IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MINNESOTA

In re:	§	**Chapter 11**
	§	
	§	**Case No. 18-50378**
ERP IRON ORE, LLC.[1]	§	
	§	
	§	
Debtor.	§	

ERP IRON ORE, LLC'S
DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION
DATED AUGUST 10, 2018

Ravich, Meyer, Kirkman, McGrath, Nauman & Tansey, P.A.
Will R. Tansey
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ATTORNEYS FOR ERP IRON ORE, LLC

[1] The last four digits of the Debtor's federal tax identification number is 81-3609690. The corporate address of the Debtor is ERP Iron Ore, LLC, 7908 US Highway 169, Suite B, Bovey, MN 55709.

THIS IS NOT A SOLICITATION OF VOTES ON THE PLAN. VOTES MAY NOT BE SOLICITED UNTIL THE BANKRUPTCY COURT HAS APPROVED A DISCLOSURE STATEMENT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT.

DISCLAIMER

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY ORDER OF THE BANKRUPTCY COURT AS CONTAINING INFORMATION OF A KIND, AND IN SUFFICIENT DETAIL, TO ENABLE HOLDERS OF CLAIMS OR INTERESTS AGAINST THE DEBTOR TO MAKE AN INFORMED JUDGMENT IN VOTING TO ACCEPT OR REJECT OR CONSENT TO OR OBJECT TO CONFIRMATION OF THE PLAN. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION OR RECOMMENDATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN, THE EXHIBITS ANNEXED TO THIS DISCLOSURE STATEMENT, AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTOR BELIEVES THAT THESE SUMMARIES ARE FAIR AND ACCURATE AND PROVIDE ADEQUATE INFORMATION WITH RESPECT TO THE DOCUMENTS SUMMARIZED, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF, OR ARE INCONSISTENT WITH, SUCH DOCUMENTS. FURTHERMORE, ALTHOUGH THE DEBTOR HAS MADE EVERY EFFORT TO BE ACCURATE, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN THE SUBJECT OF AN AUDIT OR OTHER REVIEW BY AN ACCOUNTING FIRM. IN THE EVENT OF ANY CONFLICT, INCONSISTENCY, OR DISCREPANCY BETWEEN THE TERMS AND PROVISIONS IN THE PLAN, THIS DISCLOSURE STATEMENT, THE EXHIBITS ANNEXED TO THIS DISCLOSURE STATEMENT, OR THE FINANCIAL INFORMATION INCORPORATED HEREIN OR THEREIN BY REFERENCE, THE PLAN SHALL GOVERN FOR ALL PURPOSES. ALL HOLDERS OF CLAIMS OR INTERESTS SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE MAKING ANY DECISIONS REGARDING THE PLAN.

THE STATEMENTS AND FINANCIAL INFORMATION CONTAINED HEREIN HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN, UNLESS SO SPECIFIED. ALTHOUGH THE DEBTOR HAS MADE AN EFFORT TO DISCLOSE WHERE CHANGES IN PRESENT CIRCUMSTANCES COULD REASONABLY BE EXPECTED TO AFFECT MATERIALLY THE RECOVERY UNDER THE PLAN, THIS DISCLOSURE STATEMENT IS QUALIFIED TO THE EXTENT CERTAIN EVENTS DO OCCUR.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE NON-

BANKRUPTCY LAW. PERSONS OR ENTITIES HOLDING OR TRADING IN OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED.

IN ACCORDANCE WITH THE BANKRUPTCY CODE, THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

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I. INTRODUCTION

A. Overview of Chapter 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code pursuant to which a debtor may reorganize its business for the benefit of its creditors, equity holders, and other parties in interest. On May 25, 2018, (the "Petition Date"), Glacier Park Iron Ore Properties LLC, Chester Company Limited, HT Surface and Mineral LLC and Allete, Inc. d/b/a Minnesota Power (the "Petitioning Creditors") filed an involuntary petition against ERPI under Chapter 7 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Minnesota, thereby commencing this case, administered as *In re ERP Iron Ore, LLC*. Case No. 18-50378. On July 17, 2018, ERPI converted the case to a case under Chapter 11 of the Bankruptcy Code.

The commencement of a Chapter 11 case creates an estate comprising all the legal and equitable interests of a debtor in property as of the date the petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a "debtor in possession" unless the bankruptcy court orders the appointment of a trustee. Since the Petition Date, the Debtor has continued to operate it business as debtor and debtor in possession under sections 1107(a) and 1108 of the Bankruptcy Code.

The filing of a Chapter 11 petition triggers the automatic stay provisions of the Bankruptcy Code. Section 362 of the Bankruptcy Code provides, among other things, for an automatic stay of all attempts by creditors or other third parties to collect prepetition claims from the debtor or otherwise interfere with its property or business. Exempted from the automatic stay are governmental authorities seeking to exercise regulatory or policing powers. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the effective date of a confirmed Chapter 11 plan.

The formulation of a Chapter 11 plan is the principal purpose of a chapter 11 case. The plan sets forth the means for satisfying claims against and interests in a debtor's estate. Unless a trustee is appointed, only a debtor may file a plan during the first 120 days of a chapter 11 case (the "Filing Period"), and the debtor will have 180 days to solicit acceptance of such plan (the "Solicitation Period" and, together with the Filing Period, the "Exclusive Periods"). However, section 1121(d) of the Bankruptcy Code permits the bankruptcy court to extend or reduce the Exclusive Periods upon a showing of "cause." The Filing Period and Solicitation Period may not be extended beyond 18 months and 20 months, respectively, from the date of the entry of the order for relief. No other creditor or party in interest may file a plan during the Exclusive Periods.

B. Chapter 11 Plan

A Chapter 11 plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of a debtor's assets. In either event, upon confirmation of the plan, the plan becomes binding on the debtor and all of its creditors and equity holders, and the prior obligations owed by the debtor to such parties are compromised and

exchanged for the obligations specified in the plan. For a description of key components of the Plan, see "Overview of the Plan of Reorganization" below.

After a Chapter 11 plan has been filed, the holders of impaired claims against and equity interests in a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires the debtor to prepare and file a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. This Disclosure Statement is presented to holders of Lighthouse Secured Claims, and General Unsecured Claims against the Debtor to satisfy the requirements of section 1125 of the Bankruptcy Code in connection with the Debtor's solicitation of votes on the Plan.

C. Confirmation of a Chapter 11 Plan

If all classes of claims and equity interests accept a Chapter 11 plan, the bankruptcy court may confirm the plan if the bankruptcy court independently determines that the requirements of section 1129(a) of the Bankruptcy Code have been satisfied. **The Debtor believes that the Plan satisfies all the applicable requirements of section 1129(a) of the Bankruptcy Code**.

Chapter 11 of the Bankruptcy Code does not require that each holder of a claim or interest in a particular class vote in favor of a plan for the bankruptcy court to determine that the class has accepted the plan.

In addition, classes of claims or equity interests that are not "impaired" under a Chapter 11 plan are conclusively presumed to have accepted the plan and thus are not entitled to vote. Furthermore, classes that are to receive no distribution under the plan are conclusively deemed to have rejected the plan. Accordingly, acceptances of a plan will generally be solicited only from those persons who hold claims or equity interests in an impaired class. **Only Classes 5 and 6 are entitled to vote on the Plan**.

In general, a bankruptcy court also may confirm a chapter 11 plan even though fewer than all the classes of impaired claims against and equity interests in a debtor accept such plan. For a chapter 11 plan to be confirmed, despite its rejection by a class of impaired claims or equity interests, the plan must be accepted by at least one class of impaired claims (determined without counting the vote of insiders) and the proponent of the plan must show, among other things, that the plan does not "discriminate unfairly" and that the plan is "fair and equitable" with respect to each impaired class of claims or equity interests that has not accepted the plan. See "Confirmation and Consummation Procedures – Cramdown." The Plan has been structured so that it will satisfy the foregoing requirements as to any class that has rejected or is deemed to reject the Plan.

II. OVERVIEW OF THE PLAN AND DISCLOSURE STATEMENT

A. The Disclosure Statement

The Debtor, ERP Iron Ore, LLC, hereby submits this *Disclosure Statement* (the "Disclosure Statement") for the Debtor's *Chapter 11 Plan of Reorganization* dated August 10, 2018 (the "Plan"), a copy of which is attached as **Exhibit A**. This Disclosure Statement is to be

used in connection with the solicitation of votes on the Plan. In the event of any inconsistency between this Disclosure Statement and the Plan, the terms of the Plan shall govern and such inconsistency shall be resolved in favor of the Plan. Capitalized terms in this Disclosure Statement shall have the same meaning in the Plan.

The purpose of this Disclosure Statement is to enable Creditors and Equity Interest Holders whose Claims or Equity Interests are Impaired under the Plan to make an informed decision in exercising their right to accept or reject or to object to or support the Plan.

B. The Plan of Reorganization.

The Plan provides for the reorganization of the Debtor through the following principle means: (1) the Minnesota Sale(s) of the Debtor's Minnesota Assets to pay off secured creditors, (2) bringing in the Plan Investment to recapitalize and operate the Indiana Assets and (3) a sale of new equity interests either - (i) to the Plan Sponsor through an already negotiated and executed Plan Support Agreement or (ii) to a Topping Party who is financially and operationally qualified through another transaction - to pay creditors and fund the Liquidating Trust and the Reorganized Debtor's operations going forward. The Debtor through its Independent Director, Chief Executive Officer, investment banker and counsel also reserves the right to consider alternative transactions which may be presented to the Debtor.

The Debtor and its representatives have been pursuing a strategy of seeking additional capital to complete repairs and necessary upgrading at the Indiana Plants and/or seeking to engage in some other transaction to maximize value for creditors. To that end, the Debtor has:

(i) hired the Investment Banker to conduct the Minnesota Sales to market and sell the Minnesota Assets, including the Minnesota Plants; and

(ii) engaged in negotiations with the Plan Sponsor and executed; the DIP Credit Agreement, approved by the Court, with the Plan Sponsor providing DIP Financing; and engaged in extensive negotiations with the Plan Sponsor on the Plan and Reorganization Transaction, subject to a Topping Proposal, consisting of the sale and issuance of new equity interests in the Reorganized Debtor.

The combination of the Minnesota Sales and the Reorganization Transaction is the best outcome for all Creditors. Pending closings, all Allowed Administrative Claims will be paid in full. Class 1 Claims (Priority Employee Claims) have been or will be paid in full. Class 2 Claims (which are Plant 4 M&M Claims) will be paid in full. Class 3 Claims (which are Progress Rail Secured Claims held by Progress Rail, Inc.) will be paid in full. Class 4 (which are the Noteholder Secured Claims) will be paid in full. Class 5 Claims (which are Lighthouse Secured Claims) will be satisfied through Cash distributions and a Replacement Note paid out over five years on quarterly basis at 3% interest. Class 6 Claims (General Unsecured Claims) will be paid Pro Rata from a trust funded by the Liquidation Trust Funding (part of the Plan Investment) in the amount of $25,000 that will pursue certain Avoidance Actions and if Class 6votes in favor of the Plan, will also receive their pro rata share of $1,000,000 of cash which would be contributed by the Plan Sponsor for the benefit of Class 6. Class 7 Claims (Insider

Claims) will not be paid under this Plan. Class 8 Claims (Equity Interests) will have their interests cancelled and receive no distribution under this Plan.

To effectuate the Plan, the Debtor negotiated the DIP Credit Agreement providing for the funding necessary to fund the bankruptcy case through consummation of the Minnesota Sales and the Plan. In sum, a significant amount of time and resources have been spent negotiating the Plan and its underlying transactions, to maximize value for creditors in an efficient and expeditious process while being entirely transparent to creditors about the outcome and options.

The Liquidating Trust will be funded with $25,000 in Cash from the Plan Investment for administrative purposes and for any other use as determined by the Liquidating Trustee. **IT IS UNCERTAIN WHAT UNSECURED CREDITORS WILL RECEIVE, IF ANYTHING, FROM THE PROSECUTION OF THE VESTED CAUSES OF ACTION. IF PROSECUTION OF THE VESTED CAUSES OF ACTION FAILS TO YIELD SUBSTANTIAL NET PROCEEDS, GENERAL UNSECURED CREDITORS WILL LIKELY RECEIVE LIMITED OR NO RECOVERIES UNDER THIS PLAN.**

The Plan provides for the DIP Loan Claim to be satisfied by the Effective Date via either a credit towards the Investment or rolled into a subordinate convertible secured note, or payment of the DIP Loan Claim from the Proceeds of a successful Topping Proposal.

The Debtor will issue and distribute a Plan Supplement that contains the following: (1) the Plan Investment Agreements; (2) the Liquidating Trust Agreement; (3) the Amended and Restated Operating Agreement, (4) the designation of the Reorganized Debtor's members and directors, (5) the Replacement Note, and (6) any other documents included in a filing by the Debtor designated as a supplement to the Plan, to be Filed on or before seven (7) days prior to the Voting Deadline and which may be amended from time to time.

The Plan classifies all Claims and Equity Interests of the Debtor into 8 Classes. The following table summarizes the classification and treatment afforded under the Plan as further described in Article V of this Disclosure Statement. Any recoveries projected below are estimates based upon consummation of the Plan and Investment.

2. Summary of Classification and Treatment of Claims and Equity Interests

Class	Claim	Status	Voting Rights	Estimated Maximum Amount of Allowed Claims	Percentage Recovery
N/A	Administrative Claims	Unimpaired	Not Entitled to Vote	$750,000	100%
1	Priority Employee Claims	Unimpaired	Deemed to Accept	$0	100%.

Class	Claim	Status	Voting Rights	Estimated Maximum Amount of Allowed Claims	Percentage Recovery
2	Plant 4 M&M Claims	Unimpaired	Deemed to Accept	$20.2 million	100% of the value of collateral
3	Progress Rail Secured Claims	Unimpaired	Deemed to Accept	$3.5 - $5 million	100% of Secured Claim up to $5 million.
4	Noteholder Secured Claims	Unimpaired	Deemed to Accept	$15.5 million	100%
5	Lighthouse Secured Claims	Impaired	Entitled to Vote	$30.7 million, minus the amount of Claims in Class 2	Undetermined. Up to [75]% estimated. Treatment varies depending on whether Class 5 votes to accept the Plan.
6	General Unsecured Claims	Impaired	Entitled to Vote	$30 - $50 million (inclusive of rejection damages claims)	Undetermined. Up to [4]% estimated. Pro rata recovery from proceeds of certain Avoidance Actions and if Class 6 votes in favor of the Plan, pro rata distribution of an additional $1,000,000 contributed by the Plan Sponsor.
7	Insider Claims	Impaired	Deemed to Reject	N/A	No distribution.
8	Equity Interests	Impaired	Deemed to Reject.	N/A	No distribution.

The Debtor believes that any alternative to confirmation of the Plan, such as conversion to a Chapter 7 case under the Bankruptcy Code or attempts by another party in interest to file a plan, would result in significant delays, litigation, costs, and/or impaired recoveries. As discussed below, the value of the Debtor's assets in a disorganized Chapter 7 liquidation is substantially less and exceeded by the amount of its secured liabilities. In addition, fees and expenses of administration would be expected to create administrative expense claims in excess

of general unsecured creditor recoveries in a Chapter 7 liquidation, so without the financing provided by the DIP Credit Agreement general unsecured creditors are unlikely to get a distribution in a Chapter 7 liquidation. At present, there is no specific financing facility available for any bankruptcy trustee to finance administering a bankruptcy case. Thus, any recovery to unsecured creditors from a Chapter 7 liquidation would be unlikely. Moreover, the Debtor believes that holders of Allowed Claims will receive greater and earlier recoveries under the Plan than those that would be achieved pursuant to a converted Chapter 7 case or under an alternative plan. **FOR THESE REASONS THE DEBTOR URGES YOU TO RETURN YOUR BALLOT "ACCEPTING" THE PLAN.**

C. Voting And Confirmation Procedures

1. Ballots

If voting for or against the Plan, please use only the ballot or ballots sent to you with this Disclosure Statement. Votes cast to accept or reject the Plan will be counted by Class.

Please read the voting instructions on the ballot for a thorough explanation of the voting procedures.

IF YOU BELIEVE THAT YOU ARE A HOLDER OF A CLAIM IN A VOTING CLASS FOR WHICH YOU DID NOT RECEIVE A BALLOT, IF YOUR BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE QUESTIONS CONCERNING VOTING PROCEDURES, PLEASE CONTACT DEBTOR'S COUNSEL RAVICH MEYER KIRKMAN MCGRATH NAUMAN & TANSEY P.A. AT (612) 332-8511. COUNSEL FOR THE DEBTOR CANNOT PROVIDE YOU WITH ANY LEGAL ADVICE.

If you are entitled to vote to accept or reject the Plan, a ballot is enclosed for purposes of voting on the Plan. If you hold claims in more than one Class and you are entitled to vote Claims in more than one Class, you will receive separate ballots that must be used to vote in each separate Class.

FACSIMILE, E-MAIL, OR ELECTRONICALLY TRANSMITTED BALLOTS WILL NOT BE ACCEPTED.

A ballot that does not indicate an acceptance or rejection of the Plan will not be counted either as a vote to accept or a vote to reject the Plan. If you cast more than one ballot voting the same Claim before the voting deadline, the last ballot received before the voting deadline will supersede all prior ballots. In addition, you may not split your votes for your Claims within a particular Class under the Plan. Therefore, a ballot within a given Class received from a single creditor that partially rejects and partially accepts the Plan will not be counted. You may not change your vote after the voting deadline passes without the consent of the Debtor.

To be counted, completed ballots must be mailed to the clerk of the Bankruptcy Court at the following address:

Office of the Clerk of the Court
U.S. Bankruptcy Court District of Minnesota

404 Gerald W. Heaney Federal Building and
United States Courthouse and Customhouse
515 West First Street
Duluth, MN 55802

2. Importance of Your Vote

Your vote is important. The Bankruptcy Court defines acceptance by a Class of Claims as acceptance by holders of at least two-thirds in amount and a majority in number of Allowed Claims in the Class that Vote.

Only those Creditors who actually vote are counted for purposes of determining whether a class voted to accept the Plan. Your failure to vote will leave to others the decision to accept or reject the Plan.

III. GENERAL INFORMATION ABOUT THE DEBTOR AND THE BANKRUPTCY CASE

A. Formation, Business and Events Leading to Bankruptcy Filing

The Debtor is a Virginia limited liability company formed to acquire the assets of Magnetation LLC and certain of its affiliates. Those entities stopped operating their facilities by October 2016. In December of 2016, ERPI entered into an agreement to purchase certain assets from Magnetation LLC and certain of its affiliated entities (the "Mag Debtors") out of their bankruptcy proceeding, which was pending in the United States Bankruptcy Court for the District of Minnesota (the "Mag Bankruptcy") pursuant to the terms of that certain Asset Purchase Agreement (the "Mag APA").[2]

On December 21, 2016, the Bankruptcy Court approved the sale of the Mag Debtors' assets to ERPI pursuant to the terms of that certain sale order (the "Mag Sale Order"). Pursuant to the terms of the Mag APA, ERPI purchased, among other things, certain mining facilities including the Minnesota Plants and the Reynolds Plant. ERPI acquired the Mag Debtors' business with the express goal of developing and operating the plants.

Subsequently, ERPI's affiliate Chippewa Capital Partners, LLC ("Chippewa") served as the plan sponsor for, Mesabi Metallics Company LLC ("Mesabi"), during its bankruptcy proceeding in the United States Bankruptcy Court for the District of Delaware.[3]

In June of 2017, the Delaware Bankruptcy Court confirmed Mesabi's Third Amended Chapter 11 Plan of Reorganization naming Chippewa as plan sponsor. On December 22, 2017, Mesabi's plan went effective.

ERPI and Chippewa acquired both businesses with the express goal of developing and operating the companies as a combined mining operation. The Mesabi facilities are nearby the

[2] Case Number 15-50307
[3] Case Number 16-11626

Minnesota Plants and ERPI's goal was to take the concentrate produced in Minnesota and ship it to the Reynolds Plant in Indiana for pellet production.

ERPI and reorganized Mesabi have worked tirelessly over the last 18 months to develop and restart the mining facilities in Minnesota and Indiana. Shareholders of ERPI and Chippewa have invested hundreds of millions of dollars in order to do so and garnered the support of Governor Dayton, of Minnesota, the Minnesota Department of Natural Resources, the Iron Ore Range Delegation, the Iron Range Resources and Rehabilitation Board, White County, Indiana, various mineral lessors, countless numbers of contractors and mechanics lien holders and many other state, county and local officials.

Those efforts did not lead to the restart of the plants since their acquisition from the Mag Debtors', however. Since closing the Mag APA, ERPI has learned that the Reynolds Plant was not in compliance with certain environmental regulations prior to its shutdown by the Mag Debtors and that it would cost nearly $20 million to get the that plant into environmental compliance. This is evidenced by the EPA's motion for payment of $28 million of fines as administrative expense claims for air emissions violations against the Mag Debtors in their first bankruptcy proceeding before this Court just a few months ago. These factors have significantly increased the costs associated with bringing the ERPI Facilities online and caused ERPI significant delay and cost.

In addition, outside funding that ERPI had expected to receive in the spring of 2018 never materialized. Specifically, in April of 2018, Chippewa was contractually entitled to receive a capital contribution in excess of $75 million from its member, Nubai Global Investment Limited ("Nubai"). Nubai was to provide a total of $250 million of funding to Chippewa, $45 million of which was intended to repay ERPI's secured debt (the "April Funding") for the benefit of both Mesabi and ERPI in exchange for membership interests in both companies.

Once all of its secured debts were satisfied, and its assets unencumbered, ERPI would then integrate its operations with those of Mesabi and pledge its assets to Mesabi's noteholders, as required by Mesabi's plan of reorganization and Fixed Rate Junior Secured Notes Indenture, dated December 22, 2017 (as amended, modified and supplemented from time to time, the "Mesabi Indenture").

Nubai, however, failed to provide the April Funding despite repeated requests and disputes any funding amount is owed. As a result, ERPI was not able to satisfy the obligations and liabilities it assumed from the Mag Bankruptcy. ERPI's inability to satisfy certain payment obligations resulted in the Petitioning Creditors' filing the involuntary petition on May 25, 2018. Since that time, ERPI has secured debtor in possession financing and seeks to reorganize around a smaller asset base while selling its assets through a marketing process to repay secured creditors.

IV. SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE

A. Involuntary Petition and Motions Filed

On the Petition Date, the Petitioning Creditors filed an involuntary petition against ERPI under chapter 7 of the Bankruptcy Code in the Bankruptcy Court commencing this case. Despite

having obtained the Petitioning Creditors' consent to dismiss the involuntary petition, other creditors objected to dismissal. Upon further analysis, ERPI instead decided to convert the case to Chapter 11. On July 16, 2018, the Debtor filed a Consent to Order for Relief and a Conversion of Case pursuant to sections 348 and 706(a) of the Bankruptcy Code and Local Rule 1019-1, converting the case from a case under chapter 7 of the Bankruptcy Code to a case under chapter 11 of the Bankruptcy Code. On July 17, 2018, the Bankruptcy Court entered the Order for Relief.

Also on July 17, 2018, the Debtor filed the Notice of Hearing and Motion of the Debtor for Order Under 11 U.S.C. §§ 105(a), 362, 363, 364 and 507 (i) Approving Post-Petition Financing, (ii) Granting Liens and Providing Superpriority Administrative Expense Status, and (iii) Granting Related Relief to obtain Bankruptcy Court approval of the DIP Financing to fund the case.

The DIP Financing Claims are secured by, among other things, first priority perfected liens and security interests in all of the Debtor's unencumbered assets, and junior perfected liens and security interests in all of the Debtor's assets that are subject to valid, perfected, and uncontested prepetition liens.

On August 7, 2018, the Court entered the Final DIP Order permitting the Debtor to borrow up to $2 million in post petition financing.

On July 19, 2018, the Debtor filed the Notice of Hearing and Motion for Expedited Hearing for Authority to Reject Executory Contracts and Unexpired Leases. This motion serves to reject contracts unnecessary to the Restructuring proposed under the Plan while still retaining the contracts needed to run a going concern sale process, all funded by the DIP Financing. To effectuate such sale process, the Debtor is filing a Motion to Retain Jefferies LLC as its investment banker to run the sale process.

On July 20, 2018, the Debtor filed the Notice of Hearing and Motion for an Order (I) Granting an Expedited Hearing and (II) Modifying the Bar Dates for Filing Proofs of Claim. The Bankruptcy Court has entered an order setting the date by which proofs of claim must be received from each Person or entity, other than any Governmental Unit, in respect of any prepetition claim as September 21, 2018 and October 19, 2018 with respect to Governmental Units.

