between said lessors and Mesabi and recorded in Book 492 of Deeds, Page 194 in the office of the Register of Deeds of St. Louis County, State of Minnesota, covering the following described premises situated in the County of St. Louis, State of Minnesota, to wit:

#### *Parcel 1:*

The South Half (S ½) of Section Twenty-two (22):

The South Half of the Southwest Quarter (S½ of SW¼), the Northeast Quarter of the Southeast Quarter (NE¼ of SE¼) and the South Half of the Southeast Quarter (S½ of SE¼) of Section Twenty-three (23) :

The Southeast Quarter of the Northwest Quarter (SE¼ of NW¼) and the Southwest Quarter (SW¼ of Section Twenty-four (24);

The West Half (W½) of Section Twenty-five (25); All of Section Twenty-six (26);

All of Section Twenty-seven (27);

The South Half of the Northwest Quarter (S½ of NW¼), the South Half of the Northeast Quarter (S½ of NE¼) and the South Half (S½) of Section Twenty-eight (28);

The South Half of the Southeast Quarter (S½ of SE¼) and the South Half of the Southwest Quarter (S½ of SW¼) of Section Twenty-nine (29);

The Northeast Quarter of the Northwest Quarter (NE¼ of NW¼), the South Half of the Northwest Quarter (S½ of NW¼), the North Half of the Southwest Quarter (N½ of SW¼) and the East Half (E½) of Section Thirty-one (31);

All of Section Thirty-two (32);

The Northeast Quarter (NE<sup>1</sup>/<sub>4</sub>), the North Half of the Southeast Quarter (N<sup>1</sup>/<sub>2</sub> of SE<sup>1</sup>/<sub>4</sub>) and the West Half (W<sup>1</sup>/<sub>2</sub>) of Section Thirty-three (33);

The North Half (N<sup>1</sup>/<sub>2</sub>) of Section Thirty-four (34); all in Township Sixty (60), Range Thirteen (13) West.

*Parcel 2:*

The South Half of the Southwest Quarter (S<sup>1</sup>/<sub>2</sub> of SW<sup>1</sup>/<sub>4</sub>) and the Southeast Quarter (SE<sup>1</sup>/<sub>4</sub>) of Section Eight (8);

The Southwest Quarter (SW<sup>1</sup>/<sub>4</sub>) and the West Half of the Southeast Quarter (W<sup>1</sup>/<sub>2</sub> of SE<sup>1</sup>/<sub>4</sub>) of Section Nine (9);

All of Section Seventeen (17);

All of Section Eighteen (18);

All of Section Nineteen (19);

The Northeast Quarter (NE<sup>1</sup>/<sub>4</sub>), the Northwest Quarter (NW<sup>1</sup>/<sub>4</sub>), the Southwest Quarter (SW<sup>1</sup>/<sub>4</sub>) and the North Half of the Southeast Quarter (N<sup>1</sup>/<sub>2</sub> of SE<sup>1</sup>/<sub>4</sub>) of Section Twenty (20);

The North Half of the Northwest Quarter (N<sup>1</sup>/<sub>2</sub> of NW<sup>1</sup>/<sub>4</sub>) of Section Thirty (30);  
all in Township Sixty (60), Range Twelve (12) West.

The East Half (E<sup>1</sup>/<sub>2</sub>) of Section Thirteen (13);

The East Half (E<sup>1</sup>/<sub>2</sub>) of Section Twenty-four (24);

The North Half of the Northeast Quarter (N<sup>1</sup>/<sub>2</sub> of NE<sup>1</sup>/<sub>4</sub>); the South Half of the Northeast Quarter (S<sup>1</sup>/<sub>2</sub> of NE<sup>1</sup>/<sub>4</sub>) and the North Half of the Southeast Quarter (N<sup>1</sup>/<sub>2</sub> of SE<sup>1</sup>/<sub>4</sub>) of Section Twenty-five (25);

all in Township Sixty (60), Range Thirteen (13) West; and

WHEREAS, said lease was further modified by modification of lease dated July 17, 1939, executed by said East Mesaba Iron Company and said Dunka River Iron Company, as lessors, and Mesabi, as lessee, (said lease as modified being hereinafter sometimes referred to as "Peters Lease").

Now, THEREFORE, Mesabi, in consideration of One Dollar (\$1.00) to it in hand paid, the receipt and sufficiency of which are hereby acknowledged, and the consideration hereinafter set forth to be paid by the Company, and other valuable considerations, does hereby sell, assign, transfer and set over unto said Reserve Mining Company, its successors and assigns, all of its right, title and interest in and to said Peters Lease, the leasehold estate created thereby and in and to the above described premises, together with all structures, improvements, buildings,

machinery, equipment and supplies located thereon and all appurtenances, hereditaments and rights appertaining thereto.

To HAVE AND TO HOLD the same from the date of the delivery of this assignment to the Company, its successors and assigns, for and during the residue of the term of said Peters Lease, subject however, to all the conditions, covenants, agreements and provisions, terms and rents in said Peters Lease set forth, and subject also to all legal highways and two deeds of rights of way bearing date March 20, 1919, respectively, given by said East Mesaba Iron Company, said Dunka River Iron Company and said Claude W. Peters to The Duluth and Iron Range Railroad Company, a corporation of Minnesota, and to the right of Common School District Number 83 to use a small part of the Northeast Quarter of the Northeast Quarter (NE<sup>1</sup>/<sub>4</sub> of NE<sup>1</sup>/<sub>4</sub>) of Section Eighteen (18), Township Sixty (60) North of Range Twelve (12) West for school purposes.

Mesabi, as a part of the consideration herein set forth, also hereby sells, assigns, transfers and sets over unto the Company, its successors and assigns, all rights which Mesabi has under and by virtue of an indenture made June 19, 1922, between East Mesaba Iron Company, a Minnesota corporation, as party of the First Part, and Mesabi, as party of the Second Part, recorded in Book 460 of Deeds, Page 480 in the office of the Register of Deeds of St. Louis County, Minnesota, and an indenture dated June 19, 1922, by and between Dunka River Iron Company, a Minnesota corporation, as party of the First Part, and Mesabi, as party of the Second Part, recorded in Book 460 of Deeds, Page 482 in the office of the Register of Deeds of St. Louis County, Minnesota, to cut, remove, use and sell timber lying, standing or being upon the above described parcels of land; provided, however, that the rights assigned and granted in this paragraph shall continue only so long as the Company holds, as lessee, the above described parcels of land.

Mesabi further covenants and agrees that it has good right to assign said Peters Lease with the consent of said East Mesaba Iron Company and said Dunka River Iron Company, and to grant the timber rights as aforesaid; that there is no default under said lease, and that the interests, estates and property hereby assigned are free and clear from all liens and encumbrances of every kind and description, except legal highways, said two deeds of rights of way dated March 20, 1919, to The Duluth and Iron Range Railroad Company and said right to Common School District Number 83 to use a small part of the Northeast Quarter of the Northeast Quarter (NE<sup>1</sup>/<sub>4</sub> of NE<sup>1</sup>/<sub>4</sub>) of Section Eighteen (18), Township Sixty (60) North of Range Twelve (12) West for school purposes.

