GTAC
GOGEBIC TACONITE

May 9, 2013

Wisconsin Department of Natural Resources
Mining Coordinator – WA/5
101 South Webster Street
PO Box 7921
Madison, WI 53707-7921

Dear Director:

Re: Exploration License
Wisconsin Statutes 295.44

Gogebic Taconite, LLC submits to your agency an Application for Exploration License per the requirements of the above standard. Included, you will find:

- A General Drilling Map
- An Aerial Photo Map
- An Exploration Plan
- A Reclamation Plan
- Certificate of Insurance
- License Fee in the amount of $300.00
- Reclamation Cost Estimate
- Reclamation Surety Bond

Site conditions have improved with a snow melt occurring from April 27 through May 1.

Any questions should be directed to our Hurley office at (715) 561-2601. Our mailing address is:

Gogebic Taconite, LLC
402 Silver Street
Hurley, WI 54534

Sincerely,

Timothy J Myers
Engineer

295.44 (2)(a) Exploration Plan

295.44 (2)(a)(1)

A description of the site where the exploration will take place and a map of that area showing the locations of the exploration.

The project site is located in Ashland and Iron Counties of Wisconsin on privately owned lands. The project area has been commercially forested and existing roads will be used to access the drilling sites as well as serving as locations for the drilling sites.

Drillhole	Legal Description	Easting (Feet)	Northing (Feet)	Elevation (Ft)	Target Depth
566-1	T44N R2W S01 NW SW	1856689	420646	1512	1429
608-1	T44N R2W S01 SE NE	1860855	422399	1578	1465
608-2	T44N R1W S01 NE SE	1860855	421125	1758	600
646-1	T45N R2W S31 SW SE	1864612	423911	1570	800
646-2	T44N R1W S06 NW NE	1864595	422575	1740	700
646-3	T44N R1W S06 SW NE	1864605	421955	1846	420
674-1	T45N R1W S32 SW SW	1867394	424091	1660	920
674-2	T44N R1W S05 NWNW	1867588	423449	1758	500
706-1	T45N R1W S32 NE SE	1870586	424980	1560	1143
706-2	T45N R1W S32 SE SE	1870580	424132	1684	500
726-1	T45N R1W S33 NW SW	1872574	425413	1548	350
148R	T45N R1W S33 NW SW	1873644	426130	1530	916
746-1	T45N R1W S33 SW NE	1874580	426693	1526	830

Refer to the General Drilling Map for a map of the area showing locations of the exploration.

295.44 (2)(a)(2)

A description of the means and method that will be used for the exploration.

METHOD

The drilling rig employs a diamond-impregnated hollow drill bit to bore into bedrock strata which produces a cylindrical rock sample. The rock sample provides an indication of strata conditions and provides materials for rock mechanics and geochemical testing.

The surface soils will be drilled to the top of bedrock. A steel pipe casing will be installed into the bedrock to serve as a surface casing. This steel casing serves to isolate the bedrock from the surface strata and to prevent groundwater cross contamination. At the end of drilling, the steel casing will remain to allow additional studies from the exploration hole such as video scoping, static water elevation and hydrologic testing. The casing will be provided with a locking device to prevent interference from the surface.

The hollow center drill bit and drill steel is inserted through the larger diameter surface casing to access the bedrock. Drill water is pumped through the center of the drill steel to cool and lubricate the drill bit. Only the use of DNR Bureau of Drinking Water and Groundwater approved additives will be used for lubricants. The proposed drilling lubricant to be used is the NSF-approved Baroid product EZ Mud.

Rock cuttings are flushed out between the outside of the drill steel and the bedrock. A rock core sample remains in the interior of the drill steel and is removed by wireline methods. The BTW sized drilling tools create a 2.36-inch diameter hole and produce a 1.654-inch diameter rock sample.

A sump pump will be located at the drillhole collar to pump the drill water and rock cuttings into a mobile collection tank. The drill cuttings will consist of surface sands and gravels, pulverized bedrock and drilling polymers. The overflow water will be reused by discharging the overflow water into the drilling sump. The drill cuttings will be retained in the mobile collection tank. The drill cuttings will be removed from the drill site by means of the mobile collection tank.

