

AMENDMENT OF ASSIGNMENT, ASSUMPTION
AND FURTHER ASSIGNMENT OF PETERS LEASE

This AMENDMENT OF ASSIGNMENT, ASSUMPTION AND FURTHER ASSIGNMENT OF PETERS LEASE is made as of the 17th day of August, 1989 among THE TRUSTEES OF MESABI TRUST, a trust created under the Agreement of Trust referred to below ("Mesabi Trust"), Bruce D. Scherling, Esq., as Trustee-in-Bankruptcy (the "Trustee") for the estate of RESERVE MINING COMPANY, a Minnesota general partnership ("Reserve") under the U.S. Bankruptcy Code (11 U.S.C. §101 *et seq.*) (the "Bankruptcy Code"), and CYPRUS NORTHSHORE MINING CORPORATION, a Delaware corporation ("Cyprus").

W I T N E S S E T H :

WHEREAS, by instrument of Lease made October 1, 1917, as of April 30, 1915, and recorded October 24, 1939, in Book 690 of Deeds, page 411, in the Office of the Register of Deeds for St. Louis County, Minnesota (the "Original Lease"), East Mesabi Iron Company and Dunka River Iron Company, both Minnesota corporations, as Lessors, leased certain lands situated in St. Louis County, Minnesota to Claude W. Peters, as Lessee; and

WHEREAS, the Original Lease was modified and amended by a certain Indenture dated February 3, 1921, and recorded on September 22, 1922 in Book 492 of Deeds, page 194, in the Office of the Register of Deeds for St. Louis County, Minnesota (the "First Modification"); and

WHEREAS, the Original Lease as theretofore modified was further modified and amended by a certain Indenture dated July 17, 1939, and recorded on October 24, 1939 in Book 690 of Deeds, page 447, in the Office of the Register of Deeds for St. Louis County, Minnesota (the "Second Modification"); and

WHEREAS, the Original Lease as theretofore modified was further modified and amended by a certain Indenture dated July 31, 1951, and recorded on August 8, 1951 in Book 889 of Deeds, page 237, in the Office of the Register of Deeds for St. Louis County, Minnesota (the "Third Modification"); and

WHEREAS, said Claude W. Peters, as Lessee, assigned all of his right, title and interest in and to the Original Lease and the leasehold estate created thereby to Mesabi Iron Company, a Delaware corporation, by instrument dated as of December 19, 1919, and recorded October 24, 1939, in Book 690 of Deeds, page 427, in the Office of the Register of Deeds for St. Louis County, Minnesota; and

WHEREAS, Mesabi Iron Company, as successor Lessee and Assignor, assigned all of its right, title and interest in and to the Original Lease, as modified by the First Modification and the Second Modification, and the leasehold estate created thereby to Reserve Mining Company, a Minnesota corporation ("Reserve Corporation"), by Assignment of Lease dated July 25, 1939, and recorded on October 24, 1939 in Book 690 of Deeds, page 453, in the Office of the Register of Deeds for St. Louis County, Minnesota (the "Original Assignment"); and

WHEREAS, the Original Assignment was modified and amended by a certain Amendment of Assignment of Peters Lease dated April 27, 1960, and recorded on April 28, 1960

in Book 1056 of Deeds, page 311, in the Office of the Register of Deeds for St. Louis County, Minnesota (the “First Amendment; the Original Assignment as modified by the First Amendment being hereinafter referred to as the “Assignment”); and

WHEREAS, pursuant to an Agreement of Trust (the “Agreement of Trust”) dated as of July 18, 1961 by and between Mesabi Iron Company and Bankers Trust Company, Arnold Hoffman, Arthur G. Logan, Gilbert M. Haas and Earl Knudsen, as Trustees, Mesabi Trust succeeded to all of the right, title and interest of Mesabi Iron Company, as Assignor under the Assignment; and

WHEREAS, the Original Lease as theretofore modified was further modified and amended by a certain Modification of Lease and Consent to Assignment dated as of October 22, 1982, counterpart originals of which were recorded on December 31, 1982 as Document Nos. 354011 through 354015, inclusive, and 354076 through 354078, inclusive, in the Office of the Register of Deeds for St. Louis County, Minnesota (the “Fourth Modification”) (the Original Lease as modified by the First Modification, the Second Modification, the Third Modification and the Fourth Modification being hereinafter called the “Peters Lease”); and

WHEREAS, Reserve Corporation assigned all of its right, title and interest in and to the Peters Lease to First Taconite Company and Republic-Reserve, Inc., both Minnesota corporations (collectively, the “Reserve Partners”) by instrument dated December 21, 1982 and recorded on December 31, 1982 as Document No. 354079 in the Office of the Register of Deeds for St. Louis County, Minnesota; and

WHEREAS, the Reserve Partners assigned all of their right, title and interest in and to the Peters Lease to Reserve, the present owner of the lessee’s interest therein, by instrument dated December 22, 1982 and recorded on December 31, 1982 as Document No. 354080 in the Office of the Register of Deeds for St. Louis county, Minnesota; and

WHEREAS, on August 7, 1986, Reserve filed a petition in the United States Bankruptcy Court for the Southern District of New York under Chapter 11 of the Bankruptcy Code and, on August 13, 1986, Bruce D. Scherling, Esq., was appointed trustee-in-bankruptcy for the estate of Reserve; and

WHEREAS, the Trustee and Cyprus have entered into a Purchase Agreement dated as of April 21, 1989 pursuant to which the Trustee has agreed, upon the assumption by the Trustee of certain leases, licenses and permits under Sections 365(a) and (f) of the Bankruptcy Code and the satisfaction or waiver of certain other conditions precedent, to sell to Cyprus and Cyprus has agreed to purchase from the Trustee substantially all of the assets of Reserve pursuant to Section 363 of the Bankruptcy Code; and