In consideration of said assignments and of the consent thereto of said East Mesaba Iron Company and said Dunka River Iron Company, the lessors under said Peters Lease, the Company hereby assumes and agrees to pay all rents and royalties due and payable under said Peters Lease from and after the date this assignment is delivered to the Company, and to keep and perform all the covenants, agreements and conditions of said Peters Lease on the part of said lessee to be kept and performed.

The Company agrees that it will furnish simultaneously to Mesabi a duplicate of each notice, receipt and report served by it upon or furnished to the lessors in said Peters Lease and

further agrees forthwith on receipt thereof, to furnish Mesabi a copy of each notice or demand served on the Company by the Lessors in said Peters Lease.

The Company further agrees that in the event it should desire to terminate the said Peters Lease pursuant to Article Third thereof, it will, before giving any written notice of termination to said lessors pursuant to said Article Third, reassign said Peters Lease and the leasehold estate created thereby to Mesabi free and clear of all liens and encumbrances created or permitted to be created by the Company on said leasehold estate, except public highways, and reassign all timber rights granted hereunder, and if the Company should default in its performance of the terms and provisions of said Peters Lease it will within Fifty (50) days after receiving written notice of such default from said lessors either cure such default or make an agreement with said lessors with respect thereto, or reassign said Peters Lease and the leasehold estate created thereby, together with said timber rights, to Mesabi free and clear of liens and encumbrances; but the Company shall remain liable for the payment of all royalty due and payable under said Peters Lease up to the date of such assignment, and if the Company shall fail to reassign said Peters Lease and said timber rights to Mesabi as aforesaid, then Mesabi shall have the right to enter into and upon said leased premises and to have and possess the same again as of its first and former estate therein and to exclude therefrom the Company and all persons claiming any interest under the Company in said leasehold estate.

\*The Company further agrees as follows:

1. The Company will pay to Mesabi, at the times hereinafter stated, provided Mesabi is not in default under any of its covenants hereunder or under any other lease given by Mesabi, as lessor, to the Company, as lessee, a royalty (which is subject to adjustment as hereinafter provided) on shipments by the Company of taconite product (as hereinafter defined) produced after December 31, 1959 from the following lands:

(a) lands leased under the Peters Lease;

(b) lands leased under a certain indenture made May 1, 1916 by and between Cloquet Lumber Company, a corporation of the State of Iowa, as lessor, and Claude W. Peters, as lessee, and assigned by said lessee to Mesabi by assignment of lease made December 19, 1919, and thereafter assigned by Mesabi to the Company by instrument made July 25, 1939, recorded in the office of Register of Deeds of St. Louis County, Minnesota, in Book 690 of Deeds, page 565;

(c) lands leased by Mesabi to the Company under lease made July 25, 1939 and recorded in the office of the Register of Deeds of St. Louis County, Minnesota, in Book 690 of Deeds, page 465, but only in so far as Mesabi owns or has the right to authorize the mining or removal of taconite therefrom.

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\* The balance of this composite copy up to "In Witness Whereof" was added by the amendment dated April 27, 1960 and replaced provisions not contained in this composite copy.

2. Taconite concentrate, whether or not agglomerated, produced after December 31, 1959 from the lands referred to in clauses (a), (b) or (c) above and shipped by the Company after such date is herein called "taconite product". The term "iron unit" as used herein shall mean 1% of iron content (natural analysis) per ton of the taconite product. Wherever the word "ton" is used herein, it shall mean a gross ton of 2,240 pounds.

3. The royalty so to be paid shall accrue upon shipment, shall be based on taconite product containing 61% iron (natural analysis) and shall be adjusted according to the number of iron units or fractions thereof (to the nearest 1/10th) contained therein. Thus, for example, upon taconite product containing 62.5% iron (natural analysis), the royalty per ton would be  $62.5/61.0$  of the base royalty applicable thereto; and for taconite product containing 60% iron (natural analysis), the royalty per ton would be  $60/61$  of the base royalty applicable thereto. Subject to the escalation adjustment hereinafter provided, the base royalty shall be determined as follows:

(i) In 1960 and each subsequent year, for the first 6 million tons, or any part thereof, of shipments by the Company of taconite product in such year, the base royalty shall be \$1 per ton for taconite product of 61% iron (natural analysis), being 1.63934¢ per iron unit in such ton.

(ii) In the first year in which shipments by the Company of the taconite product shall exceed 6 million tons, for the first 3 million tons, or any part thereof, of the taconite product shipped in such year in excess of 6 million tons, the base royalty shall be 90¢ per ton for taconite product of 61% iron (natural analysis), being 1.47541¢ per iron unit per ton, and such base royalty shall increase at the rate of 2/5ths of a cent per ton for each year thereafter until the base royalty applicable to such 3 million excess tons, or any part thereof, shipped in the 26th year shall be \$1 per ton.

(iii) In the first year in which shipments by the Company of the taconite product shall exceed 9 million tons, for the taconite product in excess of 9 million tons shipped in such year, the base royalty shall be 85¢ per ton for taconite product of 61% iron (natural analysis), being 1.39344¢ per iron unit per ton, and such base royalty shall increase at the rate of 3/5ths of a cent per ton for each year thereafter until the base royalty applicable to such excess over 9 million tons shipped in the 26th year shall be \$1 per ton.

4. In addition to the application of clauses (i), (ii) and (iii) of paragraph 3 above, the base royalties shall be escalated upwards or downwards for each year after the calendar year 1960 in accordance with changes from the November 1959 level of 118.9 (herein called the 1959 escalation level) in the Wholesale Price Index for all Commodities (with 1947-49 = 100 as a base) published by the Bureau of Labor Statistics of the United States Department of Labor or any succeeding federal governmental agency publishing such index, such adjustment being herein called the 'escalation adjustment'. The escalation adjustment for the year 1961 and each succeeding year shall be made on the basis of the proportion between (a) the level of such index for the preceding

November and (b) the 1959 escalation level. For example, if such index for November 1960 shall increase to 119.9, the royalty per iron unit of shipments in 1961 for the first 6 million tons, would be computed as follows:

$$\frac{119.9}{118.9} \times 1.63934 \text{ cents.}$$

If such index for November 1960 shall decrease to 117.9, the royalty per iron unit of shipments in 1961 for the first 6 million tons would be computed as follows:

$$\frac{117.9}{118.9} \times 1.63934 \text{ cents.}$$

5. In the event the index referred to in paragraph 4 above shall use for 100 as a base some period other than the 1947-49 = 100 base referred to above, for the purposes hereof, such published index shall be adjusted so as to be in correct relationship to such 1947-49 base. In the event publication of such index is discontinued by any federal agency, the index to be used as aforesaid shall be that index, independently published, which, after necessary adjustments, if any, provides the most reasonable substitute for such Wholesale Price Index for All Commodities during any period subsequent to November 1959, it being intended to substitute an index which most accurately reflects fluctuations in the wholesale prices of all commodities in the manner presently reported by the Wholesale Price Index for All Commodities (with 1947-49 = 100 as a base) published by the Bureau of Labor Statistics of the United States Department of Labor. If the parties hereto cannot agree upon a substitute index which accomplishes this purpose, the then President of Harvard University shall designate a substitute index which accomplishes such purpose, or if the then President of Harvard University shall fail or refuse to designate a substitute index, the same shall be determined by the Secretary of Commerce of the United States or the person then performing the functions now performed by said Secretary, and if he shall fail or refuse to designate a substitute index, then an appropriate wholesale price index to accomplish the foregoing purpose shall be determined by arbitration.