Drill water will be recirculated from the mobile collection tank to the drilling sump. At the end of the drilling phase, the drill water in the drilling sump will be allowed time to disperse into the glacial materials. If the drilling sump is located in a soils material that does not disperse the drilling water, the drilling water will be transported to a centralized

location where the soils will allow dispersion. As a last alternative, the drilling water can be disposed of in a municipal waste water system.

The mobile collection tank will be used to transport the materials to a central location within the project area. The central location will be provided with two temporary storage tanks connected in series by overflow piping. The mobile collection tank will be emptied in the first tank. The heavier solids will deposit and the clarified water will overflow into the second tank. The second tank is used to further clean the water through sedimentation. The final water will be directed to a dispersion sump to allow water to disperse into the glacial material. Any water that does not disperse into the glacial overburden will be transported to the centralized location where soils will allow dispersion. As a last alternative, the drilling water can be disposed of in a municipal treatment facility for disposal.

Drill cuttings will be disposed of in existing licensed landfills located outside the project area.

Rock samples collected from the drilling will be removed from the site for further processing.

295.44 (2)(a)(3)

A description of the grading and stabilization of the excavation, sides, and benches that will be conducted.

All excavations shall be graded as to provide stable slopes. Sumps will be filled in to blend into the surrounding surface contours.

295.44 (2)(a)(4)

A description of how the grading and stabilization of any deposits of refuse will be conducted.

Cuttings materials produced from the drilling activity are proposed to be removed from the drill site area. Therefore, grading and stabilization of deposits of refuse does not apply.

Drill cuttings will be directed to a mobile onsite collection tank. The collection tank will be used to transport the materials to a central location within the project area. The central location will be provided with temporary storage tanks to collect the cuttings. The cutting will be allowed to settle and water will be pumped off and placed into a dispersion sump. Any water that does not disperse into the glacial overburden will be transported to a municipal treatment facility for disposal.

Drill cuttings will be disposed of in existing licensed landfills located outside the project area.

BTW size coring produces approximately 1.55 cubic feet of drill cutting per 100 feet of depth.

295.44 (2)(a)(5)

A description of how any diversion and drainage of water from the exploration site will be conducted.

Surface Runoff shall be diverted away from the drill site by means of ditches, sediment fence, hay bale dikes and/or earthen berms. See the attached drawing "Typical Site Plan" for an example of surface runoff diversions.

295.44 (2)(a)(6)

A description of how any backfilling will be conducted.

Each drillhole shall be grouted with neat cement or fine concrete grout following the requirements of Wisconsin Statutes 295.44 (5). Each drill site shall be regraded as to remove any unstable slopes. The drill site shall be regraded as to blend into the original contour that was in place prior to the exploration activity taking place.

295.44 (2)(a)(7)

A description of how any pollutant-bearing minerals or materials will be covered.

Any pollutant-bearing minerals or materials will be removed from the drill site prior to backfilling. All sources of hydrocarbons will have spill containment and absorbent materials placed beneath them, and upon abandonment, will be removed from the drill site and disposed of by approved methods prior to regrading and reclamation activities occurring.

295.44 (2)(a)(8)

A description of how the topsoils will be removed and stockpiled or how other measures will be taken to protect topsoils before exploration.

Since the proposed activity occurs on previously disturbed areas, topsoil is expected to have been excavated by heavy equipment during the construction of the roads and comingled with subsoil materials.

If a topsoil horizon is encountered, the topsoil will be removed and stockpiled. The topsoil would be used for final reclamation after the exploration activities have been completed.

295.44 (2)(a)(9)

A description of how vegetative cover will be provided.

In the event that any topsoil that had been stockpiled, it will be returned to the site and spread once regrading is completed.

All sites shall be seeded to establish vegetation. Composite soil samples will be collected. The samples will be submitted to the local agronomy center for available nutrient analysis. The analysis will provide a recommended fertilizer application rate.

Soil preparation may include raking, discing or harrowing to loosen the soil to a minimum depth of 4 inches. This activity would provide a means to loosen the soil from the compaction effort originating from the timbering activity as well as the exploration activity.

A seed mix approved by Wisconsin Department of Natural Resources will be used. The seed mix will not contain invasive species. The proposed seed mix may be changed (with DNR approval) to address any shortages in availability of specific species.

The proposed seed mix consists of:

68% Common Oats
14% Annual Rye
4% Timothy
7% Virginia Wild Rye
7% Canada Wild Rye
0.25% Black-eyed Susan

Seed will be planted at a rate of 73.25 pounds per acre.