WHEREAS, the parties hereto wish to provide for (i) the modification by the Trustee and Mesabi Trust of certain of the terms of the Assignment, (ii) the assumption by the Trustee of the Assignment, as so modified, and the Peters Lease pursuant to Section 365(a) of the Bankruptcy Code and (iii) the sale, assignment and transfer by the Trustee to Cyprus of all of the right, title and interest of the Trustee and the estate of Reserve in and to the Peters Lease and the Assignment, as so modified, and the assumption by Cyprus of all of the obligations of the lessee

and assignee, as applicable, arising after the date of this Agreement under the Peters Lease and the Assignment, as so modified, all pursuant to Sections 363 and 365(f)(2) of the Bankruptcy Code;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the consideration hereinafter set forth to be paid by Cyprus, the parties hereto covenant and agree as follows:

1. Amendment of the Assignment. Subject to (i) the assumption by the Trustee pursuant to paragraph 2 below of the Peters Lease and the Assignment, as modified by the terms of this Agreement, and (ii) the sale, assignment and transfer by the Trustee to Cyprus of all of the right, title and interest of the Trustee and the estate of Reserve in and to the Peters Lease and the Assignment, as so modified, and the assumption by Cyprus of all of the obligations of the lessee and assignee, as applicable, arising after the date of this Agreement under the Peters Lease and the Assignment, as so modified, all pursuant to paragraph 3 below, the Assignment is hereby amended as follows:

(a) by deleting in its entirety the unnumbered paragraph thereof which begins with the phrase “The Company further agrees that in the event it should desire to terminate the said Peters Lease pursuant to Article THIRD thereof . . .” and substituting for such paragraph the following:

“The Company further agrees that:

(i) in the event the Company should desire to terminate the said Peters Lease pursuant to Article THIRD thereof or otherwise terminate or surrender the leasehold estate created thereby, it shall, before giving any written notice of termination to said lessors pursuant to said Article THIRD or otherwise taking steps to effect the termination or surrender of said leasehold estate, give to Mesabi not less than six month’s prior written notice of its intention to do so and, if Mesabi so requests in writing delivered to the Company not more than 150 calendar days following the receipt by Mesabi of such notice from the Company, reassign said Peters Lease, the Cloquet Lease (as hereinafter defined) and the Mesabi Lease (as hereinafter defined) (collectively, the ‘Leases’), and the leasehold estates created thereby, to Mesabi free and clear of all liens and encumbrances created or permitted to be created by the Company on said leasehold estates, except public highways, and reassign all timber rights granted hereunder and thereunder, upon the expiration of such six-month period or at such earlier time as may be specified by Mesabi in such request, in consideration only of the assumption by Mesabi of the Company’s future obligations as lessee under the Leases; and

(ii) in the event the Company should default in its performance of the terms and provisions of the Peters Lease it will promptly, but in no event more than ten calendar days after receiving written notice of such default from the lessors under the Peters Lease, give Mesabi written notice of such default setting forth the relevant details of such default and the action the Company has taken and proposes to take with respect thereto and, if Mesabi so requests in writing delivered to the Company not more than 30

calendar days following the receipt by Mesabi of such notice from the Company, and unless the Company shall have previously cured such default or said lessors shall have agreed not to terminate the Peters Lease on account of such default, reassign the Leases, and the leasehold estates created thereby, to Mesabi free and clear of all liens and encumbrances created or permitted to be created by the Company on said leasehold estates, except public highways, and reassign all timber rights granted hereunder and thereunder at such time, on or after the 50th day following receipt by the Company of such notice of default from said lessors, as may be specified by Mesabi in such request (but in any event prior to the termination of the Peters Lease), in consideration only of the assumption by Mesabi of the Company's future obligations as lessee under the Leases; provided that in the event that any such default arises from a failure by the Company to make any payment of rents, royalties, taxes or other amounts as and when required under the Peters Lease, Mesabi shall be entitled to make such payments for and on behalf of the Company thereunder and the obligation of the Company to reassign the Leases and the leasehold estates created thereby, and all timber rights granted hereunder and thereunder, in accordance with the foregoing shall continue notwithstanding that such payments by Mesabi may constitute a cure of such default; and

(iii) upon the effectiveness of any such reassignment pursuant to (i) or (ii) above, the Company shall have no further obligations under the Leases, except that the Company shall remain liable for the payment of all amounts due and payable hereunder and under the Leases up to the date of any such reassignment (and shall reimburse Mesabi upon demand for any and all payments of such amounts made by Mesabi); and

(iv) in the event the Company shall fail to reassign the Leases and timber rights to Mesabi as aforesaid, then Mesabi shall have the right to enter into and upon the 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 by, through or under the Company in said leasehold estates. In connection with any such reassignment, the Company shall deliver to or at the direction of Mesabi such instruments of assignment and other documents and agreements as Mesabi may reasonably require.”

(b) by deleting numbered paragraphs 1 through 18, inclusive, and substituting therefor the following:

“1. The Company will pay to Mesabi, at the times and in the manner hereinafter provided, Advance Royalties, Base Overriding Royalties and Royalty Bonuses as hereinafter set forth on shipments of quarry stone and iron ore products (including, without limitation, pellets and concentrates) produced after July 1, 1989 from the following lands:

- (a) lands leased under the Peters Lease (the ‘Peters Lands’);
- (b) lands (the ‘Cloquet Lands’) leased under the Indenture made May 1, 1916, by and between Cloquet Lumber Company, as Lessor, and Claude W. Peters, as Lessee, and recorded in Book 690 of Deeds, page 529 in the Office of the Register of Deeds for St. Louis County, Minnesota, as modified and amended by instruments

dated January 25, 1939 and January 2, 1946, and as assigned by said Claude W. Peters to Mesabi Iron Company, a Delaware corporation, by said Mesabi Iron Company to Reserve Mining Company, a Minnesota corporation ('Reserve Corporation'), by said Reserve Corporation to First Taconite Company and Republic-Reserve, Inc., both Minnesota corporations (collectively, the 'Reserve Partners'), by said Reserve Partners to Reserve Mining Company, a Minnesota general partnership ('Reserve Partnership'), and by Bruce D. Scherling, as Trustee-in-Bankruptcy for the Estate of Reserve Partnership (the 'Reserve Trustee'), to Cyprus RMA Corporation, a Delaware corporation ('Cyprus'), respectively, by instruments dated December 19, 1919, July 25, 1939, December 21, 1982, December 22, 1982 and August 17, 1989 (the 'Cloquet Lease'); and

- (c) lands (the 'Mesabi Fee Lands' and together with the Peters Lands and the Cloquet Lands, the 'Mesabi Lands') leased under the Indenture of Lease dated July 25, 1939 by and between Mesabi Iron Company and Reserve Corporation, recorded in Book 690 of Deeds, page 465, in the Office of the Register of Deeds for St. Louis County, Minnesota, as modified and amended by instruments dated April 27, 1960 and as assigned by Reserve Corporation to the Reserve Partners, by the Reserve Partners to Reserve Partnership, and by the Reserve Trustee to Cyprus, respectively, by instruments dated December 21, 1982, December 22, 1982 and August 17, 1989.