6. The adjustment for iron units or fractions thereof as hereinbefore provided shall be made after application of the escalation adjustment as provided for in the preceding paragraphs.

7. Iron ores that, in their natural condition as mined, or in their natural condition as mined without concentration or beneficiation other than crushing and dry screening, are suitable for blast furnace use, and concentrates from low grade iron ores which can be made suitable for blast furnace use by simple methods of concentration such as washing, jigging, heavy media separation or other process not involving fine grinding, if any such are encountered and shipped, shall be paid for on the same royalty basis as taconite product, and shall be considered to be taconite product for all purposes hereof.

8. In the event that the Company shall mine and remove crude taconite from the lands referred to in clauses (a), (b) or (c) of paragraph 1 above for the purpose of selling the same other than in the form of taconite product, or for the purpose of concentration other than at a plant in Minnesota operated by the Company, or for the purpose of treatment by any direct reduction process or other process involving the reduction in whole or in part of the iron compounds therein to metallic iron, each ton of crude taconite so mined and removed shall be assumed, for the purposes of this agreement, including the computation of shipments and royalties under clauses (i), (ii) and (iii) of paragraph 3 above, to contain iron units of taconite product equal to 88% of the number of units of magnetic iron therein, and the tonnage thereof, for such purposes, shall be computed by dividing the resulting number of such iron units by 61.

9. In the event any non-ferrous minerals are discovered upon the lands referred to in clauses (a), (b) and (c) of paragraph 1 above, the Company shall, in its sole discretion, have the right to mine and produce the same in so far as such right is given by the underlying leases, and, in lieu of the payment of royalty therefor, the Company shall deliver to Mesabi 10% of such minerals in the form in which the Company shall then be selling and shipping the same. The Company shall notify Mesabi as early as it is practicable to do so of the estimated quantities of such minerals to be mined or produced each quarter of the calendar year. Delivery to Mesabi shall be made by delivering to a common carrier designated by Mesabi at the point on or nearest the said lands at which the Company is then shipping like minerals to its vendees. Failing such designation, delivery to Mesabi shall be made by stockpiling the same on said lands for the account of Mesabi and Mesabi shall assume all obligations in respect of minerals so stockpiled.

10. The amount of the royalty per iron unit of taconite product (i.e., for example, 1.63934 cents per iron unit on the first 6 million tons of taconite product) and the minimum royalty provided herein shall not be subject to arbitration and shall not be affected by changes in financial or economic conditions except for the escalation provisions expressly set forth herein. The parties agree that royalties stipulated in paragraph 3 above, escalated upwards or downwards as provided in paragraph 4 above, shall be paid to Mesabi without any deductions therefrom, whether ordinary or extraordinary, foreseen or unforeseen, except as may be required by law. The Company shall pay the Minnesota royalty tax (but not income taxes or other taxes imposed on Mesabi by reason of the receipt of such royalties under the laws of the United States or any state other than the Minnesota royalty tax or other Minnesota tax in lieu or substitution thereof) assessed against or on account of royalty payable to Mesabi under paragraph 3 above, and all occupation taxes, ad valorem taxes and any and all other taxes assessed on account of the Company's mining or other operations in or on the lands referred to in clauses (a), (b) or (c) of paragraph 1 above.

11. Royalties shall be paid within 30 days after the end of each quarter of the calendar year beginning with the year 1960, except that payments required to be made prior to the date of execution and delivery hereof shall be deferred to said date. With such payments the Company shall report to Mesabi the estimated number of tons and estimated average iron analysis of the taconite product shipped during such quarter year. Since it is expected that normally no shipments will be made during the first quarter of



each calendar year and that shipments in the second and third quarters of each calendar year will be in excess of production, the Company will pay within 30 days after the end of each first quarter of the calendar year an advance royalty based (at the royalty rates on shipments as hereinbefore set forth) on the Company's production of the taconite product in the form ultimately to be shipped, removed from the lands referred to in clauses (a), (b) or (c) of paragraph 1 above, during such first quarter, and report such production to Mesabi. One-half of the excess of such advance royalty paid over royalty due on shipments, if any, made in said first quarter shall be credited against shipments made in the second quarter of such calendar year and the remaining one-half shall be credited against shipments made in the third quarter of such calendar year. If such credits exceed the royalty due from the second and third quarters the excess shall be credited against shipments thereafter made in the same or any subsequent year until such excess shall have been credited in full.

12. The Company shall, regardless of reduction or suspension of operations by the Company because of economic conditions applicable to the operations on the lands referred to in (a), (b) and (c) of paragraph 1 above or because of the iron ore requirements of the stockholders of the Company, pay Mesabi a ground rent or minimum royalty at the rate of \$150,000 a year payable in equal quarterly installments within 30 days after the end of each quarter. Any such ground rent or minimum royalty in excess of the royalties otherwise payable under any of the provisions of this agreement shall be credited against royalties payable upon shipments made in any quarter of the same or any subsequent year or against advance royalties payable under the provisions of paragraph 11 above.