Once fertilizer and seed have been applied, the seeded area will be raked, disked, harrowed or other methods utilized in order to cover the seed to a depth of not more than 1-1/2 inches.

Mulching material shall consist of straw or hay in an air-dry condition, wood excelsior fiber or wood chips. Mulch shall be spread at a thickness of ½ to 1-1/2 inches. Compacted bales are to be broken and scattered to create a loose blanket over the seeded area.

The pre-existing roads shall be graded and left in place for future use by the landowner. If the road is aggregate surfaced, grading will be performed to establish drainage towards the ditchline. Culverts will be left in place. If culverts are removed, berms will be created across the roadway to divert surface drainage off the roadbed.

295.44 (2)(a)(10)

A description of how any water impoundment will be accomplished.

No water impoundment is anticipated.

295.44 (2)(a)(11)

Identification of the means and method that will be used to prevent significant environmental pollution to the extent practicable.

The drilling contractor will use compact core drilling machines to fit the size constraints of the existing roads. It is not proposed to create new roads for accessing the drilling project.

The drill sites will each be approximately 25 feet wide by 50 feet long in size.

Site preparation would include stockpiling any topsoil material from the drill site area. Since the sites are located on existing disturbances, it is anticipated that no topsoil will be encountered. The site will be provided with grading and drainage control as described below.

DRAINAGE CONTROL

Surface Runoff will be controlled by diverting stormwater away from the drilling site by the use of siltation fence, berms, hay bale dikes and/or ditches.

On site drainage will be diverted to the drilling sump. The drilling sump is used to store water for the drilling activity and to recirculate drill water for reuse. The drill sump is a minimum 80 cubic feet excavation.

See "Typical Site Plan" sketch for conceptual detail.

WATER SOURCE

From Wisconsin NR141.15, drilling water must be from a known safe source free of bacterial and chemical contamination.

Water will be purchased from the municipal water system at the City of Mellen. This method would use a highway licensed water truck to bring the water to the project.

295.44 (2)(b) RECLAMATION PLAN

A reclamation plan, designed to minimize adverse effects to the environment to the extent practicable, that includes all of the following:

295.44 (2)(b)(1)

A description of how all toxic and hazardous wastes and other solid waste will be disposed of in solid or hazardous waste disposal facilities licensed under ch. 289 or 291 or otherwise in an environmentally sound manner.

Any materials identified as toxic or hazardous waste as defined by Wisconsin statutes 291.05(1), 291.05(2) or 291.05(4) will be disposed of at a licensed hazardous waste disposal facility.

Drill cuttings will be directed to a mobile onsite collection tank. The collection tank will be used to transport the materials to a central location within the project area. The central location will be provided with temporary storage tanks to collect the drill cuttings. The drill cuttings will be allowed to settle and water will be pumped off and placed into a dispersion sump. Any water that does not disperse into the glacial overburden will be transported to a municipal treatment facility for disposal.

Drill cuttings will be disposed of in existing licensed landfills located outside the project area.

295.44 (2)(b)(2)

A description of how topsoil will be preserved for purposes of future use in reclamation.

Since the proposed activity occurs on previously disturbed areas, topsoil is not anticipated to be encountered. Existing roads that were constructed for use in the forestry industry are expected to have had the topsoil excavated and comingled with subsoil materials.

If topsoil is encountered, the topsoil will be removed and stockpiled. The topsoil would be used for final reclamation after the activities have been completed.

295.44 (2)(b)(3)

A description of how revegetation will be conducted to stabilize disturbed soils and prevent air and water pollution to the extent practicable.

Refer to the response to Wisconsin Statutes 295.44 (2)(a)(9) above for the final site reclamation revegetation.

Site vegetation will occur concurrently with site regrading activities.

295.44 (2)(b)(4)

A description of how disturbance to wetlands will be minimized to the extent practicable.

This application addresses a project with all roads and drillsites located on pre-existing disturbances. No wetland disturbances are proposed.

295.44 (2)(b)(5)

A statement that all drillholes will be abandoned in compliance with 295.44 (5).

Drillholes will be abandoned as described in Wisconsin Statutes 295.44 (5).

295.44 (2)(c) EXPLORATION LICENSE FEE

295.44 (2)(c) Exploration License Fee of $300.00

A check in the amount of $300 has been included in this submittal.