"2. As used herein, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

'Adjusted Threshold Price' means, for each calendar quarter in any calendar year, the greater of (i) \$30 and (ii) the product of (A) \$30 multiplied by (B) a fraction the numerator of which is the Current Inflation Factor for such calendar year and the denominator of which is the Base Inflation Factor.

'Base Inflation Factor' means the Gross National Product Implicit Price Deflator for the fourth quarter of 1988, as first published by the U.S. Department of Commerce, Bureau of Economic Analysis (i.e., 123.8) or, if the Gross National Product Implicit Price Deflator is no longer published or ceases to be a generally recognized measure of inflation and deflation, such other index as the Company and Mesabi, acting reasonably, shall deem acceptable for purposes hereof.

'Current Inflation Factor' means, for any calendar year, the Gross National Product Implicit Price Deflator for the fourth quarter of the preceding calendar year as first published by the U.S. Department of Commerce, Bureau of Economic Analysis or, if the Gross National Product Implicit Price Deflator is no longer published or ceases to be a generally recognized measure of inflation and deflation, such other index as the Company and Mesabi, acting reasonably, shall deem acceptable for purposes hereof.

‘Gross Proceeds’ means, for any calendar quarter, the sum of (i) actual gross sales proceeds of all Quarry Stone or Subject Ore, as the case may be, shipped from Silver Bay, Minnesota during such calendar quarter in arm’s length transactions with buyers unaffiliated with the Company (whether or not such proceeds or any portion thereof are received during such period) plus (ii) the sales proceeds attributable to other sales or shipments, or to the Company’s use, of Quarry Stone or Subject Ore pursuant to paragraphs 7 and 11 below.

‘Iron Ore’ means all ore mined for its recoverable iron content, whether sold in natural state or after concentration and, if after concentration, whether or not agglomerated.

‘Mesabi Ore’ means Iron Ore from Mesabi Lands.

‘Other Ore’ means Iron Ore other than from Mesabi Lands.

‘Quarry Stone’ means what is commonly referred to as quarry stone, and includes all unbeneficiated bulk material (including, without limitation, iron formation not used as Iron Ore) extracted from Mesabi Lands or shipped from Silver Bay, Minnesota.

‘Quarry Stone Royalty’ means, for any calendar quarter, an amount expressed in U.S. Dollars equal to the product of (a) the Gross Proceeds of all Quarry Stone shipped from Silver Bay, Minnesota during such calendar quarter, multiplied by (b) the Applicable Royalty Factor, where ‘Applicable Royalty Factor’ means, for any quantity of Quarry Stone shipped from Silver Bay, Minnesota in any calendar quarter in a given calendar year, a percentage determined by reference to the aggregate number of tons of Quarry Stone previously shipped from Silver Bay, Minnesota during such calendar year, as follows:

<u>Millions of tons of Quarry Stone shipped in calendar year</u>	<u>Percentage</u>
one or less	2-1/2%
more than one but not more than two	3-1/2%
more than two but not more than three	5%
more than three but not more than four	5-1/2%
more than four	6%

For example, assuming:

- (1) no shipments of Quarry Stone are made during the first quarter of 1990;

(2) Quarry Stone is shipped from Silver Bay, Minnesota in the second and third quarters of 1990 in the following quantities, and the Gross Proceeds of such shipments are in the following amounts:

	<u>Tonnage</u>	<u>Gross Proceeds</u>
2nd Quarter:	500,000	\$ 4,000,000
3rd Quarter:	500,000	\$ 4,000,000
	1,000,000	\$ 7,000,000
	1,000,000	\$ 6,000,000
	1,000,000	\$ 5,000,000
	1,500,000	\$ 7,500,000

then the Quarry Stone Royalties payable in respect of the second and third calendar quarters of 1990 would be as follows:

2nd Quarter:	\$ 4,000,000	x 2-1/2%	(\$ 100,000)
3rd Quarter:	\$ 4,000,000	x 2-1/2%	(\$ 100,000)
	\$ 7,000,000	x 3-1/2%	(\$ 245,000)
	\$ 6,000,000	x 5%	(\$ 300,000)
	\$ 5,000,000	x 5-1/2%	(\$ 275,000)
	\$ 7,500,000	x 6%	(\$ 450,000)

and the Applicable Royalty Factor for all Quarry Stone shipped in the fourth quarter of 1990 would be 6%.

'Subject Ore' means all Mesabi Ore and, for purposes of making determinations hereunder in respect of any calendar quarter of any year in which Other Ore is shipped from Silver Bay, Minnesota, the greater of (i) the aggregate quantity of Mesabi Ore shipped from Silver Bay, Minnesota during such calendar quarter and (ii) a portion of the aggregate quantity of Mesabi Ore and Other Ore shipped from Silver Bay, Minnesota during such calendar quarter, determined by reference to the aggregate quantity of Mesabi Ore and Other Ore shipped from Silver Bay, Minnesota in such calendar year as follows:

90% of the first four million tons shipped during such year;

85% of the next two million tons shipped during such year; and

25% of all tonnage shipped during such year in excess of six million tons;

with adjustments made, as necessary, to the calculation of the quantity of Subject Ore shipped in the fourth quarter of each year to account for the additional tonnage of Other Ore shipped from Silver Bay, Minnesota which would otherwise be deemed (or fail to be deemed) to constitute Subject Ore as a result of the application in accordance with the foregoing of an annualized formula on a quarterly basis.