13. The royalty provided in paragraph 3 above shall be based upon the weighted average analysis (taken by the Company in the normal course of its operations) of the taconite product shipped by it from the lands referred to in clauses (a), (b) and (c) of paragraph 1 above as herein specified. The Company will cause the quantities of all taconite concentrates and other minerals shipped hereunder to be determined by weightometers or such other scales as may be in general use for such purposes, upon loading such concentrates and other minerals in lake vessels or other carriers. It shall take adequate samples of the contents of each such lake vessel as loaded, or if shipped by railroad of lots not exceeding 10 railway cars each, and shall carefully analyze such samples in accordance with standard methods and practices in the iron ore trade. If the taconite concentrates or other minerals shall not be shipped by the Company but shall be used by it for the production of iron or steel by direct reduction or other process, the amount of taconite concentrates or other minerals so used shall be accurately weighed at the point of such use and shall be deemed to have been shipped for the purposes hereof. The Company shall cause the quantity of taconite concentrates produced and placed in stockpile during the first quarter of each calendar year to be measured by appropriate weightometers. The Company, in accordance with good mining practice from time to time in vogue, will test the efficiency and results of its concentration plant by sampling the taconite to be concentrated, the taconite concentrate and the material passing therefrom as waste or tailings. All charts of weightometer devices recording weights of taconite concentrates and other minerals shipped or used or stockpiled as aforesaid, and all charts or records of weightometer devices or other devices for measuring the weight or magnetic iron content of crude taconite during the concentrating process, shall be

preserved for such reasonable time as shall permit reasonable inspection by Mesabi or its duly authorized representatives. Mesabi shall have the right at all reasonable times to inspect weightometers or other devices used for determining quantity or analysis of taconite or taconite concentrates and other minerals, and to be present at and participate in periodic checking and adjustment of weightometer devices. Upon its request, Mesabi shall be furnished portions of samples which will be used in determining analyses, provided it shall furnish facilities for delivery to it of such samples and within 60 days after delivery, shall report to the Company the results of its analysis thereof. It shall be furnished with copies of any reports made by any representative of the State Department of Weights and Measures of any check which such Department may conduct of such weightometer devices. The Company will furnish to Mesabi within 30 days after the end of each quarter of each calendar year beginning in 1960 certificates showing (a) the quantities of taconite concentrates (or other minerals) shipped by it during such quarter, specifying the vessel or other carrier, the respective quantities so shipped and places to which shipped, (b) the quantities of taconite concentrates (or other minerals) used by the Company for the production of iron or steel by direct reduction or any other process, (c) the weighted average analyses of the products covered by clauses (a) and (b) next above, and (d) an estimate of the proportion of the products covered by clauses (a) and (b) above which shall have been produced from the lands referred to in clauses (a), (b) and (c) of paragraph 1 above. With such reports there shall be furnished reports of the analyses of the contents of each vessel or railway car lot made as herein provided, and copies of vessel or railway bills of lading, as signed by the vessel master or railway agent.

14. At the time of the payment of the royalty for the last quarter of each calendar year, adjustments shall be made for any variations between estimated shipments and analyses as theretofore reported to Mesabi for any quarter and actual shipments and analyses as finally determined for said calendar year. Adjustment shall also be made, as provided in paragraph 11 above, for excess (to the extent such excess can be credited for such quarter) or deficiency of estimated or advance royalties during such year. Simultaneously with such payment, reflecting such adjustments, and providing the basis for final settlement for said year the Company shall furnish Mesabi a final report showing the total shipments of taconite product, the weighted average analyses thereof, the allocation of the portion of such shipments to which royalties hereunder are applicable, the royalties theretofore paid or advanced, and the amount of any excess in estimated or advance royalties to be credited against subsequent royalty payments. Mesabi or its duly authorized representative shall have the right to inspect and verify the certificates and reports mentioned in paragraph 13 above and in this paragraph and any errors discovered shall be corrected and settled promptly.

15. Mesabi shall have the right to itself and its agents or servants, to enter into and upon the lands referred to in clauses (a), (b) and (c) of paragraph 1 above, or any part or parts thereof, and any concentrating or other plant or plants used for the treatment of ore from said lands, at any time or times, to inspect the same, not unnecessarily or unreasonably hindering or interrupting the work or operations of the Company.

16. Mesabi hereby acknowledges that all obligations of the Company under any and all contractual arrangements between the parties hereto in respect of products

produced prior to January 1, 1960, whether or not shipped prior to said date, have been discharged in full.

17. The Company hereby confirms that it has assumed and agreed to pay all rents and royalties due and payable under the Peters Lease, and nothing herein contained shall affect Mesabi's right to receive, as a lessor under the Peters Lease, the rents and royalties which have or may hereafter become payable to it thereunder.

18. Except as expressly herein amended, the Assignment shall remain unamended and in full force and effect.

IN WITNESS WHEREOF, said Mesabi Iron Company, being first duly authorized, has hereunto set its name and affixed its corporate seal by its duly authorized officers and Reserve Mining Company, being first duly authorized, has hereunto set its name and affixed its Corporate seal by its duly authorized officers this 25 day of July, 1939.

Witnessed by:

MESABI IRON COMPANY

(Corporate Seal)

By D.C. Jackling  
President

H.P. Scully  
M.G. Casey

Attest: Arthur J. Ronaghan  
Secretary

RESERVE MINING COMPANY

By R.C. Allen  
President

F.C. Sullivan  
A.B. Miller

Attest: H.C. Bishop  
Secretary

(Corporate Seal)

State of California,            )  
  ) ss.:  
County of San Francisco,    )

On this 17th day of July, 1939, before me, a Notary Public within and for said City and County and State personally appeared D.C. Jackling, to me personally known, who being by me first duly sworn, did say that he is the President of Mesabi Iron Company, a Delaware corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and said D.C. Jackling acknowledge said instrument to be the free act and deed of said corporation.

Laura E. Hughes  
Notary Public

In and for the City and County of  
(Seal) San Francisco, State of California

My Commission Expires:  
May 16, 1941

State of Minnesota,    )  
                                  ) ss.:  
County of St. Louis,    )

On this 24th day of October, 1939 before me, a Notary Public within and for said County and State, personally appeared R.C. Allen, to me personally known, who being by me first duly sworn, did say that he is the President of Serve Mining Company, a Minnesota corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and said R.C. Allen acknowledged said instrument to be the free act and deed of said corporation.

Francis C. Sullivan  
Notary Public

My Commission Expires:  
Nov. 18, 1942

(Seal)

Francis C. Sullivan  
Notary Public, St. Louis County, Minn.

My Commission Expires  
Nov. 18, 1942

### SCHEDULE 3

#### Copy of Cloquet Lease

THIS INDENTURE, Made this 1st day of May, A.D. 1916, by and between CLOQUET LUMBER COMPANY, a corporation of the State of Iowa and qualified to hold property in the State of Minnesota (hereinafter called the Lessor), party of the first part, and CLAUDE W. PETERS, of Forest Hills, State of New York (hereinafter called the Lessee), party of the second part,

WITNESSETH:

WHEREAS, the Lessor is the owner of certain property situate in the County of St. Louis, State of Minnesota, and the Lessee is desirous of acquiring the exclusive right and privilege, upon the payment of certain royalties hereinafter reserved, to explore for, mine, remove, treat, ship and sell the iron ore, taconite and any other minerals that may be found therein or thereon, but not for agricultural purposes:

Now, THEREFORE, in consideration of the premises, of the sum of One Dollar (\$1.00) by the Lessee to the Lessor in hand paid, and of other valuable considerations between the parties moving, the receipt whereof is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

FIRST: The Lessor does hereby let, lease and demise unto the Lessee for the term of one hundred and twenty-four (124) years, commencing with the date hereof, all the following described tracts and parcels of land, situate, lying and being in the County of St. Louis and State of Minnesota, and more particularly described as follows, to wit:

The Northwest Quarter of the Northeast Quarter (NW $\frac{1}{4}$  of NE $\frac{1}{4}$ ) and the North Half of Northwest Quarter (N $\frac{1}{2}$  of NW $\frac{1}{4}$ ) of Section Five (5); the West Half of the Northeast Quarter (W $\frac{1}{2}$  of NE $\frac{1}{4}$ ) and the Northwest Quarter (NW $\frac{1}{4}$ ) and the Southwest Quarter (SW $\frac{1}{4}$ ) of Section Six (6); the North Half of the Northeast Quarter (N $\frac{1}{2}$  of NE $\frac{1}{4}$ ), the Southwest Quarter of the Northeast Quarter (SW $\frac{1}{4}$  of NE $\frac{1}{4}$ ) and the Northwest Quarter of the Southwest Quarter (NW $\frac{1}{4}$  of SW $\frac{1}{4}$ ) of Section Seven (7); all in Township Fifty-nine (59) North, Range Thirteen (13) West; and the Northwest Quarter of the Northwest Quarter (NW $\frac{1}{4}$  of NW $\frac{1}{4}$ ) of Section Thirty-one (31), in Township Sixty (60) North, Range Thirteen (13) West.

SECOND: The said lands are hereby leased to the Lessee for the purpose of exploring for, mining, removing, treating, shipping and selling the iron ore, taconite and any other iron bearing material, and any and all other minerals that may be found therein or thereon, with the right to use the surface of said demised premises for any and all purposes deemed necessary by said Lessee for mining purposes, including the right to construct roads and highways thereon, and of erecting and maintaining on said lands all such buildings, dwellings, stores, employee's and workmen's houses, mills and plants, machinery, excavations, openings, ditches, drains, flumes, pipe lines, railways, tramways, water-ways, power and transmission lines, and all such other improvements and fixtures as may be deemed necessary or convenient by him for such mining purposes. It is expressly understood and agreed, anything herein contained to the

contrary notwithstanding, that the Lessee shall not have the right hereunder to use, and that he will not use, said lands for agricultural purposes. The Lessee shall have the right to use such of the water on said demised premises as may be necessary for mining purposes, insofar as the Lessor has authority to grant same. The Lessor shall have the right to enter upon said premises, and to cut and remove therefrom any valuable timber standing thereon, but such entering and removing shall in no way interfere with the operations of the Lessee. In the event of the erection of any buildings on said demised premises, the use and occupancy thereof shall cease and determine upon the termination of this lease, whether by the acts of the parties, or either of them, or by the expiration of the term hereof; and all such buildings shall be removed from the demised premises within the time mentioned in Paragraph Tenth hereof, and upon the failure to so remove them, title thereto shall vest in the Lessor. The Lessee covenants to preserve all the demised lands from adverse occupancy or possession on the part of any person, and to preserve the same from being lost for non-payment of taxes, mechanic's liens or otherwise.

THIRD: The Lessee shall have the right at any time to terminate this lease by giving ninety (90) days written notice to the Lessor, either in person or by mail, and in case notice is given by mail it may be addressed to the Lessor at such place as the royalties are then payable, and thereupon this lease shall cease and determine, and all arrearages and sums then accrued under the same up to, and including, the date of its termination, as set forth in such notice, shall be paid upon settlement and adjustment thereof.

FOURTH: It is further agreed that for a period of five (5) years from the date hereof this lease shall not be assigned, or the premises hereby demised, or any part thereof, sublet for the purpose of mining, without the written consent of the Lessor; this however, shall not prevent the Lessee from leasing any of such buildings and appurtenances, and granting easements and licenses in respect to the use of the same. It is further agreed that after five years from the date hereof the Lessee shall have the right to assign this lease, or to sublet said demised premises, or any part thereof, for mining purposes, with the same rights and privileges, and subject to the same obligations, as are herein granted to, and imposed upon, the Lessee. It is further agreed that, except as hereinafter mentioned in Paragraph Twentieth, no assignment, contract or sublease, as aforesaid, by the Lessee, shall operate as a release or discharge of the Lessee from the performance of the conditions and covenants of this lease.

FIFTH: The parties hereto believe that the greater portion of the mineral bearing rock now known to exist on, in or under the demised lands, is so largely composed of silicious and other substances as to require the concentration thereof by crushing, grinding and magnetic treatment, or other processes, before shipment, and the binding of the resulting concentrates, so as to secure a product which will be merchantable and of proper composition for successful and economical use in a blast furnace. It is, therefore, agreed that the Lessee shall have the right to improve the same by concentrating, separating and other treatment, on the demised premises, or he may remove it from the demised premises to such other points as he may deem best for the purpose of making the same merchantable. The waste material resulting from such concentration may, at the option of the Lessee, be deposited on the demised premises, but in such manner and in such place or places as will not conflict with or embarrass the future operation of any mine or mines thereon. If the concentrating plant is not located on the demised premises, it is agreed that the removal of such materials from the demised premises to such concentrating plant for treatment, as aforesaid, shall not be deemed to be a shipping from the demised premises in the

sense that the royalties payable hereunder shall accrue, but that the shipping of the product of such concentrating and other treatment from such plant shall be deemed the removal and shipping thereof for the purpose of determining the royalties thereon, and that the royalties shall accrue on the resulting product, and not on the crude material before such treatment. The Lessee may, at his option, as a part of such treatment, sinter, briquette, nodulize or otherwise agglomerate and prepare the iron ore for shipment.

The Lessee may use any portion of any strippings, tailings or other waste material arising from such mining, concentrating, or other treatment of lean ore to make it merchantable, in any manner in carrying on any mining or treating operation under this lease. The Lessee may also sell and dispose of the same, or any part thereof, for any purpose other than recovery of mineral value therefrom; and in the event of any such sale he shall pay to the Lessor fifteen percent (15%) of the net profits arising from any such sale, after deducting all loading, transportation, selling or other charges in connection therewith, the same to be paid quarterly on the quarter days in this lease mentioned. No such strippings, tailings or other waste material shall be used or disposed of by the Lessee for the purpose of recovering any mineral value therefrom, without the consent of the Lessor.

The Lessee further agrees to conduct such concentrating and agglomerating of said minerals in a good and workmanlike manner, and in accordance with the requirements of good engineering practice and sound business principles, and so as not to cause any greater loss or waste of ore than is reasonably necessary, in order to render the product of such treatment merchantable and of proper composition and character for successful and economical furnace use, and that he will use in such treatment proper machinery and appliances to that end.

If minerals other than those taken from the demised premises are treated at any such plant, whether then located on the demised premises, or at some other place, it is agreed that the ore taken from the demised premises shall be concentrated and treated separate and apart from all other ores, and the ore product thereof kept at all times separate until the same is loaded on railroad cars for shipment and weighed.