V. THE CHAPTER 11 PLAN

A. Summary of Classification and Treatment of Claims and Equity Interests

Class	Claim	Status	Voting Right
N/A	Administrative	Unimpaired	Not Entitled to Vote
1	Priority Employee Claims	Unimpaired	Deemed to Accept
2	Plant 4 M&M Claims	Unimpaired	Deemed to Accept
3	Progress Rail Secured Claims	Unimpaired	Deemed to Accept

Class	Claim	Status	Voting Right
4	Noteholder Secured Claims	Unimpaired	Deemed to Accept
5	Lighthouse Secured Claims	Impaired	Entitled to Vote
6	General Unsecured Claims	Impaired	Entitled to Vote
7	Insider Claims	Impaired	Not Entitled to Vote
8	Equity Interests	Impaired	Not Entitled to Vote

B. Plan Classification, Treatment and Voting

1. ***Administrative Claims***. Allowed Administrative Claims are not Classified, and the Debtor estimates the aggregate of Allowed Administrative Claims to be approximately $[750,000]. Allowed Administrative Claims are Claims against the Debtor constituting a cost or expense of administration of this Bankruptcy Case under Bankruptcy Code § 503(b), including any actual and necessary costs and expenses of preserving the Estate, actual and necessary costs and expenses of operating the Debtor's businesses and properties, and any allowance of compensation and reimbursement of expense of Professionals as determined by the Bankruptcy Court and contemplated under the Plan. The Bankruptcy Code does not require Administrative Claims to be Classified under a plan. It does, however, require that Allowed Administrative Claims be paid in full in Cash in order for a plan to be confirmed, unless the Holder of such Claim otherwise consents.

   The Debtor intends to (i) pay all Allowed Administrative Claims in full on or by the Effective Date in Cash, or as soon as practicable after, as applicable; or (ii) provide such other treatment as may be agreed upon with the Holder of such DIP Loan Claim, on the one hand, the Debtor or, as applicable, the Reorganized Debtor, on the other hand. Administrative Claimants are not entitled to vote, and the Debtor will not be soliciting votes from Administrative Claimants.

   Notwithstanding anything to the contrary, Allowed Administrative Expenses related to the Debtor's ordinary course of business (including amounts owed to vendor and suppliers that have sold goods or performed services after the Petition Date) will be paid by the Debtor during the Case in accordance with the terms and conditions of the particular transactions and any agreement or Bankruptcy Court order otherwise.

2. ***Class 1 – Priority Employee Claims***. Class 1 comprises the Priority Employee Claims, and the Debtor believes there are no Priority Employee Claims. Priority Employee Claims are Claims asserted by Employees of the Debtor entitled to Priority under Bankruptcy Code § 507. Each Holder of an Allowed Class 1 Claim shall receive, in full and final satisfaction of such Allowed Class 1 Claim on or as soon as practicable following the Effective Date: (i) Cash equal to the Allowed amount of such Priority Employee Claim; or (ii) such other treatment as may be agreed upon with the Holder of such Priority Employee Claim between the Holder of such Claim, on the one hand, and

the Plan Sponsor and the Debtor, or the Reorganized Debtor (as applicable), on the other hand. The Debtor will not be soliciting votes from Class 1.

3. ***Class 2 – Plant 4 M&M Claims.*** Class 2 comprises the Plant 4 M&M Claims, and the Debtor estimates the aggregate of Plant 4 M&M Claims to be approximately $[20.2] million. Plant 4 M&M Claims are those Persons who Hold a Claim for a mechanic or materialman's work on Plant 4 and for which such Claim is governed, secured and perfected under Minn. Stat. Ann. § 514.01, *et. seq*. Plant 4 M&M Claims will be satisfied by distribution from the Plant 4 Proceeds calculated on the amount of the Allowed Class 2 Claim pursuant to the Plant 4 Escrow Order, on a Pro Rata basis, if applicable. Allowed Class 2 Claimants shall be paid from the Plant 4 Escrow according to the Plant 4 Escrow Order. Any such payment shall reduce the recovery to Class 4 on a dollar for dollar basis. The Plant 4 Escrow means the escrow account where the Debtor will place the Plant 4 Proceeds, and where all Liens which attached to the assets sold in the Plant 4 Sale will attach in same validity, extent and priority to the Plant 4 Proceeds (as will ultimately be determined by the Bankruptcy Court). The Debtor will not be soliciting votes from Class 2.

4. ***Class 3 – Progress Rail Secured Claims***. Class 3 comprises the Progress Rail Secured Claims, and the Debtor estimates the aggregate of Progress Rail Secured Claims to be up to, but not exceed $5 million in the aggregate, on or as soon as practicable following the Effective Date. The Progress Rail Secured Claims will be satisfied from (i) (x) Cash Collateral pursuant to the Cash Collateral Order, plus (y) Cash from the Minnesota Sale Proceeds, except for Plant 4 Proceeds, together equal to such Allowed amount of such Progress Rail Secured Claim; or (ii) such other treatment as may be agreed upon with the Holder of such Allowed Progress Rail Secured Claim, on the one hand, and the Plan Sponsor and Debtor or, as applicable, the Reorganized Debtor, on the other hand. Class 3 shall be paid from: (i) first, from Cash Collateral pursuant to the Cash Collateral Order; (ii) second, from Minnesota Sale Proceeds from all Minnesota Sales other than Plant 4 Proceeds; (iii) third, after all distributions pursuant to (i)-(ii), from the Plan Investment. The Debtor will not be soliciting votes from Class 3.

5. ***Class 4 – Noteholder Secured Claims.*** Class 4 comprises the Noteholder Secured Claims, and the Debtor estimates the aggregate of Noteholder Secured Claims to be approximately $[15.5] million. The Noteholder Secured Claimants shall receive, in full satisfaction of such Noteholder Secured Claims, on or as soon as practicable following the Effective Date (i) Cash equal to the Allowed amount of such Noteholder Secured Claim; or (ii) such other treatment as may be agreed upon with Wilmington Savings Fund Society, FSB, on the one hand, and the Plan Sponsor and Debtor or, as applicable, the Reorganized Debtor, on the other hand. Class 4 shall be paid: (i) first, from Cash Collateral pursuant to the Cash Collateral Order; (ii) second, from Minnesota Sale Proceeds from all Minnesota Sales other than Plant 4 Proceeds, after Progress Rail Secured Claims have been paid in full in Cash; (iii) third, from the Plant 4 Escrow from all Plant 4 Sales according to the Plant 4 Escrow Order; and (iv) fourth, after all distributions pursuant to (i)-(iii), from the Plan Investment. The Debtor will not be soliciting votes from Class 4.

6. ***Class 5 – Lighthouse Secured Claims***. Class 5 comprises the Lighthouse Secured Claims, and the Debtor estimates the aggregate of Lighthouse Secured Claims to be approximately $[30.7] million minus any recovery to Class 2. Lighthouse Secured Claims are held by Lighthouse Management Group, Inc. as Administrative Agent for the benefit of the Lighthouse Secured Claimants.

In the event Class 5 votes to accept the Plan, Lighthouse Management Group, Inc. as agent for the Lighthouse Secured Claimants, to the extent its Lighthouse Secured Claims become an Allowed Class 5 Claim, shall receive, in full and final satisfaction of such Allowed Class 5 Claim payment (i) in Cash equal to 75% of the amount of the Allowed Class 5 Claim minus any distributions that have or may be made to Holders of Class 2 Claims, on or as soon as practicable following the Effective Date, or (ii) such other treatment as may be agreed upon with Lighthouse Management Group, Inc., on the one hand, and the Plan Sponsor and Debtor or, as applicable, the Reorganized Debtor, on the other hand. In the event Class 5 votes to accept the Plan, Allowed Class 5 Claims shall be paid (i) first, from Minnesota Sale Proceeds from all Minnesota Sales except for Plant 4 Proceeds, after Class 3 and Class 4 are paid in full in Cash; (ii) second, from Plant 4 Proceeds from all Plant 4 Sales according to the Plant 4 Escrow Order; and (iii) third, after all distributions pursuant to (i)-(ii), from the Plan Investment.

In the event Class 5 does not vote to accept the Plan, Lighthouse Management Group, Inc. as agent for the Lighthouse Secured Claimants, to the extent its Lighthouse Secured Claims become an Allowed Class 5 Claim, shall receive, in full and final satisfaction of such Allowed Class 5 Claim payment (i) (1) in Cash and a Replacement Note as outlined in the following sentence, on or as soon as practicable following the Effective Date, or (ii) such other treatment as may be agreed upon with Lighthouse Management Group, Inc., on the one hand, and the Plan Sponsor and Debtor or, as applicable, the Reorganized Debtor, on the other hand. In the event Class 5 does not vote to accept the Plan, Allowed Class 5 Claims shall be paid (i) from Minnesota Sale Proceeds from all Minnesota Sales except for Plant 4 Proceeds, after Class 3 and Class 4 are paid in full in Cash; (ii) from Plant 4 Proceeds from all Plant 4 Sales according to the Plant 4 Escrow Order, and (iii) with a Replacement Note Amount satisfied through the issuance and payments on the Replacement Note according to its terms.

The Replacement Note shall be secured by the Reynolds Plant, with lien and payment priority junior to any debt financing Plan Investment, and have a five year term, accrue interest at 3%, and pay principal and interest quarterly. The Debtor will be soliciting votes from Class 5.

7. ***Class 6*** – ***General Unsecured Claims***. Class 6 comprises the General Unsecured Claims, and the Debtor estimates the aggregate of General Unsecured Claims to be approximately $[30 - $50] million. General Unsecured Claims are any Claim that is not an Administrative Expense Claim, Priority Claim, Plant 4 M&M Claim, Progress Rail Secured Claim, Noteholder Secured Claim, Lighthouse Secured Claim, Insider Claim or Equity Interest. Each Holder of an Allowed Class 6 Claim shall receive, in full and final satisfaction of such Allowed Claim, Pro Rata rights to the Liquidating Trust Assets on or as soon as practicable following the Effective Date. The allowance and distributions

from the Liquidating Trust will be determined by the Liquidating Trustee, as otherwise governed by the Plan and the Liquidating Trust Agreement, subject to any order from the Bankruptcy Court. If Class 6 votes to accept the Plan, each Holder of an Allowed Class 6 Claim will also receive their Pro Rata portion of the Cash Contribution (which is $1,000,000). The Debtor will be soliciting votes from Class 6.

8. ***Class 7 – Insider Claims***. Class 7 comprises the Insider Claims. Insider Claims are Claims held by "Insiders" of the Debtor as defined by the Bankruptcy Code. Class 7 shall receive no distribution under the Plan. As such, Bankruptcy Code Section 1126(g) deems Class 7 Holders to have rejected the Plan, and no votes will be solicited.

9. ***Class 8 – Equity Interests***. Class 8 comprises the Equity Interests. No distributions shall be made under the Plan on account of any Equity Interest. As of the Effective Date, any and all Equity Interests are cancelled and deemed satisfied without any further notice or order. As such, Bankruptcy Code Section 1126(g) deems Class 8 Holders to have rejected the Plan, and no votes will be solicited.

C. Implementation of Plan

1. Negotiations Concerning the Plan

The Plan is the product of negotiations and discussions among the Debtor, and the Plan Sponsor, and consultation with certain key creditor constituencies. These negotiations pertain to, among other matters, the Classification and treatment of Claims, the compromise and settlement of disputes regarding the nature and amount of certain Claims, the form and amount of distribution to be disbursed on account of Allowed Claims, and other issues.

2. Reorganization of the Debtor

The Plan contemplates the Reorganization of the Debtor. On the Effective Date:

- the Debtor shall exist as the Reorganized Debtor;
- all assets of the Debtor shall vest in Reorganized Debtor unless liquidated, abandoned, sold, assigned, or designated pursuant to the Plan;
- all Retained Assets shall vest to the Reorganized Debtor free and clear of any and all Claims, Liens and Equity Interests, without the need for any further notice or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person or Entity; and
- The Reorganized Debtor shall continue to operate its business.

3. Minnesota Sales and Investment Banker

The Debtor has retained the Investment Banker to sell the Minnesota Assets, whose retention shall have been approved by the Bankruptcy Court. The Debtor will File motions

under Section 363 of the Bankruptcy Code before the Confirmation Hearing, seeking approval for the Minnesota Sales with the sales to close prior to the Effective Date of the Plan. Specifically, the Debtor intends to sell the following Minnesota Assets:

- Jessie Loadout
- Plant 1
- Plant 2
- Plant 4
- All other tangible assets in Minnesota that are not Indiana Assets

4. Reorganization Transaction and Plan Sponsor

The Plan Sponsor has submitted a bid to purchase the equity in the Reorganized Debtor. The consideration proposed is up to $50 million given under the DIP Credit Agreement and also the Plan Investment to be paid on the Effective Date. The definitive documents for that bid and the bidding procedures are still being finalized.

The Debtor will continue to seek and be open to a Topping Proposal for its equity or Assets, including allowing a third party to bargain for and obtain some or all of the protections offered the Plan Sponsor under the Plan.

5. Issuance of Equity of Reorganized Debtor

On the Effective Date, upon the terms and subject to the conditions set forth in the Plan, the Plan Support Agreement, and the Amended and Restated Operating Agreement, the Reorganized Debtor shall issue, sell and deliver to the Plan Sponsor or Topping Party (as applicable) all of the New Membership Interests. Notwithstanding the foregoing, the Plan Sponsor or Topping Party (as applicable) may, but is not required to, allow other Persons to acquire New Membership Interests, which may be separately classified, on the Effective Date under the Amended and Restated Operating Agreement and the Plan. If the following conditions are met, the participation of additional new members shall not constitute a material modification of the Plan that requires re-solicitation of the Plan, and a Holder of a Claim that has accepted the Plan shall be deemed to have accepted this Plan as modified if: (a) the aggregate Purchase Price of the New Membership Interests is not less than the consideration of the Plan Sponsorship Acquisition to the Debtor; (b) the identity of any person to acquire New Membership Interests on the Effective Date is disclosed; (c) any amendments to the Amended and Restated Operating Agreement are filed with the Bankruptcy Court; and (d) the Plan Sponsor or successful Topping Party, as applicable, acquires a majority equity interest in, or otherwise obtains operational control of, the Reorganized Debtor.

6. Mesabi Metallics Company LLC and its Creditors

Mesabi issued $300 million in Fixed Rate Junior Secured Notes pursuant to the Mesabi Indenture in December of 2017. ERPI was not a guarantor of, or otherwise obligated in respect

of, the Mesabi Indenture at closing, but was intended to become a guarantor, and pledge its assets in June of 2018 for the benefit of the Mesabi noteholders, once such assets were free and clear of the Secured Claims subject to treatment under the Plan. ERPI could not become a secured grantor, or otherwise obligated, to provide a secured guaranty of the Fixed Rate Junior Secured Notes pursuant to the Mesabi Indenture due to the existence of the Secured Claims. In order for ERPI to become a guarantor under the Mesabi Indenture, it would have needed to receive the April Funding referenced above so that it could pay off its secured creditors and remove liens encumbering its assets. Once free and clear of liens on account of secured indebtedness, ERPI intended to pledge those assets to Mesabi's noteholders pursuant to the notes guaranty referenced in the Mesabi Indenture and corresponding security agreement (the "Note Guarantee").

As noted, however, ERPI never received the April Funding and accordingly could not unencumber its assets so as to allow them to be pledged to Mesabi's noteholders. Demand has been made for payment of the April Funding on Nubai and Nubai has disputed any further funding is owed. As a result, the Note Guarantee contemplated by the Mesabi Indenture was never executed and never came into existence or created any obligation of ERPI such that Mesabi's noteholders never became creditors of ERPI. Also, given ERPI's pending Chapter 11 bankruptcy case, Wilmington Savings Fund Society, FSB, as trustee and collateral agent for the Mesabi noteholders (the "Agent"), cannot now take steps to cause ERPI to execute the Note Guarantee or otherwise create a claim against ERPI.

Should the Agent nonetheless assert a claim against ERPI on behalf of Mesabi noteholders, which ERPI would contest, the Agent could only assert a general unsecured claim which would receive treatment under Class 6 of the Plan. No security on assets of ERPI was ever granted in favor of the Agent on behalf of the Mesabi noteholders. Moreover, it was intended that the Note Guarantee be executed and any requisite security be provided only in June 2018, after receipt of the April Funding. The involuntary petition filed against ERPI on May 25, 2018 triggered the automatic stay and other Bankruptcy Code provisions that limited any ability to do so absent dismissal of the involuntary petition, which never occurred. Finally, given ERPI's pending Chapter 11 bankruptcy case, the Agent cannot now take steps to obtain or perfect on a security interest.

7. Section 1145 Exemption

Pursuant to section 1145 of the Bankruptcy Code, the issuance and allocation of shares of the New Membership Interests pursuant to the Plan shall be exempt from registration under the Securities Act of 1933 and any state or local law requiring registration for offer or sale of a security.

8. Company Action

Each of the matters provided for under the Plan or the Transaction Documents involving the company structure of the Debtor or Reorganized Debtor or any company action to be taken by, or required of, the Debtor or Reorganized Debtor shall be deemed to have occurred and be effective as provided in the Plan, and shall be authorized, approved and, to the extent taken prior

to the Effective Date, ratified in all respects without any requirement of further action by members, creditors, directors, offices or managers of the Debtor or the Reorganized Debtor.

9. Officers and Directors of Reorganized Debtor

On the Effective Date, each of the members of the existing board of directors and officers of the Debtor shall be deemed to have resigned in such capacity, and shall return all property of the Debtor in their possession to the Debtor or Reorganized Debtor on or before such date. The Plan Supplement will designate the members of the board of directors of the Reorganized Debtor. On the Effective Date, the officers and directors of the Reorganized Debtor will be appointed automatically without any requirement of further action by members, creditors, directors, or managers of the Debtor or the Reorganized Debtor. The officers and directors of the Reorganized Debtor will be identified in the Plan Supplement.

10. Binding Effect

On and after the Effective Date, the Plan shall bind all Holders of Claims and Equity Interests.

11. Releases, Exculpations and Excluded Actions

The Plan includes "Excluded Actions" that are Released through the Plan, including (i) (a) Claims against a Released Party that are (b) based in whole or in part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date, relating in any way to the Debtor, the Estate, the Bankruptcy Case, the DIP Credit Facility or the Plan or related to any act or omission in connection with, relating to, or arising out of the Bankruptcy Case, the formulation, preparation, dissemination, negotiation or filing of the Disclosure Statement or Plan, the DIP Credit Agreement, or any contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement, the Plan, the filing of the Bankruptcy Case, the pursuit of Confirmation and or consummation of the Plan and (c) other than actions or omissions that constitute reckless, willful misconduct or bad faith as determined by a Final Order by the Bankruptcy Court.

12. Preservation of Causes of Action

Unless otherwise expressly extinguished or assigned by the Plan, the Reorganized Debtor will retain all Causes of Action held by the Debtor arising both before and after the Petition Date. For the avoidance of doubt, the Reorganized Debtor will not retain Vested Causes of Action. Vested Causes of Action shall, on the Effective Date, automatically and irrevocably vest in the Liquidating Trust free and clear of Liens, Claims, encumbrances and Equity Interests. The Liquidating Trustee, on behalf of the Liquidating Trust, shall have the exclusive right, authority, and discretion to institute, commence, pursue, prosecute, abandon, settle, or compromise any and all Vested Causes of Action. The Liquidating Trust shall not be funded with, and the Liquidating Trustee shall not have any authority, powers, or duties with respect to any of the Excluded Actions. Also, for the avoidance of doubt, the Reorganized Debtor will retain all rights of setoff and recoupment as described in Article VII(K) of the Plan.

13. Retention of Jurisdiction

The Bankruptcy Court shall retain jurisdiction over the Bankruptcy Case and associated matters, including, without limitation, such jurisdiction as is necessary to ensure that the purposes and intent of the Plan and Confirmation Order are implemented. The Court shall also expressly retain jurisdiction to hear and determine all Claims against the Debtor.

D. The Liquidating Trust

1. Creation and Transfer of Vested Causes of Action

Prior to the Effective Date, the Debtor will retain power and control over the Estate. On the Effective Date, the Debtor and the Liquidating Trustee, on their own behalf and on behalf of Holders of Allowed General Unsecured Claims in Class 6, shall execute the Liquidating Trust Agreement and shall take all other steps necessary to establish the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries in accordance with the Plan.

On the Effective Date, the Debtor shall be deemed to have automatically transferred to the Liquidating Trust all of its right, title and interest in and to all of the Liquidating Trust Assets, and in accordance with Section 1141 of the Bankruptcy Code, all such assets shall automatically irrevocably vest in the Liquidating Trust free and clear of all Claims and Liens, subject only to the Allowed Claims of the applicable Liquidating Trust Beneficiaries, as set forth in the Plan, and the reasonable fees and expenses of administering the Liquidating Trust, including, without limitation, the reasonable fees and expenses of the Liquidating Trustee, as provided in the Liquidating Trust Agreement. Thereupon, the Debtor shall have no interest in or with respect to such Liquidating Trust Assets or the Liquidating Trust. The Liquidating Trust will be irrevocably funded with (i) $25,000 in cash from the Plan Investment, and (ii) the Vested Causes of Action and Proceeds thereof, on the Effective Date of the Plan.

2. The Liquidating Trustee

The Liquidating Trustee shall be acceptable to the Debtor and any committee of creditors appointed by the Bankruptcy Court and may be identified in the Plan Supplement or at the Confirmation Hearing.

3. Authority in Prosecuting, Objecting and Defending

On and after the Effective Date, the Debtor will not be responsible for any review of any Avoidance Actions. The Liquidating Trust will have all responsibility for reviewing, analyzing and prosecuting Vested Causes of Action under the Plan and the Liquidating Trust Agreement.

The Liquidating Trust will have the sole authority to prosecute the Vested Causes of Action. **ALL CREDITORS AND RECIPIENTS OF PAYMENTS OR TRANSFERS WITHIN 90 DAYS OF THE PETITION DATE (OR WITHIN ONE YEAR FOR INSIDERS) OR WHO RECEIVED PAYMENTS OR TRANSFERS FOR LESS THAN REASONABLY EQUIVALENT VALUE WITHIN FOUR YEARS OF THE PETITION DATE, WITH ACTUAL OR CONSTRUCTIVE NOTICE OF THIS BANKRUPTCY CASE, OR TRANSFERS WHICH MAY BE RECOVERABLE DURING THE INVOLUNTARY GAP PERIOD UNDER SECTION 549 OF THE BANKRUPTCY COURT, ARE HEREBY PUT ON NOTICE THAT SUCH TRANSACTIONS WILL BE**

REVIEWED FOR POTENTIAL RECOVERY. AS ALL SUCH ACTIONS ARE EXPRESSLY PRESERVED FOR THE BENEFIT OF THE LIQUIDATING TRUST.

Upon the Effective Date, the Liquidating Trustee shall be responsible for pursuing any objection to the allowance of all Disputed Claims in Class 6, including with respect to which an objection has been filed with the Bankruptcy Court and notice thereof has been given to the Holder of the Disputed Claim. Prior to the Effective Date, the Debtor shall have the right to object to the allowance of Claims with respect to which they dispute liability or allowance in whole or in part and after the Effective Date, the Debtor shall be responsible for pursuing any objection with respect to Claims other than Claims in Class 6.

The Liquidating Trustee, with respect to Class 6, and the Debtor, with respect to Claims other than Claims in Class 6, shall have the authority to file, settle, compromise or withdraw any objections to Disputed Claims without approval of the Bankruptcy Court. However, the Bankruptcy Court may nevertheless consider motions to approve any compromises and settlements in accordance with Bankruptcy Rule 9019.

Unless otherwise provided herein or ordered by the Bankruptcy Court, all objections to Disputed Claims shall be served and filed by the Claims Objection Deadline.

In the event the Plan Sponsor or successful Topping Party desires to object to the Allowance of Lighthouse Secured Claims in Class 4, such entity shall provide (i) notice, in writing, to the Debtor of its intention to pursue such objections and such notice shall disclose whether Plan Sponsor or successful Topping Party will pursue such objection on its own account and desires either the Debtor to do so and (ii) cause the Reorganized Debtor to issue the Replacement Note in such a manner so as to account for any reduced amount of the Lighthouse Secured Claims after determination of the Allowance of the Lighthouse Secured Claims.

4. Termination

The Liquidating Trust will terminate as soon as practicable, but in no event later than the fifth (5th) anniversary of the Effective Date; *provided*, *however*, that, on or prior to the date of such termination, the Bankruptcy Court, upon motion by a party in interest, may extend the term of the Liquidating Trust for a finite period, if such an extension is necessary to liquidate such Liquidating Trust Assets or for other good cause. Notwithstanding the foregoing, multiple extensions may be obtained so long as Bankruptcy Court approval is obtained prior to the expiration of each extended term; *provided further*, *however*, that the Liquidating Trustee receives an opinion of counsel or a favorable ruling from the IRS that any further extension would not adversely affect the status of the Liquidating Trust as a grantor trust for federal income tax purposes.

E. Assumption and Rejection of Executory Contracts and Unexpired Leases

1. Assumption and Rejection

Any executory contract or unexpired lease governed under Section 365 of the Bankruptcy Code that has not expired by its own terms on or prior to the Effective Date and that (i) the Debtor has not assumed and/or assigned or rejected with the approval of the Bankruptcy Court,

(ii) is not identified in a Bankruptcy Court Order, the Plan or Plan Supplement as being assumed and/or assigned, or (iii) is not the subject of a motion to assume and/or assign the same pending as of the Effective Date, shall be deemed rejected by the Debtor, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to Sections 365(a) and 1123 of the Bankruptcy Code.

