

SETTLEMENT AGREEMENT

This Settlement Agreement (the “**Settlement Agreement**”), dated as of July 15, 2019, is made by and among each of (i) Lee E. Buchwald, in his capacity as Chapter 7 trustee (the “**Chapter 7 Trustee**”) for the bankruptcy estates of Renco Metals, Inc. (“**Renco Metals**”) and Magnesium Corporation of America (“**MagCorp**” and, together with Renco Metals, the “**Debtors**”), (ii) (a) the United States on behalf of the U.S. Environmental Protection Agency (“**EPA**”), and on behalf of the Department of the Interior (“**DOI**”) (for the U.S. Fish and Wildlife Service (“**FWS**”) and U.S. Bureau of Land Management (“**BLM**”)) (the “**United States**” or “**U.S.**”) and (b) the State of Utah, on behalf of the Utah Department of Environmental Quality and Department of Natural Resources (“**Utah**” and, together with the U.S., the “**Governments**”), (iii) Wilmington Trust, National Association, in its capacity as successor trustee (the “**Indenture Trustee**”) under that certain Indenture, dated as of July 1, 1996, among the Debtors, the Indenture Trustee, and the other parties thereto (the “**Indenture**”) with respect to the 11.50% Senior Notes issued thereunder (the “**Notes**”), at the direction of the holders (“**Noteholders**”) of a majority of the Notes (the “**Required Noteholders**”); (iv) The Renco Group, Inc. (“**Renco Group**”), US Magnesium, LLC (“**US Mag**”), and Ira Leon Rennert (“**Rennert**” and, together with Renco Group and US Mag, the “**Renco Parties**”), on behalf of themselves and each and all of their respective affiliates, officers, directors, employees, agents, and other persons acting or engaged to act on their behalf (each, a “**Renco Group Affiliate**”) who filed claims against the Debtors as specified below (the “**Renco Group Claims**”); and (v) Buchwald Capital Advisors LLC, as escrow agent under an escrow agreement described in Section III(D) hereof (the “**Escrow Agent**”). The Chapter 7 Trustee, the Governments, the Indenture Trustee, the Required Noteholders, the Renco Parties, and the Escrow Agent are collectively referred to herein as the “**Parties.**”

WHEREAS, on August 2, 2001, the Debtors commenced voluntary cases under Chapter 11 of the Bankruptcy Code (together, the “**Bankruptcy Cases**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”);

WHEREAS, on September 24, 2003, the Bankruptcy Court entered an order converting the Bankruptcy Cases to cases under Chapter 7 of the Bankruptcy Code and the Chapter 7 Trustee was appointed as trustee for the Debtors’ estates;¹

WHEREAS, on (A) February 20, 2002, the U.S. submitted (i) Proof of Claim Nos. 810, 812, and 813 against MagCorp and (ii) Proof of Claim Nos. 798 through 800 against Renco Metals; (B) March 27, 2002, the U.S. submitted (i) Proof of Claim No. 834 against MagCorp and (ii) Proof of Claim No. 835 against Renco Metals; (C) February 19, 2003, the U.S. filed Requests for Administrative Expense against MagCorp and Renco Metals [Docket Nos. 390 and 391]; (D) April 19, 2004, the U.S. submitted (i) Proof of Claim No. 850 against MagCorp, and (ii) Proof of Claim No. 851 against Renco Metals; and (E) March 15, 2017, the U.S. submitted (i) Proof of

¹ See Order Converting Chapter 11 Cases to Cases Under Chapter 7 [Docket No. 419]; Appointment of Interim Trustee and Designation of Required Bond [Docket No. 421].

Claim Nos. 18 through 20 against Renco Metals and (ii) Proof of Claim Nos. 60, 61, and 63 against MagCorp (collectively, the “**U.S. Proofs of Claim**”);

WHEREAS, on (A) January 23, 2002, Utah submitted Proof of Claim No. 256 against MagCorp; (B) February 20, 2002, Utah submitted Proof of Claim Nos. 757 and 802 against MagCorp; and (C) March 15, 2017, Utah submitted (i) Proof of Claim Nos. 21 and 22 against Renco Metals and (ii) Proof of Claim Nos. 59 and 62 against MagCorp (collectively, the “**Utah Proofs of Claim,**” and together with the U.S. Proofs of Claim, the “**Government Proofs of Claim**”);

WHEREAS, until June 2002, MagCorp was engaged in the production of magnesium at a 4,525 acre site in Rowley, Utah, adjacent to the southwestern shore of the Great Salt Lake (“**Rowley Site**”). In June 2002, US Mag acquired the Rowley Site in a sale under section 363(b) of the Bankruptcy Code, and has subsequently conducted operations at the Rowley Site. The Governments assert that MagCorp’s and US Mag’s operations at the Rowley Site gave rise to significant environmental liabilities, and that MagCorp and US Mag are jointly and severally liable to the United States and Utah under the Comprehensive Environmental Response, Compensation, and Liability Act (“**CERCLA**”) with respect to the Rowley Site. The Renco Parties dispute the Governments’ assertions;

WHEREAS, the company operating at the Rowley Site prior to MagCorp received a right-of-way grant to construct an intake canal, pumping facilities, and evaporative ponds on land owned by the United States and operated by BLM, which MagCorp used in connection with its operations at the Rowley Site (the “**Knolls Facility**”). The United States asserts that MagCorp is liable for past due rent and reclamation costs at the Knolls Facility. The Renco Parties dispute the United States’ assertions;

WHEREAS, on February 23, 2017, the Indenture Trustee submitted (i) Proof of Claim No. 2 against Renco Metals and (ii) Proof of Claim No. 31 against MagCorp (together, the “**Indenture Trustee Claims**”);

WHEREAS, the Renco Parties and Renco Group Affiliates asserted the Renco Group Claims against either or both of the Debtors or their estates, including without limitation Proof of Claim Nos. E49, E50, E51, E53, E54, E55, E56, E57, 619, 620, 633, 634, 635, 636, 649, 733, 796, 803, 804, 805, 806, 828, 829, 830, 831, 836, 837, 838, and 839;

WHEREAS, certain disputes exist among the Chapter 7 Trustee, the Governments, the Indenture Trustee, and the Renco Parties regarding, *inter alia*, the allocation of the Debtors’ assets between the Renco Metals and MagCorp estates and the extent and priority of the various claims against such estates, as well as the claims raised in the action captioned *Renco Group, Inc. v. Wilmington Trust, National Association (In re Magnesium Corp. of America)*, Adv. Pro. 16-01073 (MKV) (the “**Renco Adversary Proceeding**”);²

² See, e.g., Thirty-Third Interim Status Report of Chapter 7 Trustee [Docket No. 1118] ¶¶ 69-99.