295.44 (2)(d) SURETY BOND

295.44 (2)(d) Surety Bond

A bond, as provided in 295.44 (3)(a).

The Surety Bond is addressed in the response to 295.44 (3) found below.

295.44 (2)(e) CERTIFICATE OF INSURANCE

295.44 (2)(e) Certificate of Insurance

A certificate of insurance showing that the applicant has in force a liability insurance policy issued by an insurance company licensed to do business in this state covering all exploration conducted or contracted for by the explorer in this state and affording personal injury and property damage protection in a total amount determined to be adequate by the department, but not more than $1,000,000 and not less than $50,000.

A copy of the Certificate of Insurance follows this page.

295.44 (2)(f) FINANCIAL ASSURANCE

295.44 (2)(f) Financial

A copy of the applicant's most recent annual report to the federal securities and exchange commission on form 10–K, or, if this is not available, a report of the applicant's current assets and liabilities or other data necessary to establish that the applicant is competent to conduct exploration in this state.

See the Balance Sheet following this page.

295.44 (2m) CONFIDENTIALITY

295.44 (2m) CONFIDENTIALITY

The deparment and the state geologist shall protect as confidential any information, other than effluent data, contained in an application for an exploration license, upon a showing that the information is entitled to protection as a trade secret, as defined in s. 134.90 (1)(c), and any information relating to the location, quality, or quantity of a ferrous mineral deposit, to production and sales figures, or to processes or production unique to the applicant or that would tend to adversely affect the competitive position of the applicant if made public.

No items contained within this application would require consideration under 295.44 (2m).

295.44 (3) SURETY BOND

295.44 (3) Bond

An applicant shall submit, as part of the application for an exploration license, a bond in the amount of $5,000 that is conditioned on faithful performance of the requirements of this section, that is issued by a surety company licensed to do business in this state, and that provides that the bond may not be canceled by the surety, except after not less than 90 days' notice to the department in writing by registered or certified mail.

A surety bond will be provided prior to site activity on the Exploration Project.

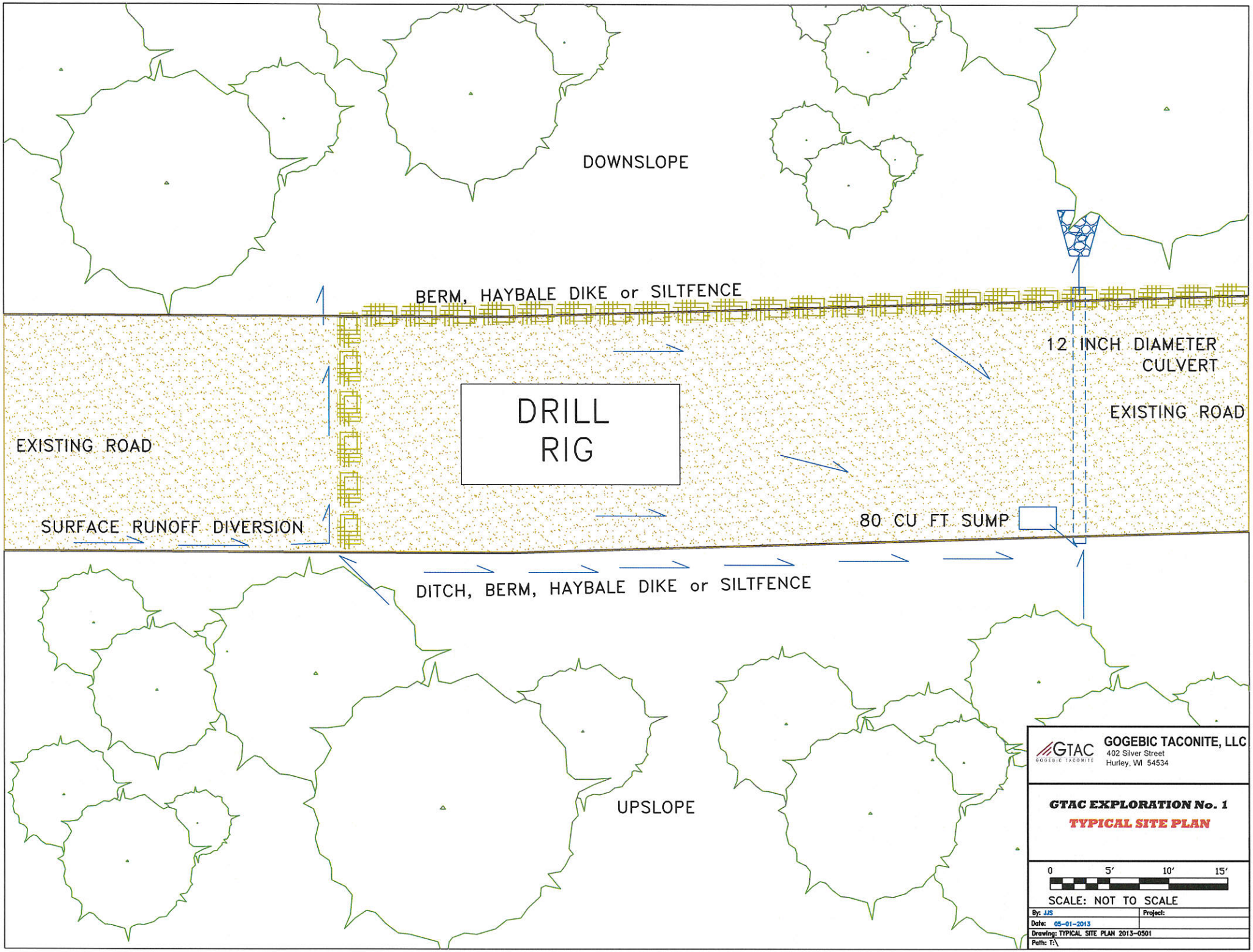
295.44 (3)(d)