If any such concentrating plant or any such agglomerating plant is located by the Lessee on any lands other than the demised premises, or if the tailings or waste material from any treatment of such lean ore to improve its grade and make it merchantable, is deposited on lands other than the demised premises, that in such case the Lessee shall, before any such lean ore is removed from the demised premises to any such concentrating or treating plant, and before any tailings or waste from any treatment is so deposited upon any lands other than the demised premises, notify the Lessor in writing of the description of the lands upon which any such plant is located, setting forth his title thereto, and the lands upon which any such tailings or waste material is deposited, and the lands upon which any concentrates or agglomerated material, the product of any lean ore taken from the demised premises, shall be stockpiled; and thereupon and thenceforth such premises, and the improvements thereon, shall be deemed as though all of said improvements were made, and waste material deposited upon, and such concentrates or agglomerated product were located and deposited upon, the demised premises. The intention hereof being to grant to the Lessee the right to conduct, at his election, certain of the treatment of such low grade ore upon lands other than the demised premises, but without waiving any right



which the Lessor would have if the same were conducted or deposited upon the demised premises.

SIXTH: It is further understood and agreed that if any body of ore be encountered on said demised premises which is merchantable in its natural condition as found in the mine, and be of sufficient quantity, according to good mining practice, to justify the mining thereof separate and apart from the leaner material which is to be treated in order to be rendered merchantable, as hereinbefore provided, any such body of ore shall be mined separate from the leaner ore, and shall be shipped in the condition the same is taken from the mine, without any concentration or other treatment to improve its grade.

SEVENTH: The Lessee covenants and agrees to and with the Lessor that he will on the 30th days of January, April, July and October in each year (hereinafter called "quarter days"), or on the day ensuing if that day falls on Sunday or a legal holiday, during the period hereinbefore stipulated, or during the period this lease continues in force, pay to, or for the use of, the Lessor, at such bank in the State of Minnesota, or elsewhere in the United States as the Lessor may from time to time in writing designate, a royalty for all iron ore mined, removed and shipped from said premises during the three calendar months next preceding the first day of the month in which payment is to be made, as aforesaid, as follows, to-wit:

(1) For all ore mined and shipped in its natural condition as the same is taken from the mine, as provided in Article Sixth hereof, Forty Cents (40¢) per ton of twenty-two hundred and forty (2240) pounds.

(2) For the iron ore product of any concentration or treatment of lean ore after the same has been agglomerated by sintering, nodulizing, briquetting, or other similar treatment, as provided in Article Fifth hereof, Thirty Cents (30¢) per ton of twenty-two hundred and forty (2240) pounds, when the selling price of such agglomerated concentrates or ore product at Lake Erie ports is Five Dollars (\$5.00) per ton. When such selling price is less than Five Dollars (\$5.00) per ton, the amount of royalty shall be arrived at by deducting from the Thirty Cents (30¢) one-fifth (1/5) of the difference between Five Dollars (\$5.00) and such selling price; *provided, however*, that the royalty per ton to be paid shall not in this manner be reduced below Fifteen Cents (15¢) per ton. When such selling price shall exceed Five Dollars (\$5.00) per ton, the amount of royalty shall be arrived at by adding to the Thirty Cents (30¢) one-fifth (1/5) of such excess of selling price over Five Dollars (\$5.00) per ton. When such agglomerated concentrates are sold for delivery at any other point than Lake Erie ports, the selling price for determining the royalties to be paid thereon shall be ascertained by deducting from the actual selling price the cost of delivering the same from the mine to the place of delivery, and then adding to the remainder the cost of delivering the same from the mine to Lake Erie ports.

(3) If the concentrates of any such lean ore are either metallized, sold or otherwise treated or disposed of by the Lessee without agglomeration, the Lessor shall receive the same royalties for such concentrates as it would have received if they had been agglomerated and sold as such at Lake Erie ports.

Before any such concentrates are metallized, sold or otherwise treated or disposed of, without agglomeration, they shall be weighed, sampled and analyzed to determine the iron, moisture and phosphorus contents thereof, in order that the amount and grade of agglomerated material such concentrates would have made may be ascertained. When shipped by rail such concentrates shall be weighed by the railroad company transporting the same.

When such concentrates are to be metallized, sold or otherwise treated or disposed of by the Lessee, without agglomeration, and without shipment by rail, they shall be weighed on proper scales to be installed and maintained by the Lessee, subject to like inspection and correction of errors as in the case of the railroad company's scales and weights. The Lessee also agrees in such case to pay the salary of a person to be appointed by the Lessor to inspect the scales to be installed by the Lessee and the weighting of such concentrates thereon, not exceeding One Hundred Dollars (\$100.00) per month.

The sampling and analyzing shall in all cases be done by a competent chemist, and in the manner usual and customary in sampling and analyzing iron ores, and at the expense of the Lessee. The weighing, sampling and analyzing of concentrates to be metallized, sold or otherwise treated or disposed of by the Lessee without agglomeration, shall cause the royalties thereon to become due, and the same shall be payable at the next quarter day.

The Lessee shall give the Lessor thirty (30) days notice of his intention to metallize, sell or otherwise dispose of any of such concentrates, without agglomeration, and without shipment by rail, in order that the Lessor may inspect the weighing of such concentrates.

The Lessee, at the time of such payment, shall transmit to the Lessor an exact and truthful statement of the amount of iron ore shipped or removed during the three calendar months for which such payment shall be made, both the iron ore shipped in its natural condition without treatment, and also the iron ore concentrates or product of any treatment, as hereinbefore provided. Except as herein otherwise provided, the iron ore so mined and shipped from said land, and the iron ore concentrate or product of any treatment, shall be weighed by the railroad company transporting the same, which weights shall be *prima facie* evidence between the parties hereto.

The Lessee also agrees to furnish to the Lessor monthly statements showing all the aforesaid weights, but the Lessor reserves the right to inspect, review and test the correctness of the railroad company's scales and weights, and the scales and weights herein provided for, at any time and in such manner as it may see fit to adopt; it being understood that any errors in these respects, when ascertained, shall be recognized and corrected in the accounts. The Lessee agrees to furnish to the Lessor monthly statements showing the prices at which such agglomerated concentrates or ore products of lean ore are sold, and a true copy of any contract for the sale thereof made by him, and shall also afford to said Lessor, and its duly authorized representatives and agents, opportunity to make all such inquiries and investigations as it or they may reasonably require in order to satisfy itself of the truth and accuracy of such statements as to any sale of any such agglomerated concentrates or ore products.

EIGHTH: The Lessee further covenants and agrees that from and after January 1st, 1920, there shall be mined and shipped from said lands, iron ore, or iron ore concentrates or products,

aggregating in royalties hereunder, payable to the Lessor, of at least the sum of Forty Thousand Dollars (\$40,000.00) for each calendar year.

