

MINNESOTA POWER LEASE PROGRAM DISCLOSURE

THIS FORM MUST BE SUBMITTED TO MINNESOTA POWER TO INITIATE THE LEASE TRANSFER PROCESS

MINNESOTA POWER RETAINS FEE TITLE TO THE REAL PROPERTY THAT IS THE SUBJECT OF SELLER'S LEASE. NEITHER FEE TITLE OWNERSHIP NOR THE GENERAL RIGHTS OF FEE OWNERSHIP ARE ASSIGNED BY THE LEASE OR THE TRANSFER INSTRUMENT.

SELLER IS CONVEYING LEASEHOLD INTEREST IN A CURRENT LEASE ONLY. REGARDLESS OF THE VALUE OF CONSIDERATION MADE IN THE CONVEYANCE OF LEASEHOLD INTEREST, MINNESOTA POWER REMAINS THE OWNER, IN FEE SIMPLE, OF THE LEASED PARCEL.

UNDER THE TERMS OF THE EXISTING LEASE, MINNESOTA POWER RETAINS SUBSTANTIAL CONTROL OVER LESSEE LAND USE ACTIVITIES.

SUBSEQUENT TRANSFER OF THIS LEASEHOLD INTEREST IS SUBJECT TO TERMS, CONDITIONS, AND FEES DETERMINED BY MINNESOTA POWER.

TERMS AND COSTS OF FUTURE LEASES HAVE NOT BEEN DETERMINED AND ARE SUBJECT TO CHANGE AT MINNESOTA POWER'S SOLE DISCRETION OR AT THE DISCRETION OF THOSE REGULATORY OR GOVERNMENTAL BODIES WITH APPLICABLE JURISDICTION.

THE UNDERSIGNED – BUYER(S) ACKNOWLEDEMENT

BUYER(S)

Buyer – Print Name

Buyer Address

Buyer – Signature

City, State, Zip

Date

Phone Number(s)

Buyer – Print Name (If applicable)

Buyer Address (If applicable)

Buyer – Signature (If applicable)

City, State, Zip

Date

Phone Number(s)

This information relates to the following described property:

A. SEPTIC SYSTEM INFORMATION

Does the Lease Lot contain a septic System? Yes _____ No _____
If yes, please complete the following information: County Permit Number _____
Date Installed _____
Final Inspection Date _____
Tank Size (in gallons) _____
Treatment Area Size (square feet) _____
Tank Type: (concrete) _____ (Steel) _____ (plastic) _____ (other) _____ (unknown) _____
System Type: (gravel trench) _____ (gravel-less trench) _____ (mound) _____
(A certificate of compliance may be required as a condition of lease transfer)

B. EXISTING WELL INFORMATION

Does the Lease Lot contain a well currently in use? Yes _____ No _____
If yes, please provide the Minnesota Unique Well Number _____
Date installed _____
Well Depth _____ ft.
Casing Depth _____

C. SEALED WELL INFORMATION

Does the Lease Lot contain any wells no longer in use? Yes _____ No _____
If yes, please provide the following information:
a) How many? _____
b) When was/were the well(s) sealed? _____

Was a "Sealed Well Report" filed with the Minnesota Department of Health for each well?
Yes _____ No _____

Are there any unused wells which have not been sealed? Yes _____ No _____
If yes, please describe the type and location of each:

D. WELL WATER

Has a well water test been preformed by the County Health Department?

Yes _____ No _____

If yes, please provide well water test results. (Pass) or (Fail) Date tested _____

AS OF THE DATE BELOW, I/We the Seller(s) of the above described Lease Lot, agree(s) that the condition of the Lease Lot is the same as noted above and that any changes in said condition will be described in writing and delivered to Buyer(s) and Minnesota Power.

E. UNDERGROUND STORAGE TANKS

Are there any underground storage tanks?

Yes _____ No _____

If yes, please describe the type and location:

F. UNDERGROUND HAZARDS OR SPILLS

Are you aware of any underground hazards or spills?

Yes _____ No _____

If yes, please describe the type and location

G. HISTORIC OR CULTURAL RESOURCES

Are you aware of any historic or cultural resources on the lot?

Yes _____ No _____

If yes, please describe the type and location

SELLER

SELLER (if applicable)

Seller – Signature

Seller – Signature

Date

Date

Address

Address

City, State, Zip

City, State, Zip

Phone Number

Phone Number

This instrument was drafted by:
Minnesota Power
30 W. Superior St.
Duluth, MN 55802

MINNESOTA POWER LEASES ON RESERVOIRS

All lots located on the reservoirs listed below experience seasonal fluctuations in water elevation as follows:

1. Island Lake Reservoir – 12.2 feet below ordinary high water level
2. Whiteface Reservoir – 5.2 feet below ordinary high water level
3. Fish Lake Reservoir – 3.2 feet below ordinary high water level
4. Wild Rice Lake Reservoir – 2.2 foot below ordinary high water level
5. Boulder Lake Reservoir – 7.0 feet below ordinary high water level
6. Whitewater-Colby Reservoir System – up to 32 feet below ordinary high water level
7. Garden Lake Reservoir – 2.0 foot below ordinary high water level