2. Rejection Claims; Cure of Defaults for Assumed Contracts/Leases

If the rejection of an executory contract or unexpired lease results in damages to the counterparty or counterparties to such contract or lease, any Claim for such damages, if not heretofore evidenced by a Proof of Claim that has been timely Filed, shall be forever barred and shall not be enforceable against the Debtor or the Liquidating Trust, as applicable, or their properties, successors or assigns, unless a Proof of Claim is timely Filed and served on or before (x) thirty (30) days after the earlier to occur of (a) the Effective Date and (b) the date of entry of an order by the Bankruptcy Court authorizing rejection of a particular executory contract or unexpired lease, or (y) such other date as may be ordered by the Bankruptcy Court.

For assumed executory contracts and unexpired leases, any monetary amounts by which the Debtor is in default shall be satisfied, pursuant to Section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or on such other terms as the parties to each such executory contract or unexpired lease may otherwise agree. A list(s) of the Assumed Contracts will be filed and served on the relevant counterparties at least 14 days prior to the Plan Voting Deadline and may be modified from time to time prior to the Effective Date. This proposed list of the Assumed Contracts, which may be modified by the Debtor once or more Effective Date, shall identify the executory contract(s) and/or unexpired lease(s) sought to be assumed and/or assigned, the counterparties thereto, the proposed Cure Obligations as of the projected Effective Date, including any cure amounts that the Debtor believes must be paid, and a description of the proposed adequate assurance of future performance as required by section 365 of the Bankruptcy Code.

Any objection to the (a) the amount of any cure payments for the Assumed Contracts, (b) the ability of the Debtor to provide "adequate assurance of future performance" (within the meaning of Section 365 of the Bankruptcy Code) under the contract or lease to be assumed and/or assigned, or (c) any other matter pertaining to assumption and/or assignment, shall be filed and served on the Debtor within 14 days after the filing of the relevant list or motion concerning the Assumed Contracts. In the event an objection is filed, the Debtor shall attempt to resolve such objection. To the extent the parties are unable to consensually resolve such objection, such objection and any amounts to be paid under section 365 of the Bankruptcy Code will be determined at the Confirmation Hearing or as otherwise agreed to by the parties or ordered by the Court. In the event that a dispute remains unresolved as of the Effective Date regarding (a) the amount of any cure payments, (b) the ability of the to provide "adequate assurance of future performance" (within the meaning of Section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption or assignment, the cure payments required by Section 365(b)(1) of the Bankruptcy Code shall be made within a reasonable time following the entry of a Final Order resolving the dispute and approving the assumption and/or assignment. Pending the Bankruptcy Court's ruling on such dispute, the executory contract or unexpired lease at issue shall be deemed assumed and/or

assigned by the Debtor unless otherwise ordered by the Bankruptcy Court. However, any such "deemed" assumption and/or assignment shall not affect any counterparty's rights and/or remedies under section 365 of the Bankruptcy Code or otherwise, which shall be preserved pending final resolution notwithstanding the "deemed" assumption and/or assignment.

F. Provisions Regarding Distributions

1. Time and Method of Distributions

Any distributions and deliveries to be made under this Plan shall be made on the Effective Date or as soon as practicable thereafter, unless otherwise specifically provided for by the Plan. If any payment or act under the Plan or Liquidating Trust Agreement is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

All distributions made under the Plan, other than those concerning the Liquidating Trust, shall be made by the Reorganized Debtor as agent acting on behalf of the Debtor. The Reorganized Debtor shall have no liability for any Claims against the Debtor on account of the Reorganized Debtor serving in such disbursing agent role.

2. Liquidating Trust Distributions

The Liquidating Trustee, on behalf of the Liquidating Trust, or such other Person or Entity as may be designated in accordance with the Liquidating Trust Agreement, will make the distributions to Liquidating Trust Beneficiaries required under the Plan in accordance with the Liquidating Trust Agreement and in accordance with the priorities set forth herein and the other provisions of the Plan, and administer and liquidate any assets in the Liquidating Trust, including the following: (a) general administration costs (*e.g.*, trustee/trust fees, etc.), (b) access to and review of information for any and all potential Claims, (c) access to and review of information for any and all Vested Causes of Action, (d) analysis and assessment related to Claims objection/resolution, (e) analysis and assessment related to Vested Causes of Action, (f) preparation of Claims objection/resolution, (g) preparation of Vested Causes of Action (excluding the actual prosecution thereof) and (h) distribution of proceeds (*e.g.*, claims agent, etc.).

3. Reserve for Disputed Claims

The Debtor, or Liquidating Trustee, as applicable, may maintain a reserve for any distributable amounts required to be set aside on account of Disputed Claims and shall distribute such amounts (net of any expenses, including any taxes relating thereto), as provided herein and in the Liquidating Trust Agreement, as such Disputed Claims are resolved by Final Order, and in the event of Allowance such amounts shall be distributable in respect of such Disputed Claims as such amounts would have been distributable had the Disputed Claims been Allowed Claims as of the Effective Date, provided that no interest shall be distributable or accrue with respect thereto.

4. Manner of Distribution Under Plan and Liquidating Trust

Any distribution in Cash to be issued under the Plan or the Liquidating Trust Agreement shall, at the election of the issuer, be made by check drawn on a domestic bank or by wire transfer from a domestic bank.

5. Delivery of Distributions

Subject to the provisions of Bankruptcy Rule 2002(g), and except as otherwise provided herein, distributions and deliveries to Holders of record of Allowed Claims shall be made at the address of each such Holder set forth on the Debtor's books and records unless superseded by the address set forth on Proofs of Claim filed by any such Holders. On or as soon as practicable after the Effective Date, the Debtor shall provide the Liquidating Trustee with the addresses and access to other books and records relating to the Liquidating Trust Beneficiaries, including all taxpayer identification information.

6. Undeliverable Distributions

If any distribution to the Holder of an Allowed Claim under the Plan or the Liquidating Trust Agreement is returned as undeliverable, no further distributions shall be made to such Holder unless and until the issuer of the distribution is notified in writing of such Holder's then-current address. Any Holder ultimately receiving a distribution that was returned as undeliverable shall not be entitled to any interest or other accruals of any kind on such distribution. Nothing contained in the Plan or the Liquidating Trust Agreement shall require the issuer of any distribution to attempt to locate any Holder of an Allowed Claim.

7. Failure to Claim Undeliverable Distributions

Any Holder of an Allowed Claim that does not assert its rights pursuant to the Plan or the Liquidating Trust Agreement to receive a distribution within three (3) months from and after the date such distribution is returned as undeliverable shall have such Holder's Claim for such undeliverable distribution discharged and shall be forever barred from asserting any such Claim against the Debtor, the Reorganized Debtor, the Liquidating Trust, the Liquidating Trustee and its respective professionals, or any of their assets. In such case, any consideration held for distribution on account of such Claim shall vest in the Reorganized Debtor or the Liquidating Trust, as applicable. After final distributions have been made in accordance with the terms of the Plan and the Liquidating Trust Agreement, if the amount of undeliverable Cash remaining in the Liquidating Trust is less than $15,000, the Liquidating Trustee, in his or her sole discretion, may donate such amount to a charity without further notice or order of the Bankruptcy Court.

8. Compliance with Tax Requirements/Allocation

The issuer of any distribution under the Plan or the Liquidating Trust shall comply with all applicable tax withholding and reporting requirements imposed by any Governmental Unit, and all distributions pursuant to the Plan or the Liquidating Trust shall be subject to any such applicable withholding and reporting requirements. For tax purposes, distributions received in respect of Allowed Claims will be allocated first to the principal amount of such Claims, with any excess allocated to unpaid accrued interest, if any.

9. Time Bar to Cash Payments

Checks issued on account of Allowed Claims shall be null and void if not negotiated within sixty (60) days from and after the date of issuance thereof. Requests for reissuance of any check shall be made directly to the issuer of the check by the Holder of the Allowed Claim with respect to which such check originally was issued. Any Claim in respect of such a voided check shall be made within three (3) months from and after the date of issuance of such check. After such date, all Claims in respect of voided checks shall be discharged and forever barred, and the Reorganized Debtor or Liquidating Trust, as applicable, shall be entitled to retain all monies related thereto.

10. Distributions After Effective Date

Distributions made after the Effective Date to Holders of Claims that are not Allowed as of the Effective Date, but which later become Allowed, shall be deemed to have been made on the Effective Date. Except as otherwise specifically provided in the Plan or the Liquidating Trust Agreement, no interest shall be payable on account of any Allowed Claim not actually paid on the Effective Date.

11. Fractional Dollars; *De Minimis* Distributions

Notwithstanding anything contained herein to the contrary, payments of fractions of dollars will not be made. Whenever any payment of a fraction of a dollar under the Plan or the Liquidating Trust would otherwise be called for, the actual payment made will reflect a rounding of such fraction to the nearest dollar (up or down), with half dollars being rounded down. No payment shall be made on account of any distribution less than twenty-five dollars ($25) with respect to any Allowed Claim unless a request therefor is made in writing to the issuer of such payment on or before ninety (90) days after the Effective Date.

12. Setoffs/Recoupment

The Debtor, Reorganized Debtor or the Liquidating Trustee (as applicable) may, pursuant to applicable non-bankruptcy law, set off or recoup against any Allowed Claim and the distributions to be made pursuant to the Plan or Liquidating Trust Agreement on account thereof (before any distribution is made on account of such Claim), the Claims, rights and Causes of Action of any nature the Debtor, the Reorganized Debtor or the Liquidating Trust may hold against the Holder of such Allowed Claim; *provided, however*, that neither the failure to effect such a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor, the Reorganized Debtor or Liquidating Trust of any such Claims, rights and Causes of Action that the Debtor, the Reorganized Debtor or the Liquidating Trust may possess against such Holder. Creditors shall not retain any Precluded Setoffs or any right, defense or remedy of setoff, offset, netting, recoupment or any other similar right, defense or remedy of a Creditor against the Debtor, claims of the Debtor, or the Debtor's assets arising prior to the Effective Date.

13. Preservation of Subordination Rights by Estate

Except as otherwise provided herein, all subordination rights and claims relating to the subordination by the Debtor or the Liquidating Trustee of any Allowed Claim shall remain valid,

enforceable and unimpaired in accordance with Section 510 of the Bankruptcy Code or otherwise.

VI. RISK FACTORS

The holder of a Claim against the Debtor should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or reject the Plan.

A. General Considerations

The Plan sets forth the means for satisfying the Claims against the Debtor. Reorganization of the Debtor's business and operations under the proposed Plan also avoids the potentially adverse impact of a protracted and costly liquidation under chapter 7 of the Bankruptcy Code.

B. Certain Bankruptcy Considerations

There is no assurance that the requisite acceptances to confirm the Plan will be obtained. Thus, there is no guarantee that the Plan will be accepted by the requisite classes entitled to vote on the Plan. If the Plan is not confirmed and consummated, there can be no assurance that any alternative plan would be on terms as favorable to the holders of impaired Claims as the terms of the Plan. In addition, if the Chapter 11 Case is converted to a case under Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed or elected to liquidate the Debtor's Assets for distribution in accordance with the priorities established by the Bankruptcy Court, it is likely that holders of Claims would receive less than they will receive under the Plan.

Even if all voting Classes voted in favor of the Plan or the requirements of "cramdown," if applicable, are met with respect to any class that rejected the Plan, the Bankruptcy Court, as court of equity, may choose not to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met. Moreover, it is impossible to predict with certainty the amount of time that the Debtor may spend in bankruptcy. If confirmation and consummation of the Plan do not occur expeditiously, the Chapter 11 Case could be adversely affected.

In the event that certain conditions are not satisfied (or waived) and the Effective Date does not occur, there can be no assurance that the Chapter 11 Case would not be converted to a Chapter 7 liquidation case or that any new Chapter 11 plan would be as favorable to claim holders as the current Plan. Either outcome may materially reduce distributions to the holders of Claims.

VII. CONFIRMATION AND CONSUMMATION PROCEDURES

A. Overview.

A chapter 11 plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a liquidation of a debtor's assets. In either event, upon

confirmation of a plan, it becomes binding on the debtor and all of its creditors and equity holders, and the obligations owed by the debtor to such parties are compromised and exchanged for the obligations specified in the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires the debtor to prepare and file a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. This Disclosure Statement is presented to holders of Lighthouse Secured Claims and General Unsecured Claims, to satisfy the requirements of section 1125 of the Bankruptcy Code in connection with the Debtor's solicitation of votes on the Plan.

If all classes of claims and equity interests accept a chapter 11 plan, the bankruptcy court may confirm the plan if the bankruptcy court independently determines that the requirements of section 1129(a) of the Bankruptcy Code have been satisfied. Section 1129(a) sets forth the requirements for confirmation of a plan and, among other things, requires that a plan meet the "best interests of creditors" test and be "feasible." The "best interests of creditors" test generally requires that the value of the consideration to be distributed to the holders of claims or equity interests under a plan may not be less than those parties would receive if the debtor were liquidated pursuant to a hypothetical liquidation occurring under chapter 7 of the Bankruptcy Code. Under the "feasibility" requirement, the bankruptcy court generally must find that there is a reasonable probability that the debtor will be able to meet its obligations under its plan without the need for further financial reorganization. **The Debtor believes that the Plan satisfies all the applicable requirements of section 1129(a) of the Bankruptcy Code, including, in particular, the best interests of creditors' test and the feasibility requirement.**

The Bankruptcy Code does not require that each holder of a claim or interest in a particular class vote in favor of a chapter 11 plan for the bankruptcy court to determine that the class has accepted the plan. Rather, a class of creditors will be determined to have accepted the plan if the bankruptcy court determines that the plan has been accepted by a majority in number and two-thirds in amount of those claims actually voting in such class.

In addition, classes of claims or equity interests that are not "impaired" under a chapter 11 plan are conclusively presumed to have accepted the plan and thus are not entitled to vote. Furthermore, classes that are to receive no distribution under the plan are conclusively deemed to have rejected the plan. Accordingly, acceptances of a plan will generally be solicited only from those persons who hold claims or equity interests in an impaired class. A class is "impaired" if the legal, equitable, or contractual rights associated with the claims or equity interests of that class are modified in any way under the plan. Modification for purposes of determining impairment, however, does not include curing defaults and reinstating maturity on the effective date of the plan. Only Class 5, Lighthouse Secured Claims and Class 6, General Unsecured Claims are entitled to vote on the Plan.

The bankruptcy court also may confirm a chapter 11 plan even though fewer than all the classes of impaired claims and equity interests accept such plan. For a chapter 11 plan to be confirmed despite its rejection by a class of impaired claims or equity interests, the plan must be accepted by at least one class of impaired claims (determined without counting the vote of insiders) and the proponent of the plan must show, among other things, that the plan does not

"discriminate unfairly" and that the plan is "fair and equitable" with respect to each impaired class of claims or equity interests that has not accepted the plan.

Under section 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" as to a rejecting class of claims or equity interests if, among other things, the plan provides: (a) with respect to secured claims, that each such holder will receive or retain on account of its claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim, and (b) with respect to unsecured claims and equity interests, that the holder of any claim or equity interest that is junior to the claims or equity interests of such class will not receive or retain on account of such junior claim or equity interest any property from the estate, unless the senior class receives property having a value equal to the full amount of its allowed claim.

A plan does not "discriminate unfairly" against a rejecting class of claims or equity interests if (a) the relative value of the recovery of such class under the plan does not differ materially from that of any class (or classes) of similarly situated claims or equity interests, and (b) no senior class of claims or equity interests is to receive more than 100% of the amount of the claims or equity interest in such class.

The Plan has been structured so that it will satisfy the foregoing requirements as to the rejecting class of Claims or Equity Interests, and can therefore be confirmed, if necessary, over the deemed rejection of Class 7 - Insider Claims or Class 8 - Equity Interests or objection of any (but not all) classes of Claims.

B. Confirmation of the Plan

1. Elements of Section 1129 of the Bankruptcy Code

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the conditions to confirmation under section 1129 of the Bankruptcy Code are satisfied. Such conditions include the following:

(a) The Plan complies with the applicable provisions of the Bankruptcy Code.

(b) The Debtor has complied with the applicable provisions of the Bankruptcy Code.

(c) The Plan has been proposed in good faith and not by any means proscribed by law.

(d) Any payment made or promised by the Debtor or by a person issuing securities or acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.

(e) The Debtor has disclosed prior to the Confirmation Hearing the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer or voting trustee of the Debtor or a successor to the Debtor under the Plan and the

appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and equity holders and with public policy, and the Debtor has disclosed the identity of any insider that will be employed or retained by the Debtor, and the nature of any compensation for such insider.

(f) With respect to each impaired class of Claims or Equity Interests, each holder of an impaired Claim or impaired Equity Interest either has accepted the Plan or will receive or retain under the Plan, on account of the Claims or Equity Interests held by such entity, property of a value, as of the Effective Date, that is not less than the amount that such entity would receive or retain if the Debtor was liquidated on such date under Chapter 7 of the Bankruptcy Code.

(g) In the event that the Debtor does not move to confirm the Plan nonconsensually, each class of Claims or Equity Interests entitled to vote has either accepted the Plan or is not impaired under the Plan.

(h) Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Administrative Claims and Priority Claims will be paid in full, in cash, on the Effective Date.

(i) At least one impaired class of Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in such class.

(j) Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any other successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

(k) All fees payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.

The Debtor believes that the Plan will satisfy all of the applicable provisions of chapter 11 of the Bankruptcy Code, that the Debtor has complied or will have complied with all of the applicable provisions of the Bankruptcy Code, and that the Plan is being proposed and submitted to the Bankruptcy Court in good faith.

2. Acceptance

A class of Claims will have accepted the Plan if the Plan is accepted, with reference to a class of Claims, by at least two-thirds in amount and more than one-half in number of the Allowed Claims of each such class of Claims.

3. Best Interest of the Creditors Test

With respect to each impaired class of holders of Claims and Equity Interests, confirmation of the Plan requires that each such holder either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the applicable consummation date under the Plan,

that is not less than the value such holder would receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code.

Ordinarily, to determine what holders of Claims and Equity Interests of each impaired class would receive if the Debtor was liquidated, the Bankruptcy Court must determine the proceeds that would be generated from the liquidation of the properties and interests in property of the Debtor in a Chapter 7 liquidation case. The proceeds that would be available for satisfaction of Claims against and Equity Interests in the Debtor would consist of the proceeds generated by disposition of the unencumbered equity in the properties and interests in property of the Debtor and the cash held by the Debtor at the time of the commencement of the liquidation case. Such proceeds would be reduced by the costs and expenses of the liquidation and by such additional administration and priority claims that may result from the termination of the business of the Debtor and the use of Chapter 7 for the purposes of liquidation.

Here, there would likely be no junior post-petition financing available in the Chapter 7 and therefore, there would not be the same kind of marketing contemplated by this Plan if there is any marketing at all. Further, there would be no funding for a liquidating trust or otherwise provided by this Plan, including the additional $1 million of funding for distribution to general unsecured claims in Class 6 if Class 6 votes to accept the Plan and the up to $50 million to fund other distributions to creditors which the Plan provides for. In addition, a Chapter 7 trustee may be unwilling to spend the time and incur the costs associated with marketing the Debtor's assets absent an agreed carveout with all Holders of Secured Claims and may choose to abandon those assets to the applicable secured creditor or agree to lifting the automatic stay to allow foreclosure of such liens in other forums. A properly completed foreclosure by a senior secured creditor may wipe out junior liens on the foreclosed assets.

Current employees with technical and other knowledge about the Debtor's assets are likely to be let go in a Chapter 7 case and find other employment and therefore, may not be available to respond to due diligence questions from potential bidders or for possible consulting or employment with potential bidders if they acquired the assets.

Additionally, the costs of liquidation under Chapter 7 of the Bankruptcy Code would include the fees payable to a trustee in bankruptcy, and the fees that would be payable to additional attorneys and other professionals that such a trustee may engage, plus any unpaid expenses incurred by the Debtor during the Chapter 11 Case, such as compensation for attorneys, financial advisors, accountants and costs that are allowed in the Chapter 7 case. Additionally, a Chapter 7 trustee and the persons it employs will need time to develop the knowledge necessary to assist the chapter 7 trustee examine claims and distribute the Debtor's assets.

To determine if the Plan is in the best interests of each impaired class, the present value of the distributions which would be available in a liquidation scenario are compared to the net present value of the distributions projected under the Plan.

After consideration of the effects that a Chapter 7 liquidation would have on the distributions to creditors in the Chapter 11 Case, including the additional costs associated with the appointment of the Chapter 7 trustee, the Debtor has determined that confirmation of the Plan will provide each holder of a Claim with a greater recovery than it would receive pursuant to

liquidation of the Debtor under Chapter 7 of the Bankruptcy Code. The Liquidation Analysis is attached hereto as **Exhibit B**.

(a) **Litigation Recoveries**.

The uncertain nature of litigation makes it impossible to predict the recovery and subsequent Plan distributions to creditors of any recoveries from the Vested Causes of Action. Although the Debtor believes that the Vested Causes of Action have the prospect of generating recoveries for the Estate, there can be no assurance that the Liquidation Trustee or a Chapter 7 trustee would be successful in the prosecution of any Vested Causes of Action. Accordingly, the Debtor has estimated recovery from the Vested Causes of Action as zero for purposes of the Liquidation Analysis.

The Plan provides for the Liquidation Trustee to pursue all of the Vested Causes of Action, in an efficient and cost effective manner. The prosecution of the Vested Causes of Action by a single representative of the Estate will decrease the costs associated with litigation, reduce the potential for competing claims against the same sources of recovery, and eliminate the potential for prolonged litigation about the respective rights of secured and unsecured creditors over entitlements to recoveries. In a Chapter 7 liquidation, recoveries from the Vested Causes of Action could be affected by increased litigation costs and unavailability of witnesses or documents. For example, the Holders of Secured Claims might seek to foreclose on their collateral and pursue separate causes of action in competition with the Chapter 7 trustee, increasing the total spending across the litigation portfolio and giving rise to potential disputes over such matters as ownership and access to documents and information, discovery rights, allocation of proceeds of certain causes of actions, and other matters. The Plan provides for funding of litigation from the Liquidating Trust Funding; in a Chapter 7 liquidation, there is no source of funding and obtaining such funding could be difficult and/or costly.

Under the Plan, Administrative Expense Claims, Priority Claims, and DIP Loan Claims are paid by the Reorganized Debtor and, as a result, the proceeds of the Vested Causes of Action inure to the benefit of secured and unsecured creditors.

(b) Recovery Analysis

The Debtor, with the help of their professionals and advisors, have prepared a liquidation analysis, attached hereto as **Exhibit B** (the "Liquidation Analysis") to assist the holders of Allowed Claims in evaluating the Plan. The Liquidation Analysis compares the potential creditor recoveries to be realized if the Debtor was to be liquidated in a hypothetical case under Chapter 7 of the Bankruptcy Code with the distributions to holders of Allowed Claims under the Plan.

The Debtor believes that the Plan provides the same or a greater recovery for holders of Allowed Claims as would be achieved in a liquidation under Chapter 7 of the Bankruptcy Code because of, among other things, the additional Administrative Expense Claims generated by conversion to a Chapter 7 case, including wind-down costs and fees of the Chapter 7 trustee and professionals, the administrative expenses of liquidation and associated delays in connection with a Chapter 7 liquidation, the negative impact on the market for the Debtor's assets caused by

attempting to sell a large number of assets in a short time frame, and the failure to realize the greater going concern value of the assets, each of which would further erode the value of the Estate.

Specifically, based on the Liquidation Analysis and the Debtor's and its advisors' review, discussions, considerations, and assumptions and solely for the purposes of the Plan, the Debtor estimates the following recovery percentages:

Claim	**Plan**	**Liquidation**
Administrative Claims	100%	100%
Class 1 – Priority Employee Claims	100%	0%
Class 2 – Plant 4 M&M Claims	100%	12-37%[4]
Class 3 – Progress Rail Secured Claims	100%	100%
Class 4 – Noteholder Secured Claims	100%	77-100%
Class 5 – Lighthouse Secured Claims	Up to 75%	0%
Class 6 – General Unsecured Claims	Up to 4%	0%
Class 7 – Insider Claims	0%	0%
Class 8 – Equity Interests	0%	0%

4. Feasibility

The Bankruptcy Code conditions confirmation of a Chapter 11 plan on, among other things, a finding that it is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor. For purposes of determining whether the Plan satisfies this condition, the Debtor has analyzed the Reorganized Debtor's capacity to service its obligations under the Plan. Based upon their analyses and Financial Projections, the Debtor believes that the Reorganized Debtor will be able to make all payments required to be made under the Plan. All Plan payments will be made in cash from sales of assets or the Plan Investment as described in the Class treatment above and future financial projections are irrelevant to Plan performance.

C. Cramdown

Because Class 7 – Insider Claims and Class 8 - Equity Interests are impaired and deemed to reject the Plan (as well as if any impaired classes do not vote to accept the Plan), the Debtor will move for confirmation of the Plan under the cramdown provisions of section 1129(b) of the Bankruptcy Code. To obtain such confirmation, the Debtor must demonstrate to the Bankruptcy Court that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such classes and any other classes of Claims that vote to reject the Plan.

1. No Unfair Discrimination

[4] Ranges result from uncertainty of the terms of the Plant 4 Escrow Order.