WHEREAS, after an exchange of information and arm's-length negotiations among the Parties, the Parties have determined that it is in their respective best interests, and in the best interests of the Debtors' estates, to resolve such disputes among them on the terms set forth herein;

NOW, THEREFORE, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Chapter 7 Trustee, the Governments, the Indenture Trustee (at the direction of the Required Noteholders), and each of the Renco Parties agree as follows:

I. Government Claims.

(A) Upon the Effective Date (as defined below), the Governments shall have allowed claims and expenses (collectively, the "**Allowed Government Claims**") against the Debtors' estates as follows:

(1) An \$8,499,773 allowed claim for administrative expenses, entitled to Chapter 11 administrative expense priority under Bankruptcy Code section 503(b)(1), in favor of the United States against MagCorp, as follows (and as summarized in Schedule I(A)(1) hereto):

- a. The United States on behalf of EPA shall have an allowed claim for Chapter 11 administrative expenses of \$3,406,634 against MagCorp for CERCLA response costs related to the Rowley Site ("**Allowed EPA CERCLA Administrative Claim**").
- b. The United States on behalf of DOI (for BLM) shall have an allowed claim for Chapter 11 administrative expenses of \$4,920,176 against MagCorp for reclamation of the Knolls Facility ("**Allowed DOI (BLM) Reclamation Administrative Claim**").
- c. The United States on behalf of DOI (for BLM) shall have an allowed claim for Chapter 11 administrative expenses of \$61,888 against MagCorp for CERCLA response costs related to the Rowley Site ("**Allowed DOI (BLM) CERCLA Administrative Claim**").
- d. The United States on behalf of DOI (for FWS and BLM) shall have an allowed claim for Chapter 11 administrative expenses of \$42,106 against MagCorp for natural resource damages related to the Rowley Site ("**Allowed DOI (BLM and FWS) NRD Administrative Claim**").
- e. The United States on behalf of DOI (for BLM) shall have an allowed claim for Chapter 11 administrative expenses of \$68,969 against MagCorp for rent related to the Knolls Facility ("**Allowed DOI (BLM) Rent Administrative Claim**").

(2) A \$73,636,039 allowed general unsecured claim in favor of the U.S. against MagCorp and a \$148,027 allowed general unsecured claim in favor of Utah against MagCorp, as follows (and as summarized in Schedule I(A)(2) hereto):

- a. The United States on behalf of EPA shall have an allowed general unsecured claim of \$2,729,937 against MagCorp for past CERCLA response costs related to the Rowley Site (“**Allowed EPA CERCLA Past Response Costs General Unsecured Claim**”).
- b. The United States on behalf of EPA shall have an allowed general unsecured claim of \$68,421,063 against MagCorp for future CERCLA response costs related to the Rowley Site (“**Allowed EPA CERCLA Future Response Costs General Unsecured Claim**”).
- c. The United States on behalf of DOI (for BLM) shall have an allowed general unsecured claim of \$68,344 against MagCorp for past CERCLA response costs related to the Rowley Site (“**Allowed DOI (BLM) CERCLA Past Response Costs General Unsecured Claim**”).
- d. The United States on behalf of DOI (for BLM) shall have an allowed general unsecured claim of \$1,283,478 against MagCorp for future CERCLA response costs related to the Rowley Site (“**Allowed DOI (BLM) CERCLA Future Response Costs General Unsecured Claim**”).
- e. The United States on behalf of DOI (for BLM and FWS) shall have an allowed general unsecured claim of \$842,124 against MagCorp for natural resource damages related to the Rowley Site (“**Allowed DOI (BLM and FWS) NRD General Unsecured Claim**”).
- f. The United States on behalf of DOI (for BLM) shall have an allowed general unsecured claim of \$123,694 against MagCorp for past costs of natural resource damages assessment related to the Rowley Site (“**Allowed DOI (BLM) Past NRD Assessment Costs General Unsecured Claim**”).
- g. The United States on behalf of DOI (for BLM) shall have an allowed general unsecured claim of \$167,399 against MagCorp for its unpaid minerals trespass claim related to materials mined from U.S. land without authorization from BLM (“**Allowed DOI (BLM) Minerals Trespass General Unsecured Claim**”).
- h. Utah shall have an allowed general unsecured claim of \$148,027 against MagCorp for natural resource damages related to the Rowley Site (“**Allowed Utah NRD General Unsecured Claim**”).

(3) The United States asserted a penalty claim under the Resource Conservation and Recovery Act (“**RCRA**”) in an unliquidated amount. While the United States contends that a portion of this penalty claim has Chapter 11 administrative priority status, the United States hereby agrees to subordinate all portions of its asserted RCRA penalty claim so as to receive any penalty recovery under section 726(a)(4) of the Bankruptcy Code. The Chapter 7 Trustee does not, under present circumstances, believe that any distributions will be made pursuant to sections 726(a)(4), (5), or (6) of the Bankruptcy Code and, therefore, believes that the asserted RCRA penalty claim will have no effect on the Debtors’ estates. As a result, the Chapter 7 Trustee does not reach any final conclusions as to the validity, allowability, or amount of any potential RCRA penalty claim and any such claim is neither allowed nor disallowed. The Chapter 7 Trustee and Debtors make no admission that any such claim would have merit or regarding the amount of such claim, and the Chapter 7 Trustee, the United States, the Renco Parties, and the Debtors reserve any rights or defenses they have with respect thereto.

(B) Other than as described in Section I(A)(1) above (the “**Allowed Government Administrative Claims**”), no part of the Allowed Government Claims shall be entitled to administrative or other priority of payment.

(C) As soon as practicable but in no event later than one business day after receipt of the payment instructions referenced in Section V, the Chapter 7 Trustee shall distribute \$28,659,602 to the United States and \$40,526 to Utah.

(D) Except as set forth in Section I(A)(3), the proofs of claim and applications for administrative expense of the Governments against Renco Metals shall be withdrawn in their entirety upon the Effective Date (and may not be refiled). Other than the Allowed Government Claims and as set forth in Section I(A)(3), no claims asserted in the Government Proofs of Claim shall be allowed against the Debtors’ estates, and all such Proofs of Claim (other than with respect to the Allowed Government Claims and as set forth in Section I(A)(3)) shall be deemed withdrawn and expunged upon the Effective Date (and may not be refiled).

II. Indenture Trustee Claims.

(A) Upon the Effective Date, the Indenture Trustee Claims shall be allowed against the Debtors’ estates as follows: (1) an allowed general unsecured claim in the amount of \$169,572,520.83 against Renco Metals; and (2) an allowed general unsecured claim in the amount of \$77,616,000 against MagCorp (together, the “**Allowed Indenture Trustee Claims**”). As soon as practicable but in no event later than one business day after the Effective Date (as defined herein), the Chapter 7 Trustee shall distribute \$47,231,796 to the Indenture Trustee (for subsequent distribution in accordance with the terms of the Indenture), pursuant to wire instructions to be provided by the Indenture Trustee.

(B) No part of the Allowed Indenture Trustee Claims shall be entitled to administrative or other priority of payment.