The department may require that the amount of the bond submitted under this subsection be increased at any time, if the department determines that the level of activity by the explorer makes it likely that the bond would be inadequate to fund the termination of all drillholes for which the explorer is responsible.

A Reclamation Cost Estimate has been included. See the attachment to 295.44 (3)(d) that follows this page. Once the Department has reviewed the Reclamation Cost Estimate, a Surety Bond will be provided in the subscribed amount prior to site activity occurring on the Exploration Project.

ATTACHMENT TO RESPONSE FOR s.295.44 (2)(a)(11)

TYPICAL SITE PLAN


DOWNSLOPE
BERM, HAYBALE DIKE or SILTFENCE
12 INCH DIAMETER CULVERT
EXISTING ROAD
DRILL RIG
EXISTING ROAD
SURFACE RUNOFF DIVERSION
80 CU FT SUMP
DITCH, BERM, HAYBALE DIKE or SILTFENCE
UPSLOPE
GTAC
GOGEBIC TACONITE, LLC
402 Silver Street
Hurley, WI 54534
GTAC EXPLORATION No. 1
TYPICAL SITE PLAN
0 5' 10' 15'
SCALE: NOT TO SCALE
By: JJS
Project:
Date: 05-01-2013
Drawing: TYPICAL SITE PLAN 2013-0501
Path: T:\

295.44 (2) EXPLORATION LICENSE

May 9, 2013

OVERVIEW

Gogebic Taconite, LLC is hereby applying for an Exploration License as described in Wisconsin Statutes 295.44. The following pages address the requirements of the statute.

This Exploration Project will occur in an area of previous exploration and prospecting. Activity in the area dates back to the 1850's with core drilling occurring as early as the 1920's with as many as 240 recorded sites. This new activity will serve to supplement the pre-existing geologic data to gain a better understanding of the deposit. Also, the rock samples that will be generated will provide site specific information to meet the requirements of a modern mining permit application.

This Exploration Project will consist of the drilling of 13 holes. The drilling method will use hollow center wireline corehole techniques. The drilling method will use BTW size coring tools which will drill a 2.36 inch diameter hole. The rock sample will be 1.654 inch diameter. The rock samples will be collected and analyses will be performed offsite.

The target geologic formation for the drilling is the Ironwood Iron Formation. This formation is a sedimentary rock formation of Paleoproterozoic age.

The drillholes will be drilled on an approximate 45 degree angle from horizontal to penetrate the ore body at near perpendicular to the bedding. The formation dips at 60 to 70 degrees from the horizontal in a north by northwest direction.