A chapter 11 plan "does not discriminate unfairly" if (a) the legal rights of a nonaccepting class are treated in a manner that is consistent with the treatment of other classes whose legal rights are similar to those of the nonaccepting class, and (b) no class receives payments in excess of that which it is legally entitled to receive for its Claims. The Debtor believes that under the Plan all impaired classes of Claims are treated in a manner that is consistent with the treatment of other classes of Claims that are similarly situated, if any, and no class of Claims will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims and in such class. Accordingly, the Debtor believes the Plan does not discriminate unfairly as to any impaired class of Claims.

2. Fair and Equitable Test

The Bankruptcy Code establishes different "fair and equitable" tests for classes of secured claims, unsecured claims, and equity interests as follows:

(a) Secured Claims. Either (i) each holder of a claim in an impaired class of secured claims retains its liens securing its secured claim and it receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each holder of a claim in an impaired class of secured claims realizes the indubitable equivalent of its allowed secured claim, or (iii) the property securing the claim is sold free and clear of liens, with such liens to attach to the proceeds and the treatment of such liens on proceeds as provided in clause (i) or (ii) of this subparagraph.

(b) Unsecured Claims. Either (i) each holder of a claim in an impaired class of unsecured claims receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the chapter 11 plan, subject to the applicability of the judicial doctrine of contributing new value.

(c) Equity Interests. Either (i) each holder of an equity interest in an impaired class of interests will receive or retain under the chapter 11 plan property of a value equal to the greater of (A) the fixed liquidation preference or redemption price, if any, of such stock or (B) the value of the stock or (ii) the holders of interests that are junior to the stock will not receive any property under the chapter 11 plan, subject to the applicability of the judicial doctrine of contributing new value.

BECAUSE CLASS 7 - CONSISTING OF ANY INSIDER CLAIMS AND CLASS 8 – EQUITY INTERESTS IS DEEMED TO REJECT THE PLAN, IF CLASS 5 – LIGHTHOUSE SECURED CLAIMS, OR CLASS 6 – GENERAL UNSECURED CLAIMS, ACCEPT THE PLAN, THE DEBTOR WILL SEEK CONFIRMATION OF THE PLAN PURSUANT TO THE CRAMDOWN PROVISIONS OF SECTION 1129(b) OF THE BANKRUPTCY CODE.

D. Effect of Confirmation

Under section 1141 of the Bankruptcy Code, the provisions of a confirmed plan bind the debtor, any entity issuing securities under the plan, any entity acquiring property under the plan, and any creditor or equity security holder, whether or not the claim or interest of such creditor or equity security holder is impaired under the plan and whether or not such creditor or equity

security holder voted to accept the plan. Further, after confirmation of a plan, the property dealt with by the plan is free and clear of all claims and interests of creditors and equity security holders, except as otherwise provided in the plan or the confirmation order.

VIII. CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN

The following are conditions precedent to confirmation of this Plan that must be (i) satisfied or (ii) waived by the Debtor or Plan Support Parties, as applicable, in accordance with Article IX(A) of the Plan:

1. The effectiveness of the Plan Investment Agreements on or before October 16, 2018.

2. No order or determination from the Bankruptcy Court or other tribunal restrains or prohibits the consummation of the Plan.

3. The entry of the Disclosure Statement Order in form and substance reasonably satisfactory to the Debtor and to the Plan Support Parties.

4. The Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been Filed in form and substance reasonably satisfactory to the Debtor and the Plan Sponsor and approved by the Bankruptcy Court.

IX. CONDITIONS PRECEDENT TO THE EFFECTIVE DATE OF THE PLAN

A. Conditions Precedent to Confirmation

The following are conditions precedent to the Effective Date of the Plan that that must be (i) satisfied or (ii) waived in accordance with Article IX(B)of the Plan:

1. Confirmation shall have occurred.

2. There shall not be in effect on the Effective Date any (i) Order entered by a U.S. court, (ii) any order, opinion, ruling or other decision entered by any other court or governmental entity or (iii) United States or other applicable law staying, restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by the Plan.

3. Bankruptcy Court approval of Minnesota Sales consisting of all the Minnesota Assets.

4. All of the Debtor's permits, licenses or other approvals necessary to operate the Indiana Assets shall be in full force and effect to the same extent as on the Petition Date.

5. The consummation of all Minnesota Sales of all Minnesota Assets.

6. The Bankruptcy Court shall have determined that the TIF Bonds, as amended by agreement in form and substance acceptable to the Plan Sponsor, shall remain in full force and effect on and after the Effective Date with the Reorganized Debtor having all benefits thereof.

7. All consents and/or approvals necessary to consummate the Plan have been obtained.

8. The Plan Investment shall have closed and been fully paid to and/or drawn by the Reorganized Debtor.

9. All other actions and documents necessary to implement the Plan shall have been effected or executed.

B. Waiver of Conditions Precedent

The Debtor, with the prior written consent of the Plan Sponsor, may waive any one or more of the conditions set forth in Article 9 of the Plan in writing without notice or order of the Bankruptcy Court and without notice to any other parties in interest; provided, however, that the Plan Sponsor may unilaterally waive, in whole or in part, any one or more of the conditions set forth in Sections 9.B.4, 9.B.6, or 9.B.9 of the Plan in writing without notice or order of the Bankruptcy Court and without notice to any parties in interest other than the Debtor.

X. EFFECTS OF CONFIRMATION

A. Compromise and Settlement of Claims, Equity Interests, and Controversies

Pursuant to Sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of substantially all Claims, Equity Interests, and controversies relating to the contractual, legal, and equitable rights that a Holder of a Claim or Equity Interest may have with respect to any Claim or Equity Interest or any distribution to be made on account of such Claim or Equity Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Equity Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, the Estate, and Holders, and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtor may compromise and settle claims against it.

B. Injunction

Except as otherwise expressly provided in the Plan, all Persons and Entities shall be permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or relating to any Claim or Equity Interest against the Released Parties, the Debtor, the Estate, the Reorganized Debtor, the Liquidating Trust or their assets; (b) enforcing, attaching, collecting or recovering by any manner or means of any judgment, award, decree or order against the Released Parties,

the Debtor, Reorganized Debtor, the Estate or the Liquidating Trust; (c) creating, perfecting, or enforcing any encumbrance of any kind against the property or interests in property of the Released Parties, the Debtor, the Reorganized Debtor, the Estate or the Liquidating Trust, in each case in respect of any Claims or Equity Interests arising prior to the Effective Date; and (d) commencing or continuing in any manner any Claims, obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any Claims or Causes of Action that have been or could be asserted prior to the Effective Date by or on behalf of the Debtor or the Estate or that are derivative or duplicative of any such Claims or Causes of Action, that are released pursuant to the Plan or the Confirmation Order.

C. Exculpation and Release

All Released Parties shall neither have nor incur any liability from Claims that are based in whole or in part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date, relating in any way to the Debtor, the Estate, the Bankruptcy Case, the DIP Credit Facility or the Plan or related to any act or omission in connection with, relating to, or arising out of the Bankruptcy Case, the formulation, preparation, dissemination, negotiation or filing of the Disclosure Statement or Plan, the DIP Credit Agreement, or any contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement, the Plan, the filing of the Bankruptcy Case, the pursuit of Confirmation and or consummation of the Plan, other than actions or omissions that constitute recklessness, willful misconduct or bad faith as determined by a Final Order by the Bankruptcy Court.

D. Necessity and Approval of Releases and Injunctions

The releases and injunctions set forth in this Article X are integral, critical and non-severable parts of the Plan and the settlements implemented pursuant to the Plan, the approval of such releases and injunctions pursuant to the Confirmation Order is a condition to the occurrence of the Effective Date, and all the Released Parties have relied on the efficacy and conclusive effects of such releases and injunctions and on the Bankruptcy Court's retention of jurisdiction to enforce such releases and injunctions when making concessions pursuant to the Plan and by agreeing to, accepting, and supporting the settlement and treatment of their respective Claims, Causes of Action, and other rights under the Plan.

Pursuant to Bankruptcy Code Sections 1123(a)(5), 1123(b)(3), and 1123(b)(6), as well as Bankruptcy Rule 9019, entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the releases and injunctions set forth in Article X of the Plan, and further, shall constitute the Bankruptcy Court's finding that such releases and injunctions are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims and Causes of Action released by such releases; (3) in the best interests of the Debtor, the Estate, and all Creditors; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the releasing parties as set forth herein asserting any Claims or Causes of Action released pursuant to such release.

XI. TAX IMPLICATIONS OF THE PLAN

A. Introduction

The following discussion summarizes certain material U.S. federal income tax consequences of the implementation of the Plan to the Debtor, certain Holders of Claims and the Holders of Interests. The following summary generally does not address U.S. federal income tax consequences to Holders whose Claims are unimpaired or otherwise entitled to payment in full in Cash under the Plan.

This summary is based upon the Internal Revenue Code of 1986, as amended ("Tax Code"), the Treasury Department regulations promulgated thereunder ("Treasury Regulations"), judicial authority and current administrative rulings and practice now in effect. These authorities are all subject to change at any time by legislative, judicial or administrative action, and such change may be applied retroactively in a manner that could adversely affect the Debtor or Holders of Claims or Interests. Holders, together with their tax advisors, should familiarize themselves with relevant aspects of any such legislation, regulations, rulings and decisions. In December 2017, the U.S. government enacted broad tax legislation (the "TCJA") that included significant changes to the taxation of business entities. Some aspects of this new law are not clear, and, as a result, we cannot assure you that such change in law does not impact the tax considerations that we describe in this summary.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular Holder of a Claim or Interest in light of its particular circumstances, or to certain types of holders subject to special treatment under the Tax Code (for example, governmental entities, and entities exercising governmental authority, non-U.S. Persons, banks and certain other financial institutions, broker-dealers, insurance companies, tax-exempt organizations, real estate investment trusts, regulated investment companies, Persons holding a Claim or Interests as part of a hedge, straddle, constructive sale, conversion transaction or other integrated transaction, Persons that are or who hold their Claims or Interests through a pass-through entity (or arrangement treated as a partnership for U.S. federal income tax purposes), persons subject to the alternative minimum tax, and persons that have a functional currency other than the U.S. dollar). This discussion does not address any aspects of state, local or non-U.S. taxation or U.S. federal taxation other than income taxation, and it does not address the deduction for certain "qualified business income" applicable to certain pass-through entities enacted pursuant to the TCJA. Further, this summary generally does not address the tax consequences to Claim Holders who may have acquired their Claims from the initial holders.

No ruling will be sought from the Internal Revenue Service ("IRS"), and no opinion of counsel has been or will be sought, with respect to any of the tax aspects of the Plan. The discussion set forth below is for general information only and no assurances are given by the Debtor in this regard. This description does not cover all aspects of U.S. federal income taxation that may be relevant to the Debtor or Holders of Claims or Interests. Each Claim and Interest Holder is urged to consult with its tax advisor regarding the federal, state, local and non-U.S. tax consequences of the Plan.

B. Federal Income Tax Consequences to the Debtor and Members of the Debtor

The Debtor believes that it is classified as a partnership for U.S. federal income tax purposes, and this discussion assumes that the Debtor is classified as such. In general, a partnership is not a taxable entity and thus generally incurs no U.S. federal income tax liability. Instead, each partner of a partnership is required to take into account its shares of items of income, gain, loss and deduction of the partnership in computing its U.S. federal income tax liability, even if no cash distributions are made to it by the partnership.

Sale of Debtor Assets prior to the Effective Date. The Debtor may dispose of the Minnesota Assets prior to the Effective Date. In such case, the Debtor should recognize gain or loss upon the sale of the Minnesota Assets (or other assets) in an amount equal to the difference between (a) the amount of (i) cash received, (ii) the fair market value of property received and (iii) the assumption of any liabilities subject to such assets and (b) its tax basis in such assets. The character of the gain or loss will depend on the character of such assets in the hands of the Debtor. Any capital gain or loss recognized by the Debtor should be long-term capital gain or loss if the particular asset is held for more than one year. Because the Debtor is taxed as a partnership, any gain or loss will be "passed through" to the members of the Debtor in accordance with the member's share of gain or loss, and as such, the members of the Debtor will ultimately bear the tax liability arising from the sale of any assets of the Debtor. If a member of the Debtor is itself a tax partnership (or other pass-through entity), then gain or loss will be "passed through" to the ultimate owners. To the extent that a member recognizes gain or loss upon the Debtor's sale of assets, it will be required to increase or decrease, respectively, its tax basis in the Debtor.

Transfer of the Liquidating Trust Assets to the Liquidating Trust. The transfer of the Liquidating Trust Assets by the Debtor to the Liquidating Trust shall be treated, for U.S. federal income tax purposes, as a taxable event to the Debtor. Accordingly, the transfer of the Liquidating Trust Assets by the Debtor will result in the recognition of gain or loss to the extent the differences between such assets fair market value and their respective tax basis to the Debtor. The character of the gain will depend on the character of the asset to the Debtor. Any capital gain recognized by the Debtor should be long-term capital gain if the particular asset is held for more than one year. Because the Debtor is taxed as a partnership for U.S. federal income tax purposes, any gain or loss will be "passed through" to the members of the Debtor in accordance with the member's share of gain or loss, and as such, the members of the Debtor will ultimately bear the tax liability (if any) arising from the transfer of Liquidating Trust Assets to the Liquidating Trust. If a member of the Debtor is itself a tax partnership (or other pass-through entity), then any gain or loss will be "passed through" to the ultimate owners. To the extent that a member recognizes gain or loss upon the transfer of the Liquidating Trust Assets to the Liquidating Trust, such member will be required to increase or decrease, respectively, its tax basis in the Debtor.

Realization of Cancellation of Indebtedness Income. In addition to gain or loss, implementation of the Plan may also result in the Debtor realizing cancellation of indebtedness ("COD") income. The Tax Code provides that a U.S. taxpayer generally must include in gross income the amount by which the adjusted issue price of indebtedness discharged (including the amount of any unpaid accrued interest on indebtedness to the extent previously deducted by the Debtor) exceeds any consideration (i.e., the amount of cash and the fair market value of property) given in exchange for the cancellation of such debt. The Debtor will realize COD income with

respect to any Claim that is discharged under the Plan to the extent of the difference between the amount of such Claim and the amount of consideration paid to the respective Holder pursuant to the Plan as described in the previous sentence. Under Section 108(e)(2) of the Tax Code, the Debtor will not realize COD income with respect to any Claim that is discharged under the Plan to the extent payment of the discharged claim would have given rise to a deduction.

As a general matter, any COD income realized by the Debtor would be allocated to its owners and taken into account by them in calculating their tax liabilities. However, Section 108 of the Tax Code may provide an exception with respect to COD income allocated to an owner of an entity taxed as a partnership, such as the Debtor, if the owner in question is either in bankruptcy or insolvent. **Accordingly, each Person that owns an interest in the Debtor should consult with its tax advisor regarding the potential application of this exception to its circumstances.**

C. Federal Income Tax Consequences to Holders of Claims

The U.S. federal income tax consequences of the Plan to a Holder of a Claim will depend upon several factors, including but not limited to: (i) whether the Holder's Claim (or a portion thereof) constitutes a Claim for principal or interest, (ii) the origin of the Holder's Claim, (iii) the type of considerations received by the Holder in exchange for the Claim, (iv) whether the Holder is a resident of the United States for tax purposes (or falls into any of the special classes of taxpayers excluded from this discussion as noted above), (v) whether the Holder reports income on the accrual or cash basis method, (vi) whether the Holder already has taken a bad debt deduction or worthless security deduction with respect to its Claim, and (vii) whether the Holder receives distributions under the Plan in more than one taxable year. HOLDERS ARE STRONGLY ADVISED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE TAX TREATMENT UNDER THE PLAN OF THEIR PARTICULAR CLAIMS.

Generally, a Holder of a Claim will recognize gain or loss equal to the difference between the "amount realized" by such Holder and such Holder's adjusted tax basis in the Claim. The "amount realized" is equal to the sum of the Cash and the fair market value of any other consideration received under the Plan in respect of a Holder's Claim, including, the fair market value of each such Holder's proportionate share of the assets transferred to the Liquidating Trust on the behalf of and for the benefit of such Holder (to the extent that such Cash or other property is not allocable to any portion of the Claim representing accrued but unpaid interest (see discussion below)).

A Claim Holder's tax basis in a Claim should generally equal the amount advanced to the Debtor or an amount included in income as a result of provision of goods or services to the Debtor, except to the extent that a bad debt loss had been previously taken. A Claim Holder's gain or loss should generally be ordinary to the extent that the Claim arose in the ordinary course of a trade or business of such Claim Holder, and otherwise should generally be capital gain or loss. Any capital gain or loss recognized by a Claim holder should be long-term capital gain or loss only with respect to Claims held for more than one year.

Allocation of Consideration to Principal. The IRS may assert that the Distribution must first be allocated to interest or prorated between interest and principal. If any portion of the

Distribution were required to be allocated to accrued interest, such portion would be taxable to the Holder as interest income, except to the extent the Holder has previously reported such interest as income.

In that event, only the balance of the Distribution would be considered received by the Holder in respect of the principal amount of the Claim. Such an allocation would reduce the amount of the gain, or increase the amount of loss, realized by the Holder with respect to the Claim. If any such loss were a capital loss, it would not offset any amount of the Distribution that was treated as ordinary interest income (except, in the case of individuals, to the limited extent that capital losses may be deducted against ordinary income).

To the extent that any portion of the Distribution is treated as interest, Holders may be required to provide certain tax information in order to avoid the withholding of taxes. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX TREATMENT OF CONSIDERATION RECEIVED IN SATISFACTION OF THEIR CLAIMS.

D. Treatment of the Liquidating Trust and its Owners

Tax Characterization of the Liquidating Trust. The parties believe and intend to take the position that the Liquidating Trust qualifies as a "liquidating trust" for U.S. federal income tax purposes.

In general, a liquidating trust is not a separate taxable entity, but rather is treated for U.S. federal income tax purposes as a "grantor trust" (i.e., a pass-through entity) whereby the grantors of the trust are considered to own a proportionate share of the assets of the liquidating trust. Merely establishing a trust as a liquidating trust, however, does not ensure that it will be treated as a grantor trust for U.S. federal income tax purposes. The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, sets forth the criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a Chapter 11 plan. The Liquidating Trust has been structured with the intention of complying with such criteria. Pursuant to the Plan, and in conformity with Revenue Procedure 94-45, all parties (including, without limitation, the Debtor, the Liquidating Trustee and the Holders of Claims) are required to treat, for U.S. federal income tax purposes, the Liquidating Trust as a grantor trust of which the Holders are the grantors (i.e., owners), and the following discussion assumes that the Liquidating Trust will be so respected for U.S. federal income tax purposes.

The Debtor, however, does not intend to obtain a ruling from the IRS. Accordingly, there can be no assurance that the IRS would not take a contrary position. A different classification could result in a different income tax treatment of the Liquidating Trust. Such treatment could include, but is not limited to, the imposition of an entity-level tax on the Liquidating Trust. Such a tax, if imposed, could result in a reduction in the amount that would otherwise be available for distribution to Holders.

General Tax Reporting by the Liquidating Trust and its Owners. All parties (including, without limitation, the Debtor, the Liquidating Trustee, and the Holders of Claims and Interests) must treat the transfer of the Liquidating Trust Assets to the Liquidating Trust, in accordance

with the terms of the Plan, as a transfer of such assets directly to the Holders of Claims (as applicable) in satisfaction of their Claims, followed by the transfer by such Holders to the Liquidating Trust of Liquidating Trust Assets in exchange for beneficial interests in the Liquidating Trust. Consistent therewith, all parties shall treat the Liquidating Trust as a grantor trust of which the applicable Holders of Claims are the grantors (i.e., owners). Thus, such Holders (and any subsequent holders of interests in the Liquidating Trust) shall be treated as the direct owners of their proportionate share of the Liquidating Trust Assets transferred to the Liquidating Trust, including any liabilities of the Liquidating Trust for all U.S. federal income tax purposes. The Liquidating Trust Assets transferred to the Liquidating Trust in the hands of the Holders of Claims (as applicable) and Interests would generally have a tax basis equal to their respective fair market value on the Effective Date. Pursuant to the Plan, a good faith valuation of the Liquidating Trust Assets transferred to the Liquidating Trust must be made and all of the parties are required to use such valuation consistently for all U.S. federal income tax purposes.

Each of the Holders of Claims (as applicable) are required to include in its income, such Holder's share of any income, gain, loss, deduction or credit recognized or incurred by the Liquidating Trust, regardless of whether the Liquidating Trust distributes cash (or other proceeds) to it. The character of the items of income, deduction and credit to any Holder and the ability of such Holder to benefit from any deduction or losses may depend on the particular situation of the Holder.

The Liquidating Trustee is required to file with the IRS returns for the Liquidating Trust as a grantor trust. The Liquidating Trust shall also send to each holder of a beneficial interest in the Liquidating Trust a separate statement setting forth the holder's share of items of income, gain, loss, deduction or credit and would instruct the holder to report such items on its U.S. federal income tax return.

E. Information Reporting and Backup Withholding

All Distributions to Holders of Claims or Interests under the Plan including the transfer of the Liquidating Trust Assets to the Liquidating Trust will be subject to any applicable withholding. Under the Tax Code, interest, dividends and other "reportable payments" may under certain circumstances be subject to "backup withholding" at a rate equal to the fourth lowest rate of tax under Section 1(c) of the Tax Code (withholding is 24% for amounts paid during 2018). Backup withholding generally applies if the holder (i) fails to furnish its social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails to report interest or dividends or (iv) under certain circumstances fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is the correct number and the holder is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent that it results in an overpayment of tax.

The Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer claiming a loss of specified thresholds. Holders are urged to consult their tax advisors regarding these Treasury

Regulations and whether the transactions contemplated by the Plan would be subject to such regulations.

THE FOREGOING DISCUSSION IS NOT INTENDED AS TAX ADVICE TO THE CREDITORS AND MEMBERS REGARDING CERTAIN OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM UNDER THE PLAN. EACH CLAIMANT SHOULD CONSULT WITH ITS TAX ADVISOR WITH RESPECT TO THE CONSEQUENCES OF THE PLAN UNDER U.S. FEDERAL, STATE AND LOCAL TAX LAWS.

XII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

Upon evaluating numerous alternatives to the Plan, the Debtor has concluded that the Plan is the best alternative and will maximize recoveries of holders of Claims. As discussed in Section VII(B)(3)(a) above, the Debtor has concluded that a Chapter 7 liquidation of the Debtor or an alternative plan of reorganization will not provide higher value to holders of Claims.

A. Liquidation Under Chapter 7 of the Bankruptcy Code

If no Chapter 11 plan can be confirmed, the Chapter 11 Case of the Debtor may be converted to a case under Chapter 7, in which event a trustee would be elected or appointed to liquidate the properties and interests in property of the Debtor for distribution to their creditors in accordance with the priorities established by the Bankruptcy Code. As set forth in the Liquidation Analysis attached hereto as **Exhibit B**, the Debtor believe that liquidation under Chapter 7 would result in smaller distributions being made to creditors than those provided for under the Plan for the reasons set forth above. Accordingly, the Debtor has determined that confirmation of the Plan will likely provide each holder of impaired Claims with at least the same recovery they would receive under a Chapter 7 liquidation scenario, and, in certain cases, more.

B. Alternative Chapter 11 Plans

If the Plan is not confirmed, any other party in interest could undertake to formulate a different Chapter 11 plan of reorganization. Such a plan might involve either a reorganization and continuation of the business of the Debtor, the sale of the Debtor as a going concern, or an orderly liquidation of the properties and interests in property of the Debtor. No party has proposed to finance such a plan yet nor to provide DIP financing for the Chapter 11 process needed to confirm a Chapter 11 plan. The Debtor through its Independent Director, its Chief Executive Officer, its investment banker and its counsel remaining willing to consider and evaluate any alternative proposals proceeds to the Debtor. With respect to an alternative plan of reorganization, the Debtor believes that the Plan, as described herein, enables holders of Claims to realize the best recoveries under the present circumstances.

XIII. CONCLUSION AND RECOMMENDATION

The Debtor believes that the Plan is in the best interest of all holders of Claims, and urge all such holders entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by returning their ballots in accordance with the instructions accompanying the Disclosure Statement.

Dated: August 9, 2018

Respectfully submitted,

ERP IRON ORE, LLC

By: _____
Todd Roth
Chief Executive Officer

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MINNESOTA

In re:	§	Chapter 11
	§	
	§	Case No. 18-50378
ERP IRON ORE, LLC[1]	§	
	§	
	§	
Debtor.	§	

ERP IRON ORE, LLC'S
PLAN OF REORGANIZATION
DATED AUGUST 10, 2018

Ravich, Meyer, Kirkman, McGrath, Nauman & Tansey, P.A.
Will R. Tansey
Michael F. McGrath
150 South Fifth Street, Suite 3450
Minneapolis, MN 55402

ATTORNEYS FOR ERP IRON ORE, LLC

[1] The last four digits of the Debtor's federal tax identification number is 81-3609690. The corporate address of the Debtor is ERP Iron Ore, LLC 7908 US Highway 169, Suite B, Bovey, MN 55709.