In case the Lessee shall not ship from said lands the quantities of iron ore or iron ore concentrates or product for each year, as next above stipulated, he shall nevertheless pay to, or for the use of, the Lessor said sum each year as herein agreed, the same to be paid in each year in four equal installments on the quarter days above mentioned for the payment of royalties on ore mined and shipped up to the time, and until, this lease shall expire or may be terminated in the manner herein expressed, the first quarterly payment to be made on April 30th, 1920.

All moneys paid as minimum royalties in excess of the royalties which accrue on ores actually shipped during any quarter shall be considered advanced royalties, and whenever the royalties accruing on ores actually shipped in any subsequent quarter exceed the minimum amount payable in such quarter, then the Lessee shall be entitled to be credited by a sum equal to such excess royalties payable in such subsequent quarter, until he has been credited with all moneys paid by him as advanced royalties.

NINTH: The Lessee agrees, before penalty attaches for nonpayment, to pay all taxes, general or specific, upon the lands so demised, which may be assessed either against said lands or the improvements thereon, or upon the iron ore product thereof, or on any personal property at said mine or mines, or upon any concentrating or treating plant used for the treatment of lean ores from said premises, from and after this date, and during the continuance of this lease. It is understood, however, that the Lessee shall have the right to contest in the courts, or otherwise, the validity of any such taxes, but that such taxes as are finally adjudged due shall in any event be paid before any such property is sold for their non-payment.

TENTH: It is mutually understood and agreed that upon the termination of this lease, whether by the acts of the parties, or either of them, or by limitation, the Lessee shall have ninety (90) days in which to remove all engines, tools, machinery, railroad tracks and structures erected or placed by him, or under his direction, on said lands, but shall not remove or impair any supports placed in the mines, nor any timber or frameworks necessary to the use and maintenance of the shafts or other approaches to the mine, nor any tramways within any underground mines. Title to any such property not so removed within said time shall thereupon vest in the Lessor.

ELEVENTH: The Lessee agrees to conduct all his work and operations hereunder in a good, skillful and workmanlike manner, and to conduct his operations with reference to the development, advantage and profitable use of the lands hereby demised as ore producing property, and with reference to the permanent working of said lands as an ore mine or mines, and will not do, or cause or suffer to be done, anything which will hinder, prevent or detract from such profitable development, advantage and use of said lands, or which will unnecessarily increase the cost of developing or operating the same, or result in waste of the mineral thereon, except such as is usual and necessary in mining and concentrating operations, or, except by the removal of the ores and minerals, as permitted by this lease, to lessen the present or future value of said demised premises as ore producing property; and will deposit any waste material as the result of mining in such manner as not to interfere with future operations of the said mine or mines.

TWELFTH: The Lessee covenants that while this lease remains in force he will protect the said lands, and the improvements thereon, and the iron ore stockpiled on the demised premises, and the iron ore or concentrates or product stockpiled on any lands upon which such treating plant is situated, free from all liens for labor or material, and keep the title to all the same free from all clouds and encumbrances arising from such liens in any way caused by his mining, concentrating or treating operations thereon, or occupation thereof by him, his agents, servants, employes or contractors.

THIRTEENTH: The Lessor expressly reserves to itself, and the Lessee agrees that the Lessor shall have, the right for itself, its agents or servants, to enter into and upon the demised premises, or any part or parts thereof, and any concentrating or other plant or plants used for the treatment of ore from the demised premises, at any time or times, to inspect the same, not unnecessarily or unreasonably hindering or interrupting the works or operations of the Lessee.

FOURTEENTH: The Lessee agrees that when this lease shall for any cause terminate he will enter, or cause to be entered, a certificate of that fact upon the proper book of record in said St. Louis County, State of Minnesota, provided this lease shall have been recorded there.

FIFTEENTH: It is further provided, and the present lease is granted upon the express condition, that if the rent hereby reserved (the said royalty being treated as rent), or any part thereof, or the said taxes, shall be and remain unpaid after the days and times when, by the preceding covenants, the same should be paid, or in the event of the termination of the foregoing lease and demise, as hereinabove provided, or in case the Lessee shall fail to keep or perform any of the other covenants or conditions herein expressed to be kept and performed on his part, and if such non payment, or any other default, shall continue for sixty (60) days after written notice thereof has been given the Lessee by the Lessor, specifying any such default complained of, then and from thenceforth, and in either of those events, it shall be lawful for the Lessor, at its option, to enter into and upon the said demised premises and the same to have and possess again as of its first and former estate; and the Lessee, and all persons claiming any interest in said lands under him, wholly to exclude therefrom.

SIXTEENTH: It is understood and agreed that the Lessor reserves, and at all times shall have, possess and hold a lien upon all ore mined and not removed from the demised premises, and upon all ore products not shipped, whether on the demised premises or at any concentrating or treating plant, and on all improvements made on said demised premises by the Lessee, and upon any plant or plants for the treatment of minerals from said demised premises, wheresoever situated, as security for any unpaid balance of money due under this lease, and which lien may be enforced against such property in like manner as liens by chattel mortgage are or may be entitled to be enforced under the laws of the State of Minnesota.

SEVENTEENTH: The Lessor, for itself and its successors, covenants that it is the owner in fee simple of all the demised lands, and has full power and authority to enter into this lease; and that its title to all of said lands is free from all liens and incumbrances, except any railroad and highway rights of way which may be upon certain parts thereof.

EIGHTEEN: The Lessee agrees that whenever he is conducting explorations on the demised premises he will furnish to the Lessor a report of all thereof, accompanied by a blue

print showing the location of all work of exploration and the results thereof, and also showing the character of the material encountered, and the analyses of such material, such report to be furnished at least every three months during the conduct of such exploration. Upon request he also agrees to furnish the Lessor a portion of the samples taken in such exploration. He further agrees to notify the Lessor of his intention to carry on explorations before undertaking the same, to the end that the Lessor may inspect the same as it progresses, and at its election to take samples of any material encountered in such exploration. He further agrees to furnish the Lessor blue prints of the underground or other workings of any mine or mines on said premises at any time upon request of the Lessor.

NINETEENTH: Henry C. Hornby, as representative of the Lessor, and N. Bruce MacKelvie, as representative of the Lessee, are hereby constituted a permanent Board of Arbitration. Either party from time to time hereafter, upon ten (10) days written notice to the other party, may substitute any person in lieu of its representative. Said Board shall have power, upon the written concurrence of both of its members, to determine every question which may arise hereunder or under said lease. If they fail to agree they shall name a disinterested third party, and the question in dispute shall be submitted to the three, and decision of a majority thereof shall be final and binding upon both parties; but if they shall fail, or be unable to agree upon any such third person, then he shall be appointed by a Judge of the District Court of the Eleventh Judicial District in and for the County of St. Louis, State of Minnesota; or upon the refusal of a Judge of said Court to so appoint a third person, then he shall be appointed by the Chairman of the Chamber of Commerce of the Borough of Manhattan, City of New York.