For example, assuming shipments from Silver Bay, Minnesota in any calendar year are of the types (as between Mesabi Ore and Other Ore) and quantities indicated below:

	<u>Mesabi Ore</u>	<u>Other Ore</u>
1st Quarter:	0 tons	0 tons
2nd Quarter:	500,000 tons	1,000,000 tons
3rd Quarter:	2,000,000 tons	0 tons
4th Quarter:	1,000,000 tons	2,000,000 tons

for a total of 6,500,000 tons, then the quantities of Subject Ore shipped during such calendar year would be as follows:

1st Quarter:	0 tons	
2nd Quarter:	90% of 1,500,000 tons,	or 1,350,000 tons
3rd Quarter:	100% of 2,000,000 tons,	or 2,000,000 tons
4th Quarter:	90% of 500,000 tons,	plus
	85% of 2,000,000 tons,	plus
	25% of 500,000 tons,	or 2,275,000 tons,

for a total of 5,625,000 tons, subject to adjustment to 2,075,000 tons for the fourth quarter, resulting in 5,425,000 total tons for the year to reflect the allowable exclusion of Other Ore shipped from Silver Bay, Minnesota during such year as follows:

10% of the first	4,000,000 tons,	or	400,000 tons
15% of the next	2,000,000 tons,	or	300,000 tons
75% of the next	500,000 tons,	or	375,000 tons

for total of 1,075,000 allowable tons excluded, whereas only 875,000 tons would be excluded otherwise.

'Subject Ore Royalty' means, for any calendar quarter, an amount expressed in U.S. Dollars equal to the product of (a) the Gross Proceeds of all Subject Ore shipped from Silver Bay, Minnesota during such calendar quarter, multiplied by (b) the Applicable Royalty Factor, where 'Applicable Royalty Factor' means for any quantity of Subject Ore shipped from Silver Bay, Minnesota in any calendar quarter in a given calendar year, a percentage determined by reference to the aggregate number of tons of Subject Ore previously shipped from Silver Bay, Minnesota during such calendar year, as follows:

<u>Millions of tons of Subject Ore shipped in calendar year</u>	<u>Percentage</u>
one or less	2-1/2%
more than one but not more than two	3-1/2%
more than two but not more than three	5%
more than three but not more than four	5-1/2%
more than four	6%

For example, assuming:

(1) no shipments of Subject Ore are made during the first quarter of 1990;

(2) Subject Ore is shipped from Silver Bay, Minnesota in the second and third quarters of 1990 in the following quantities, and the Gross Proceeds of such shipments are in the following amounts:

	<u>Tonnage</u>	<u>Gross Proceeds</u>
2nd Quarter:	500,000	\$ 14,000,000
3rd Quarter:	500,000	\$ 14,000,000
	1,000,000	\$ 27,000,000
	1,000,000	\$ 26,000,000
	1,000,000	\$ 25,000,000
	1,500,000	\$ 37,500,000

then the Subject Ore Royalties payable in respect of the second and third calendar quarters of 1990 would be as follows:

2nd Quarter:	\$14,000,000	x 2-1/2%	(\$ 350,000)
3rd Quarter:	\$14,000,000	x 2-1/2%	(\$ 350,000)
	\$27,000,000	x 3-1/2%	(\$ 945,000)
	\$26,000,000	x 5%	(\$ 1,300,000)
	\$25,000,000	x 5-1/2%	(\$ 1,375,000)
	\$37,500,000	x 6%	(\$ 2,250,000)

and the Applicable Royalty Factor for all Quarry Stone shipped in the fourth quarter of 1990 would be 6%.

'Ton' means a long ton of 2,240 pounds avoirdupois.

"3. The Company shall pay to Mesabi base overriding royalties ('Base Overriding Royalties') on all Quarry Stone and Subject Ore shipped from Silver Bay, Minnesota during each calendar quarter beginning with the quarter ending September 30, 1989, in an amount equal to the sum of (a) the Quarry Stone

Royalty for such calendar quarter, plus (b) the Subject Ore Royalty for such calendar quarter.

4. In addition, the Company shall pay to Mesabi royalty bonuses ('Royalty Bonuses') on all Subject Ore shipped from Silver Bay, Minnesota during each calendar quarter beginning with the quarter ending September 30, 1989 at prices above the Adjusted Threshold Price, payable on or before the 30th day following the end of such calendar quarter, in an amount equal to the sum of:

(a) for all tonnage of Subject Ore shipped during such calendar quarter for sale at a price in excess of the Adjusted Threshold Price and equal to or less than the Adjusted Threshold Price plus \$2.00, 1/2 of 1% of such sales price multiplied by the number of tons of Subject Ore shipped for sale at such price;

(b) for all tonnage of Subject Ore shipped during such calendar quarter for sale at a price in excess of the Adjusted Threshold Price plus \$2.00 and equal to or less than the Adjusted Threshold Price plus \$4.00, 1% of such sales price multiplied by the number of tons of Subject Ore shipped for sale at such price;

(c) for all tonnage of Subject Ore shipped during such calendar quarter for sale at a price in excess of the Adjusted Threshold Price plus \$4.00 and equal to or less than the Adjusted Threshold Price plus \$6.00, 1-1/2% of such sales price multiplied by the number of tons of Subject Ore shipped for sale at such price;

(d) for all tonnage of Subject Ore shipped during such calendar quarter for sale at a price in excess of the Adjusted Threshold Price plus \$6.00 and equal to or less than the Adjusted Threshold Price plus \$8.00, 2% of such sales price multiplied by the number of tons of Subject Ore shipped for sale at such price;

(e) for all tonnage of Subject Ore shipped during such calendar quarter for sale at a price in excess of the Adjusted Threshold Price plus \$8.00 and equal to or less than the Adjusted Threshold Price plus \$10.00, 2-1/2% of such sales price multiplied by the number of tons of Subject Ore shipped for sale at such price; and

(f) for all tonnage of Subject Ore shipped during such calendar quarter for sale at a price in excess of the Adjusted Threshold Price plus \$10.00, 3% of such sales price multiplied by the number of tons of Subject Ore for sale at such price.