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CHAPTER 11 PLAN OF REORGANIZATION

ARTICLE I

DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME AND GOVERNING LAW

A. *Rules of Interpretation, Computation of Time and Governing Law*

1. For purposes herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) unless expressly stated otherwise, any reference herein to a contract, instrument, release, note or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) any reference herein to an existing document or exhibit Filed, or to be Filed, shall mean such document or exhibit, as it may have been or may be amended, modified or supplemented; (d) unless otherwise specified, all references herein to articles, exhibits and schedules are references to the respective Articles, Exhibits or Schedules hereof or hereto; (e) the words "herein," "hereof" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (f) captions and headings of Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in Section 102 of the Bankruptcy Code shall apply; (h) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; and (i) whenever the Plan or the Plan's Exhibits use the word "including," such reference shall be deemed to mean "including, without limitation."

2. In computing any period of time prescribed or allowed hereby, the provisions of Bankruptcy Rule 9006(a) shall apply.

3. Except to the extent that the Bankruptcy Code or Bankruptcy Rules apply, and subject to the express provisions of any contract, instrument, release, note or other agreement or document entered into in connection herewith, the laws of the State of New York, giving effect to the conflicts of laws principles thereof, shall govern the construction of the Plan and any agreements, documents, and instruments executed in connection with the Plan, including any rule of law or procedure supplied by federal law as interpreted under the decisions in the State of New York (including the Bankruptcy Code and the Bankruptcy Rules).

B. *Defined Terms*

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form herein:

1. "*Administrative Expense Bar Dates*" has the meaning set forth in Article II.A.1 of the Plan.

2. "*Administrative Expense Claim*" means any right to payment constituting a cost or expense of administration of the Chapter 11 Case pursuant to Sections 503(b) and 507(a)(2) or 507(b) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estate and operating the Debtor's business; (b) compensation for legal, financial advisory, accounting and other professional services, and reimbursement of expenses awarded or allowed pursuant to Sections 327, 328, 330, 331, 503 or 1103 of the Bankruptcy Code; (c) the DIP Loan Claim; and (d) all fees and charges assessed against the Estate pursuant to Section 1930 of chapter 123 of title 28 of the United States Code.

3. "*Affiliate*" has the meaning set forth in Section 101(2) of the Bankruptcy Code.

4. "*Allowed*" means a Claim that is not a Disputed Claim and is allowable pursuant to Section 502 of the Bankruptcy Code or an Administrative Expense Claim allowable pursuant to Section 503 of the Bankruptcy Code: (a) for which a Proof of Claim or motion for payment of administrative expense was filed on or before the applicable Bar Date established by the Bankruptcy Court or by other order of the Bankruptcy Court and as to which no objection or other challenge to allowance thereof was timely Filed, or if an objection or challenge has been timely Filed, such Claim or Administrative Expense Claim as allowed by a Final Order; (b) for which a Proof of Claim or motion for administrative expense is not filed and that has been listed in the Schedules and is not listed as disputed, contingent or unliquidated; or (c) that is deemed allowed pursuant to the express provisions of the Plan or by prior order of the Bankruptcy Court; *provided*, *however*, that an "Allowed Claim" shall not include any Claim subject to disallowance in accordance with Section 502(d) of the Bankruptcy Code; *provided further*, *however*, pursuant to the Final DIP Order and this Plan, the DIP Lender's Claims have been deemed timely filed and Allowed.

5. "*Amended and Restated Operating Agreement*" means the amended and restated operating agreement of the Reorganized Debtor which shall be included in the Plan Supplement.

6. "*Assumed Contracts*" means those executory contracts or unexpired leases that the Debtor chooses to assume under Bankruptcy Code section 365(a) and/or assign under Bankruptcy Code section 365(f).

7. *"Avoidance Action"* means any Cause of Action belonging to the Estate under Sections 502(d), 544, 545, 546, 547, 548, 549, 550 and 551 of the Bankruptcy Code and all proceeds therefrom.

8. "*Bankruptcy Clerk*" means Clerk of the United States Bankruptcy Court for the District of Minnesota, Minneapolis Division, 301 Courthouse, 300 South Fourth St., Minnesota 55415.

9. *"Bankruptcy Code*" means title 11 of the United States Code, as amended from time to time, as in effect on the Confirmation Date, as applicable to the Chapter 11 Case.

10. "*Bankruptcy Court*" means the United States Bankruptcy Court for the District of Minnesota, or any other court having jurisdiction over the Chapter 11 Case or over any proceedings arising in or related to the Chapter 11 Case.

11. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Case, promulgated pursuant to 28 U.S.C. § 2075, and the general, local, and chambers rules of the Bankruptcy Court.

12. "*Bar Date*" means, as applicable, the (i) Claims Bar Date, (ii) Governmental Unit Bar Date, or (iii) Administrative Expense Bar Dates.

13. "*Bar Date Order*" means the Order Pursuant to 11 U.S.C. §§ 501, 502, 503 and 1111(a), Fed. R. Bankr. P. 2002 and 3003(c)(3) Establishing Bar Dates For Filing Claims And Approving Form And Manner Of Notice Thereof, entered by the Bankruptcy Court on August 3, 2018 [Docket No. 121].

14. "*Business Day*" means any day, other than a Saturday, Sunday, "legal holiday" (as defined in Bankruptcy Rule 9006(a)) or any other day on which commercial banks in any of the three states of Virginia, Indiana and Minnesota are required or are authorized to close by law or executive order.

15. "*Cash*" means lawful currency of the United States of America.

16. "*Cash Collateral*" means all Cash held by the Debtor that constitutes Collateral for a Secured Claim as of July 17, 2018.

17. "*Cash Collateral Order*" means any Final Order as entered by the Bankruptcy Court establishing the priority and amount of the distributions of the Cash Collateral between the Progress Rail Secured Claimant and the Noteholder Secured Claimants.

18. "*Cash Contribution*" means $1,000,000 in Cash, which will be used to pay the Holders of Allowed Class 6 Claims, on a Pro Rata basis, only if Class 6 votes to accept the Plan.

19. "*Causes of Action*" means, without limitation, all Claims, rights, actions, causes of action, liabilities, obligations, choses in action, suits, debts, dues, accounts, reckonings, bonds, bills, specialties, controversies, promises, damages, judgments, subrogation claims, contribution claims, reimbursement claims, indemnity claims, third-party claims, counterclaims and cross-claims, including all claims arising under state, federal or other non-bankruptcy law, and any avoidance, recharacterization, recovery, subordination or other actions against any Persons or Entities under the Bankruptcy Code, including Sections 506, 509, 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, 553, and 558 of the Bankruptcy Code or otherwise, of the Debtor or the Estate that are or may be pending or existing on the Effective Date, or that accrued on or before the Effective Date but may be brought thereafter, or which are based on any facts or circumstances occurring on or before the Effective Date, based in law or equity or statute, including under the Bankruptcy Code, whether direct, indirect, known or unknown, derivative, or otherwise and whether asserted or unasserted as of the Effective Date.

20. "*Chapter 11 Case*" means the chapter 11 case styled *In re ERP Iron Ore*, Case Number 18-50378, pending in the Bankruptcy Court.

21. "*Claim*" means a claim, as defined by Section 101(5) of the Bankruptcy Code, against the Debtor, the Estate, or against property of the Debtor or the Estate.

22. "*Claims Bar Date*" means September 21, 2018 at 4:30 p.m. (Central Time) which is the date established by the Bankruptcy Court in the Bar Date Order by which Holders of Claims other than Governmental Unit Claims and Administrative Expense Claims are required to File Proofs of Claim on account of such Claims; *provided*, *however*, pursuant to this Plan and the DIP Orders the DIP Lender's Claims have been deemed timely filed and Allowed.

23. "*Claims Objection Deadline*" means the deadline to object to Claims, which shall be 180 days after the Effective Date, or such later date as may be ordered by the Bankruptcy Court; *provided*, *however*, that this deadline may be extended one or more times upon motion by the Debtor as to any Claims, or by the Liquidating Trustee as to Claims other than Governmental Unit Claims and Administrative Expense Claims.

24. "*Class*" means a category of Holders of Claims or Equity Interests designated as a class as set forth in Article III herein.

25. "*Collateral*" means any property or interest in property of the Debtor or the Estate that is subject to an unavoidable Lien to secure the payment or performance of a Claim.

26. "*Confirmation*" means the entry on the docket by the Clerk of the Bankruptcy Court of the Confirmation Order, which shall have become a Final Order, subject to all conditions specified in Section IX.A herein having been satisfied or waived pursuant to Section IX.C herein.

27. "*Confirmation Date*" means the date upon which the Confirmation Order is entered by the Bankruptcy Court on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

28. "*Confirmation Hearing*" means the hearing or hearings at which the Bankruptcy Court considers entry of the Confirmation Order.

29. "*Confirmation Order*" means the order(s) of the Bankruptcy Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code, in form and substance acceptable to the DIP Lender and Plan Sponsor.

30. "*Creditor*" means any Holder of a Claim.

31. "*Cure Obligations*" means the legal obligations, either to provide payment and/or provide adequate assurance to an Assumed Contract counterparty in order to "cure" defaults as required by Bankruptcy Code section 365(b).

32. "*Debtor*" means ERP Iron Ore, LLC, a Virginia limited liability company.

33. "*DIP Lender*" means Merida Natural Resources, LLC as lender under the DIP Credit Agreement.

34. "*DIP Credit Agreement*" means that certain Amended and Restated Debtor in Possession Credit and Security Agreement, dated as of August 1, 2018 (as may be amended in

accordance with the terms thereof and the terms of any applicable DIP Financing Order), by and between the Debtor, as borrower, and the DIP Lender, as lender.

35. "*DIP Loan Claim*" means all Claims held by the DIP Lender pursuant to the DIP Credit Agreement and the DIP Financing Orders.

36. *"DIP Financing Orders"* means, collectively, any order of the Bankruptcy Court approving the DIP Credit Agreement or any extension of credit thereunder, including the Final DIP Order, as such orders may be supplemented or extended.

37. "*Disclosure Statement*" means the disclosure statement for the Plan as it may be amended, supplemented, or modified from time to time, that is prepared and distributed in accordance with Sections 1125, 1126(b) and/or 1145 of the Bankruptcy Code, Bankruptcy Rule 3018 and/or other applicable law and approved by the Bankruptcy Court in the Disclosure Statement Order.

38. *"Disclosure Statement Order"* means the order of the Bankruptcy Court approving the Disclosure Statement.

39. "*Disputed*" means, with respect to any Claim or Equity Interest, as of the date of determination, any Claim or Equity Interest: (a) listed on the Schedules as unliquidated, disputed or contingent, unless and until it is Allowed pursuant to a Final Order; (b) as to which the Debtor or any other party in interest has Filed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules, which objection or request for estimation has not been withdrawn with prejudice or determined by a Final Order; (c) as to which the deadline for filing objections has not passed (whether or not an objection has been Filed), unless and to the extent such Claim or Equity Interest has been Allowed pursuant to the express provisions of the Plan or an order that is a Final Order; or (d) that is otherwise disputed by the Debtor, the Liquidating Trustee or any other party in interest, or is subject to any right of setoff or recoupment, or the Holder thereof is subject to any Claim or Causes of Action, in accordance with applicable law, which dispute, right of setoff or recoupment, Claim or Causes of Action, has not been withdrawn with prejudice or determined in favor of such Holder by a Final Order.

40. "*Effective Date*" means the date all conditions specified in Article IX.B herein have been satisfied or waived pursuant to Article IX.C herein.

41. "*Entity*" means an entity as defined in Section 101(15) of the Bankruptcy Code.

42. "*Equity Interest*" means any equity interest in the Debtor as of the Petition Date, including any issued, unissued, authorized or outstanding member interests together with any warrants, options or contract rights to purchase or acquire such interests at any time, or any Claim or interest that is subject to the subordination to the level of any equity interest pursuant to Bankruptcy Code.

43. "*Estate*" means the estate of the Debtor created pursuant to Section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Case.

44. *"Excluded Actions"* means Causes of Action against a Released Party that are based in whole or in part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date, relating in any way to the Debtor, the Estate, the Bankruptcy Case, the DIP Credit Facility or the Plan or related to any act or omission in connection with, relating to, or arising out of the Bankruptcy Case, the formulation, preparation, dissemination, negotiation or filing of the Disclosure Statement or Plan, the DIP Credit Agreement, or any contract, instrument, release or other agreement or document created or entered into in connection with the DIP Credit Agreement, the Disclosure Statement, the Plan, the filing of the Bankruptcy Case, the pursuit of Confirmation and/or consummation of the Plan other than actions or omissions that constitute recklessness, willful misconduct or bad faith as determined by a Final Order by the Bankruptcy Court.

45. "*File*" *or* "*Filed*" means file or filed with the Bankruptcy Court in the Chapter 11 Case.

46. "*Final Administrative Expense Bar Dates*" has the meaning set forth in Section II.A.1 of the Plan.

47. "*Final Decree*" means the decree contemplated under Bankruptcy Rule 3022.

48. "*Final DIP Order*" means the Final Order Pursuant to 11 U.S.C. §§ 105(a), 362, 363, 364 and 507 (i) Approving Post-Petition Financing; (ii) Granting Liens and Providing Superpriority Administrative Expense Status, and (iii) Granting Related Relief entered by the Bankruptcy Court on August 7, 2018 [Docket No. 135], as such order may be supplemented or extended.

49. "*Final Order*" means an order of the Bankruptcy Court: (i) as to which the time to appeal, petition for certiorari or move for reargument, reconsideration or rehearing has expired and as to which no appeal, petition for certiorari or other proceeding for reargument, reconsideration or rehearing is pending; or (ii) if an appeal, writ of certiorari, reargument or rehearing thereof has been sought, such order has been affirmed by the highest court to which such order was appealed or from which certiorari was sought, reargument, reconsideration or rehearing has been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for reargument, reconsideration or rehearing has expired; *provided*, *however*, that the possibility of a motion pursuant to Rule 59 or 60 of the Federal Rules of Civil Procedure or any analogous Bankruptcy Rule or rule governing appellate practice being Filed with respect to such order shall not cause such order to be deemed a non-Final Order.

50. "*General Unsecured Claim*" means any Claim that is not an Administrative Expense Claim, DIP Loan Claim, Priority Claim, Progress Rail Secured Claim, Noteholder Secured Claim, Lighthouse Secured Claim, Plant 4 M&M Claim, Insider Claim or Equity Interest.

51. "*Governmental Unit*" has the meaning set forth in Section 101(27) of the Bankruptcy Code.

52. "*Governmental Unit Bar Date*" means October 19, 2018 at 4:30 p.m. Central Time which is the date established by the Bankruptcy Court in the Bar Date Order by which Holders of Governmental Unit Claims are required to File Proofs of Claim on account of such Governmental Unit Claims in accordance with the Bar Date Order.

53. "*Governmental Unit Claim*" means any Claim of which the Holder is a Governmental Unit.

54. "*Holder*" means the Person or Entity controlling the legal interest in a Claim, Equity Interest or Liquidating Trust Interest.

55. "*Impaired*" means, with respect to any Class of Claims or Equity Interests, a Claim or Equity Interest that is impaired within the meaning of Section 1124 of the Bankruptcy Code.

56. "*Impaired Claim*" or "*Impaired Equity Interest*" means a Claim or Equity Interest, as the case may be, classified under the Plan as Impaired.

57. "*Initial Administrative Expense Bar Dates*" has the meaning set forth in Section II.A.1 of the Plan.

58. *"Indiana Assets*" means the Reynolds Plant, real and personal property the Debtor owns that is located in Indiana, and any and all other assets relating to the restart and/or the operation of the Reynolds Plant to produce pellets without obtaining iron ore concentrate from the Minnesota Plants.

59. "*Insider Claims*" means Claims held by "insiders" as defined under Section 101(31) of the Bankruptcy Code against the Debtor; except that the DIP Loan Claim is not an Insider Claim.

60. "*IRS*" means the Internal Revenue Service.

61. *Investment Banker*" shall mean [Jefferies LLC], the investment banking firm hired to market the Indiana Assets and the Minnesota Assets for sale.

62. "*Jessie Loadout*" means the real property owned by the Debtor and the improvements thereon that constitute a rail loadout facility located near Grand Rapids, Minnesota, which has a mailing address of 27038 Midway Pit Haul Road, Grand Rapids, Minnesota 55744.

63. "*Lien*" means a lien as defined by Section 101(37) of the Bankruptcy Code.

64. "*Lighthouse Secured Claimants"* means the Claimants holding an interest in the Lighthouse Secured Note, in such capacity.

65. "*Lighthouse Secured Claims"* means the Claims held by Lighthouse Management Group, Inc. as agent for the Lighthouse Secured Claimants, which, for the avoidance of doubt,

arise solely from the Lighthouse Secured Note and Lighthouse Security Agreement and not any other document, statute or legal right.

66. "*Lighthouse Secured Note*" means that Promissory Note dated January 27, 2017 between the Debtor, as maker, and Lighthouse Management Group, Inc., as holder.

67. *"Lighthouse Security Agreement*" means that Security Agreement dated January 27, 2017 between the Debtor and Lighthouse Management Group, Inc. in its capacity as Administrative Agent for Lighthouse Secured Claimants.

68. "*Lighthouse Settlement Agreement*" means that Settlement Agreement and Release between and among the Debtor, Lighthouse Management Group, Inc., and certain "mechanic's and/or miner's lien claimant signatories" dated January 27, 2017.

69. "*Liquidating Trust*" means the trust established on the Effective Date, in accordance with the Plan and Liquidating Trust Agreement, for the benefit of the Liquidating Trust Beneficiaries, to which the Liquidating Trust Assets will be transferred and liquidated in accordance with the terms of this Plan and the Liquidating Trust Agreement; the Liquidating Trust shall conduct no business and shall qualify as a liquidating trust pursuant to Treasury Regulations § 301.7701-4(d).

70. "*Liquidating Trust Agreement*" means the trust agreement between the Debtor, and the Liquidating Trustee that, among other things, creates and establishes the Liquidating Trust, describes the powers, duties and responsibilities of the Liquidating Trustee, and provides for the liquidation and distribution of proceeds of the Liquidating Trust Assets, which trust agreement shall be substantially in the form filed in the Plan Supplement.

71. "*Liquidating Trust Assets*" means the Vested Causes of Action (except for any Causes of Action released by order of the Bankruptcy Court or by operation of this Plan), as well as the Liquidating Trust Funding.

72. "*Liquidating Trust Beneficiaries*" means each Holder of a Liquidating Trust Interest.

73. "*Liquidating Trust Funding*" means the $25,000 in cash that the Plan Sponsor will contribute on the Effective Date from the Plan Investment for payment by the Debtor to the Liquidating Trustee, and that will be for the sole benefit of the Liquidating Trust and which shall be used to fund the Liquidating Trustee's duties under the Liquidating Trust Agreement.

74. "*Liquidating Trust Interest*" means a beneficial interest in the Liquidating Trust issued to Holders of Allowed General Unsecured Claims.

75. "*Liquidating Trustee*" means such Person or Entity appointed as trustee for the Liquidating Trust in accordance with the Liquidating Trust Agreement, which appointment is acceptable to the Debtor and approved by the Bankruptcy Court.

76. "*Local Rules*" means the Bankruptcy Local Rules for the Bankruptcy Court, as amended from time to time.

77. "*Minnesota Assets*" means the Minnesota Plants, related equipment or other assets, and all real and personal property the Debtor owns that is located in Minnesota; *provided, however,* that the Minnesota Assets shall exclude the Indiana Assets.

78. "*Minnesota Plants*" means Plant 1, Plant 2, Plant 4 and the Jessie Loadout.

79. *"Minnesota Sales*" means the sale transaction(s) transferring title to any or all Minnesota Assets to one or more winning bidder(s) pursuant to Final Order of the Bankruptcy Court in accordance with Article V.B.

80. "*Minnesota Sales Proceeds*" means proceeds from the Minnesota Sales.

81. "*New Membership Interests*" means all equity interests in the Reorganized Debtor.

82. "*Noteholder Secured Claimant*" means a Claimant Holding a Noteholder Secured Claim.

83. "*Noteholder Secured Claims*" means the Secured Claims held by Wilmington Savings Fund Society, FSB, for itself and on behalf of all noteholders, pursuant to that certain Floating Rate Senior Secured Amortizing PIK Toggle Notes Indenture dated January 30, 2017 and Security Agreement dated January 30, 2017, in the amount of such Secured Claims as of the Petition Date. For the avoidance of doubt, any other Claims of Wilmington Savings Fund Society, FSB shall constitute General Unsecured Claims classified in Class 6.

84. "*Official Bankruptcy Forms*" means the Official and Procedural Bankruptcy Forms, prescribed by the Judicial Conference of the United States, in accordance with Bankruptcy Rule 9009.

85. "*Other Administrative Expense Claim*" means any Administrative Expense Claim other than a Professional Fee Claim.

86. "*Person*" means a person as defined in Section 101(41) of the Bankruptcy Code.

87. "*Petition Date*" means May 25, 2018.

88. "*Plan*" means this Chapter 11 Plan of Reorganization, including all exhibits, supplements, appendices, and schedules hereto, either in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with the terms hereof, the Bankruptcy Code and the Bankruptcy Rules, each in form and substance acceptable to the Plan Sponsor.

89. "*Plan Investment*" shall mean up to $50 million in equity or debt financing to be made or arranged by Plan Sponsor in or for the Reorganized Debtor which shall be used to fund the terms of this Plan, working capital, repair of the Reynolds Plant and any other uses permitted thereby.

90. "*Plan Investment Agreements*" means the documents which govern the Plan Investment.

91. "*Plan Sponsor"* means Merida Natural Resources, LLC and Tom and Ana Clarke.

92. *"Plan Sponsor Acquisition*" means the form of the Reorganization Transaction whereby the Plan Sponsor acquires the New Membership Interests.

93. "*Plan Supplement*" means the compilation of documents and form of documents, schedules and exhibits, including (1) the Plan Investment Agreements; (2) the Liquidating Trust Agreement; (3) the Amended and Restated Operating Agreement, (4) the designation of the Reorganized Debtor's members and directors, (5) the Replacement Note and (6) any other documents included in a filing by the Debtor designated as a supplement to the Plan, to be Filed on or before seven (7) days prior to the Voting Deadline and which may be amended from time to time.

94. "*Plant 1*" means the real property owned by the Debtor and the improvements thereon located near Keewatin, Minnesota, which has a mailing address of 35001 County Road 571, Keewatin, Minnesota 55753.

95. "*Plant 2*" means the real property owned by the Debtor and the improvements thereon located near Bovey, Minnesota, which has a mailing address of 27692 County Road 10, Bovey, Minnesota 55709.

96. "*Plant 4*" means the real property leased the Debtor and improvements thereon located at or around 28754 County Road 61, Grand Rapids, Minnesota 55744.

97. "*Plant 4 Escrow*" means the account where the Debtor will place and hold the Plant 4 Proceeds in escrow, which shall be distributed pursuant to the Plant 4 Escrow Order.

98. "*Plant 4 Escrow Order*" means the Final Order that the Bankruptcy Court will enter establishing the priority and amount of the distributions of the Plant 4 Proceeds from the Plant 4 Escrow between Plant 4 M&M Claimants, Noteholder Secured Claimants and Lighthouse Secured Claimants.

99. "*Plant 4 M&M Claim*" means a mechanic's and/or miner's Lien Secured Claim derived from labor performed in or materials furnished to Plant 4 that is governed under and perfected under Minn. Stat. Ann. § 514.01, et. seq. and is listed on Schedule 2(a) of the Lighthouse Settlement Agreement. All Plant 4 M&M Claims and Plant 4 M&M Claimants are listed on Schedule 2(a) of the Lighthouse Settlement Agreement.

100. "*Plant 4 M&M Claimant*" means a Person holding a Plant 4 M&M Claim.

101. "*Plant 4 Proceeds*" means any proceeds from a Plant 4 Sale.

102. "*Plant 4 Sale*" means a sale of all or any portion of Plant 4 assets.

103. "*Precluded Setoffs*" means any right, defense or remedy of setoff, offset, netting, recoupment or any other similar right, defense or remedy against the Debtor, Claims of the Debtor, or the Debtor's assets.

104. "*Priority Claim*" means any Priority Non-Tax Claim, Priority Employee Claim or Priority Tax Claim.

105. *"Priority Employee Claim"* means Claims held by employees of the Debtor pursuant to Bankruptcy Code section 507(a)(4).

106. "*Priority Non-Tax Claim*" means a Claim accorded priority in right of payment under Section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim, Administrative Expense Claim or Priority Employee Claim.

107. "*Priority Tax Claim*" means an unsecured Claim of a Governmental Unit of the kind specified in Sections 502(i) or 507(a)(8) of the Bankruptcy Code.

108. "*Professional*" means a Person or Entity employed pursuant to a Final Order in accordance with Sections 327 or 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Confirmation Date, pursuant to Sections 327, 328, 330, 331, 503 or 1103 of the Bankruptcy Code, or for which compensation and reimbursement has been Allowed by the Bankruptcy Court pursuant to Section 503(b)(4) of the Bankruptcy Code.

109. "*Professional Fee Claim*" means any Claim for fees or expenses (including hourly, transaction, and success fees) for services rendered by Professionals in the Chapter 11 Case.