(C) Other than the Allowed Indenture Trustee Claims, none of the Indenture Trustee Claims or any other claim of the Indenture Trustee or any Noteholder (past or present) for monies owed under the Indenture shall be allowed against the Debtors’ estates, all of which

(other than the Allowed Indenture Trustee Claims) shall be deemed withdrawn and expunged upon the Effective Date (and may not be refiled).

III. Renco Group Claims; Escrow Account

(A) Upon the Effective Date, but only for purposes of the first interim distribution specified in Sections VII(A)(2)&(3) hereof, Renco Group shall have: (1) an allowed general unsecured claim against Renco Metals in the amount of \$34,700,000; and (2) an allowed general unsecured claim against MagCorp in the amount of \$2,008,937 (together, the “**Allowed Renco Group Claims**”). After the initial distributions specified in Sections VII(A)(2)&(3), the Allowed Renco Group Claims shall not share in any further distributions from the estate of either Debtor.

(B) No part of the Allowed Renco Group Claims shall be entitled to administrative or other priority of payment.

(C) Other than the Allowed Renco Group Claims, no claims asserted in the Renco Group Claims or any other claim of any Renco Group Affiliate shall be allowed against the Debtors’ estates, and all such claims (other than with respect to the Allowed Renco Group Claims) shall be deemed withdrawn and expunged upon the Effective Date (and may not be refiled).

(D) Renco Group will not receive any direct distribution from the Debtors’ estates on account of the Allowed Renco Group Claims. Instead, as soon as practicable but in no event later than one business day after the Effective Date, the Chapter 7 Trustee shall establish the US Magnesium Reimbursement Escrow and deposit the following amounts therein: (1) the \$5,316,825 distribution that Renco Metals would have made on account of the Allowed Renco Group Claims; and (2) the \$550,000 distribution that MagCorp would have made on account of the Allowed Renco Group Claims. As of the Effective Date, US Mag may seek reimbursement from 50% of the funds initially deposited in the US Magnesium Reimbursement Escrow for the following expenses relating to environmental activities arising on or after December 1, 2018, at the Rowley Site: the current remedial investigation/feasibility study (“**RI/FS**”), EPA oversight, RCRA Carve Out Cleanup (which term references certain Rowley Site areas, including ditches and the sanitary lagoon, and related remedial activities that are subject to RCRA, and which EPA and the Renco Parties have agreed to address under RCRA), the study to test US Mag’s proposed salt cap closure plan outside the proposed barrier wall but within the footprint of the existing waste pond (“**Salt Cap Study**”) under the terms of the current or revised RI/FS administrative order, engineering and construction of the barrier wall, and closure of the Retrofitted Pond (collectively, “**Eligible Expenses**”). Notwithstanding the forgoing, Eligible Expenses do not include the following: interest on late payments to EPA reimbursing response costs; penalties; costs related to litigation, settlement, or development of potential contribution claims; internal costs of US Mag, including but not limited to, salaries, travel, or in-kind services, except for those costs that represent the work of employees of US Mag directly performing the CERCLA response actions; any costs incurred by US Mag in connection with dispute resolution. The initial escrow agent will be Buchwald Capital Advisors LLC (“Escrow Agent”). In the event that Buchwald Capital Advisors LLC or any subsequent Escrow Agent is unable or unwilling to

continue to serve, any subsequent Escrow Agents shall be appointed by mutual agreement between EPA and US Mag. On the Effective Date, EPA, US Mag, the Chapter 7 Trustee, and the Escrow Agent will execute the US Magnesium Reimbursement Escrow Agreement, in the form attached as Exhibit B (the “Escrow Agreement”), memorializing the US Magnesium Reimbursement Escrow. The Escrow Agreement shall be subject to rules of distribution set forth therein, including that EPA shall be given an opportunity to review and object to any withdrawal of funds from the US Magnesium Reimbursement Escrow on the grounds that the funds are not being used for permissible purposes. After the Effective Date, and upon lodging of the consent decree (“**Utah Consent Decree**”) being negotiated to resolve the action in the United States District Court in Utah, *United States v. Magnesium Corporation of America, Inc., et al.*, case number 2:01 CV 040, all of the funds in the US Magnesium Reimbursement Escrow will be available for reimbursement for the activities described herein and subject to the rules of distribution contained in the Escrow Agreement. Funds in the US Magnesium Reimbursement Escrow must be exhausted prior to any reimbursement to US Mag from the EPA Special Accounts to be established hereunder.

IV. Site Specific Accounts; Credits

(A) EPA shall deposit distributions made on the Allowed EPA CERCLA Past Response Costs General Unsecured Claim, the Allowed EPA CERCLA Future Response Costs General Unsecured Claim, and the Allowed EPA CERCLA Administrative Claim (“**EPA CERCLA Distribution**”) in the total amount of at least \$22,886,117 into five EPA special accounts established for the Rowley site within the Hazardous Substance Superfund, to be retained and used to conduct or finance response actions at or in connection with the site, as follows and subject to the following terms:

(1) EPA Special Account 1 will be funded by EPA with \$5,950,390.42 from the EPA CERCLA Distribution. Funds in EPA Special Account 1 will be available for reimbursement to US Mag for costs incurred after the Effective Date of the Utah Consent Decree (as defined therein) in connection with engineering and construction of the barrier wall, provided that the work is completed in accordance with the terms of the Utah Consent Decree and subject to the terms and conditions found in such Consent Decree, which will include reimbursement provisions consistent with EPA’s model CERCLA remedial design/remedial action (“RD/RA”) consent decree. Subject to EPA approval, reimbursement will be available in installments after agreed-upon milestones stated in the Utah Consent Decree are reached, and in accordance with the procedures set forth in the Utah Consent Decree. Milestones will be based upon progress of engineering and construction of the barrier wall project. Any disagreements about reimbursement including whether the work is of a type subject to reimbursement from this Special Account, will be subject to the dispute resolution provisions of the Utah Consent Decree.

(2) EPA Special Account 2 will be funded by EPA with \$2,288,611.70 from the EPA CERCLA distribution. Funds in EPA Special Account 2 will be available for reimbursement to US Mag for costs incurred after December 1, 2018, in implementing (including engineering, construction, and operation and maintenance (“O&M”)) any interim remedy or removal or response action selected by EPA in a new or existing decision document, subject to the terms and conditions consistent with EPA’s model CERCLA RD/RA consent decree to be memorialized in an enforceable agreement between US Mag and EPA. Subject to

EPA approval, disbursements will be made available after agreed-upon milestones in the enforceable agreement are reached, and in accordance with the procedures set forth in the Utah Consent Decree. To the extent funds available pursuant to this paragraph are not exhausted by January 1, 2022, or at such later date as the parties may agree, any remaining funds will be added to the funds in EPA Special Account 1 for reimbursement to US Mag for the purposes set forth therein. Any disagreements about reimbursement, including whether the work is of a type subject to reimbursement from this Special Account, will be subject to the dispute resolution provisions of the agreement pursuant to which the work is being implemented.