For example, assuming:

(1) a Base Inflation Factor of 123.8 and a Current Inflation Factor of 130.0 for calendar year 1990; and

(2) two million tons of Subject Ore shipped in the second quarter of 1990 at the following prices:

1,000,000 tons	@	\$29.00/ton
300,000 tons	@	\$31.00/ton
300,000 tons	@	\$33.00/ton
100,000 tons	@	\$35.00/ton
100,000 tons	@	\$37.00/ton
100,000 tons	@	\$39.00/ton
50,000 tons	@	\$41.00/ton
50,000 tons	@	\$45.00/ton

then, the Adjusted Threshold Price for shipments made during calendar year 1990 is \$30.00/ton multiplied by 130.0/123.8, or \$31.50/ton, and results in Royalty Bonuses being payable on shipments of Subject Ore in the second quarter of 1990 as follows:

1,000,000 tons	@	\$29.00/ton	No bonus
300,000 tons	@	\$31.00/ton	No bonus
300,000 tons	@	\$33.00/ton	1/2% (\$49,500)
100,000 tons	@	\$35.00/ton	1% (\$35,000)
100,000 tons	@	\$37.00/ton	1-1/2%(\$55,500)
100,000 tons	@	\$39.00/ton	2% (\$78,000)
50,000 tons	@	\$41.00/ton	2-1/2%(\$51,250)
50,000 tons	@	\$45.00/ton	3% (\$67,500)

“5. The amount of Base Overriding Royalties and Royalty Bonuses payable on any date in respect of Mesabi Ore (but not the amount of Base Overriding Royalties payable in respect of Other Ore or Quarry Stone) shall be reduced by an amount equal to the sum of (i) the aggregate amount of Advance Royalties paid prior to such date pursuant to numbered paragraph 9 below and not previously applied to the reduction of Base Overriding Royalties and Royalty Bonuses in respect of Mesabi Ore paid hereunder, and (ii) an amount (not to exceed 20% of the aggregate amount of the Base Overriding Royalties and Royalty Bonuses otherwise payable on such date in respect of Mesabi after deduction as provided in (i) above for Advance Royalties paid on prior dates) equal to the amount of Base Overriding Royalties and Royalty Bonuses paid in respect of Other Ore on or prior to such date and not otherwise applied to the reduction of Base Overriding Royalties and Royalty Bonuses in respect of Mesabi Ore paid hereunder.

For example, assuming:

(1) \$500,000 in Base Overriding Royalties and Royalty Bonuses on Other Ore are paid in respect of calendar year 1989 and not otherwise applied to the reduction of Base Overriding Royalties and Royalty Bonuses in respect of Mesabi Ore paid in

respect of calendar year 1989 (*i.e.*, \$500,000 is deductible from future Base Overriding Royalties and Royalty Bonuses payable in respect of Mesabi Ore);

(2) all Advance Royalties paid in respect of calendar year 1989 are applied to the reduction of Base Overriding Royalties and Royalty Bonuses in respect of calendar year 1989;

(3) no Base Overriding Royalties or Royalty Bonuses, but \$125,000 in Advance Royalties, are paid in respect of the first quarter of 1990 (*i.e.*, \$125,000 is deductible from future Base Overriding Royalties and Royalty Bonuses payable in respect of Mesabi Ore); and

(4) amounts are otherwise payable in respect of the second and third quarters of 1990 are as follows:

	Second Quarter <u>1990</u>	Third Quarter <u>1990</u>
Base Overriding Royalties		
on Mesabi Ore	\$2,000,000	\$2,200,000
on Other Ore	120,000	110,000
on Quarry Stone	100,000	150,000
Royalty Bonuses		
on Mesabi Ore	270,000	297,000
on Other Ore	30,000	25,000
Advance Royalties	0	0

then, the aggregate amount of Base Overriding Royalties and Royalty Bonuses payable in respect of the second and third quarters of 1990 would be as follows:

	Second Quarter <u>1990</u>	Third Quarter <u>1990</u>
Base Overriding Royalties		
on Mesabi Ore	\$2,000,000	\$2,200,000
Royalty Bonuses		
on Mesabi Ore	270,000	297,000
Deduction for Advance Royalties paid in prior quarters and not previously deducted	<u>(125,000)*</u>	<u>(0)</u>
<u>Subtotal</u>	\$2,145,000	\$2,497,000

Deduction for Base Overriding Royalties and Royalty Bonuses paid on Other Ore (not to exceed 20% of <u>Subtotal</u> above)	(429,000)	(356,000)
Base Overriding Royalties on Other Ore	120,000	110,000
on Quarry Stone	100,000	150,000
Royalty Bonuses on Other Ore	<u>30,000</u>	<u>25,000</u>
<u>Total Payable</u>	\$1,966,000 **	\$2,426,000 ***

* Represents deduction for \$125,000 in Advance Royalties paid in respect of the first quarter of 1990.

** Payment leaves an unrecovered balance of \$221,000 (\$500,000, less \$429,000, plus \$120,000 and \$30,000).

*** Deduction of \$356,000 represents balance of \$221,000 from second quarter, plus \$110,000 and \$25,000, leaving zero balance for deduction against future Mesabi Ore royalties and royalty bonuses.

“6. Base Overriding Royalties and Royalty Bonuses shall be payable with respect to the first three quarters in each calendar year on the basis of tonnage shipped during each such calendar quarter, the Gross Proceeds of such shipments and applicable sale prices, with an adjustment made to the Base Overriding Royalties and Royalty Bonuses payable with respect to the last quarter in each calendar year to account for errors, adjustments and returns. Base Overriding Royalties and Royalty Bonuses shall accrue only upon shipment from Silver Bay, Minnesota or, in the case of quantities of Subject Ore and Quarry Stone which are deemed shipped from Silver Bay, Minnesota pursuant to paragraph 7 or 11 below, upon the mining, removal or use thereof. All determinations of Gross Proceeds and sales prices shall be made on the basis of sales F.O.B. rail or vessel Silver Bay, Minnesota. The actual gross sales proceeds and unit sales price for any transaction not made on such a basis shall be adjusted as necessary so that the amounts payable hereunder in respect of such transaction shall be the same as for the sale of a comparable quantity of Subject Ore or Quarry Stone, as the case may be, made F.O.B. rail or vessel Silver Bay, Minnesota.

