IMPORTANT
CALENDAR YEAR 2024 TAX RETURN GUIDE
PREPARED JANUARY 31, 2025

MESABI TRUST

Deutsche Bank Trust Company Americas, Corporate Trustee
c/o DB Services America, Inc.
Attn: Tax Operations
5022 Gate Parkway, Suite 200
Jacksonville, FL 32256
Mail Stop: JCK-01-124

To Holders of Certificates of Beneficial Interest in Mesabi Trust:

This Tax Return Guide (the "Guide") is intended to assist you in the preparation of your income tax returns in connection with your units of beneficial interest (the "units") in Mesabi Trust (the "Trust") held during calendar year 2024. This information was prepared by the Trust's accountants and is presented for guidance only. It is not intended to be all-inclusive or to render specific professional tax advice to any holder. Since special circumstances may affect individual holders, holders should consult their own tax advisors as to any questions which they may have.

SUMMARY

For income tax reporting purposes, each holder of units in the Trust is considered to be a grantor or substitute grantor as well as a beneficiary of the Trust, which means that Mesabi Trust is a pass-through entity similar to a partnership. As such, in lieu of the Trust paying income taxes, the unit holders report their pro rata share of the various items of Trust income and deductions on their income tax returns. This reporting is required whether or not the earnings of the Trust are distributed to the unit holders. **Trust distributions should not be included in income tax returns as "dividend income" and are not eligible for the dividends received deduction for corporations or for the lower marginal tax rates available for certain qualified dividends paid to individuals.**

The following pages of this Guide provide assistance to properly report the income and deductions of the Trust. You should be aware of the following general provisions:

1. Income, deductions and depletion generated by the Trust **before** you have held your units for more than a one-year period result in ordinary income and deductions reportable by individuals on Schedule E of Form 1040. Refer to pages 3 to 6 of this Guide for directions on how to determine the amounts to be reported on Schedule E.

2. Income, deductions and depletion generated by the Trust **after** you have held your units for more than a one-year period result in long-term capital gain or offsets thereto reportable in Part I of Form 4797 as Section 1231 gains. Refer to pages 3 to 6 of this Guide for directions on how to determine the amounts to be reported on Form 4797.

3. All unit holders may claim a deduction for depletion, a method of recovering the cost of their investment in a natural resource property. Cost depletion may be claimed by all unit holders. The excess of percentage depletion over cost depletion may be claimed by non-corporate taxpayers before they have held their units for a one-year period and by Subchapter C corporations at any time. Refer to pages 5 to 6 of this Guide for directions on how to determine your depletion allowance.

4. Unit holders must maintain a record of their adjusted tax basis for purposes of determining cost depletion and gain or loss on the disposition of their units. Your adjusted tax basis equals the amount paid for your units plus interest and royalty income recognized, less expenses and depletion claimed and distributions received. Refer to pages 6 to 7 of this Guide for an illustrative example of how to calculate your adjusted tax basis.

5. Gain or loss on the disposition of your units is equal to the sales price minus your adjusted tax basis at the time of sale. Depending on the length of time your units were held, you will recognize short-term or long-term capital gain or loss. Refer to pages 7 to 8 of this Guide for a description of the capital gains rates and an illustrative example.

SCHEDULE OF INCOME AND EXPENSES

If you held units for the period from January 1, 2024 to December 31, 2024, you will be considered to have received and expended, on a cash basis, the respective totals shown below for each unit. On the other hand, if you held units during only a portion of the period, then the schedule shows the amounts of income and deductible expenses reportable by you for each unit held at the end of the respective months.

	Royalty Income Per Unit	Interest Income Per Unit	Arbitration Interest Income Per Unit	Expenses Per Unit
January	$ 0.490277	$ 0.008545	$ -	$ 0.038600
February	-	0.003030	-	0.059915
March	-	0.010324	-	0.116828
April	0.385644	0.002985	-	0.034392
May	-	0.006195	-	0.048374
June	-	0.005276	-	0.037559
July	0.405907	0.005929	-	0.047286
August	-	0.005198	-	0.010795
September	-	0.007284	-	0.011210
October	5.118587	0.005287	0.867762	0.020606
November	-	0.023132	-	0.015401
December	-	0.027873	-	0.012043
Total 2024	$ 6.400415	$ 0.111058	$ 0.867762	$ 0.453009

FEDERAL INCOME TAX CONSEQUENCES AND REPORTING

Interest Income

"Interest Income per Unit" represents U.S. government interest income and should be reported on Schedule B, line 1, Form 1040. Taxpayers who were unit holders for all of calendar year 2024 would report $0.111058 per unit.

Arbitration Interest Income

"Arbitration Interest Income per Unit" represents arbitration award interest income and should be reported on Schedule B, line 1, Form 1040. Taxpayers who were unit holders for all of calendar year 2024 would report $0.867762 per unit.