(3) EPA Special Account 3 will be funded by EPA with \$3,432,917.55 from the EPA CERCLA distribution. Funds in EPA Special Account 3 will be available for reimbursement to US Mag for costs incurred in implementing (including engineering, construction, and O&M) the final remedial action selected by EPA in a CERCLA record of decision, subject to the terms and conditions consistent with EPA's model CERCLA RD/RA consent decree to be memorialized in the agreement between US Mag and EPA. Subject to EPA approval, such disbursements will be available after agreed-upon milestones stated in the enforceable agreement are reached and in accordance with the procedures set forth in that agreement. Any disagreements about reimbursement, including whether the work is of a type subject to reimbursement from this Special Account, will be subject to the dispute resolution provisions of the agreement pursuant to which the work is being implemented.

(4) EPA Special Account 4 will be funded by EPA with \$5,492,668.08 from EPA's CERCLA distribution. Funds in EPA Special Account 4 will be available for reimbursement to US Mag for O&M upon closure of the Rowley Site, subject to the terms and conditions consistent with EPA's model CERCLA RD/RA consent decree to be memorialized in an enforceable agreement between US Mag and EPA. Subject to EPA approval, disbursements will be available after agreed-upon milestones stated in the agreement are reached and in accordance with the procedures set forth in that agreement. Any disagreements about reimbursement, including whether the work is of a type subject to reimbursement from this Special Account, will be subject to the dispute resolution provisions of the agreement pursuant to which the work is being implemented.

(5) EPA Special Account 5 will be funded by EPA with \$5,721,529.25 from EPA's CERCLA distribution. Any funds not expended in accordance with EPA Special Accounts 1, 3, and 4 will be deposited into EPA Special Account 5, which shall be used at or in connection with the Rowley Site in EPA's sole discretion. Any funds in EPA Special Account 5 not used at the time the Rowley Site transitions into O&M, or a portion thereof, may be added to the funds available for reimbursement for O&M (EPA Special Account 4) in EPA's sole discretion, or, if (a) all response actions at the Rowley Site have been completed, (b) there is an adequate reserve in Special Account 5 for future costs for O&M and Five-Year Reviews as determined by EPA, (c) the US Magnesium Site has been removed from the National Priorities List, and (d) the Rowley Plant has been closed as an operating manufacturing facility, transferred to the Superfund.

(6) For avoidance of doubt, EPA's obligation to fund the special accounts and make such funds available for reimbursement extends only to the extent of funds actually distributed by the Debtors' estates on the Allowed EPA CERCLA Past Response Costs General

Unsecured Claim, the Allowed EPA CERCLA Future Response Costs General Unsecured Claim, and the Allowed EPA CERCLA Administrative Claim. If the Debtors' estates fail to make such distributions, EPA shall not be obliged to fund these accounts. EPA may use Special Account funds for performance of response actions at the Site selected by EPA in accordance with CERCLA, and identified as subject to reimbursement to USM from that Special Account, if USM does not perform the selected response action under the Utah Consent Decree, or a subsequent enforceable agreement with EPA, and therefore is not eligible for reimbursement under section 122 of CERCLA.

(B) The United States on behalf of DOI (for BLM) shall deposit distributions made on the Allowed DOI (BLM) Reclamation Administrative Claim into a reclamation account for the MagCorp Bankruptcy Settlement – Knolls Facility.

(C) The United States on behalf of DOI (for BLM and FWS) shall deposit distributions made on the Allowed DOI (BLM and FWS) NRD Administrative Claim and the Allowed DOI (BLM and FWS) NRD General Unsecured Claim in the DOI Natural Resource Damage Assessment and Restoration Fund (“DOI NRDAR Fund”), MagCorp / US Mag Restoration Account, to be managed by the DOI Natural Resource Damages Trustee.

(D) Utah shall deposit distributions made on Allowed Utah NRD General Unsecured Claim to the Environmental Mitigation and Response Fund created under Utah Code Ann. § 19-1-601 to 604, to be managed by the Utah Natural Resource Trustee for use at or in connection with the Rowley Site.

(E) The United States on behalf of DOI (for BLM) shall deposit distributions made on the Allowed DOI (BLM) CERCLA Administrative Claim and the Allowed BLM CERCLA Future Response Costs General Unsecured Claim in DOI's Central Hazardous Materials Fund (“CHF”) to be retained and used to conduct or finance response actions at or in connection with the Rowley Site, including with respect to hazardous substances released from the Rowley Site that have come to rest on property managed by BLM.

(F) The United States on behalf of DOI (for BLM) shall deposit distributions made on the Allowed BLM CERCLA Past Responses Costs General Unsecured Claim in the CHF.

(G) The United States on behalf of DOI (for BLM) shall deposit distributions made on the Allowed DOI (BLM) Rent Administrative Claim in the rental fee account for the MagCorp Bankruptcy Settlement – BLM Rent.

(H) The United States on behalf of DOI (for BLM) shall deposit distributions made on the Allowed DOI (BLM) Minerals Trespass General Unsecured Claim in the minerals trespass account for the MagCorp Bankruptcy Settlement – BLM Minerals Trespass.

V. Distribution/Payment Instructions as to Governments

(A) Cash distributions and payments to the United States on account of the Allowed Government Claims shall be made at <https://www.pay.gov> or by FedWire Electronic Funds Transfer to the United States Department of Justice account in accordance with instructions,

including a Consolidated Debt Collection System (“CDCS”) number, to be provided to the Trustee by the United States Attorney’s Office for the Southern District of New York.

(B) Cash distributions and payments to Utah on account of the Allowed Government Claims shall be made in accordance with instructions to be provided to the Trustee by Utah.

(C) With respect to the Allowed Government Claims, only the amount of cash received by the Governments pursuant to this Settlement Agreement for the Allowed Government Claims relating to the Rowley Site and the Knolls Facility, respectively, and not the total amount of the Allowed Government Claim for each site, shall be credited by EPA or DOI, as applicable, to its account for the particular site, which credit shall reduce the liability of non-settling potentially responsible parties for the site by the amount of the credit.

(D) At the time of any distribution or payment pursuant to this Settlement Agreement, the Debtors’ estates shall transmit written confirmation of such distribution or payment to the United States and Utah (as appropriate) at the addresses specified below, and to the EPA Cincinnati Finance Office by email at acctsreceivable.cinwd@epa.gov, with a reference to Bankruptcy Case Number 01-14312 (S.D.N.Y.)

VI. Financial Assurance

(A) Financial Assurance under RCRA for closure, long-term care and corrective action at the Rowley Site shall be governed by the terms of the Utah Consent Decree, which controls. The Utah Consent Decree shall provide that financial assurance for closure and post-closure under RCRA will be based on the cost of a salt cap closure pending the outcome of the Salt Cap Study. US Mag shall implement the Salt Cap Study under the terms of the current or revised RI/FS administrative order, and on a timetable to be agreed upon by EPA and US Mag. If, based on the results of the Salt Cap Study, EPA determines that a salt cap is not adequately protective, US Mag shall submit a revised closure plan and cost estimate based on traditional closure technologies, and financial assurance shall be based on that cost estimate. If EPA determines that a salt cap would be adequately protective, then financial assurance shall continue to be based on that closure technology. Any determinations concerning the Salt Cap Study, whether a salt cap would be adequately protective, or the selection of the ultimate closure plan for the Retrofitted Pond, will be subject to the dispute resolution provisions of the Utah Consent Decree.