Island Lake, Fish Lake, Rice Lake, Boulder Lake and Whiteface Reservoirs are managed by Minnesota Power to store natural stream flow for hydroelectric power generation downstream on the St. Louis River. Each winter the water level is drawn down the vertical distance listed above. Approximately on April 1st of each year, the storage reservoir dams are closed, and spring runoff begins to raise the water elevations. Depending upon spring rainfall-runoff conditions, the water elevation may or may not reach the normal high water elevation (full pond). During years when high water elevations are reached, the dams are opened to maintain an elevation at or below the ordinary high water level. Minimum river flows downstream of these dams are maintained by releasing water from the reservoirs as a requirement of Minnesota Power's Federal Energy Regulatory Commission license. Consequently, in most years, water elevations will lower throughout the summer recreational season. When drought or low water conditions occur, reservoir levels may prevent or impair access to boatable/recreational waters from your lot.

The Whitewater-Colby Lake Reservoir System is a water storage facility that is used in operations for mining, coal-fired steam electric power generation at the Laskin Energy Center and future Laskin Energy Park manufacturing tenants. Gates allow Partridge River water to flow into Whitewater Reservoir during high flow periods which is stored in the reservoir to augment Colby Lake levels during low Partridge River flow via a pumping station at the confluence of Colby Lake and Whitewater Reservoir. The water is pumped at various times to maintain water levels and temperature on Colby Lake which vary due to various permitted operations at Laskin Energy Park and the Cliffs-Erie Mining Site. As a result, water level fluctuations on the reservoir system can occur at any time. Also, due to these fluctuating water levels and the warm water discharge from the Laskin Energy Center on Colby Lake during the winter, ice conditions at this reservoir system is considered unsafe for recreational uses—and particularly on Colby Lake.

Garden Lake Reservoir is part of the Winton Hydro Project creates a reservoir encompassing Garden Lake, Farm Lake, South Farm Lake and a portion of the North Kawishiwi River (a.k.a. Friday Lake). During the summer recreation season, Garden Lake Reservoir generally stays within a foot of the ordinary high water mark, and during the spring time, the reservoir is drawn down about 2 feet to lessen the impact of springtime flooding on White Iron Lake (upstream).

Gull River Flowage and Lake Placid Reservoir are hydroelectric generating reservoirs. Sylvan Dam creates the Gull River Flowage and Pillager Dam creates the Lake Placid Reservoir. These dams regulate the water elevations of their respective reservoirs, which generally remain at normal high water elevation throughout the year.

There are no guarantees of reservoir elevations. Consequently, during periods of drought or low water elevation, areas previously submerged will be exposed. The extent of exposed reservoir bottom depends upon the slope of the reservoir bottom. Similarly, during periods of full pond elevation these exposed areas of reservoir bottom will be submerged. Operations, construction, maintenance, FERC license order(s) or regulation requirements related to the reservoir system may require water level changes at any time.

The boundaries of Minnesota Power lease lots extend only to the high water shoreline of the reservoir. Exposed reservoir bottom areas are not part of lease lots. Pedestrian access to exposed reservoir bottom is not restricted.

Water currents both upstream and downstream of these reservoir dams are extremely dangerous year-round. Stay clear of all reservoir dams, facilities and structures.

CONSTRUCTION

All construction, land alterations, and vegetation clearing requires prior written notification/approval of Minnesota Power. Minnesota Power’s authority on land use/construction plans on the Lease Lot may be more restrictive than local zoning rules, or what has been permitted on other company lease lots, depending on policy or circumstance. At any time during the lease term, Minnesota Power may be examining the Lease Lot for cultural resources/historic properties, as obligated under its federal hydroelectric license. Discovery of said resources/properties may require additional study and may affect future land use/construction plans. Potential buyers are encouraged to confirm land use/construction plans with Minnesota Power prior to executing the lease agreement.

CULTURAL RESOURCES/HISTORIC PROPERTIES

Other obligations arising out of Minnesota Power’s federal hydroelectric license includes exploration, examination and protection of cultural and historic resources at the reservoirs. Discovery of these resources may require additional study and may require alterations to future land use/construction plans on the lot. Potential buyers or renewing leaseholders are encouraged to confirm land use/construction plans with Minnesota Power prior to executing the lease agreement.

THE UNDERSIGNED – BUYER(S) ACKNOWLEDEMENT

BUYER(S)

Buyer – Print Name

Buyer Address

Buyer – Signature

City, State, Zip

Date

Phone Number(s)

Buyer – Print Name (If applicable)

Buyer Address (If applicable)

Buyer – Signature (If applicable)

City, State, Zip

Date

Phone Number(s)

BUYERS SIGNATURE(S) REQUIRED

TENANCY INTENT

To Minnesota Power ShoreLand Traditions:

It is our intent that our Lease Agreement with Minnesota Power is as:

- Joint Tenancy**
- Tenancy in Common**

Buyer – Primary Leaseholder Date

Buyer – Secondary Leaseholder Date

Joint Tenancy when one of the co-leaseholders dies, his or her interest in the lease automatically passes to the surviving leaseholder, who then holds the entire lease.

Tenancy in Common when one of the co-leaseholders dies, his or her one-half interest in the lease passes as an asset of their estate, while the other co-leaseholder continues to hold his or her own one-half interest in the lease.