Trust Expenses

"Expenses per Unit" should be reported on Schedule E, Part I, line 19, Form 1040. Taxpayers who were unit holders for all of calendar year 2024 would report $0.453009 per unit.

Royalty Income

You should report your share of the amount of royalty income received by the Trust during the months you held your units. Taxpayers who were unit holders for all of calendar year 2024 would report $6.400415 per unit.

Royalty income received by the Trust before you have held your units for more than a one-year period is ordinary income and should be reported on Schedule E, Part I, line 4, Form 1040.

Royalty income received by the Trust after you have held your units for more than a one-year period qualifies as income from the sale or exchange of property used in a trade or business and should be reported in column (d) of line 2, Part I, Form 4797.

During calendar year 2024 the Trust received quarterly royalty income on the following dates; January 30, 2024, April 30, 2024, July 30, 2024, and October 30, 2024. The following chart may be useful in determining where to report such calendar year 2024 quarterly royalty income depending on when you purchased your units:

If you purchased your units:	Report royalty income for the following months on:	
	Schedule E, Form 1040	Form 4797
On or before January 29, 2023	None	All months
From January 30, 2023 through April 29, 2023	January	April, July, and October
From April 30, 2023 through July 29, 2023	January and April	July and October
From July 30, 2023 through October 29, 2023	January, April, and July	October*
On or after October 30, 2023	All months	None

* On October 4, 2024, the Trust received arbitration award proceeds for past underpayment of royalties in the amount of $59,799,977, or $4.557922 per unit. Per the table above, if you purchased your units between July 30, 2023 and October 3, 2023, royalty income for the months of January, April, and July would all be reported on Schedule E, Form 1040 and all royalty income for the month of October would be reported on Form 4797. However, if you purchased your units between October 4, 2023 and October 29, 2023, October royalty income would be split between Schedule E and Form 4797, with $4.557922 per unit reported with an effective payment date of October 4, 2024, and $0.560665 reported with an effective payment date of October 30, 2024, respectively.

Depletion

Depletion is a method of claiming a tax deduction for the recovery of the cost of a natural resource investment over the life of the property. Taxpayers generally may claim either cost or percentage depletion in connection with an investment in certain natural resource businesses. As discussed below, when an investment has been held for one year or less, all taxpayers may use either cost or percentage depletion. Once an investment has been held for more than a one-year period, non-corporate taxpayers are limited to cost depletion, while corporations may also claim the excess of percentage depletion over cost depletion.

Cost depletion or percentage depletion attributable to royalty income received by the Trust before you have held your units for more than a one-year period should be reported on Schedule E, Part I, line 18, Form 1040, as an ordinary deduction.

Cost depletion attributable to royalty income received by the Trust after you have held your units for more than a one-year period should be reported in column (f) of line 2, Part I, Form 4797, as a reduction of gain from the sale or exchange of property used in a trade or business. Cost depletion is calculated by multiplying the adjusted tax basis of your units by the sum of the cost depletion percentages (set forth in the table below) for the months during which you owned units during 2024.

After you have held your units for more than one year, unit holders that are Subchapter C corporations (but not other unit holders) may also deduct the excess of percentage depletion attributable to royalty income received by the Trust over cost depletion attributable to such royalty income.

The following is a schedule of "Percentage Depletion Dollar Value Per Unit" and the "Cost Depletion Percentage" for each month. Please note that the percentage depletion has not been reduced as required by Internal Revenue Code Section 291 for corporate taxpayers. Moreover, unit holders should discuss with their tax advisors the ability to claim depletion for alternative minimum tax purposes.

	Percentage Depletion Dollar Value Per Unit	Cost Depletion Percentage
January 2024	$ 0.073541	0.1453%
February	-	0.1341%
March	-	0.1990%
April	0.057847	0.1897%
May	-	0.1479%
June	-	0.1395%
July	0.060886	0.1508%
August	-	0.1833%
September	-	0.1789%
October	0.767788	0.1596%
November	-	0.1938%
December	-	0.1683%
Total 2024	$ 0.960062	1.9902%

Tax Basis and Adjustments

It is important for unit holders to keep track of the tax basis of their units. Your tax basis determines your reportable gain or loss upon the disposition of your units and is used to calculate allowable cost depletion each year (as described above). Due to the differences in treatment of royalty income and depletion before and after you have held your units for a one-year period, the tax basis of units purchased at different times should be calculated separately.

Your initial tax basis is the purchase price of your units. The initial tax basis of your units is adjusted each year. The beginning tax basis each year is (i) reduced by all cash distributions received during the year, (ii) increased by all interest income and royalty income reported, and (iii) decreased by all expenses and depletion (cost and/or percentage) claimed, resulting in your adjusted tax basis at the end of the year. This adjusted tax basis will be your beginning tax basis for the subsequent year.