(B) Financial assurance under CERCLA for response actions to be taken at the Rowley Site shall be governed by an enforceable agreement between US Mag and EPA to be memorialized following issuance by EPA of a decision document for such response actions.

(C) Any funds being held in EPA Special Accounts 1, 2, 3 and 4, as long as such sums are then still being held and have not yet been distributed to US Mag for environmental remediation of the Rowley Site, will be counted as a portion of US Mag’s financial assurance obligations for implementing the work as addressed in Section IV of this Settlement Agreement.

VII. Allocation of Estate Assets and Distributions.

(A) Upon the Effective Date, the Chapter 7 Trustee shall:

(1) Fully satisfy from available estate funds (a) the United States' \$8,499,773 allowed Chapter 11 administrative expense claims, as specified herein, and (b) all other allowed claims against the Debtors' estates entitled to Chapter 11 administrative priority and/or prepetition priority under Bankruptcy Code section 507, in the aggregate amount of \$774,347.56, as specified in Schedule IV(A)(1).

(2) On behalf of MagCorp, distribute \$43.2 million *pari passu* to the allowed general unsecured claims specified in Schedule IV(A)(2)&(3).

(3) On behalf of Renco Metals, distribute \$31.3 million *pari passu* to the allowed general unsecured claims specified in Schedule IV(A)(2)&(3).

(4) Establish a reserve of all remaining funds, estimated at approximately \$10.1 million as of December 4, 2018 (plus all interest that accrues on estate bank accounts on or after December 1, 2018), for payment in full of all Chapter 7 administrative priority claims (such claims, the "**Chapter 7 Priority Claims**" and such amount, the "**Chapter 7 Priority Claims Reserve**"). Upon the Effective Date, the Indenture Trustee, the Governments, and the Renco Parties irrevocably agree not to object to or otherwise oppose (a) any commission sought by the Chapter 7 Trustee up to the statutory cap provided in Bankruptcy Code section 326(a) in an amount estimated at approximately \$7.4 million (including amounts previously awarded on an interim basis and holdbacks), or (b) any Chapter 7 Priority Claims incurred by estate professionals on or before December 31, 2018 (including amounts previously awarded on an interim basis and holdbacks, but excluding, in all cases, any manner of "success fee" or similar compensation), without prejudice to the United States Trustee's right to object or otherwise oppose any such commission or Chapter 7 Priority Claims incurred by estate professionals. In the event the Chapter 7 Priority Claims exceed the amount in such reserve, distribution on the Chapter 7 Trustee's commission or the Chapter 7 Trustee's claims shall be reduced to the extent necessary to ensure that the remaining Chapter 7 Priority Claims are paid in full.

(B) In the event that (1) following the payment in full of all Chapter 7 Priority Claims, a surplus remains in the Chapter 7 Priority Claims Reserve, or (2) additional amounts are recovered by the Chapter 7 Trustee on behalf of the Debtors' estates, such amounts shall be allocated between the Debtors' estates 40% to the estate of Renco Metals to be used solely to satisfy allowed general unsecured claims against Renco Metals (other than claims of the Renco Parties), and 60% to the estate of MagCorp to be used solely to satisfy allowed general unsecured claims against MagCorp (other than claims of the Renco Parties). Any distribution from such surplus or additional amounts on the Allowed EPA CERCLA Past Response Costs General Unsecured Claim, the Allowed EPA CERCLA Future Response Costs General Unsecured Claim, and the Allowed EPA CERCLA Administrative Claim shall be divided pro rata among the Special Accounts described in Section IV hereof.

VIII. Full and Final Release of All Causes of Action by Chapter 7 Trustee.

(A) As of the Effective Date, subject to Section X hereof, the Chapter 7 Trustee will be deemed to have granted – voluntarily, knowingly, unconditionally, and irrevocably, with specific and express intent, for and on behalf of each of himself, the Debtors and their respective estates, and any and all parties asserting (or purporting to assert) derivative standing or other rights with respect thereto – a full and complete release and discharge to the Governments, the Renco Parties, the Renco Group Affiliates, and the Indenture Trustee, each past and present member of the Ad Hoc Noteholder Consortium (as identified in statements filed pursuant to FRBP 2019 [Docket Nos. 742, 910 & 950]) (collectively, the “**Consortium Members**,” and with the Governments, the Renco Parties, and the Indenture Trustee, the “**Estate Released Parties**”), and each of the respective managers, members, directors, officers, employees, affiliates, agents, representatives, accountants, attorneys, predecessors, successors, and assigns of each of the foregoing Estate Released Parties, each in their capacity as such, of and from any and all claims, actions, causes of action, damages, counterclaims, crossclaims, obligations, liabilities, costs, expenses, and demands of any kind whatsoever (including, for the avoidance of doubt, any claim for contribution against any Renco Party under CERCLA) – whether at law or in equity, matured or unmatured, vested or contingent, known or unknown, or now existing or arising hereafter – that any of the Chapter 7 Trustee, the Debtors, or their respective estates, or that any party asserting (or purporting to assert) derivative standing or other rights with respect thereto, has or may have against any of the Estate Released Parties, provided further that, for the avoidance of doubt, the Chapter 7 Trustee is hereby releasing any and all claims of the Chapter 7 Trustee relating to the Notes or the Indenture.

(B) The Chapter 7 Trustee, for and on behalf of each of himself, the Debtors, and the Debtors’ estates, waives any and all claims or causes of action against the United States or Utah with respect to the Rowley Site or Knolls Facility, including, but not limited to: (1) any direct or indirect claim for reimbursement from the Hazardous Substance Superfund; (2) any claim under Sections 107 or 113 of CERCLA, 42 U.S.C. §§ 9607 or 9613, or Section 7002(a) of RCRA, 42 U.S.C. § 6972(a); or (iii) any claim arising out of response activities at the Rowley Site and Knolls Facility.