Wisconsin Statutes 295.44 requires that a person seeking an exploration license shall file an application that includes all of the following:

Statute 295.44 (2)(a) An Exploration Plan – See Page 2
Statute 295.44 (2)(b) A Reclamation Plan – See Page 9
Statute 295.44 (2)(c) An exploration license fee – See Page 11
Statute 295.44 (2)(d) A Bond – See Page 11
Statute 295.44 (2)(e) A Certificate of Insurance – See Page 11
Statute 295.44 (2)(f) Financial Assurance – See Page 11
Statute 295.44 (2m) Confidentiality – See Page 12
Statute 295.44 (3) Surety Bond Requirements – See Page 12

ATTACHMENT TO RESPONSE FOR s.295.44 (2)(e)

CERTICATE OF LIABILITY INSURANCE

210173

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 3/18/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Cheryl Vandermosten	
Commercial Lines - (304) 327-3421 Wells Fargo Insurance Services of West Virginia Inc. 320 Federal Street Bluefield, WV 24701-3006	PHONE (A/C, No, Ext): 865-450-1910	FAX (A/C, No): 877-870-2914
	E-MAIL ADDRESS: cheryl.vandermosten@wellsfargo.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A : Federal Insurance Company	20281
INSURED Gogebic Taconite of Michigan, LLC 402 Silver Street Hurley, WI 54534	INSURER B :	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES **CERTIFICATE NUMBER:** 5745816 **REVISION NUMBER:** See below

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
A	GENERAL LIABILITY			37114535	12/31/2012	12/31/2013	EACH OCCURRENCE	$	1,000,000
	X COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	$	1,000,000
	CLAIMS-MADE X OCCUR						MED EXP (Any one person)	$	10,000
							PERSONAL & ADV INJURY	$	1,000,000
							GENERAL AGGREGATE	$	2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG	$	2,000,000
	X POLICY PRO-JECT LOC							$	
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$	
	ANY AUTO						BODILY INJURY (Per person)	$	
	ALL OWNED AUTOS / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$	
	HIRED AUTOS / NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)	$	
								$	
	UMBRELLA LIAB OCCUR						EACH OCCURRENCE	$	
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$	
	DED RETENTION $							$	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N						WC STATU-TORY LIMITS OTH-ER		
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? N / A (Mandatory in NH)						E.L. EACH ACCIDENT	$	
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$	
							E.L. DISEASE - POLICY LIMIT	$	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Evidence of insurance with respects to any and all permits held by the Named Insured (s)

CERTIFICATE HOLDER

Wisconsin Department of Natural Resources
101 S Webster Street
PO Box 7921
Madison, WI 53707

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

The ACORD name and logo are registered marks of ACORD

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(This certificate replaces certificate# 5460394 issued on 1/8/2013)

ATTACHMENT TO RESPONSE FOR s.295.44 (2)(f)

BALANCE SHEET

Balance Sheet
As of 12/31/2012 Gogebic Taconite, LLC (GTL)

ASSETS		
Local Imprest Fund		$45,579.34
Petty Cash		$915.57
Other Prepaid Expenses		$240,000.00
Machinery/Equip/Buildings		$13,064.46
Accumulated Depreciation		-$11,916.84
	TOTAL ASSETS	$287,642.53
LIABILITIES		
Accrued Payroll Taxes		$168.00
Long-Term Debt		$6,365,000.00
	TOTAL LIABILITIES	$6,365,168.00
EQUITY		
Member Equity		$1,175,000.00
Retained Earnings		-$7,252,525.47
	TOTAL EQUITY	-$6,077,525.47
	TOTAL LIABILITY AND EQUITY	$287,642.53

ATTACHMENT TO RESPONSE FOR s.295.44 (3)

SURETY BOND

COPY

State of Wisconsin
Department of Natural Resources

FERROUS METALLIC MINERAL EXPLORATION BOND

KNOW ALL PERSONS BY THESE PRESENTS, that GOGEBIC TACONITE, LLC (the Explorer)

of 402 SILVER STREET, HURLEY, WI 54534 (Address), as Principal, and

U.S. SPECIALTY INSURANCE COMPANY (Name of Surety Company), a surety company organized and existing under the laws of the State of TEXAS and duly authorized to do surety business in the State of Wisconsin, as Surety, are held and firmly bound unto the State of Wisconsin Department of Natural Resources, as Obligee, in the penal sum of FORTY-ONE THOUSAND FIVE HUNDRED THIRTY-FOUR AND 00/100 dollars ($ 41,534.00) for payment of which the Principal and the Surety bind themselves, their heirs, executors, administrators, successors and assigns jointly and severally.