110. *"Professional Fee Claim Bar Date"* has the meaning set forth in Section II.A.3 of the Plan.

111. "*Progress Rail Secured Claims*" means the Secured Claims held by Progress Rail Services Corporation against the Debtor, in the amount of such Secured Claims as of the Petition Date, and not to exceed $5 million in the aggregate. For the avoidance of doubt, any other Claims of Progress Rail Services Corporation shall constitute General Unsecured Claims classified in Class 6.

112. "*Proof of Claim*" has the meaning set forth in Bankruptcy Rule 3001.

113. "*Pro Rata*" means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in such Class.

114. "*Record Date*" means the date as of which the identity of Holders of Claims or Interests is set for purposes of determining the identity of Entities entitled to receive a ballot(s) and vote on the Plan.

115. "*Rejected Contracts and Leases*" means those executory contracts and unexpired leases as defined by section 365 of the Bankruptcy Code which are rejected pursuant to Section VI.A.

116. *"Released Party*" or "*Released Parties*" means (x) all Persons that are directors, officers, employees, or Professionals of the Debtor and served the Debtor on or after July 17, 2018, (y) the Plan Sponsor and all directors, officers, managers, partners, owners, employees,

Professionals or agents of each of the foregoing, and (z) the Debtor (other than as to obligations pursuant to the Plan).

117. "*Reorganized Business*" means the business, operations and assets of the Reorganized Debtor as of the Effective Date.

118. "*Reorganized Debtor*" shall mean the Debtor on and after the Effective Date.

119. "*Reorganization Transaction*" means the transaction(s) issuing equity, and transferring ownership and/or control of the Debtor to the Plan Sponsor on the Effective Date.

120. "*Replacement Note*" means a secured note to be issued by the Reorganized Debtor to an administrative and collateral agent on behalf of any Lighthouse Secured Claimants in the Replacement Note Amount, which shall be secured by the Reynolds Plant, with lien and payment priority junior to any debt financing Plan Investment, have a five year term, accrue interest at 3%, and pay principal and interest quarterly.

121. "*Replacement Note Amount*" means the amount of the prepetition indebtedness owed to Lighthouse Management Group, Inc. under the Lighthouse Secured Note and Lighthouse Security Agreement on the Petition Date minus (i) any proceeds from Minnesota Sales paid or to be paid to Lighthouse Management Group, Inc. on behalf of the Lighthouse Secured Claims and (ii) any proceeds of the Plant 4 Escrow paid or to be paid to a Plant 4 M&M Lien Claimant or to Lighthouse Management Group, Inc. on behalf of the Lighthouse Secured Claims.

122. "*Retained Assets*" means any assets that will vest in or otherwise be retained by the Reorganized Debtor on the Effective Date per this Plan and, for the avoidance of doubt, includes the Indiana Assets and the Retained Causes of Action.

123. "*Retained Causes of Action*" means the Causes of Action retained by the Debtor pursuant to this Plan, to be scheduled in the Plan Supplement (but not including the Vested Causes of Action).

124. "*Reynolds Plant*" means the real property owned by the Debtor and the improvements thereon located in Reynolds, Indiana, which has a mailing address of 64 E 100 N, Reynolds, Indiana 47980.

125. "*Schedules*" mean the schedules of assets and liabilities and the statement of financial affairs that were filed by the Debtor in accordance with Section 521 of the Bankruptcy Code, the Official Bankruptcy Forms and the Bankruptcy Rules, as they may be amended and supplemented from time to time.

126. "*Secured Claim*" means any Claim to the extent secured by a Lien on an asset of the Debtor.

127. "*Secured Tax Claims*" means a Secured Claim held by a Governmental Unit for the payment of the principal amount of taxes, and excluding penalties, interest, fines or other charges.

128. "*TIF Bond Documents*" means the documents, as amended, concerning the White County, Indiana Taxable Economic Development Revenue Bonds, Series 2013, including, without limitation, that certain Settlement Agreement - White County between the Debtor and White County, Indiana dated January 5, 2017 and the White County TIF Bond Documents (as defined in the Settlement Agreement - White County, including a Loan Agreement, Trust Indenture, and the White County TIF Bonds, the MAG PELLET, LLC NOTE, SERIES 2013).

129. "*TIF Bonds*" means the White County, Indiana Taxable Economic Development Revenue Bonds, Series 2013, the TIF Bond Documents, and any and all rights of the Debtor pursuant to any of the foregoing.

130. "*Topping Party*" means a party making a Topping Proposal.

131. "*Topping Proposal*" has the same meaning as in the Plan Support Agreement.

132. "*Transaction Documents*" means documents reflecting, recording or consummating the Reorganization Transaction.

133. "*Treasury Regulations*" means title 26 of the Code of Federal Regulations.

134. "*Unimpaired*" means, with respect to a Class of Claims, a Claim that is not impaired within the meaning of Section 1124 of the Bankruptcy Code.

135. "*U.S. Trustee*" means the Office of the United States Trustee for Region 12.

136. "*Vested Causes of Actions*" means all Avoidance Actions that are being transferred to the Liquidating Trust. These shall include all Avoidance Actions except Excluded Actions.

137. "*Voting Deadline*" means the deadline to vote on the Plan as set by the Bankruptcy Court.

ARTICLE II

TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

A. *Administrative Expense Claims*

1. Administrative Expense Bar Date

All Other Administrative Expense Claims that are not paid in the ordinary course of the Debtor's business and accrue prior to thirty (30) days prior to the Confirmation Hearing must be Filed with the Bankruptcy Court not later than ten (10) days before the date scheduled for the Confirmation Hearing (the "Initial Administrative Expense Bar Date"). All Other Administrative Expense Claims that are not paid in the ordinary course of the Debtor's business and accrue after to the Initial Administrative Expense Bar Date must be Filed with the Bankruptcy Court not later than ten (10) days after the notice of the Effective Date ("Final

Administrative Expense Bar Date") is Filed by the Debtor or Reorganized Debtor. ***For the avoidance of doubt, the Claimant must file a motion, and not make any other form of request, to qualify as a timely request for an Other Administrative Expense Claim under the Initial Administrative Expense Bar Date or Final Administrative Expense Bar Date (collectively, the "Administrative Expense Bar Dates") applicable to the Claimant.*** Objections (if any) to such Other Administrative Expense Claim may be filed no later than sixty (60) days after the Effective Date. ***Any requests for the payment of an Other Administrative Expense Claim not timely and properly filed as provided in this paragraph: (a) shall be forever barred, estopped and enjoined from asserting such Other Administrative Expense Claim against the Debtor and the Estate, and the Debtor and the Estate shall be forever discharged from any and all indebtedness or liability with respect to such Other Administrative Expense Claim; and (b) such Holder shall not be permitted to participate in any distribution under the Plan on account of such Other Administrative Expense Claim.***

For the avoidance of doubt, Persons or Entities seeking awards by the Bankruptcy Court for Professional Fee Claims shall not be required to comply with the Administrative Expense Bar Dates; instead Professional Fee Claims are governed by Article II.A.3 and the Professional Fee Claim Bar Date. Further, for the avoidance of doubt, the DIP Loan Claim is Allowed as an Administrative Expense Claim, by operation of this Plan and the DIP Financing Orders, and the DIP Lender shall not be required to file any further claim in connection with the Administrative Expense Bar Dates. In the event the Plan Sponsor Acquisition closes, the Allowed DIP Loan Claim shall be credited towards the Investment or rolled into a subordinate convertible secured note on the Effective Date. In the event the Plan Sponsor Acquisition does not close, the Allowed DIP Loan Claim shall be paid in full in Cash on the Effective Date.

2. Treatment of Other Administrative Expense Claims

Each Holder of an Allowed Other Administrative Expense Claim shall, in full and final satisfaction of such Allowed Other Administrative Expense Claim, be paid either (i) in Cash, in full, on, or as soon as practicable following, the latest of (x) the Effective Date, or (y) the date of entry of a Final Order providing that such Other Administrative Claim is Allowed, or (ii) on such other terms and conditions as may be agreed between the Holder of such Claim, on the one hand, and the Plan Sponsor and Debtor, or the Reorganized Debtor (as applicable), on the other hand.

3. Treatment of Professional Fee Claims

Notwithstanding anything herein to the contrary, all Persons or Entities seeking awards by the Bankruptcy Court of Professional Fee Claims for compensation for services rendered or reimbursement of expenses incurred on behalf of the Estate prior to the Effective Date shall file, on or before the date that is forty-five (45) days after the Effective Date (the "Professional Fee Claim Bar Date"), their respective applications for final allowances of compensation for services rendered and reimbursement of expenses incurred providing for a deadline of 30 days from the filing to object thereto. The Debtor shall pay each Professional Fee Claim within fifteen (15) days after such claim becomes an Allowed Claim.

The Debtor is authorized to pay compensation for services rendered or reimbursement of expenses incurred after the Effective Date by its respective Professionals in the ordinary course of business and without the need for Bankruptcy Court approval.

4. Treatment of Priority Tax Claims

Each holder of an Allowed Priority Tax Claim, shall, in full and final satisfaction of such Allowed Claim receive (i) in Cash, in full, on, or as soon as practicable following, the later of (x) the Effective Date, or (y) the date of entry of a Final Order allowing such Priority Tax Claim, (ii) in Cash, in regular installments over a period ending not later than five (5) years after the Petition Date, of a total value, as of the Effective Date, equal to the Allowed amount of such Claim, or (iii) on such other terms and conditions as may be agreed between the Holder of such Claim, on the one hand, and the Plan Sponsor and Debtor, or the Reorganized Debtor (as applicable), on the other hand.

ARTICLE III

CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. *Summary*

The categories listed below classify Claims against and Equity Interests in the Debtor for all purposes, including voting, confirmation and distribution pursuant hereto and pursuant to Sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class by a Final Order and has not been paid or otherwise satisfied prior to the Effective Date.

Summary of Classification and Treatment of Claims and Equity Interests

Class	Claim	Status	Voting Right
N/A	Administrative	Unimpaired	Not Entitled to Vote
1	Priority Employee Claims	Unimpaired	Deemed to Accept
2	Plant 4 M&M Claims	Unimpaired	Deemed to Accept
3	Progress Rail Secured Claims	Unimpaired	Deemed to Accept
4	Noteholder Secured Claims	Unimpaired	Deemed to Accept
5	Lighthouse Secured Claims	Impaired	Entitled to Vote
6	General Unsecured Claims	Impaired	Entitled to Vote
7	Insider Claims	Impaired	Not Entitled to Vote
8	Equity Interests	Impaired	Not Entitled to Vote

B. *Classification, Treatment and Voting*

1. **Class 1 - Priority Employee Claims**

(a) *Classification*: Class 1 comprises the Priority Employee Claims.

(b) *Treatment*: Each Holder of an Allowed Class 1 Claim shall receive, in full and final satisfaction of such Allowed Class 1 Claim on or as soon as practicable following the Effective Date: (i) Cash equal to the Allowed amount of such Priority Employee Claim; or (ii) such other treatment as may be agreed upon with the Holder of such Priority Employee Claim, on the one hand, and the Plan Sponsor and the Debtor, or the Reorganized Debtor (as applicable), on the other hand. For the avoidance of doubt, the Debtor believes there are no Priority Employee Claims.

(c) *Voting*: Class 1 is Unimpaired, and pursuant to Bankruptcy Code section 1126(f), the Holders of Class 1 Claims are deemed to have accepted the Plan. Therefore, votes from Class 1 claimants will not be solicited.

2. **Class 2 - Plant 4 M&M Claims**

(a) *Classification*: Class 2 comprises the Plant 4 M&M Claims.

(b) *Treatment*: Each Holder of an Allowed Class 2 Claim shall receive on or as soon as practicable following the Effective Date, in full and final satisfaction of such Allowed Claim, a Cash distribution from the Plant 4 Proceeds calculated on the amount of the Allowed Class 2 Claim pursuant to the Plant 4 Escrow Order, on a Pro Rata basis if applicable.

(c) Allowed Class 2 Claimants shall be paid from the Plant 4 Escrow according to the Plant 4 Escrow Order. Any such payment shall reduce the recovery to Class 4 on a dollar for dollar basis.

(d) *Voting*: Class 2 is Unimpaired, and pursuant to Bankruptcy Code section 1126(f), the Holders of Class 2 Claims are deemed to have accepted the Plan. Therefore, votes from Class 2 claimants will not be solicited.

3. **Class 3 - Progress Rail Secured Claims**

(a) *Classification*: Class 3 comprises the Progress Rail Secured Claims.

(b) *Treatment*: Each Holder of an Allowed Class 3 Claim shall receive, in full and final satisfaction of such Allowed Class 3 Claim, (i) payment in full in Cash in the amount of such Allowed Class 3 Claim, but not to exceed $ 5 million in the aggregate, on or as soon as practicable following the Effective Date or (ii) such other treatment as may be agreed upon with the Holder of such Allowed Progress Rail Secured Claim, on the one hand, and the Plan Sponsor and Debtor or, as applicable, the Reorganized Debtor, on the other hand.

(c) Class 3 shall be paid from: (i) first, from Cash Collateral pursuant to the Cash Collateral Order; (ii) second, from Minnesota Sale Proceeds from all Minnesota Sales other than Plant 4 Proceeds; (iii) third, after all distributions pursuant to (i)-(ii), from the Plan Investment.

(d) *Voting*: Class 3 is Unimpaired, and pursuant to Bankruptcy Code section 1126(f), the Holders of Class 3 Claims are deemed to have accepted the Plan. Therefore, votes from Class 3 claimants will not be solicited.

4. **Class 4 - Noteholder Secured Claims**

(a) *Classification*: Class 4 Comprises the Noteholder Secured Claims.

(b) *Treatment*: Wilmington Savings Fund Society, FSB, for itself and on behalf of all noteholders, to the extent its Noteholder Secured Claims become an Allowed Class 4 Claim shall receive, in full and final satisfaction of such Allowed Class 4 Claim and in the amount of such Allowed Class 4 Claim on or as soon as practicable following

the Effective Date: (i) Cash equal to the Allowed amount of such Noteholder Secured Claim; or (ii) such other treatment as may be agreed upon with Wilmington Savings Fund Society, FSB, on the one hand, and the Plan Sponsor and Debtor or, as applicable, the Reorganized Debtor, on the other hand.

(c) Class 4 shall be paid: (i) first, from Cash Collateral pursuant to the Cash Collateral Order; (ii) second, from Minnesota Sale Proceeds from all Minnesota Sales other than Plant 4 Proceeds, after Progress Rail Secured Claims have been paid in full in Cash; (iii) third, from the Plant 4 Escrow from all Plant 4 Sales according to the Plant 4 Escrow Order; and (iv) fourth, after all distributions pursuant to (i)-(iii), from the Plan Investment.

(d) *Voting*: Class 4 is Unimpaired, and pursuant to Bankruptcy Code section 1126(f), the Holders of Class 4 Claims are deemed to have accepted the Plan. Therefore, votes from Class 4 claimants will not be solicited.

5. **Class 5 - Lighthouse Secured Claims**

(a) *Classification*: Class 5 comprises the Lighthouse Secured Claims.

(b) *Treatment if Class 5 Votes to Accept the Plan*: In the event Class 5 votes to accept the Plan, Lighthouse Management Group, Inc. as agent for the Lighthouse Secured Claimants, to the extent its Lighthouse Secured Claims become an Allowed Class 5 Claim, shall receive, in full and final satisfaction of such Allowed Class 5 Claim payment (i) in Cash equal to 75% of the amount of the Allowed Class 5 Claim minus any distributions that have or may be made to Holders of Class 2 Claims, on or as soon as practicable following the Effective Date, or (ii) such other treatment as may be agreed upon with Lighthouse Management Group, Inc., on the one hand, and the Plan Sponsor and Debtor or, as applicable, the Reorganized Debtor, on the other hand. In the event Class 5 votes to accept the Plan, Allowed Class 5 Claims shall be paid (i) first, from Minnesota Sale Proceeds from all Minnesota Sales except for Plant 4 Proceeds, after Class 3 and Class 4 are paid in full in Cash; (ii) second, from Plant 4 Proceeds from all Plant 4 Sales according to the Plant 4 Escrow Order; and (iii) third, after all distributions pursuant to (i)-(ii), from the Plan Investment.

(c) *Treatment if Class 5 Does Not Vote to Accept the Plan*: In the event Class 5 does not vote to accept the Plan, Lighthouse Management Group, Inc. as agent for the Lighthouse Secured Claimants, to the extent its Lighthouse Secured Claims become an Allowed Class 5 Claim, shall receive, in full and final satisfaction of such Allowed Class 5 Claim (i) payment in Cash and a Replacement Note as outlined in the following sentence, on or as soon as practicable following the Effective Date, or (ii) such other treatment as may be agreed upon with Lighthouse Management Group, Inc., on the one

hand, and the Plan Sponsor and Debtor or, as applicable, the Reorganized Debtor, on the other hand. In the event Class 5 does not vote to accept the Plan, Allowed Class 5 Claims shall be paid (i) from Minnesota Sale Proceeds from all Minnesota Sales except for Plant 4 Proceeds, after Class 3 and Class 4 are paid in full in Cash; (ii) from Plant 4 Proceeds from all Plant 4 Sales according to the Plant 4 Escrow Order, and (iii) with a Replacement Note Amount satisfied through the issuance and payments on the Replacement Note according to its terms.

(d) *Voting*: Class 5 is Impaired, and the Holders of Class 5 Claims are entitled to vote to accept or reject the Plan.

6. **Class 6- General Unsecured Claims**

(a) *Classification*: Class 6 comprises the General Unsecured Claims.

(b) *Treatment*: Each Holder of an Allowed Class 6 Claim shall receive, in full and final satisfaction of such Allowed Claim, *Pro Rata* rights to the Liquidating Trust Assets on or as soon as practicable following the Effective Date. The allowance and distributions from the Liquidating Trust will be determined by the Liquidating Trustee, as otherwise governed by the Plan and the Liquidating Trust Agreement, subject to any order from the Bankruptcy Court. If Class 6 votes to accept the Plan, each Holder of an Allowed Class 6 Claim will also receive their Pro Rata portion of the Cash Contribution.

(c) *Voting*: Class 6 is Impaired, and the Holders of Class 6 Claims are entitled to vote to accept or reject the Plan.

7. **Class 7 - Insider Claims**

(a) *Classification*: Class 7 comprises the Insider Claims.

(b) *Treatment*: Class 7 shall receive no distribution under the Plan.

(c) *Voting*: Class 7 is Impaired and pursuant to Bankruptcy Code Section 1126(g) is deemed to have rejected the Plan. Therefore, votes from Holders in Class 7 will not be solicited.

8. **Class 8 - Equity Interests**

(a) *Classification*: Class 8 comprises the Equity Interests.

(b) *Treatment*: No distributions shall be made under the Plan on account of any Equity Interest. As of the Effective Date, any and all Equity Interests are cancelled and deemed discharged without any further notice or order.

(c) *Voting*: Class 8 is Impaired and pursuant to Bankruptcy Code Section 1126(g) is deemed to have rejected the Plan. Therefore, votes from Holders in Class 8 will not be solicited.

ARTICLE IV

ACCEPTANCE OR REJECTION OF PLAN

A. *Voting Classes*

Class 1, Class 2, Class 3, and Class 4, are Unimpaired and, by operation of Bankruptcy Code Section 1126(f), claimants in such Classes are deemed to have accepted the Plan. Class 7 and Class 8 are deemed to reject the Plan because the Holders of Class 7 Claims and Class 8 Interests will receive no distribution. Accordingly, they will not be solicited to vote.

B. *Acceptance by Impaired Classes*

An Impaired Class of Claims shall be deemed to have accepted the Plan if the (a) Holders (other than any Holder designated pursuant to Section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Claims actually voting in such Class have voted to accept the Plan and (b) Holders (other than any Holder designated pursuant to Section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Claims actually voting in such Class have voted to accept the Plan.

C. *Elimination of Vacant Classes*

Any Class of Claims or Interests that does not have a Holder of an Allowed Claim or a Claim temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to Section 1129(a)(8) of the Bankruptcy Code.

D. *Failure to Vote*

If the Holders of Claims in a particular Impaired Class of Claims were given the opportunity to vote to accept or reject the Plan, but no Holders of Claims in such Impaired Class of Claims voted to accept or reject the Plan, then such Class of Claims shall be deemed to have accepted the Plan.

E. *Non-Consensual Confirmation*

To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtor will request confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code. The Debtor reserves the right to alter, amend, modify, revoke or withdraw this Plan or any document in the Plan Supplement, including to amend or modify it to satisfy the requirements of Section 1129(b) of the Bankruptcy Code, if necessary, subject to Section XIII.D of the Plan.

ARTICLE V

PROVISIONS FOR IMPLEMENTATION OF PLAN

A. *Reorganization of the Debtor*

The Plan contemplates the Reorganization of the Debtor. On the Effective Date:

- the Debtor shall exist as the Reorganized Debtor;
- all assets of the Debtor shall vest in Reorganized Debtor unless liquidated, abandoned, sold, assigned, or designated pursuant to the Plan;
- all Retained Assets shall vest to the Reorganized Debtor free and clear of any and all Claims, Liens and Equity Interests, without the need for any further notice or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person or Entity; and
- the Reorganized Debtor shall continue to operate its business.

B. *Minnesota Sales and Investment Banker*

The Debtor shall retain the Investment Banker to sell the Minnesota Assets, whose retention shall have been approved by the Bankruptcy Court. The Debtor will File motions under Section 363 of the Bankruptcy Code, on or before the Effective Date, seeking approval for the Minnesota Sales. Specifically, the Debtor intends to sell the following Minnesota Assets:

- Jessie Loadout
- Plant 1
- Plant 2
- Plant 4
- All other tangible assets located in Minnesota that are not Indiana Assets

C. *Reorganization Transaction and Plan Sponsor*

The Plan Sponsor has submitted a bid to purchase the equity in the Reorganized Debtor through the Plan Support Agreement. The consideration proposed is up to $50 million and includes the consideration given under the DIP Credit Agreement and also the Plan Investment to be paid on the Effective Date.

The Debtor will continue to seek and be open to a Topping Proposal for its equity or Assets, including allowing a third party to bargain for and obtain some or all of the protections offered the Plan Sponsor under the Plan.

D. *Issuance of Equity of Reorganized Debtor*

On the Effective Date, upon the terms and subject to the conditions set forth in the Plan, the Plan Support Agreement, and the Amended and Restated Operating Agreement, the Reorganized Debtor shall issue, sell and deliver to the Plan Sponsor all of the New Membership Interests. Notwithstanding the foregoing, the Plan Sponsor may, but is not required to, allow other Persons to acquire New Membership Interests, which may be separately classified, on the Effective Date under the Amended and Restated Operating Agreement (as applicable) and the Plan. If the following conditions are met, the participation of additional new members shall not constitute a material modification of the Plan that requires re-solicitation of the Plan, and a Holder of a Claim that has accepted the Plan shall be deemed to have accepted this Plan as modified if: (a) the aggregate Purchase Price of the New Membership Interests is not less than the consideration of the Plan Sponsorship Acquisition to the Debtor; (b) the identity of any person to acquire New Membership Interests on the Effective Date is disclosed; (c) any amendments to the Amended and Restated Operating Agreement are filed with the Bankruptcy Court; and (d) the Plan Sponsor or successful Topping Party, as applicable, acquires a majority equity interest in, or otherwise obtains operational control of, the Reorganized Debtor.

E. *Section 1145 Exemption*

Pursuant to section 1145 of the Bankruptcy Code, the issuance and allocation of shares of the New Membership Interests pursuant to the Plan shall be exempt from registration under the Securities Act of 1933 and any state or local law requiring registration for offer or sale of a security.

F. *Company Action*

Each of the matters provided for under this Plan or the Transaction Documents involving the company structure of the Debtor or Reorganized Debtor or any company action to be taken by, or required of, the Debtor or Reorganized Debtor shall be deemed to have occurred and be effective as provided herein, and shall be authorized, approved and, to the extent taken prior to the Effective Date, ratified in all respects without any requirement of further action by members, creditors, directors, offices or managers of the Debtor or the Reorganized Debtor.

G. *Officers and Directors of Reorganized Debtor*

On the Effective Date, each of the members of the existing board of directors and officers of the Debtor shall be deemed to have resigned in such capacity, and shall return all property of the Debtor in their possession to the Debtor or Reorganized Debtor on or before such date. The Plan Supplement will designate the members of the board of directors and officers of the Reorganized Debtor. On the Effective Date, the officers and directors of the Reorganized Debtor will be appointed automatically without any requirement of further action by members, creditors, directors, or managers of the Debtor or the Reorganized Debtor.

H. *Preservation of Causes of Action*

Unless otherwise expressly extinguished or assigned by this Plan, the Reorganized Debtor will retain all Causes of Action held by the Debtor arising both before and after the

Petition Date, known as the Retained Causes of Action. For the avoidance of doubt, the Reorganized Debtor will not retain Vested Causes of Action. Vested Causes of Action shall, on the Effective Date, automatically and irrevocably vest in the Liquidating Trust free and clear of Liens, Claims, encumbrances and interests. The Liquidating Trustee, on behalf of the Liquidating Trust, shall have the exclusive right, authority, and discretion to institute, commence, pursue, prosecute, abandon, settle, or compromise any and all Vested Causes of Action. The Liquidating Trust shall not be funded with, and the Liquidating Trustee shall not have any authority, powers, or duties with respect to any of the Excluded Actions. Also, for the avoidance of doubt, the Reorganized Debtor will retain all rights of setoff and recoupment as described in Article VII.K of the Plan.