IX. Mutual Release by Renco Parties and Indenture Trustee Parties.

(A) As of the Effective Date, (1) the Renco Parties will be deemed to have granted to the Indenture Trustee and the Consortium Members in their capacity as such (collectively, the “**Indenture Trustee Parties**”), and each of the respective managers, members, directors, officers, employees, affiliates, agents, representatives, accountants, attorneys, predecessors, successors, and assigns of each of the foregoing Indenture Trustee Parties, and (2) the Indenture Trustee Parties in their capacity as such will be deemed to have granted to the Renco Parties, and each of the respective managers, members, directors, officers, employees, affiliates, agents, representatives, accountants, attorneys, predecessors, successors, and assigns of each of the foregoing Renco Parties – voluntarily, knowingly, unconditionally, and irrevocably, with specific and express intent, for and on behalf of each of them – a full and complete release and discharge of and from any and all claims, actions, causes of action, damages, counterclaims, crossclaims,

obligations, liabilities, costs, expenses, and demands of any kind whatsoever – whether at law or in equity, matured or unmatured, vested or contingent, known or unknown, or now existing or arising hereafter – that any of the Indenture Trustee Parties or Renco Parties, respectively, has or may have had against each other based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors’ estates, the conduct of the Debtors’ businesses, the Chapter 11 cases, the Chapter 7 cases, or the Notes, or upon any act or omission, transaction or occurrence relating to the foregoing taking place on or before the Effective Date. On the Effective Date, Renco Group shall dismiss with prejudice the Renco Adversary Proceeding, together with any and all appeals therefrom.

X. Reservation of Rights and Remedies.

(A) Notwithstanding the Trustee’s release in Section VIII, all claims, causes of action, rights, and remedies of the Governments against the Renco Parties under CERCLA, RCRA, or otherwise, including derivative claims, causes of action, rights, and remedies with respect to the Rowley Site, are expressly reserved and retained and are not extinguished by Section VIII, anything in this Settlement Agreement, the fact of this settlement, or the closure of the bankruptcy cases. With respect to such derivative claims, causes of action, rights, and remedies, any standing that the Trustee may have had to bring such claims, causes of action, rights, and remedies during the bankruptcy cases does not affect the reservation and retention of such claims, causes of action, rights, and remedies set forth in the previous sentence or the fact that such claims, causes of action, rights, and remedies are not extinguished by Section VIII, anything in this Settlement Agreement, the fact of this settlement, or the closure of the bankruptcy cases. The Renco Parties do not concede that such derivative claims, causes of action, rights, and remedies are otherwise actionable and the Governments’ claims, causes of action, rights, and remedies against the Renco Parties under CERCLA, RCRA, or otherwise shall be subject to, and the Renco Parties hereby reserve, all available defenses (including statutes of limitations, and this Settlement Agreement does not provide for any tolling or suspension of any limitations period), other than based on this Settlement Agreement, the fact of this settlement, or the closure of the bankruptcy cases. The fact that the Governments and the Renco Parties have agreed to compromise their respective proofs of claim against the Debtors, and have agreed to certain accommodations between themselves as specified in Section IV hereof, may not be used as evidence in any litigation between the Governments and the Renco Parties except in an action to enforce this Settlement Agreement, and will have no res judicata, collateral estoppel or other preclusive effect.

(B) Nothing in this Settlement Agreement shall be deemed to limit the authority of the Governments to take any response action under Section 104 of CERCLA, 42 U.S.C. § 9604, or any other applicable statute or regulation, or to alter the applicable legal principles governing judicial review of any action taken by the Governments pursuant to such authority. Nothing in this Settlement Agreement shall be deemed to limit the access or information-gathering authority of the Governments under Sections 104 and 122 of CERCLA, 42 U.S.C. §§ 9604 and 9622, or any other applicable statute or regulation. In the event the Governments assert a claim or cause of action against any Renco Party or Renco Group Affiliate under non-bankruptcy laws, the Renco Parties and Renco Group Affiliates reserve their rights and defenses with respect to any such claim or cause of action except as provided in Section VIII(A).

XI. Timing of Distributions.

The Chapter 7 Trustee shall make interim distributions to the Governments and the Indenture Trustee (for subsequent distribution in accordance with the terms of the Indenture), pursuant to wire instructions to be provided thereby, of their respective *pro rata* shares of the moneys specified hereunder no more than three business days after the Effective Date. Notwithstanding the foregoing, upon receipt of written notice from the Indenture Trustee, the Chapter 7 Trustee shall reduce the Indenture Trustee's distribution by the amount of the costs and expenses, including attorneys' fees, that the Required Noteholders have incurred in the Bankruptcy Cases, and pay such amount to their designee. The Chapter 7 Trustee shall make interim distributions to all other creditors holding allowed claims on the same date as distributions to the Governments and the Indenture Trustee, or as soon as practicable thereafter.

XII. Judicial Approval and Public Comment.

(A) This Settlement Agreement shall be subject to approval of the Bankruptcy Court. The Chapter 7 Trustee shall promptly seek approval of this Settlement Agreement under Bankruptcy Rule 9019 or applicable provisions of the Bankruptcy Code.

(B) This Settlement Agreement shall be lodged with the Bankruptcy Court by the United States and shall thereafter be subject to a period of public comment following publication of notice of the Settlement Agreement in the *Federal Register*. The public comment period may run concurrently with any notice period required pursuant to Bankruptcy Rule 2002 or applicable local rule in connection with judicial approval of the Settlement Agreement pursuant to the preceding Section XII(A).

(C) After the conclusion of the public comment period, the United States will file with the Bankruptcy Court any comments received, as well as the United States' responses to the comments, and at that time, if appropriate, the United States will request approval of the Settlement Agreement under applicable non-bankruptcy law. The United States reserves the right to withdraw or withhold its consent if the comments regarding the Settlement Agreement disclose facts or considerations which indicate that the Settlement Agreement is not in the public interest.

(D) If for any reason (1) the Settlement Agreement is withdrawn by the United States as provided in Section XII(C); (2) the Settlement Agreement is not approved by the Bankruptcy Court pursuant Rule 9019 and/or applicable non-bankruptcy law; or (3) the Bankruptcy Cases are dismissed, then: (a) this Settlement Agreement shall be null and void, and the Parties shall not be bound hereunder or under any documents executed in connection herewith; (b) the Parties shall have no liability to one another arising out of or in connection with this Settlement Agreement or under any documents executed in connection herewith; and (c) this Settlement Agreement and any documents prepared in connection herewith shall have no residual or probative effect or value.

(E) Notwithstanding anything herein to the contrary, the Parties agree that (1) by signing the Settlement Agreement, neither the Trustee nor the Indenture Trustee/Noteholders abandons the settlement agreement filed with the Bankruptcy Court on May 7, 2019 (“May 7 Agreement”), (2) the Trustee reserves the right to proceed with the motion for approval of the May 7 Agreement, on or after August 22, 2019, if the United States has not joined in the Trustee’s motion for approval of the Settlement Agreement prior to that date, and (3) all other Parties reserve all rights to object to or oppose any motion for approval of the May 7 Agreement, except on the grounds that the Trustee and the Indenture Trustee/Noteholders abandoned the May 7 Agreement by signing the Settlement Agreement.

XIII. Effective Date.

(A) The “**Effective Date**” shall be the date on which the Court enters an order approving the Settlement Agreement under Rule 9019 and applicable non-bankruptcy law, provided that if such order is subject to a stay, the Effective Date shall be the date on which such stay expires.