Example:

If you purchased 10,000 units on January 2, 2024 for $200,000, that amount would represent your initial tax basis. During calendar year 2024, you would have received distributions of $13,500, you would report interest income of $9,788, royalty income of $64,004 and expenses of $4,530; for regular income tax purposes you would be allowed to claim either cost depletion of $3,980 ($200,000 times 1.9902%) or percentage depletion of $9,601 (10,000 units times $0.960062). Your adjusted tax basis at the end of the year would be calculated as follows:

Initial Tax Basis		$200,000
Less:	Cash Distributions	(13,500)
Add:	Interest Income	9,788
	Royalty Income	64,004
Less:	Expenses	(4,530)
	Depletion (cost)	(3,980)
Adjusted Tax Basis		$251,782

Your beginning tax basis for calendar year 2025 for your 10,000 units would be $251,782. If you sold these units on January 4, 2025, the difference between the net proceeds you received, and the $251,782 basis amount would represent your reportable gain or loss on the disposition. If you continued to hold these units, your cost depletion for calendar year 2025 would be calculated on this adjusted tax basis. As noted in the depletion section, once an investment has been held for more than a one-year period, non-corporate taxpayers are limited to cost depletion. In addition, in future years, you would continue to adjust your tax basis by subsequent distributions, income, expenses and depletion.

Tax Rates on Capital Gains for Non-Corporate Taxpayers

Any sale of units during calendar year 2024 that were held as a capital asset by non-corporate taxpayers for more than twelve months are subject to a maximum 20 percent long-term capital gains federal income tax rate, plus potential NII Tax (described below), and other than depletion recapture (described below), which is subject to ordinary rates.

For example, assume you purchased 10,000 units on January 3, 2023 and sold all 10,000 units on January 5, 2024 for $200,000. Further assume that your adjusted tax basis in these units at the time of sale was $150,000. Your taxable gain is $50,000 ($200,000 less $150,000). The portion of the gain relating to previously deducted depletion expenses will be subject to ordinary tax rates due to Section 1254 recapture rules. Since you had held your units for more than 12 months at the time of sale, the remainder of the $50,000 gain would be eligible for long-term capital gain treatment and subject to a maximum federal income tax rate of 20%, plus NII Tax for certain investors. If you had purchased your units on or after January 5, 2023, your reportable capital gain would not be subject to the reduced rates since the units would not have been held for more than one year. It is important that you keep track of the cumulative depletion expenses that are deducted during the period that you own your units in the Trust. If you sell your units at a gain, the cumulative depletion deductions taken by you are recaptured as ordinary income under Section 1254 of the Internal Revenue Code up to the extent of the gain.

The tax rates on long-term capital gains may also apply to royalty income after you have held your units for more than a one-year period, since such income, less the related depletion and expenses reportable on Form 4797, may result in capital gains.

Application of the maximum capital gains tax rates may be further complicated in certain situations, including unit holders who are subject to the 3.8% Medicare Surtax on “net investment income” (“NII Tax”) and/or the alternative minimum tax (although the same reduced rates apply to long-term capital gains under the alternative minimum tax rules). Due to the technical and taxpayer-specific nature of these rules, including various income thresholds before the NII Tax applies, holders should consult their own tax advisors to determine the proper treatment in their special circumstances.

MINNESOTA INCOME TAX CONSEQUENCES

Minnesota residents are subject to Minnesota tax on all of their net income regardless of the source of such income. "Net income" is based on Federal taxable income with certain modifications for Minnesota purposes (*e.g.*, a reduction for U.S. government interest income for individuals).

Nonresident individuals and corporations are subject to Minnesota tax to the extent that they have received income from Minnesota sources. Holders of a beneficial interest in a trust must report their share of Minnesota source gross income received by the trust. Expenses, losses, and other deductions are allocated to Minnesota along with the gross income to which such items are related. During calendar year 2024, the royalty income received by Mesabi Trust is considered Minnesota source income and the expenses and depletion are considered Minnesota source expenses and deductions. Interest income representing U.S. government interest income was from sources outside Minnesota. Since special circumstances may affect individual holders, holders should consult their own tax advisors as to any questions which they may have.

Nonresident individual unit holders with little Minnesota gross income will not be required to file Minnesota income tax returns. Returns are only required from a nonresident individual if such individual received gross income from Minnesota sources of $14,575 or more. Returns are required from any corporation doing business in Minnesota, owning property in Minnesota, or carrying on business in Minnesota consisting of foreign commerce or interstate commerce. Minnesota also requires any partnership, Subchapter S corporation or limited liability company receiving Minnesota source income to file an informational return with the Minnesota Department of Revenue.

Forms and information may be obtained by telephoning Minnesota Revenue at (651) 296-3781 or 1-800-652-9094 or via the Internet at http://www.revenue.state.mn.us.

DEUTSCHE BANK TRUST COMPANY AMERICAS,
CORPORATE TRUSTEE
ROBERT C. BERGLUND
ROBIN M. RADKE
JAMES EHRENBERG
MICHAEL P. MLINAR
TRUSTEES OF MESABI TRUST