WHEREAS, this bond is written to satisfy the requirements of section 295.44(3) Stats., to ensure compliance with the ferrous metallic mineral exploration licensing requirements, and shall inure to the benefit of the Obligee.

The insolvency or bankruptcy of the Principal shall not constitute a defense to the Surety with regard to any claim of liability on the obligation of this bond.

The Surety hereby waives notification of any failure on the part of the Principal or any successor in interest to faithfully comply with the requirements of s. 295 Stats. and lack of notice from the Obligee will not bar or limit recovery against the Surety.

This bond is effective on the 10TH day of APRIL, 2013, and shall continue in force until terminated as hereinafter provided. As long as any obligation of the Principal or any successor in interest for the ferrous metallic mineral exploration license exists, this bond shall not be cancelled by the Surety unless a replacement bond acceptable to the Obligee is provided to the Obligee. If the Surety proposes to cancel this bond, notice shall be provided to the Obligee and the Principal in writing by registered or certified mail not less than 90 days prior to the proposed cancellation date. Not less than 30 days prior to the expiration of the 90 day notice period, the Principal shall deliver to the Obligee a replacement bond. In the absence of the delivery of a replacement bond, all exploration shall cease.

Signed, sealed and dated this 10TH day of APRIL, 2013.

GOGEBIC TACONITE, LLC

William J Williams

Principal

CORPORATE SEAL

U.S. SPECIALTY INSURANCE COMPANY

Surety

Janice Fennell

Attorney in Fact JANICE FENNELL

Bond Number 1000904050

COPY

POWER OF ATTORNEY

AMERICAN CONTRACTORS INDEMNITY COMPANY U.S. SPECIALTY INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS: That American Contractors Indemnity Company, a California corporation, and U.S. Specialty Insurance Company, a Texas corporation (collectively, the "Companies"), do by these presents make, constitute and appoint:

Jeremy C. Rose, Richard C. Rose, Janice Fennell or Tara W. Mealer of Knoxville, Tennessee

its true and lawful Attorney(s)-in-fact, each in their separate capacity if more than one is named above, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed** *******Seventy Five Million******* **Dollars ($** **75,000,000.00** **).**

This Power of Attorney shall expire without further action on March 18, 2015. This Power of Attorney is granted under and by authority of the following resolutions adopted by the Boards of Directors of the Companies:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and on behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings, including any and all consents for the release of retained percentages and/or final estimates on engineering and construction contracts, and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed end effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF, The Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 3rd day of October, 2011.

AMERICAN CONTRACTORS INDEMNITY COMPANY U.S. SPECIALTY INSURANCE COMPANY

Corporate Seals

By: _____
Daniel P. Aguilar, Vice President

State of California

County of Los Angeles SS:

On this 3rd day of October, 2011, before me, Deborah Reese, a notary public, personally appeared Daniel P. Aguilar, Vice President of American Contractors Indemnity Company and U.S. Specialty Insurance Company who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct. WITNESS my hand and official seal.

Signature Deborah Reese (Seal)

DEBORAH REESE
Commission # 1926048
Notary Public - California
Los Angeles County
My Comm. Expires Mar 18, 2015

I, Jeannie Lee, Assistant Secretary of American Contractors Indemnity Company and U.S. Specialty Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Companies, which is still in full force and effect; furthermore, the resolutions of the Boards of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seals of said Companies at Los Angeles, California this 10TH day of APRIL, 2013.

Corporate Seals

Bond No. 1000904050
Agency No. 16425

_____
Jeannie Lee, Assistant Secretary

To inquire about this bond, please write to us at surety-bond-inquiry@hcc.com

ATTACHMENT TO RESPONSE FOR s.295.44 (3)(d)

RECLAMATION COST ESTIMATE

Gogebic Taconite, LLC
Notice of Intent to Drill
Reclamation Cost Estimate
March 18, 2013