XIV. Notices.

(A) Any notice to be provided hereunder shall be delivered by electronic mail to the Parties through their respective counsel, as follows:

If to the Chapter 7 Trustee, to
Nicholas F. Kajon, Esq. (nfk@stevenslee.com) and
Constantine Pourakis, Esq. (cp@stevenslee.com);

If to the United States, to
Christine S. Poscablo, Esq. (christine.poscablo@usdoj.gov),
Andrea Madigan, Esq. (Madigan.Andrea@epa.gov),
Lois Godfrey Wye, Esq. (lois.wye@sol.doi.gov), and
Sean Joyner, Esq. (sean.joyner@sol.doi.gov);

If to Utah, to
Kimberlee McEwan, Esq. (kmcewan@agutah.gov) and
Martin Bushman, Esq. (martinbushman@agutah.gov)

If to the Renco Parties, to
Laurence S. Kirsch, Esq. (lkirsch@sidley.com),
Adam L. Shiff, Esq. (ashiff@kasowitz.com), and
M. Lindsay Ford, Esq. (lford@parsonsbehle.com);

If to the Indenture Trustee, to
Steven J. Reisman, Esq. (sreisman@kattenlaw.com) and
Cindi M. Giglio, Esq. (cindi.giglio@kattenlaw.com); and

If to the Escrow Agent, to
Lee E. Buchwald (Lbuchwald@buchwaldcapital.com).

(B) In the event of any notice to be provided to the Indenture Trustee, a copy (which shall not itself constitute notice) shall simultaneously be delivered by electronic mail to counsel to the Required Noteholders (Jeffrey L. Jonas, Esq. (jjonas@brownrudnick.com)).

XV. Miscellany.

(A) Entire Agreement. No promise, inducement, commitment, or other agreement not expressly set forth in this Settlement Agreement and its Exhibits has been made with respect to this Settlement Agreement or the subject matter hereof. This Settlement Agreement and its Exhibits contain the entire agreement by and among the Parties with respect to all matters related hereto. All prior agreements and understandings, oral agreements, and writings regarding the matters set forth in this Settlement Agreement and in its Exhibits (if any) are expressly superseded hereby and are of no further force or effect.

(B) Amendments. This Settlement Agreement may not be altered, amended, or modified in any respect except by a writing duly executed by all of the Parties. Any material alterations, amendments, or modifications entered after Bankruptcy Court approval must be approved by the Bankruptcy Court before going into effect.

(C) Binding Effect; Third Parties. This Settlement Agreement shall be binding on and inure to the benefit of each Party and its successors. Other than the Consortium Members with respect to the release set forth in Sections VIII and IX above, there is no third-party beneficiary of this Settlement Agreement.

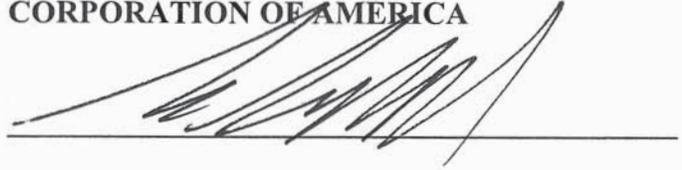
(D) Venue and Jurisdiction. This Court (or, if upon withdrawal of the Court's reference, the United States District Court for the Southern District of New York) shall retain jurisdiction and venue over the subject matter of this Settlement Agreement, the Escrow Agreement, and the Parties for the duration of the performance of the terms and provisions of this Settlement Agreement and the Escrow Agreement for the purpose of enabling any of the Parties to apply to the Court at any time for such further order, direction, and relief as may be necessary or appropriate for the construction or interpretation of this Settlement Agreement or the Escrow Agreement or to effectuate or enforce compliance with their terms. For avoidance of doubt, nothing herein provides the Court with jurisdiction over the Utah Consent Decree.

(E) Applicable Law. This Settlement Agreement shall be governed, interpreted, construed, and enforced in accordance with the laws of the United States if applicable or, if there is no applicable federal law, the laws of the State of New York, without regard to its conflicts of law or choice of law principles.

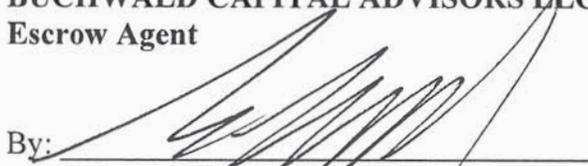
* * *

THE UNDERSIGNED ENTITIES ENTER INTO THIS SETTLEMENT AGREEMENT:

**LEE E. BUCHWALD, IN HIS CAPACITY
AS CHAPTER 7 TRUSTEE FOR THE
BANKRUPTCY ESTATES OF RENCO
METALS, INC. AND MAGNESIUM
CORPORATION OF AMERICA**



**BUCHWALD CAPITAL ADVISORS LLC, as
Escrow Agent**

By: 

Lee E. Buchwald
President

**FOR THE UNITED STATES OF AMERICA ON BEHALF OF U.S. ENVIRONMENTAL
PROTECTION AGENCY AND U.S. DEPARTMENT OF THE INTERIOR:**

Date: 7.12.19

GEOFFREY S. BERMAN
United States Attorney for the
Southern District of New York

By: _____

CHRISTINE S. POSCABLO
Assistant United States Attorney
86 Chambers Street, 3rd Floor
New York, NY 10007
Tel.: (212) 637-2674
Fax: (212) 637-2786
Email: christine.poscablo@usdoj.gov

Date: 7/18/19

By: _____

JEFFREY BOSSERT CLARK
Assistant Attorney General
United States Department of Justice
Environment and Natural Resources Division

FOR THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY:

Date: 7/12/19

By: Susan Parker Bodine

SUSAN PARKER BODINE
Assistant Administrator for Enforcement and
Compliance Assurance
U.S. Environmental Protection Agency

THE STATE OF UTAH, INCLUDING ON BEHALF OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY AND DEPARTMENT OF NATURAL RESOURCES, AS AUTHORIZED STATE OF UTAH NATURAL RESOURCE TRUSTEES:

Date: June 25, 2019

By: 
ALAN MATHESON
Natural Resources Lead Trustee
State of Utah

**WILMINGTON TRUST, NATIONAL
ASSOCIATION, IN ITS CAPACITY AS
SUCCESSOR TRUSTEE**

Date: _____

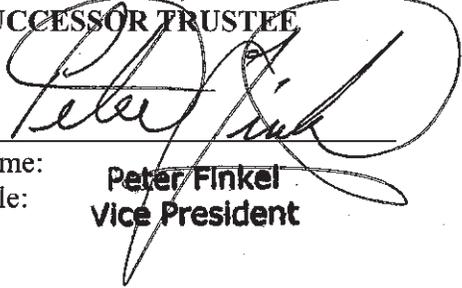
By: _____

Name:

Peter Finkel

Title:

Vice President

A handwritten signature in black ink, appearing to read "Peter Finkel", is written over a horizontal line. The signature is stylized and somewhat cursive.