I. *Liquidating Trust*

1. Establishment of Liquidating Trust

On the Effective Date, the Debtor and the Liquidating Trustee, on their own behalf and the Liquidating Trustee on behalf of Holders of Allowed Claims in Class 6, shall execute the Liquidating Trust Agreement and shall take all other steps necessary to establish the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries in accordance with the Plan.

2. Funding of Liquidating Trust

The Liquidating Trust will be irrevocably vested with (i) the Liquidating Trust Funding and (ii) the Vested Causes of Action.

3. Appointment of Liquidating Trustee

The Liquidating Trustee shall be acceptable to the Debtor and any committee of creditors appointed by the Bankruptcy Court.

4. Transfer and Vesting of Liquidating Trust Assets in Liquidating Trust

Notwithstanding any prohibition on assignability under applicable non-bankruptcy law, on the Effective Date and periodically thereafter if additional Liquidating Trust Assets become available, the Debtor shall be deemed to have automatically transferred to the Liquidating Trust all of its right, title and interest in and to all of such additional Liquidating Trust Assets, and in accordance with Sections 1123 and 1141 of the Bankruptcy Code, all such assets shall automatically irrevocably vest in the Liquidating Trust free and clear of all Claims and Liens, subject only to the Allowed Claims of the applicable Liquidating Trust Beneficiaries, as set forth in the Plan, and the reasonable fees and expenses of administering the Liquidating Trust, including the reasonable fees and expenses of the Liquidating Trustee, as provided in the Liquidating Trust Agreement. Thereupon, the Debtor shall have no interest in or with respect to such additional Liquidating Trust Assets or the Liquidating Trust, except to the extent that the Debtor has or acquires an Allowed Claim against the Liquidating Trust (whether through purchase, assignment, subrogation or otherwise). The Debtor hereby expressly preserves and transfers to the Liquidating Trust all of the Vested Causes of Action. The Debtor intends that any Vested Causes of Action are fully preserved and transferred to the Liquidating Trust so that

the Liquidating Trustee can conduct its own investigations and pursue any such causes of action for the benefit of the beneficiaries of the Liquidating Trust.

5. Preservation of Confidences and Attorney-Client Privilege

To effectively investigate, defend or pursue the Liquidating Trust Assets, the Debtor, the Liquidating Trust, Liquidating Trustee and all counsel thereto, must be able to exchange information with each other on a confidential basis and cooperate in common interest efforts without waiving any applicable privilege, including the attorney-client privilege. Given the common interests of the parties and the Liquidating Trust's position as successor to the Debtor vis-a-vis the Liquidating Trust Assets, sharing such information in the manner described in the previous sentence to the extent necessary, shall not waive or limit any applicable privilege or exemption from disclosure or discovery related to such information, including the attorney-client privilege.

6. Treatment of Liquidating Trust for Federal Income Tax Purposes; No Successor-in-Interest

The Liquidating Trust is intended to qualify as a "grantor trust" for federal income tax purposes with the Liquidating Trust Beneficiaries treated as grantors and owners of the trust. For all federal income tax purposes, it is intended that the Liquidating Trust Beneficiaries of the Liquidating Trust be treated as grantors and owners thereof, that the Liquidating Trust be classified as a "liquidating trust" under Treasury Regulation Section 301.7701–4 and IRS Revenue Procedure 94-45, 1994-2 C.B. 684, and that the Liquidating Trust is owned by the Liquidating Trust Beneficiaries. Accordingly, for federal income tax purposes, it is intended that the Liquidating Trust Beneficiaries be treated as if they had received a distribution of undivided interests in the Liquidating Trust Assets and then contributed such interests to the Liquidating Trust. Accordingly, the Liquidating Trust will, in an expeditious but orderly manner, liquidate and convert to Cash the Liquidating Trust Assets, make timely distributions to the Liquidating Trust Beneficiaries pursuant to the Plan, and not unduly prolong the Liquidating Trust's duration. The Liquidating Trust will not be deemed a successor in interest of the Debtor for any purpose other than as specifically set forth herein or in the Liquidating Trust Agreement.

The Liquidating Trustee shall file returns for the Liquidating Trust as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a) and in accordance with this section of the Plan. The Liquidating Trust's taxable income, gain, loss, deduction or credit will be allocated to each Trust Beneficiary in accordance with their relative beneficial interests in the Liquidating Trust. The Trust Beneficiaries of the Liquidating Trust will report currently such tax items on their federal income tax returns and pay any resulting federal income tax liability.

As soon as possible after the Effective Date, the Liquidating Trust shall make a good faith valuation of the Liquidating Trust Assets, and such valuation shall be used consistently by all parties for all federal income tax purposes. The Liquidating Trust also shall file (or cause to be filed) any other statements, returns, or disclosures relating to the Liquidating Trust that are required by any Governmental Unit for taxing purposes.

The Liquidating Trust may request an expedited determination of taxes of the Liquidating Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Liquidating Trust for all taxable periods through the dissolution of the Liquidating Trust.

The Liquidating Trustee shall be responsible for filing all federal, state, local and non-U.S. tax returns for the Liquidating Trust. The Liquidating Trust shall comply with all withholding and reporting requirements imposed by any federal, state, local, or non-U.S. taxing authority, and all distributions made by the Liquidating Trust shall be subject to any such withholding and reporting requirements.

7. Liquidating Trustee's Authority and Duties

From and after the Effective Date, the Liquidating Trustee shall serve as trustee of the Liquidating Trust and shall have all powers, rights and duties of a trustee, as set forth in the Liquidating Trust Agreement. Among other things, the Liquidating Trustee shall: (i) hold and administer the Liquidating Trust Assets, (ii) have the sole authority and discretion on behalf of the Liquidating Trust to evaluate and determine strategy with respect to the Vested Causes of Action, and to litigate, settle, transfer, release or abandon and/or compromise in any manner any and all such Vested Causes of Action on behalf of the Liquidating Trust on any terms and conditions as it may determine in good faith based on the best interests of the Liquidating Trust Beneficiaries, (iii) have the power and authority to retain, as an expense of the Liquidating Trust, attorneys, advisors, other professionals and employees as may be appropriate to perform the duties required of the Liquidating Trustee hereunder or in the Liquidating Trust Agreement, (iv) make distributions to the Liquidating Trust Beneficiaries as provided in the Liquidating Trust Agreement and the Plan, (v) have the right to receive reasonable compensation for performing services as the Liquidating Trustee and to pay the reasonable fees, costs and expenses of any counsel, professionals, advisors or employees as may be necessary to assist the Liquidating Trustee in performing the duties and responsibilities required under the Plan and the Liquidating Trust Agreement, (vi) file, litigate, settle, compromise or withdraw objections to Claims as to Class 6 Claims as set forth herein, (vii) be considered an estate representative under Section 1123 of the Bankruptcy Code with respect to the Liquidating Trust Assets and (viii) have the right to provide periodic reports and updates to its Liquidating Trust Beneficiaries regarding the status of the administration of the Liquidating Trust Assets, including the Vested Causes of Action, and the assets, liabilities and transfers of the Liquidating Trust. For the avoidance of doubt, the Liquidating Trust shall not be funded with, and the Liquidating Trustee shall not have any authority, powers, or duties with respect to any of the Excluded Actions. The Liquidating Trust and the Liquidating Trustee shall have no obligation to file any tax returns for the Debtor.

8. Termination of Liquidating Trust

The Liquidating Trust will terminate as soon as practicable, but in no event later than the fifth (5th) anniversary of the Effective Date; *provided*, *however*, that, on or prior to the date of such termination, the Bankruptcy Court, upon motion by a party in interest, may extend the term of the Liquidating Trust for a finite period, if such an extension is necessary to liquidate such Liquidating Trust Assets or for other good cause. Notwithstanding the foregoing, multiple extensions may be obtained so long as Bankruptcy Court approval is obtained prior to the expiration of each extended term; *provided further*, *however*, that the Liquidating Trustee

receives an opinion of counsel or a favorable ruling from the IRS that any further extension would not adversely affect the status of the Liquidating Trust as a grantor trust for federal income tax purposes.

9. Termination of Liquidating Trustee

The duties, responsibilities and powers of the Liquidating Trustee shall terminate in accordance with the terms of the Liquidating Trust Agreement.

10. Exculpation; Indemnification

The Liquidating Trustee, and its respective professionals, shall be exculpated and indemnified pursuant to and in accordance with the terms of the Liquidating Trust Agreement.

11. Preservation of Records and Documents

The Debtor, and the Liquidating Trustee, as applicable, shall: (i) take commercially reasonable efforts to preserve all records and documents (including any electronic records or documents) related to the Liquidating Trust Assets for a period of five (5) years from the Effective Date or, if actions with respect to any applicable Vested Causes of Action are then pending, until the Liquidating Trustee notifies the Liquidating Trust Beneficiaries such records are no longer required to be preserved; and (ii) provide the Liquidating Trust, the Liquidating Trust Beneficiaries and their respective counsel, agents and advisors, with reasonable access to such records and documents including at a reasonable time and location.

12. Discovery

The Liquidating Trust shall be authorized to employ Bankruptcy Rule 2004 and any other bankruptcy tools of discovery available to the Estate with respect to Liquidating Trust Assets until the Chapter 11 Case is closed.

J. *Termination and Discharge of Directors and Officers of the Debtor*

Upon the Effective Date, the existing directors of the Debtor and any and all officers of the Debtor, shall be discharged and terminated.

K. *Binding Effect*

On and after the Effective Date, the Plan shall bind all Holders of Claims and Equity Interests and any other parties in interest.

L. *Cancellation of Notes, Instruments, Debentures and Equity Securities*

On the Effective Date, except to the extent expressly provided otherwise in the Plan, any agreement, note, instrument, certificate or other document evidencing or creating any Claim or Equity Interest in or against the Debtor shall be automatically cancelled and terminated and of no further force and effect as respects the Debtor, the Estate, or either of its assets, without any further act or action and deemed surrendered without further act or action under any applicable

agreement, law, regulation, order or rule and the obligations of the Debtor (but not of any third party) under the agreements, notes, instruments, certificates or other documents governing such Claims and Equity Interests shall be discharged.

Notwithstanding anything contained in the Plan, the Plan shall not cancel or terminate the TIF Bonds or other Assumed Contracts, which shall remain in full force and effect on and after the Effective Date.

ARTICLE VI

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. *Assumption and Rejection of Executory Contracts and Unexpired Leases*

Any executory contract or unexpired lease governed under Section 365 of the Bankruptcy Code that has not expired by its own terms on or prior to the Effective Date and that (i) the Debtor has not assumed and/or assigned or rejected with the approval of the Bankruptcy Court, (ii) is not identified in a Bankruptcy Court Order, the Plan or Plan Supplement as being assumed and/or assigned, or (iii) is not the subject of a motion to assume and/or assign the same pending as of the Effective Date, shall be deemed rejected by the Debtor, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to Sections 365(a) and 1123 of the Bankruptcy Code.

For the avoidance of doubt, the Debtor is assuming the TIF Bonds pursuant to the Plan. Any monetary amounts which are in default under the TIF Bonds shall be satisfied, pursuant to Section 365(b)(1) of the Bankruptcy Code, by payment of the default amount (net of any setoff amount) in Cash on the Effective Date, or otherwise waived.

The Debtor and Plan Sponsor shall each have the right to unilaterally extend the time period to accept or reject by filing, prior to the Effective Date, a notice with the Bankruptcy Court which shall extend such time period for 30 days after the Effective Date (or such lesser amount if specified in the notice).

B. *Rejection Claims; Cure of Defaults*

If the rejection of an executory contract or unexpired lease results in damages to the counterparty or counterparties to such contract or lease, any Claim for such damages, if not heretofore evidenced by a Proof of Claim that has been timely Filed, shall be forever barred and shall not be enforceable against the Debtor or the Liquidating Trust, as applicable, or their properties, successors or assigns, unless a Proof of Claim is timely Filed and served on or before (x) thirty (30) days after the earlier to occur of (a) the Effective Date and (b) the date of entry of an order by the Bankruptcy Court authorizing rejection of a particular executory contract or unexpired lease, or (y) such other date as may be ordered by the Bankruptcy Court.

For assumed executory contracts and unexpired leases, any monetary amounts by which the Debtor is in default shall be satisfied, pursuant to Section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or on such other terms as the parties to each such executory contract or unexpired lease may otherwise agree. A list(s) of the

Assumed Contracts will be filed and served on the relevant counterparties at least 14 days prior to the Plan Voting Deadline and, as may be agreed with the counterparty and the Debtor, may be modified from time to time prior to the Effective Date. This proposed list of the Assumed Contracts, which may be modified by the Debtor once or more prior to the Effective Date, shall identify the executory contract(s) and/or unexpired lease(s) sought to be assumed and/or assigned, the counterparties thereto, the proposed Cure Obligations as of the projected Effective Date, including any cure amounts that the Debtor believes must be paid, and a description of the proposed adequate assurance of future performance as required by section 365 of the Bankruptcy Code.

Any objection to the (a) the amount of any cure payments for the Assumed Contracts, (b) the ability of the Debtor to provide "adequate assurance of future performance" (within the meaning of Section 365 of the Bankruptcy Code) under the contract or lease to be assumed or (c) any other matter pertaining to assumption and/or assignment, shall be filed and served on the Debtor within 14 days after the filing of the relevant list or motion concerning the Assumed Contracts. In the event an objection is filed, the Debtor shall attempt to resolve such objection. To the extent the parties are unable to consensually resolve such objection, such objection and any amounts to be paid under section 365 of the Bankruptcy Code will be determined at the Confirmation Hearing or as otherwise agreed to by the parties or ordered by the Bankruptcy Court. In the event that a dispute remains unresolved as of the Effective Date regarding (a) the amount of any cure payments, (b) the ability to provide "adequate assurance of future performance" (within the meaning of Section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption or assignment, the cure payments required by Section 365(b)(1) of the Bankruptcy Code shall be made within a reasonable time following the entry of a Final Order resolving the dispute and approving the assumption and/or assignment. Pending the Bankruptcy Court's ruling on such dispute, the executory contract or unexpired lease at issue shall be deemed assumed and/or assigned by the Debtor unless otherwise ordered by the Bankruptcy Court. However, any such "deemed" assumption and/or assignment shall not affect any counterparty's rights and/or remedies under section 365 of the Bankruptcy Code or otherwise, which shall be preserved pending final resolution notwithstanding the "deemed" assumption and/or assignment.

ARTICLE VII

PROVISIONS REGARDING DISTRIBUTIONS

A. *Time and Method of Distributions*

Any distributions and deliveries to be made under this Plan shall be made on the Effective Date or as soon as practicable thereafter, unless otherwise specifically provided for by this Plan. If any payment or act under the Plan or Liquidating Trust Agreement is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

All distributions made under the Plan, other than those concerning the Liquidating Trust, shall be made by the Reorganized Debtor as agent acting on behalf of the Debtor. The

Reorganized Debtor shall have no liability for any Claims against the Debtor on account of the Reorganized Debtor serving in such disbursing agent role.

B. *Liquidating Trust Distributions*

The Liquidating Trustee, on behalf of the Liquidating Trust, or such other Person or Entity as may be designated in accordance with the Liquidating Trust Agreement, will make the distributions to Liquidating Trust Beneficiaries required under the Plan in accordance with the Liquidating Trust Agreement and in accordance with the priorities set forth herein and the other provisions of the Plan, and administer and liquidate any assets in the Liquidating Trust, including the following: (a) general administration costs (*e.g.*, trustee/trust fees, etc.), (b) access to and review of information for any and all potential Claims, (c) access to and review of information for any and all Vested Causes of Action, (d) analysis and assessment related to Claims objection/resolution, (e) analysis and assessment related to Vested Causes of Action, (f) preparation of Claims objection/resolution, (g) preparation of Vested Causes of Action (excluding the actual prosecution thereof) and (h) distribution of proceeds (*e.g.*, claims agent, etc.).

C. *Reserve for Disputed Claims*

The Debtor, or Liquidating Trustee, as applicable, may maintain a reserve for any distributable amounts required to be set aside on account of Disputed Claims and shall distribute such amounts (net of any expenses, including any taxes relating thereto), as provided herein and in the Liquidating Trust Agreement, as such Disputed Claims are resolved by Final Order, and in the event of Allowance such amounts shall be distributable in respect of such Disputed Claims as such amounts would have been distributable had the Disputed Claims been Allowed Claims as of the Effective Date, provided that no interest shall be distributable or accrue with respect thereto.

D. *Manner of Distribution Under Plan and Liquidating Trust*

Any distribution in Cash to be issued under the Plan or the Liquidating Trust Agreement shall, at the election of the issuer, be made by check drawn on a domestic bank or by wire transfer from a domestic bank.

E. *Delivery of Distributions*

Subject to the provisions of Bankruptcy Rule 2002(g), and except as otherwise provided herein, distributions and deliveries to Holders of record of Allowed Claims shall be made at the address of each such Holder set forth on the Debtor's books and records unless superseded by the address set forth on Proofs of Claim filed by any such Holders. On or as soon as practicable after the Effective Date, the Debtor shall provide the Liquidating Trustee with the addresses and access to other books and records relating to the Liquidating Trust Beneficiaries, including all taxpayer identification information.

F. *Undeliverable Distributions*

1. Holding of Undeliverable Distributions

If any distribution to the Holder of an Allowed Claim under the Plan or the Liquidating Trust Agreement is returned as undeliverable, no further distributions shall be made to such Holder unless and until the issuer of the distribution is notified in writing of such Holder's then-current address. Any Holder ultimately receiving a distribution that was returned as undeliverable shall not be entitled to any interest or other accruals of any kind on such distribution. Nothing contained in the Plan or the Liquidating Trust Agreement shall require the issuer of any distribution to attempt to locate any Holder of an Allowed Claim.

2. Failure to Claim Undeliverable Distributions

Any Holder of an Allowed Claim that does not assert its rights pursuant to the Plan or the Liquidating Trust Agreement to receive a distribution within three (3) months from and after the date such distribution is returned as undeliverable shall have such Holder's Claim for such undeliverable distribution discharged and shall be forever barred from asserting any such Claim against the Debtor, the Reorganized Debtor, the Liquidating Trust, the Liquidating Trustee and its respective professionals, or any of their assets. In such case, any consideration held for distribution on account of such Claim shall vest in the Reorganized Debtor or the Liquidating Trust, as applicable. After final distributions have been made in accordance with the terms of the Plan and the Liquidating Trust Agreement, if the amount of undeliverable Cash remaining in the Liquidating Trust is less than $15,000, the Liquidating Trustee, in his or her sole discretion, may donate such amount to a charity without further notice or order of the Bankruptcy Court.

G. *Compliance with Tax Requirements/Allocation*

The issuer of any distribution under the Plan or the Liquidating Trust shall comply with all applicable tax withholding and reporting requirements imposed by any Governmental Unit, and all distributions pursuant to the Plan or the Liquidating Trust shall be subject to any such applicable withholding and reporting requirements. For tax purposes, distributions received in respect of Allowed Claims will be allocated first to the principal amount of such Claims, with any excess allocated to unpaid accrued interest, if any.

H. *Time Bar to Cash Payments*

Checks issued on account of Allowed Claims shall be null and void if not negotiated within sixty (60) days from and after the date of issuance thereof. Requests for reissuance of any check shall be made directly to the issuer of the check by the Holder of the Allowed Claim with respect to which such check originally was issued. Any Claim in respect of such a voided check shall be made within three (3) months from and after the date of issuance of such check. After such date, all Claims in respect of voided checks shall be discharged and forever barred, and the Reorganized Debtor or Liquidating Trust, as applicable, shall be entitled to retain all monies related thereto.

I. *Distributions After Effective Date*

Distributions made after the Effective Date to Holders of Claims that are not Allowed as of the Effective Date, but which later become Allowed, shall be deemed to have been made on the Effective Date. Except as otherwise specifically provided in the Plan or the Liquidating

Trust Agreement, no interest shall be payable on account of any Allowed Claim not paid on the Effective Date.

J. *Fractional Dollars; De Minimis Distributions*

Notwithstanding anything contained herein to the contrary, payments of fractions of dollars will not be made. Whenever any payment of a fraction of a dollar under the Plan or the Liquidating Trust would otherwise be called for, the actual payment made will reflect a rounding of such fraction to the nearest dollar (up or down), with half dollars being rounded down. No payment shall be made on account of any distribution less than twenty-five dollars ($25) with respect to any Allowed Claim unless a request therefor is made in writing to the issuer of such payment on or before ninety (90) days after the Effective Date.

K. *Setoffs/Recoupment*

The Debtor, Reorganized Debtor or the Liquidating Trustee (as applicable) may, pursuant to applicable non-bankruptcy law, set off or recoup against any Allowed Claim and the distributions to be made pursuant to the Plan or Liquidating Trust Agreement on account thereof (before any distribution is made on account of such Claim), the Claims, rights and Causes of Action of any nature the Debtor, the Reorganized Debtor or the Liquidating Trust may hold against the Holder of such Allowed Claim; *provided, however*, that neither the failure to effect such a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor, Reorganized Debtor or Liquidating Trust of any such Claims, rights and Causes of Action that the Debtor, Reorganized Debtor or the Liquidating Trust may possess against such Holder. Creditors shall not retain any Precluded Setoffs or any right, defense or remedy of setoff, offset, netting, recoupment or any other similar right, defense or remedy of a Creditor against the Debtor, claims of the Debtor, or the Debtor's assets arising prior to the Effective Date.

L. *Preservation of Subordination Rights by Estate*

Except as otherwise provided herein, all subordination rights and claims relating to the subordination by the Debtor or the Liquidating Trustee of any Allowed Claim shall remain valid, enforceable and unimpaired in accordance with Section 510 of the Bankruptcy Code or otherwise.

ARTICLE VIII

PROCEDURES FOR RESOLUTION OF DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS

A. *Prosecution of Objections to Disputed Claims*

Upon the Effective Date, the Liquidating Trustee shall be responsible for pursuing any objection to the allowance of all Disputed Claims in Class 6, including with respect to which an objection has been filed with the Bankruptcy Court and notice thereof has been given to the Holder of the Disputed Claim. Prior to the Effective Date, the Debtor shall have the right to object to the allowance of Claims with respect to which they dispute liability or allowance in

whole or in part and after the Effective Date, the Debtor shall be responsible for pursuing any objection with respect to Claims other than Claims in Class 6.

The Liquidating Trustee, with respect to Class 6, and the Debtor, with respect to Claims other than Claims in Class 6, shall have the authority to file, settle, compromise or withdraw any objections to Disputed Claims without approval of the Bankruptcy Court. However, the Bankruptcy Court may nevertheless consider motions to approve any compromises and settlements in accordance with Bankruptcy Rule 9019.

Unless otherwise provided herein or ordered by the Bankruptcy Court, all objections to Disputed Claims shall be served and filed by the Claims Objection Deadline.

B. *Estimation of Claims*

The Debtor, prior to the Effective Date, and thereafter the Debtor or the Liquidating Trustee, as applicable, may at any time request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to Section 502(c) of the Bankruptcy Code regardless of whether the Debtor or the Liquidating Trustee previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court will retain jurisdiction to estimate any Claim at any time, including during litigation concerning any objection to any Claim or during the pendency of any appeal relating to any such objection. Subject to the provisions of Section 502(j) of the Bankruptcy Code, in the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, the amount so estimated shall constitute the maximum Allowed amount of such Claim. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtor or Liquidating Trustee, as applicable, may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation and resolution procedures are intended to be cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

C. *Controversy Concerning Impairment*

If a controversy arises as to whether any Claims or Class of Claims are Impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine that controversy before the Confirmation Date.

D. *Payments and Distributions on Disputed Claims*

1. Notwithstanding any provision hereof to the contrary, any issuer of a distribution hereunder may, in its discretion, pay the undisputed portion of a Disputed Claim. Notwithstanding the foregoing, the issuer of a distribution hereunder will set aside for each Holder of a Disputed Claim such portion of Cash it believes solely in its discretion necessary to provide required distributions if that Claim were an Allowed Claim, either based upon the amount of the Claim as filed with the Bankruptcy Court or the amount of the Claim as estimated by the Bankruptcy Court.

2. At such time as a Disputed Claim becomes, in whole or in part, an Allowed Claim, the issuer of a distribution hereunder shall distribute to the Holder thereof the distributions, if any, to which such Holder is then entitled under the Plan or the Liquidating Trust. Such distribution, if any, will be made as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Disputed Claim becomes a Final Order. No interest will be paid on Disputed Claims that later become Allowed, or with respect to any distribution in satisfaction thereof to a Holder.

ARTICLE IX

CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVE DATE OF THE PLAN

A. *Conditions Precedent to Confirmation*

The following are conditions precedent to confirmation of this Plan that must be (i) satisfied or (ii) waived in accordance with Article IX.C below:

1. The effectiveness of the Plan Investment Agreements on or before October 16, 2018.

2. No order or determination from the Bankruptcy Court or other tribunal restrains or prohibits the consummation of the Plan.