“7. All sales of Subject Ore and Quarry Stone shall be made on an arm’s length basis and without regard to any other business relationship between the Company and the buyer of such Iron Ore or Quarry Stone. In the event that the Company shall mine and remove Iron Ore or Quarry Stone from Mesabi Lands for the purpose of selling the same other than by sale and shipment from Silver Bay, Minnesota, or for the purpose of concentration other than at the plants

operated by the Company at Silver Bay, Minnesota, 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 Iron Ore and Quarry Stone so mined and removed shall be deemed, for all purposes of this agreement, including the computation of Gross Proceeds, Base Overriding Royalties and Royalty Bonuses hereunder, to have been shipped for sale from Silver Bay, Minnesota, in the calendar quarter in which it is mined and removed and for sale at a price equal to the highest contract price obtained by the Company in the preceding four calendar quarters in a sale to a buyer not affiliated with the Company and made on an arm's-length basis.

“8. In the event any minerals (other than Iron Ore and Quarry Stone) are discovered on the Mesabi Lands, 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 shall pay to Mesabi such royalties or other amounts in respect thereof as the Company and Mesabi may, negotiating in good faith, agree and, in the absence of such agreement, the Company shall, in (lieu of the payment of royalties or other amounts in respect thereof, 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 during 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 Mesabi Lands at which the Company is then shipping minerals to its customers. Failing such designation, delivery to Mesabi shall be made by stockpiling the same on the Mesabi Lands for the account of Mesabi and Mesabi shall assume all obligations in respect of minerals so stockpiled.

“9. The Company shall, in any and all circumstances and regardless of any reduction or suspension of operations by the Company because of economic conditions applicable to operations on the Mesabi Lands or any other reason, pay to Mesabi advance royalties (‘Advance Royalties’), payable in equal quarterly installments in an amount per annum for each calendar year equal to the greater of (a) \$500,000 and (b) \$500,000 multiplied by a fraction the numerator of which is the Current Inflation Factor for such calendar year and the denominator of which is the Base Inflation Factor. For example, assuming a Base Inflation Factor of 123.8 and Current Inflation Factors for 1990, 1991 and 1992 of 125, 123 and 124, respectively, Advance Royalties would be payable in respect of each calendar quarter in each such year in the following amounts:

1990:	25% of	\$500,000	x	125/123.8,	or	\$126.212
1991:		25% of	\$500,000		or	\$125,000
1992:	25% of	\$500,000	x	124/123.8,	or	\$125,202

The amount of Advance Royalties payable in respect of each calendar quarter, determined in accordance with this paragraph 9, shall constitute the minimum

overriding royalty amount payable by the Company to Mesabi hereunder in respect of such calendar quarter.

Advance Royalties may be recouped only out of future overriding royalties payable in respect of Mesabi Ore as provided in paragraph 5.

“10. The amount of Base Overriding Royalties, Royalty Bonuses and Advance Royalties payable hereunder shall not be affected by changes in financial or economic conditions except for the adjustments for the effects of inflation and deflation expressly set forth herein. Payments by the Company hereunder shall be made in accordance with paragraph 14 below, free and clear of and without any deductions therefrom, whether ordinary or extraordinary, foreseen or unforeseen, except as required by law. The Company shall pay the Minnesota royalty tax or other Minnesota tax in lieu or substitution thereof, and all occupation taxes, ad valorem taxes and any and all other taxes assessed against or on account of any amounts payable hereunder or on account of the Company’s mining or other operations in or on the Mesabi Lands, other than taxes imposed on the income of Mesabi, and franchise taxes imposed on Mesabi by the jurisdiction under the laws of which Mesabi is organized or any political subdivision thereof.

“11. The Company will cause all quantities of Quarry Stone, Subject Ore and other minerals subject to the provisions of this agreement to be determined by weightometers or such other scales as may be in general use for such purposes, upon loading such Quarry Stone, Subject Ore and other minerals in lake vessels or other carriers. If any quantity of Quarry Stone, Subject Ore 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, or for other purposes, the amount of Quarry Stone, Subject Ore or such other minerals so used shall be accurately weighed at the point of such use and (except for Quarry Stone used on Mesabi Lands) shall be deemed for all purposes of this agreement, including the computation of Gross Proceeds, Base Overriding Royalties and Royalty Bonuses, to have been shipped from Silver Bay, Minnesota, in the calendar quarter in which it is so used, for sale at a price equal to the highest contract price obtained by the Company in the preceding four calendar quarters in a sale of that product to a buyer not affiliated with the company and made on an arm’s-length basis. All charts of weightometer devices recording weights of Quarry Stone, Subject Ore or other minerals shipped, and all charts or records of weightometer devices or other devices for measuring the weight of any quantity of Quarry Stone, Subject Ore or other minerals prior to shipment, shall be preserved for such reasonable time as shall permit reasonable inspection by Mesabi or any of its agents or representatives. Mesabi or any of its agents or representatives shall have the right at all reasonable times to inspect weightometers or other devices used for determining quantities of Quarry Stone, Subject Ore and such other minerals and to be present at and participate in periodic checking and adjustment of weightometer devices. Mesabi shall, upon request, be furnished with copies of any reports made by any representative of the

State Department of Weights and Measures (or any successor department or agency) of any check which such Department may conduct of such weightometer devices.

“12. The Company further covenants and agrees to permit Mesabi or any of its agents, attorneys or representatives, at Mesabi’s sole cost and expense and at Mesabi’s sole risk, at any reasonable time and from time to time, upon reasonable notice, (i) to examine and make copies of and abstracts from the records and books of account of the Company relating to the operations of the Company giving rise to its obligations to Mesabi hereunder (including, without limitation, all such records and books of account as shall indicate the Gross Proceeds, sales price and other terms of sale for all Iron Ore, Quarry Stone and Other Mineral sold by or on behalf of the Company), provided that, in lieu of permitting such examination and making of copies, the Company may, in its discretion, provide to Mesabi at the Company’s sole cost and expense copies of such records and books of account, and (ii) to enter into and upon the Mesabi Lands, or any part or parts thereof, and any concentrating or other plant or plants used for the treatment of Subject Ore or Quarry Stone to inspect the same, and to discuss with officers and employees of the Company having knowledge thereof the affairs and accounts of the Company insofar as they relate to the Mesabi Lands, the Company’s operations thereon and in respect thereof and the sale by or on behalf of the Company of Subject Ore, Quarry Stone and other minerals.