Location	Activity	Number	Units	Unit Cost	Tot Cost	Location Cost
566-1						
	Grout	1429	Feet	$3	$4,287	
	Regrading	2	Hours D6 dozer	$110	$220	
	Seed	4	Pounds Seed	$4	$16	
	Mulch	10	Straw Bales	$10	$100	
	Seed Labor	4	Hours Labor	$50	$200	
	TOTAL					$4,823
608-1						
	Grout	1465	Feet	$3	$4,395	
	Regrading	2	Hours D6 dozer	$110	$220	
	Seed	4	Pounds Seed	$4	$16	
	Mulch	10	Straw Bales	$10	$100	
	Seed Labor	4	Hours Labor	$50	$200	
	TOTAL					$4,931
608-2						
	Grout	600	Feet	$3	$1,800	
	Regrading	2	Hours D6 dozer	$110	$220	
	Seed	4	Pounds Seed	$4	$16	
	Mulch	10	Straw Bales	$10	$100	
	Seed Labor	4	Hours Labor	$50	$200	
	TOTAL					$2,336
646-1						
	Grout	800	Feet	$3	$2,400	
	Regrading	2	Hours D6 dozer	$110	$220	
	Seed	4	Pounds Seed	$4	$16	
	Mulch	10	Straw Bales	$10	$100	
	Seed Labor	4	Hours Labor	$50	$200	
	TOTAL					$2,936
646-2						
	Grout	700	Feet	$3	$2,100	
	Regrading	2	Hours D6 dozer	$110	$220	
	Seed	4	Pounds Seed	$4	$16	
	Mulch	10	Straw Bales	$10	$100	
	Seed Labor	4	Hours Labor	$50	$200	
	TOTAL					$2,636
646-3						
	Grout	420	Feet	$3	$1,260	
	Regrading	2	Hours D6 dozer	$110	$220	
	Seed	4	Pounds Seed	$4	$16	
	Mulch	10	Straw Bales	$10	$100	
	Seed Labor	4	Hours Labor	$50	$200	
	TOTAL					$1,796

Gogebic Taconite, LLC
Notice of Intent to Drill
Reclamation Cost Estimate
March 18, 2013

Location	Activity	Number	Units	Unit Cost	Tot Cost	Location Cost
674-1						
	Grout	920	Feet	$3	$2,760	
	Regrading	2	Hours D6 dozer	$110	$220	
	Seed	4	Pounds Seed	$4	$16	
	Mulch	10	Straw Bales	$10	$100	
	Seed Labor	4	Hours Labor	$50	$200	
	TOTAL					$3,296
674-2						
	Grout	500	Feet	$3	$1,500	
	Regrading	2	Hours D6 dozer	$110	$220	
	Seed	4	Pounds Seed	$4	$16	
	Mulch	10	Straw Bales	$10	$100	
	Seed Labor	4	Hours Labor	$50	$200	
	TOTAL					$2,036
706-1						
	Grout	1143	Feet	$3	$3,429	
	Regrading	2	Hours D6 dozer	$110	$220	
	Seed	4	Pounds Seed	$4	$16	
	Mulch	10	Straw Bales	$10	$100	
	Seed Labor	4	Hours Labor	$50	$200	
	TOTAL					$3,965
706-2						
	Grout	500	Feet	$3	$1,500	
	Regrading	2	Hours D6 dozer	$110	$220	
	Seed	4	Pounds Seed	$4	$16	
	Mulch	10	Straw Bales	$10	$100	
	Seed Labor	4	Hours Labor	$50	$200	
	TOTAL					$2,036
726-1						
	Grout	350	Feet	$3	$1,050	
	Regrading	2	Hours D6 dozer	$110	$220	
	Seed	4	Pounds Seed	$4	$16	
	Mulch	10	Straw Bales	$10	$100	
	Seed Labor	4	Hours Labor	$50	$200	
	TOTAL					$1,586
Site 148R						
	Grout	916	Feet	$3	$2,748	
	Regrading	2	Hours D6 dozer	$110	$220	
	Seed	4	Pounds Seed	$4	$16	
	Mulch	10	Straw Bales	$10	$100	
	Seed Labor	4	Hours Labor	$50	$200	
	TOTAL					$3,284
746-1						
	Grout	830	Feet	$3	$2,490	
	Regrading	2	Hours D6 dozer	$110	$220	
	Seed	4	Pounds Seed	$4	$16	
	Mulch	10	Straw Bales	$10	$100	
	Seed Labor	4	Hours Labor	$50	$200	
	TOTAL					$3,026

TOTAL PROJECT ESTIMATED RECLAMATION COST **$38,687**