3. The entry of the Disclosure Statement Order in form and substance reasonably satisfactory to the Debtor and the Plan Sponsor.

4. The Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been Filed in form and substance acceptable to the Debtor and the Plan Sponsor and approved by the Bankruptcy Court.

B. *Conditions Precedent to Effective Date of Plan*

The following are conditions precedent to the Effective Date of the Plan that that must be (i) satisfied or (ii) waived in accordance with Article IX.C of the Plan:

1. Confirmation shall have occurred.

2. There shall not be in effect any (i) Order entered by a U.S. court, (ii) any order, opinion, ruling or other decision entered by any other court or governmental entity or (iii) United States or other applicable law staying, restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by the Plan.

3. Bankruptcy Court approval of Minnesota Sales consisting of all the Minnesota Assets.

4. All of the Debtor's permits, licenses or other approvals necessary to operate the Indiana Assets shall be in full force and effect to the same extent as on the Petition Date.

5. The consummation of Minnesota Sales of all Minnesota Assets.

6. The Bankruptcy Court shall have determined that the TIF Bonds, as amended by agreement in form and substance acceptable to the Plan Sponsor, shall remain in full force and effect on and after the Effective Date with the Reorganized Debtor having all benefits thereof.

7. All consents and/or approvals necessary to consummate the Plan have been obtained.

8. The Plan Investment shall have closed and been fully paid to and/or drawn by the Reorganized Debtor.

9. All other actions and documents necessary to implement the Plan shall have been effected or executed.

C. *Waiver of Conditions Precedent*

The Debtor, with the prior written consent of the Plan Sponsor, may waive any one or more of the conditions set forth in Article IX of the Plan in writing without notice or order of the Bankruptcy Court and without notice to any other parties in interest; provided, however, that the Plan Sponsor may unilaterally waive, in whole or in part, any one or more of the conditions set forth in Article IX.B.4, IX.B.6, or IX.B.9 of the Plan in writing without notice or order of the Bankruptcy Court and without notice to any parties in interest other than the Debtors.

D. *Effect of Non-Occurrence of Effective Date*

In the event that the conditions to the occurrence of the Effective Date have not been timely satisfied or waived pursuant to Article IX.C, and upon notification Filed by the Debtor with the Bankruptcy Court, the Confirmation Order shall be vacated and the Debtor and all parties in interest shall be restored to the *status quo ante*. If the Confirmation Order is vacated this Plan shall be null and void in all respects and nothing contained in this Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtor; (2) prejudice in any manner the rights of the Debtor or any other Person or Entity; or (3) constitute an admission, acknowledgment, offer or undertaking by the Debtor in any respect.

ARTICLE X

SETTLEMENT, DISCHARGE, RELEASE, EXCULPATION, INJUNCTIVE AND RELATED PROVISIONS

A. *Compromise and Settlement of Claims, Equity Interests, and Controversies*

Pursuant to Sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Equity Interests, and controversies relating to the contractual, legal, and equitable rights that a Holder of a Claim or Equity Interest may have with respect to any Claim or Equity Interest or any distribution to be

made on account of such Claim or Equity Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Equity Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, the Estate, and Holders, and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Debtor may compromise and settle claims against it.

B. *Discharge of Claims and Termination of Interests*

Pursuant to Sections 1141(a), (c), and (d) of the Bankruptcy Code, and notwithstanding any language to the contrary in such sections, except as otherwise specifically provided in the Plan or in any contract, instrument or other agreement or document created pursuant to the Plan, the distributions, rights and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, of Claims, Equity Interests, and Causes of Action of any nature whatsoever by any Person or Entity, including any interest accrued on any Claims from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Equity Interests in, the Debtor, the Estate, or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Equity Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Equity Interests relate to services performed by employees of the Debtor before the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim based upon such debt, right, or Equity Interest is Filed or deemed Filed pursuant to Section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such debt, right, or Equity Interest is Allowed pursuant to Section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Equity Interest has accepted the Plan. Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date, the Confirmation Order shall be a judicial determination of the complete and full discharge of all Claims and Equity Interests by any Person or Entity pursuant to Section 1141 of the Bankruptcy Code, subject to the Effective Date occurring. Except as otherwise provided in the Plan, or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date, all property of the Estate shall vest in the Reorganized Debtor, free and clear of all Claims and Equity Interests of any Person or Entity and with the full and complete discharge of any and all Claims, Equity Interests or Causes of Action of any Person or Entity.

C. *Injunction*

Except as otherwise expressly provided in the Plan, all Persons and Entities shall be permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or relating to any Claim or Equity Interest against the Released Parties, Debtor, the Estate, the Reorganized Debtor, the Liquidating Trust, or their assets; (b) enforcing, attaching, collecting or

recovering by any manner or means of any judgment, award, decree or order against the Released Parties, the Debtor, the Reorganized Debtor, the Estate or the Liquidating Trust; (c) creating, perfecting, or enforcing any encumbrance of any kind against the property or interests in property of the Released Parties, the Debtor, the Reorganized Debtor, the Estate or the Liquidating Trust, in each case in respect of any Claims or Equity Interests arising prior to the Effective Date; and (d) commencing or continuing in any manner any Claims, obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any Claims or Causes of Action that have been or could be asserted prior to the Effective Date by or on behalf of the Debtor or the Estate or that are derivative or duplicative of any such Claims or Causes of Action, that are released pursuant to the Plan or the Confirmation Order.

D. *Exculpation and Release*

All Released Parties shall neither have nor incur any liability from Claims that are based in whole or in part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date, relating in any way to the Debtor, the Estate, the Bankruptcy Case, the DIP Credit Facility or the Plan or related to any act or omission in connection with, relating to, or arising out of the Bankruptcy Case, the formulation, preparation, dissemination, negotiation or filing of the Disclosure Statement or Plan, the DIP Credit Agreement, or any contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement, the Plan, the filing of the Bankruptcy Case, the pursuit of Confirmation and or consummation of the Plan, other than actions or omissions that constitute recklessness, willful misconduct or bad faith as determined by a Final Order by the Bankruptcy Court.

E. *Necessity and Approval of Releases and Injunctions*

The releases and injunctions set forth in this Article X are integral, critical and non-severable parts of the Plan and the settlements implemented pursuant to the Plan, the approval of such releases and injunctions pursuant to the Confirmation Order is a condition to the occurrence of the Effective Date, and all the Released Parties have relied on the efficacy and conclusive effects of such releases and injunctions and on the Bankruptcy Court's retention of jurisdiction to enforce such releases and injunctions when making concessions pursuant to the Plan and by agreeing to, accepting, and supporting the settlement and treatment of their respective Claims, Causes of Action, and other rights under the Plan.

Pursuant to Bankruptcy Code Sections 1123(a)(5), 1123(b)(3), and 1123(b)(6), as well as Bankruptcy Rule 9019, entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the releases and injunctions set forth in this Article X, and further, shall constitute the Bankruptcy Court's finding that such releases and injunctions are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims and Causes of Action released by such releases; (3) in the best interests of the Debtor, the Estate, and all Creditors; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the releasing parties as set forth herein asserting any Claims or Causes of Action released pursuant to such release.

ARTICLE XI

VESTING AND PRESERVATION OF CERTAIN CAUSES OF ACTION

A. *Vesting of the Vested Causes of Action*

Except as otherwise provided in the Plan, the Vested Causes of Action shall, on the Effective Date, automatically and irrevocably vest in the Liquidating Trust free and clear of Liens, Claims, and Interests. The Liquidating Trustee, on behalf of the Liquidating Trust, shall have the exclusive right, authority, and discretion to institute, commence, pursue, prosecute, abandon, settle, or compromise any and all Vested Causes of Action (under any theory of law, including the Bankruptcy Code, and in any court or other tribunal) without the consent or approval of any third party and without any further order of the Bankruptcy Court, except as otherwise provided herein or in the Liquidating Trust Agreement. From and after the Effective Date, the Liquidating Trustee, in accordance with Section 1123(b)(3) of the Bankruptcy Code, and on behalf of the Liquidating Trust, shall serve as a representative of the Estate and shall retain and possess the sole and exclusive right to commence, pursue, settle, compromise or abandon, as appropriate, any and all Vested Causes of Action, whether arising before or after the Petition Date, in any court or other tribunal.

B. *Reservation of Rights Regarding Vested Causes of Action*

The Debtor and, after the Effective Date, the Liquidating Trustee, on behalf of the Liquidating Trust, reserve all rights to pursue any and all Vested Causes of Action, and the Debtor hereby reserves the rights of the Liquidating Trust and the Liquidating Trustee, on behalf of the Liquidating Trust, to pursue, administer, settle, litigate, enforce and liquidate consistent with the terms and conditions of the Plan such Vested Causes of Action.

Unless Vested Causes of Action against a Person or Entity are expressly waived, relinquished, released, compromised or settled in the Plan, or any Final Order, the Debtor (before the Effective Date) and the Liquidating Trustee, on behalf of the Liquidating Trust (post-Effective Date), expressly reserve all Vested Causes of Action for later adjudication, and no Person or Entity may rely on any alleged failure to list, specify, or otherwise disclose any particular Vested Causes of Action in connection with the Plan as a defense in any litigation regarding such Vested Causes of Action. In addition, the Debtor and the Liquidating Trustee, on behalf of the Liquidating Trust and any successors in interest thereto, expressly reserve the right to pursue or adopt any Vested Causes of Action not so waived, relinquished, released, compromised or settled that are alleged in any lawsuit in which the Debtor are a defendant or an interested party, against any Person or Entity, including the plaintiffs and co-defendants in such lawsuits.

ARTICLE XII

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over any matter arising under the Bankruptcy Code, or arising in or related to the Chapter 11 Case or the Plan after Confirmation and after the Effective Date, and any other matter or proceeding that is within the Bankruptcy Court's jurisdiction pursuant to 28 U.S.C. § 1334, 28 U.S.C. § 157, or 28 U.S.C. § 1367, including jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Expense Claim and the resolution of any and all objections to the allowance or priority of Claims;

2. Grant or deny any applications for allowance of Professional Fee Claims;

3. Resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which the Debtor is party or with respect to which the Debtor may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom;

4. Ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions hereof;

5. Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters, including all Vested Causes of Action and objections or estimations to Claims or Equity Interests, and grant or deny any applications involving the Debtor that may be pending on the Effective Date, or that, pursuant to the Plan, may be instituted by (i) the Liquidating Trustee or Liquidating Trust, or (ii) any other Person or Entity after the Effective Date; *provided*, *however*, that the Liquidating Trustee and the Liquidating Trust shall reserve the right to prosecute the Vested Causes of Action in all proper jurisdictions;

6. Enter such orders as may be necessary or appropriate to implement or consummate the provisions hereof and of all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan, the Disclosure Statement or the Liquidating Trust Agreement;

7. Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with consummation or enforcement of the Plan, except as otherwise provided herein;

8. Resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan, the Liquidating Trust Agreement or any Person's or Entity's obligations incurred in connection with the Plan or Liquidating Trust Agreement including those relating to determining the scope and extent of the Liquidating Trust Assets;

9. Resolve any cases, controversies, suits or disputes with respect to the releases, injunctions and other provisions contained in Article X hereof and enter any orders that may be necessary or appropriate to implement and enforce such releases, injunctions and other provisions;

10. Enter and implement any orders that are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

11. Determine any other matters that may arise in connection with or related to this Plan, the Disclosure Statement, the Confirmation Order, the Liquidating Trust Agreement or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Liquidating Trust Agreement;

12. Resolve any issues that arise in connection with the administration of and distributions from the Liquidating Trust;

13. Resolve any issues that arise in connection with the Minnesota Sales; and

14. Enter an order and/or Final Decree concluding the Chapter 11 Case.

Notwithstanding any other provision in this article to the contrary, nothing herein shall prevent the Liquidating Trustee from commencing and prosecuting any Vested Causes of Action before any other court or judicial body which would otherwise have appropriate jurisdiction over the matter and parties thereto, and nothing herein shall restrict any such courts or judicial bodies from hearing and resolving such matters.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

A. *Immediate Binding Effect*

Subject to Article IX hereof and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtor, the, and any and all Holders of Claims or Equity Interests (irrespective of whether their Claims or Equity Interests accepted the Plan), all Persons or Entities that are parties in interest or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Person or Entity acquiring property under the Plan, and any and all non-debtor parties to executory contracts and unexpired leases with the Debtor.

B. *Plan Supplement*

The Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court or its designee during normal business hours. The documents contained in the Plan Supplement are an integral part of the Plan and shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

C. *Payment of Statutory Fees and Provision of Reports*

The Debtor shall be responsible for timely payment of United States Trustee quarterly fees incurred pursuant to Section 1930(a) of Title 28 of the United States Code as of the Confirmation Date. Any fees due as of the Confirmation Date, will be paid in full, on or before the Effective Date. After confirmation, the Debtor shall pay the United States Trustee quarterly fees as they accrue until the Chapter 11 Case is converted, dismissed or closed, whichever occurs first. Further, the Debtor shall be responsible for filing post-Confirmation quarterly reports with the United States Trustee until the Chapter 11 Case is converted, dismissed or closed, in a format prescribed by the United States Trustee.

D. *Plan Modification/Amendment*

Subject to the limitations contained in the Plan:

1. The Plan may be amended or modified with the consent of the Debtor and the Plan Sponsor (a) before the Confirmation Date, to the extent permitted by Section 1127 of the Bankruptcy Code; (b) after the Confirmation Date and prior to substantial consummation of the Plan, as defined in Section 1101(2) of the Bankruptcy Code, to the extent the Debtor institutes proceedings in the Bankruptcy Court as required by Section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order or to accomplish such matters as may be necessary or appropriate to carry out the purposes and effects of the Plan; ***provided*** that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or Orders of the Bankruptcy Court; or (c) after the entry of the Confirmation Order, upon order of the Bankruptcy Court in accordance with Section 1127(b) of the Bankruptcy Code; ***provided***, ***further***, that the Plan will not be amended, modified or revoked without the consent of the Debtor and the Plan Sponsor.

2. The Debtor reserves the right to modify or amend the Plan upon a determination by the Bankruptcy Court that the Plan is not confirmable pursuant to Section 1129 of the Bankruptcy Code. To the extent permissible under Section 1127 of the Bankruptcy Code without the need to re-solicit acceptances, the Debtor reserves the right to sever any provisions of the Plan that the Bankruptcy Court finds objectionable. Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to Section 1127(a) of the Bankruptcy Code and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

3. After the Effective Date, the Liquidating Trustee may amend or modify, upon order of the Bankruptcy Court, the Plan in accordance with Section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan solely as to Class 6, and/or the Liquidating Trust, the Liquidating Trustee or Liquidating Trust Beneficiaries.

E. *Revocation of Plan*

The Debtor reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization or liquidation. If the Plan is revoked or withdrawn, or if Confirmation or the Effective Date does not occur, then (i) the Plan shall be null

and void in all respects, (ii) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Equity Interest or Class of Claims or Equity Interests), assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant hereto, shall be deemed null and void, and (iii) nothing contained in the Plan shall (a) constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtor or any other Person or Entity, (b) prejudice in any manner the rights of the Debtor or any other Person or Entity, or (c) constitute an admission of any sort by the Debtor or any other Person or Entity.

F. *Successors and Assigns*

The rights, benefits and obligations of any Person or Entity named or referred to herein shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Person or Entity.

G. *Reservation of Rights*

Except as expressly set forth herein, this Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of this Plan, any statement or provision contained herein, or the taking of any action by the Debtor with respect to this Plan, the Disclosure Statement or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of the Debtor with respect to the Holders of Claims or Equity Interests prior to the Effective Date.

H. *Good Faith*

Confirmation of the Plan shall constitute a conclusive determination that: (a) the Plan, and all the transactions and settlements contemplated thereby, have been proposed in good faith and in compliance with all applicable provisions of the Bankruptcy Code and the Bankruptcy Rules; (b) the solicitation of acceptances or rejections of the Plan has been in good faith and in compliance with all applicable provisions of Bankruptcy Code, and the Bankruptcy Rules; and, (c) in each case, all the Released Parties have acted in good faith in connection therewith.

I. *Section 1146 Exemption*

Pursuant to Section 1146(a) of the Bankruptcy Code, under this Plan, (i) the issuance, distribution, transfer or exchange of any debt, equity security or other interest in the Debtor or Reorganized Debtor; (ii) the creation, modification, consolidation or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (iii) the making, assignment or recording of any lease or sublease; or (iv) the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, this Plan, including any deeds, bills of sale, assignments or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to this Plan shall not be subject to any document recording tax, mortgage recording tax, stamp tax or similar government assessment, and the appropriate state or local government official or agent shall be directed by the Bankruptcy Court to forgo the collection of any such tax or government assessment and to accept for filing and recording any of

the foregoing instruments or other documents without the payment of any such tax or government assessment.

All subsequent issuances, transfers or exchanges of securities, or the making or delivery of any instrument of transfer by the Debtor in the Chapter 11 Case, whether in connection with a sale pursuant to Section 363 of the Bankruptcy Code or otherwise, shall be deemed to be or have been done in furtherance of this Plan.

J. *Further Assurances*

The Holders of Claims receiving distributions hereunder and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of this Plan or the Liquidating Trust Agreement.

K. *Service of Documents*

Any pleading, notice or other document required by the Plan to be served on or delivered shall be sent by overnight mail, postage prepaid, as follows:

To the Debtor:

Ravich, Meyer, Kirkman, McGrath, Nauman & Tansey, P.A.
Attn: Will R. Tansey
Michael F. McGrath
150 South Fifth Street, Suite 3450
Minneapolis, MN 55402

To the United States Trustee:

Michael R Fadlovich
US Trustee Office
1015 US Courthouse
300 South Fourth St
Minneapolis, MN 55415

To the Plan Sponsor:

Dentons US LLP
Attn: Oscar N. Pinkas
Lauren Macksoud
1221 Avenue of the Americas
New York, NY 10020

Attn: Mark Wege
Casey Doherty
1221 McKinney Street
Suite 1900

Houston, TX 77010

L. *Transactions on Business Days*

If the date on which a transaction may occur under this Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

M. *Filing of Additional Documents*

On or before the Effective Date, the Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and provisions hereof.

N. *Post-Effective Date Fees and Expenses*

From and after the Effective Date, the Liquidating Trustee, on behalf of the Liquidating Trust, shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable professional fees and expenses incurred by the Liquidating Trust, and any professionals retained by such Liquidating Trust, related to the consummation and to the implementation of this Plan, except as otherwise provided in the Liquidating Trust Agreement.

O. *Severability*

The provisions of this Plan shall not be severable unless such severance is agreed to by the Debtor or, if after the Effective Date, by the Debtor and the Liquidating Trustee, on behalf of the Liquidating Trust, if affected thereby, and such severance would constitute a permissible modification of this Plan pursuant to Section 1127 of the Bankruptcy Code.

P. *Conflicts*

To the extent any provision of the Liquidating Trust Agreement, the Disclosure Statement, or any document executed in connection therewith or any documents executed in connection with the Confirmation Order (or any exhibits, schedules, appendices, supplements or amendments to any of the foregoing) conflicts with, or is in any way inconsistent with, the terms of this Plan, the terms and provisions of the Plan shall govern and control and to the extent any provision of the Plan conflicts with, or is in any way inconsistent with, the terms and provisions of the Confirmation Order, the terms and provisions of the Confirmation Order shall govern and control.

Q. *Term of Injunctions or Stays*

Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Case pursuant to Sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court and still extant on the Confirmation Date (excluding any injunctions or stays contained in this Plan or the Confirmation Order), shall remain in full force and effect until the closing of the Chapter 11 Case in accordance with Article XIII.S of the Plan.

All injunctions or stays contained in this Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

R. *Entire Agreement*

This Plan and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings and representations on such subjects, all of which have become merged and integrated into this Plan.

S. *Closing of the Chapter 11 Case*

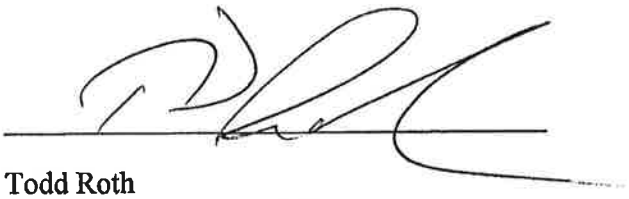
The Liquidating Trustee shall promptly, upon the full administration of the Chapter 11 Case, file with the Bankruptcy Court all documents required by the Bankruptcy Rules and any applicable orders of the Bankruptcy Court to close the Chapter 11 Case.

T. *Change of Control Provisions*

Any acceleration, vesting or similar change of control rights under any contract, employment, benefit or other arrangements triggered by the consummation of this Plan shall be waived or otherwise cancelled under this Plan.

[SIGNATURE ON NEXT PAGE]

SIGNATURE PAGE TO
ERP IRON ORE, LLC'S
PLAN OF REORGANIZATION
DATED AUGUST 10, 2018



Todd Roth
CEO, ERP Iron Ore, LLC

Dated: August 10, 2018

RAVICH MEYER KIRKMAN McGRATH
NAUMAN & TANSEY,
A PROFESSIONAL ASSOCIATION

By /e/ *Will R. Tansey*
Will R. Tansey #323056
Michael F. McGrath #168610

150 South Fifth Street, Suite 3450
MinneapolMN 55402
Telephone: (612) 332-8511
Facsimile: (612) 332-8302

ATTORNEYS FOR DEBTOR

ERP Iron Ore, LLC
CASE NO: 18-50378

EXHIBIT B

Liquidation Analysis

DRAFT - SUBJECT TO CHANGE

		July 31,2018	Liquidation Value	All Other through Waterfall	Plant 4 Creditors	Notes
ASSETS						
Current Assets:						
Cash (from Form 2-B, line 5)		$ 673,378.30	673,378.30			Restricted cash - Wilmington Trust
Accounts Receivable (from Form 2-E)		-				
Receivable from Officers, Employees, Affiliates		-				
Inventory		-				
Other Current Assets :(List)	NIPSCO Security Deposit	347,675.00	347,675.00			Deposit - not available for GC Distribution
	State of MN Deposit Agreement	414,000.00	414,000.00			Deposit - not available for GC Distribution
Total Current Assets		$ 1,435,053.30	1,435,053.30			
Fixed Assets:						
Plant 1			245,500.00	245,500.00		
Plant 2			1,012,825.00	1,012,825.00		
Plant 4			6,663,000.00		6,663,000.00	Assumes Plant 4 creditors have a distribution priority
Jessie Load Out			247,000.00	247,000.00		
Reynolds Pellet Plant			7,012,000.00	7,012,000.00		
Land		$ 9,461,919.89		8,640,000.00	720,000.00	
Building		22,475,143.49				
Equipment, Furniture and Fixtures		45,066,409.11				
Total Fixed Assets		77,003,472.49	15,180,325.00	17,157,325.00	7,383,000.00	Liquidation Value from last report
Less: Sales Commissions		(-)	759,016.25			Assume 5% commissions for liquidation case
Net Fixed Assets		$ 77,003,472.49	14,421,308.75	17,157,325.00	7,383,000.00	
Other Assets (List):		-				
		-				
TOTAL ASSETS		$ 78,438,525.79	15,856,362.05	17,157,325.00	7,383,000.00	
LIABILITIES						
Post-petition Accounts Payable (from Form 2-E)		$ -	-			
Post-petition Accrued Profesional Fees (from Form 2-E)		-				
Post-petition Taxes Payable (from Form 2-E)		-				
Post-petition Notes Payable		-	-			
Other Post-petition Payable(List):		-				
		-				
Total Post Petition Liabilities		$ -	-	-	-	
Pre Petition Liabilities:						
Secured Debt						
MLC Promissory Note - Plant 4		20,200,000.00	20,200,000.00		7,383,000.00	Class 2
Progress Rail		5,000,000.00	5,000,000.00	5,000,000.00		Class 3 - 1st Lien - assume paid in full
Notes - Wilmington Trust		15,500,000.00	15,500,000.00	12,157,325.00		Class 4 - 2nd Lien
Lighthouse		10,500,000.00	10,500,000.00			Class 5
Subtotal - Secured Debt		51,200,000.00	51,200,000.00	17,157,325.00	7,383,000.00	
Priority Debt		-	-			
Unsecured Debt		22,797,109.91	22,797,109.91			Class 6 - estimate before rejection claims
Total Pre Petition Liabilities		$ 125,197,109.91	125,197,109.91	17,157,325.00	7,383,000.00	
TOTAL LIABILITIES		$ **125,197,109.91**	**125,197,109.91**	**17,157,325.00**	**7,383,000.00**	
OWNERS' EQUITY						
Owner's/Stockholder's Equity		$ 28,269,087.38	-	-	-	
Retained Earnings - Prepetition		(19,415,654.66)	-	-	-	
Retained Earnings - Post-petition		(5,505,160.87)	-	-	-	
TOTAL OWNERS' EQUITY		$ 3,348,271.85	-	-	-	
TOTAL LIABILITIES AND OWNERS' EQUITY		$ 128,545,381.76	125,197,109.91	17,157,325.00	7,383,000.00	
				0.55	0.37	Secured Recoveries
				-	-	Unsecured Recovery