Mesabi acknowledges that certain of the information to be made available to Mesabi by the Company pursuant to this paragraph 12 may be identified in writing by the Company as non-public, confidential or proprietary in nature and that Mesabi may agree in writing prior to its receipt thereof that such information when received by Mesabi shall be considered by it to be confidential and proprietary (information so identified in writing by the Company and agreed to be considered confidential and proprietary by Mesabi being “Proprietary Information”). Mesabi shall treat as confidential, and shall maintain the confidentiality of, the Proprietary Information and shall not disclose any Proprietary Information to any third party without the Company’s prior written consent, except that Mesabi may disclose the Proprietary Information (i) to the trustees, agents, representatives and advisors of Mesabi who, in Mesabi’s sole judgment, need to know such information, and who shall be informed by Mesabi of the confidential nature of such Proprietary Information and who shall be directed by Mesabi to abide by the terms and conditions of this paragraph 12, and (ii) as may be required, in Mesabi’s sole judgment (A) by any law, rule, regulation, ruling, order or other mandate (including, without limitation, federal or state securities laws and the rules and regulations promulgated thereunder), or by the rules, regulations or by-laws of any non-governmental body, association or agency, whether or not having the force of law (including, without limitation, the rules of the New York Stock Exchange), (B) by any contractual obligation, fiduciary duty, moral principle or code of ethics binding on or affecting Mesabi or any of its trustees, agents, representatives or advisors, (C) in any report, statement or testimony to be submitted to or filed with any municipal, state or federal

regulatory body having or claiming to have jurisdiction over Mesabi (including, without limitation, the Securities and Exchange Commission and similar organizations, whether in the United States or elsewhere) or their successors, (D) in response to any summons or subpoena or in connection with any litigation or arbitration (including, without limitation, any litigation or arbitration arising under this agreement), or (E) in connection with the enforcement of Mesabi's rights under this agreement, the Leases or any other contractual or business relationship between Mesabi and the Company or any of its affiliates. The Company acknowledges and agrees that Mesabi may use the Proprietary Information in connection with Mesabi's evaluation of the Company's performance hereunder and under the Leases, for the preparation of proxy solicitation and related materials to be distributed to Mesabi's unitholders in connection with annual or special meetings of unitholders, for preparing such disclosures as Mesabi may deem to be required under the securities laws or the rules of the New York Stock Exchange and otherwise as Mesabi may deem necessary or appropriate in connection with the preservation of its property and assets or the administration of its affairs. The Company further acknowledges and agrees that the Proprietary Information does not include any information or data which: (x) are or become generally available to the public other than as a result of a disclosure in violation of the provisions of this paragraph 12; (y) become available to Mesabi on a nonconfidential basis from a source other than the Company, provided that such source is not to Mesabi's knowledge bound by a confidentiality agreement with the Company with respect to such information or data or otherwise prohibited from transmitting such information or data to Mesabi by a contractual, legal or fiduciary obligation; or (z) were known to Mesabi on a nonconfidential basis prior to the disclosure thereof to Mesabi by the Company pursuant to this paragraph 12. Subject to the foregoing provisions of this paragraph 12, Mesabi will take all steps which, in Mesabi's sole judgment, are reasonable, necessary and appropriate to safeguard the Proprietary Information from disclosure other than as permitted hereby.

"13. Base Overriding Royalties, Royalty Bonuses and Advance Royalties shall be paid within 30 days after the end of each calendar quarter beginning with the quarter ending September 30, 1989. With each such payment, the Company shall deliver to Mesabi a certificate in form and substance satisfactory to Mesabi, setting forth particulars of all items to be taken into account in determining Base Overriding Royalties, Royalty Bonuses and Advance Royalties for such period including, without limitation, (a) the quantities of Quarry Stone, Subject Ore and other minerals, if any, shipped or sold by or on behalf of the Company during such quarter, specifying the vessel or other carrier, the respective quantities so shipped and places from and to which shipped, (b) the quantities of Quarry Stone, Subject Ore and other minerals, if any, used by the Company for the production of iron or steel by direct reduction or any other process, or otherwise, (c) analyses of the products described in clauses (a) and (b) above, which shall have been produced from the Mesabi Lands, and (e) the Gross Proceeds and per ton sales prices received or to be received for each sale of a product described in clauses (a) and (c) above. With such certificates there shall

be furnished reports of the Company's analyses of the contents of each vessel or railway car lot, and copies of vessel or railway bills of lading, as signed by the vessel master or railway agent.

"14. The Company shall make each payment hereunder not later than 11:00 a.m. (New York City time) on the day when due in U.S. dollars to Mesabi at its account number 360575, maintained at Bankers Trust Company, 4 Albany Street, New York, New York 10006, Attention: Corporate Trust and Agency Group, or to such other account as Mesabi may designate in writing. Whenever any payment hereunder shall be stated to be due on a day other than a day (a "Business Day") on which banks are not required or authorized to close in New York City, such payment shall be made on the next succeeding Business Day.

"15. The parties hereto agree that any controversy or dispute arising out of this Agreement or any breach of the terms hereof shall be submitted to arbitration pursuant to this paragraph 15. It shall be a condition precedent to the right of a party to submit any matter to arbitration hereunder that such party give not less than ten (10) days' prior written notice of its intention so to do to the other party hereto, following the expiration of which ten day period such party may proceed to refer the issue or matter in dispute hereunder to arbitration as hereinafter provided.

The party desiring arbitration will appoint one arbitrator (the "First Arbitrator") qualified to act as such under the Commercial Arbitration Rules of the American Arbitration Association (the "Rules") and will notify the other party of such appointment. The party receiving notice of the appointment of the First Arbitrator shall within fifteen (15) days after receiving such notice, appoint an arbitrator (the "Second Arbitrator") qualified to act as such under the Rules and the arbitrators so named, before proceeding to act, will within thirty (30) days of the appointment of the Second Arbitrator, unanimously agree on the appointment of an additional arbitrator qualified to act as such under the Rules to act with them and be chairman of the arbitration for which provision is made herein. If the Second Arbitrator is not appointed within fifteen (15) days after a party received notice of the appointment of the First Arbitrator, the Second Arbitrator will be appointed in accordance with the Rules. "If the arbitrators appointed by the parties are unable to agree on the appointment of a chairman, the chairman will be appointed under the Rules.

