
Cliffs Natural Resources to exercise right of first refusal and acquire 73.2pct interest in Wabush Mines

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Cliffs Natural Resources Inc announced that it plans to exercise its right of first refusal and acquire US Steel Canada's 44.6% interest and ArcelorMittal Dofasco's 28.6% interest in the Wabush Mines joint venture.

On October 9th 2009, Consolidated Thompson Iron Mines Ltd announced an agreement with Wabush Mines' other two joint venture partners, US Steel Canada and ArcelorMittal Dofasco, to acquire their interests for approximately USD 88 million in cash.

Under the terms of the Wabush Mines partnership, Cliffs has a right of first refusal to acquire each of US Steel Canada's and ArcelorMittal Dofasco's interest.

By exercising its right of first refusal, Cliffs is entitled to receive the same terms and conditions contained in the agreement with Consolidated Thompson and thus increase its ownership stake of Wabush Mines to 100%.

With Wabush Mines' 5.5 million tons of rated capacity, acquisition of the 73.2% will increase Cliffs' North American Iron Ore rated equity production capacity by approximately 4.0 million tons.

Cliffs indicated that, since Wabush Mines began operation in 1965, Cliffs has been the managing partner, and, as a result, the transaction carries no integration risk. In addition, Cliffs is thoroughly familiar with the unique attributes, opportunities and challenges of Wabush Mines' assets, including the ore body and transportation system. The Company has approximately 770 employees at Wabush Mines and the hourly workforce is represented by The United Steelworkers.

Mr Donald J Gallagher, Cliffs Natural Resources' president, North American business unit, said "Cliffs is enthusiastic about the opportunity to own 100% of Wabush Mines. Our commercial team has had great success marketing the blast furnace pellets produced there to a diverse customer set, including steelmakers in North America, Europe and Asia. Wabush also has an excellent operating team that understands how to run mines and a dedicated and skilled workforce."

At Dec. 31, 2008, Wabush Mines had 75 million tons of proven reserves (iron ore pellet equivalent) and over the previous five years has produced between 3.8 million and 5.2 million tons of iron ore pellets annually. It produced 4.2 million tons of pellets in 2008. Wabush Mines includes the Scully Iron Ore Mine near Wabush, Newfoundland, Labrador; the pellet plant and port facilities at Point Noire, Quebec; and integrated rail facilities. In addition, Wabush Mines owns an equity position in an electricity generation utility in Newfoundland that provides power for its mining operations.

Completion of the transaction is subject to a number of conditions, including receipt of requisite regulatory approval and the execution of definitive agreements. Closing is expected to occur in the fourth quarter of 2009.

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