TWENTIETH: The Lessor hereby consents that the Lessee may assign this lease to a corporation, anything in this lease to the contrary notwithstanding, and that upon such assignment being made and accepted by such corporation, and written notice thereof being given to the Lessor, the Lessee shall be released from all further obligations hereunder.

TWENTY-FIRST: In case other ores or minerals than iron ore are discovered in, or mined from, said lands by the Lessee, the royalty thereon shall be thirty-three percent (33%) of the market value or selling price of such ores or minerals at the market or markets therefor, less all transportation charges, which shall first be deducted from said market value or selling price, and retained by the Lessee, such royalties to be due and payable at the same time, and in the same manner, that the royalties on iron ore are due and payable hereunder, and quarterly reports of the quantity, grade, quality and selling price of such ores and minerals shall be made at the same time, and in the same manner, that iron ore reports are required to be made hereunder.

TWENTY-SECOND: It is mutually agreed that all the covenants, grants, stipulations and conditions herein expressed shall run with the land, and shall bind and enure to the benefit of the successors and assigns of the Lessor, and the heirs, assigns and sublessees of the Lessee.

IN WITNESS WHEREOF, the party of the first part has caused these presents to be signed by its proper officers, and its corporate seal to be hereunto affixed, and the party of the second part has hereunto set his hand and affixed his seal, the day and year first above written.

CLOQUET LUMBER COMPANY

By Henry C. Hornby  
President

Attest: Fred Wyman  
Secretary.

Claude W. Peters

(Seal)

Signed, Sealed and Delivered  
In Presence of:

.....

.....

State of Minnesota,    )  
                                  )ss.:  
County of Carlton,    )

On this 12th day of May, A. D. 1916, before me, a Notary Public within and for said County, personally appeared Henry C. Hornby, to me personally known, who, being by me duly sworn, did say that he is the President of Cloquet Lumber Company, the corporation named in the within instrument; that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and said Henry C. Hornby acknowledged said instrument to be the free act and deed of said corporation.

HENRY G. STEVENS  
Notary Public,  
Carlton County, Minnesota.

My commission expires           16th, 1916

State of New York    )  
                          )ss.:  
County of New York, )

On this 23rd day of June, A. D. 1916, before me, a Notary Public within and for said County, personally appeared Claude W. Peters, to me known to be the person described in and who executed the within instrument, and acknowledged that he executed the same as his free act and deed.

CHARLES FINKLER

.....

My commission expires March 31, 1918.



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## SCHEDULE 4

### Copy of Assignment of Cloquet Lease

THIS INDENTURE made this 25th day of July, 1939, by and between MESABI IRON COMPANY, a corporation organized under the laws of the State of Delaware, qualified to do business in the State of Minnesota, Party of the First Part, hereinafter for convenience referred to as "Mesabi, and RESERVE MINING COMPANY, a corporation organized under the laws of the State of Minnesota, Party of the Second Part, hereinafter for convenience referred to as "Company"

WITNESSETH that:

WHEREAS, by instrument dated May 1, 1916, by and between Cloquet Lumber Company, a corporation in the State of Iowa, as Party of the First Part, and Claude W. Peters, as Party of the Second Part, said corporation gave and granted to said Claude W. Peters a lease of certain mining property situated in the County of St. Louis, State of Minnesota, upon the terms and conditions therein more specifically set forth, a copy of which lease is hereto attached, marked Exhibit "A" and made a part hereof, to which reference is made for more specific description of the terms and conditions thereof and the lands described therein; and

WHEREAS, said lease has been assigned by the said Claude W. Peters and his wife, Jane Peters, to Mesabi by instrument of assignment made as of December 19, 1919, copy of which assignment is hereto annexed, marked Exhibit "B" and made a part hereof; and

WHEREAS, said lease was modified by instrument dated January 25, 1939, by and between said Cloquet Lumber Company and Mesabi by which all minimum royalty payments due or to grow due under said lease up to and including May 1, 1941, are waived, copy of said modification is hereto annexed, marked Exhibit "C" and made a part hereof; and

WHEREAS, Mesabi desires to assign and transfer to the Company all of its right, title and interest in and to said lease, as modified, but only upon the terms and conditions hereinafter stated:

Now, THEREFORE, in consideration of the premises and the sum of One Dollar (\$1.00) to Mesabi in hand paid at and before the ensembling and delivery of this indenture, the receipt whereof is hereby acknowledged, Mesabi has sold, assigned, transferred and set over and by these presents does sell, assign, transfer and set over unto the Company, its successors and assigns, all of its right, title and interest in and to said lease above mentioned and all modifications thereof with all and singular the premises mentioned and described therein and the buildings thereon, together with the appurtenances and hereditaments and rights thereunto appertaining.

To HAVE AND TO HOLD the same unto the Company, its successors and assigns, for and during all the rest, residue and remainder of the term mentioned in said lease and any renewals thereof, subject nevertheless to the conditions, covenants and provisions therein set forth.

The Company hereby accepts said lease, as modified, and covenants and agrees to and with Mesabi to fully perform all the terms, conditions and obligations thereof to be performed by the lessee in said lease, as modified, provided always that the Company shall have the right at any time to terminate said lease and surrender the same to Cloquet Lumber Company under the provisions of Article Third of said lease, provided the Company first gives written notice to Mesabi of such intention and Mesabi does not within fifteen (15) days thereafter give written notice to the Company that said lease shall be reassigned to Mesabi.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed and their respective corporate seals to be hereunto affixed, duly attested by their proper officers thereunto duly authorized, as of the day and year first above written.

Witnessed by:

<u>H.P. Scully</u>	) As to	MESABI IRON COMPANY
	) Mesabi	
<u>M.G. Casey</u>	) Iron	By D.C. Jackling
	) Company	President
		Attest: Arthur J. Ronaghan
		Secretary

<u>F.C. Sullivan</u>	) As to	RESERVE MINING COMPANY
	) Reserve	
<u>A.B. Miller</u>	) Mining	By R.C. Allen
	) Company	President
		Attest: A.C. Bishop
		Secretary

State of California, )  
 )ss.:  
City and County of San Francisco )

On this 17th day of July, 1939, before me, a Notary Public within and for said City and County and State, personally appeared D.C. Jackling, to me personally known, who being by me first duly sworn, did say that he is the President of Mesabi Iron Company, a Delaware corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said D.C. Jackling acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:  
May 16, 1941.

Laura E. Hughes  
Laura E. Hughes  
Notary Public

In and for the City and County of  
San Francisco, State of California

State of Minnesota,    )  
                                  )ss.:  
County of St. Louis,    )

On this 24th day of October, 1939, before me, a Notary Public within and for said County and State, personally appeared R.C. Allen, to me personally known, who being by me first duly sworn, did say that he is the President of Reserve Mining Company, a Minnesota corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said R.C. Allen acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

.....

Francis C. Sullivan  
Notary Public  
Francis C. Sullivan  
Notary Public, St. Louis County, Minn.  
My Commission Expires, Nov. 18, 1942.