Except as specifically provided in the paragraph 15, the arbitration for which provisions are made in this paragraph 15 will be conducted in accordance with the Rules. The chairman will fix a time and place in the City of New York for the purpose of hearing the evidence and representations of the parties and will determine all questions of procedure not provided for under the Rules or this paragraph 15. After hearing any evidence and representations that the parties may submit, the arbitrators will make an award and reduce the same to writing and deliver one copy thereof to each of the parties. The expense of the arbitration will be paid as specified in the award. The parties agree that the award of the

arbitrators will be final and binding upon each of them, that judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof and that no appeal therefrom will lie.

“16. Notwithstanding any other provisions of this Agreement, the Company may store, load and ship any and all substances utilizing the facilities available to it at Silver Bay, Minnesota pursuant to agreements entered into by the Company and unaffiliated third parties and shall have no liability to Mesabi hereunder in respect thereof so long as (i) the Company shall have determined in good faith that such utilization does not adversely affect the production, processing, shipment, storage or sale of minerals from the Mesabi Lands and (ii) the Company has no ownership interest in any Iron Ore or Quarry Stone shipped, loaded or stored in such facilities in connection with such utilization.

“17. All notices and other communications provided for hereunder shall be in writing and mailed or delivered, if to the Company, at its address at 9100 East Mineral Circle, P.O. Box 3299, Englewood, Colorado 80155, Attention: General Counsel; and if to Mesabi, at its address at c/o Bankers Trust Company, 4 Albany Street, New York, New York 10006, Attention: Corporate Trust and Agency Group, with a copy to Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022, Attention: Robert H. MacKinnon, Esq.; or, as to each such party, at such other address as shall be designated by such party in a written notice to the other such party. All such notices and communications shall be effective upon delivery.

“18. 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.”

2. Assumption of Peters Lease and Assignment by Trustee. The Trustee hereby assumes the Peters Lease and the Assignment, as modified by the terms of this Agreement, including without limitation (i) all of the right, title and interest of Reserve, as lessee, in and to the Peters Lease, and all of the obligations of Reserve, as lessee, under the Peters Lease to make payments of rents, royalties and other amounts accrued and payable in accordance with the terms of the Peters Lease and (ii) all of the right, title and interest of Reserve, as assignee, in and to the Assignment, and all of the obligations of Reserve, as assignee, under the Assignment to make payments of royalties and other amounts accrued and payable in accordance with the terms of the Assignment.

3. Assignment of Peters Lease and Assignment to Cyprus. The Trustee hereby sells, assigns, transfers and sets over unto Cyprus, its successors and assigns, all of the right, title and interest of the Trustee and the estate of Reserve in and to (i) the Peters Lease, the leasehold estate created thereby and all and singular the premises mentioned and described therein, together with all structures, improvements, buildings, machinery, equipment and supplies located thereon and

all the buildings thereon, appurtenances, hereditaments and rights appertaining and (ii) the Assignment, as modified by the terms of this Agreement.

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

The Trustee also hereby sells, assigns, transfers and sets over unto Cyprus, its successors and assigns, all rights which Reserve has under and by virtue of an indenture made June 19, 1922, between East Mesabi Iron Company, as party of the First Part, and Mesabi Iron Company, 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 Iron Company, 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 Peters Lands; provided, however, that the rights assigned and granted in this paragraph shall continue only so long as Cyprus holds, as lessee, the Peters Lands.

Cyprus hereby assumes and agrees to pay all rents, royalties and other amounts which accrue and become payable on and after the date of this Agreement under the Peters Lease and under the Assignment, as modified by the terms of this Agreement and covenants and agrees, from and after the date of this Agreement, to keep and perform all other covenants, agreements and conditions of the Peters Lease on the part of the lessee thereunder to be kept and performed and all other covenants, agreements and conditions of the Assignment, as so amended, on the part of the assignee thereunder to be kept and performed.

4. References to Parties. Each reference in the Assignment to “Mesabi” means and is a reference to Mesabi Trust, as successor in interest to the rights and obligations of Mesabi Iron Company thereunder and, from and after the date of delivery of this Agreement, each reference in the Assignment to “the Company” shall (i) for purposes of all matters arising under the Assignment on or prior to the date hereof, mean and be a reference to the Trustee, as successor in interest to the rights and obligations of Reserve thereunder; and (ii) for purposes of all matters arising under the Assignment as modified by the terms of this Agreement, mean and be a reference to Cyprus, as successor in interest to the rights and obligations of the Trustee provided that Cyprus shall not be liable for any liabilities or obligations of Reserve arising under the Assignment prior to the date hereof.

5. Reference to and Effect on the Assignment. On and after the date hereof each reference in the Assignment to “this Assignment”, “hereunder”, “hereof”, “herein” or words of

like import shall mean and be a reference to the Assignment as amended by this Agreement. Except as specifically amended above, the Assignment shall remain unamended and in full force and effect and is hereby ratified and confirmed. The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Mesabi Trust under the Assignment (including, without limitation, any claim Mesabi Trust may have against Reserve for non-payment of royalties or otherwise arising under the Assignment prior to the date hereof), nor constitute a waiver of any provision thereof.

6. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Minnesota.

7. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by the several parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers or other duly authorized representatives, as of the date first above written.

MESABI TRUST

Bankers Trust Company, as Trustee

By /s/ Daniel C. Brown, Jr.
Vice President

/s/David J. Hoffman
David J. Hoffman, Trustee

/s/ Ira A. Marshall
Ira A. Marshall, Trustee

/s/ Norman F. Sprague, III
Norman F. Sprague, III
Trustee

/s/ Bruce D. Scherling
Trustee-in-Bankruptcy
for the Estate of
Reserve Mining Company

CYPRUS NORTSHORE MINING
CORPORATION

By /s/ Michael S. Harrington
Vice President