**SERENGETI ASSET MANAGEMENT LP, as
Investment Advisor to and on behalf of Rapax
OC Master Fund, Ltd., Serengeti Lycaon MM
L.P., and Serengeti Multi-Series Master LLC,
Series C I**

By: 
Name: Marc Baum
Title: Director
Notes: \$23,000,000

**MERRILL LYNCH, PIERCE, FENNER &
SMITH, INCORPORATED**

By: _____
Name: _____
Title: _____
Notes: _____

**THE SEAPORT GROUP LLC PROFIT
SHARING PLAN**

By: _____
Name: _____
Title: _____
Notes: _____

NEW GENERATION ADVISORS, LLC

By: _____
Name: _____
Title: _____
Notes: _____

**SERENGETI ASSET MANAGEMENT LP, as
Investment Advisor to and on behalf of Rapax
OC Master Fund, Ltd., Serengeti Lycaon MM
L.P., and Serengeti Multi-Series Master LLC,
Series C I**

By: _____
Name: _____
Title: _____
Notes: _____

**MERRILL LYNCH, PIERCE, FENNER &
SMITH, INCORPORATED**

By: 
Name: SETH DENSON
Title: DIRECTOR
Notes: # 32,479,845

**THE SEAPORT GROUP LLC PROFIT
SHARING PLAN**

By: _____
Name: _____
Title: _____
Notes: _____

NEW GENERATION ADVISORS, LLC

By: _____
Name: _____
Title: _____
Notes: _____

**SERENGETI ASSET MANAGEMENT LP, as
Investment Advisor to and on behalf of Rapax
OC Master Fund, Ltd., Serengeti Lycaon MM
L.P., and Serengeti Multi-Series Master LLC,
Series C I**

By: _____
Name: _____
Title: _____
Notes: _____

**MERRILL LYNCH, PIERCE, FENNER &
SMITH, INCORPORATED**

By: _____
Name: _____
Title: _____
Notes: _____

**THE SEAPORT GROUP LLC PROFIT
SHARING PLAN**

By: *Seaport Global Asset Management LLC, its investment manager*

By: _____
Name: *Michael Ring*
Title: *CFO*
Notes: *30,191,155*

NEW GENERATION ADVISORS, LLC

By: _____
Name: _____
Title: _____
Notes: _____

**SERENGETI ASSET MANAGEMENT LP, as
Investment Advisor to and on behalf of Rapax
OC Master Fund, Ltd., Serengeti Lycaon MM
L.P., and Serengeti Multi-Series Master LLC,
Series C I**

By: _____
Name: _____
Title: _____
Notes: _____

**MERRILL LYNCH, PIERCE, FENNER &
SMITH, INCORPORATED**

By: _____
Name: _____
Title: _____
Notes: _____

**THE SEAPORT GROUP LLC PROFIT
SHARING PLAN**

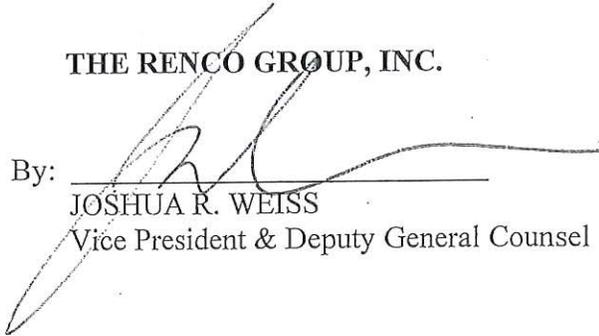
By: _____
Name: _____
Title: _____
Notes: _____

NEW GENERATION ADVISORS, LLC

By: *[Signature]*
Name: *Bailey Dent*
Title: *Partner*
Notes: *36,175,000*

THE RENCO GROUP, INC.

Date: _____

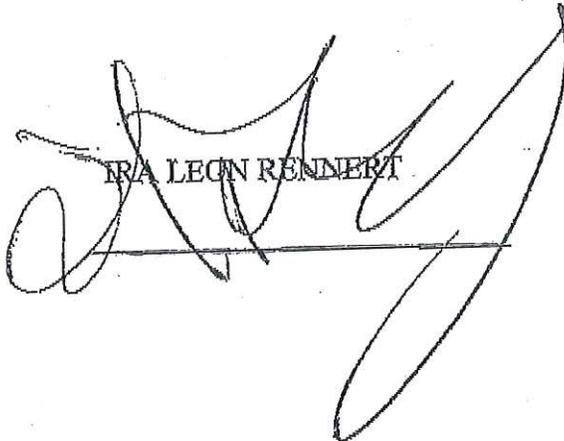
By: 
JOSHUA R. WEISS
Vice President & Deputy General Counsel

US MAGNESIUM LLC

Date: _____

By: _____
RON THAYER
President and Chief Executive Officer

Date: _____


IRA LEON RENNERT

THE RENCO GROUP, INC.

Date: _____

By: _____

JOSHUA R. WEISS
Vice President & Deputy General Counsel

US MAGNESIUM LLC

Date: 6/11/19 _____

By:  _____

RON THAYER
President and Chief Executive Officer

IRA LEON RENNERT

Date: _____

Exhibit A

(Form of Rule 9019 Order)

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

MAGNESIUM CORP. OF AMERICA, *et al.*,

Debtors.

Chapter 7

Case No. 01-14312 (MKV)

Jointly Administered

**ORDER APPROVING GLOBAL SETTLEMENT RELATING TO
GOVERNMENT ENVIRONMENTAL CLAIMS, INDENTURE TRUSTEE
CLAIMS, RENCO GROUP CLAIMS AND ESTATE ALLOCATION ISSUES**

The Court having considered the Motion of the Chapter 7 Trustee, dated June __, 2019, Pursuant to 11 U.S.C. §§ 105(a), 363(b) & 704(a) and Bankruptcy Rule 9019, for Entry of an Order Approving Global Settlement Relating to Government Environmental Claims, Indenture Trustee Claims, Renco Group Claims and issues concerning allocation of available cash between the estates of the two Debtors [Docket No. ____] (the “**Motion**”),³ as well as the Supporting Declarations and other evidence submitted in support thereof; and further having considered the Joinder of the United States in support of the Motion, requesting that the Court approve the Settlement Agreement, insofar as it resolves proofs of claim of the United States, as fair, reasonable, and consistent with environmental law; and it appearing that the Chapter 7 Trustee provided adequate notice of the Motion; and good cause appearing therefor, it is hereby

ORDERED that:

1. The Motion is granted on the terms set forth herein.

³ Capitalized terms used but not defined herein have the meanings given them in the Motion.

2. The Settlement, as memorialized in the Settlement Agreement attached as Exhibit A to the Motion, is approved in all respects.

3. To the extent that the Settlement Agreement resolves proofs of claim of the United States, the Court approves it as fair, reasonable, and consistent with environmental law.

4. The Settlement and all transactions contemplated by the Settlement, including the releases given therein, are a result of good faith arm's length negotiations, are in the best interests of the Debtors, the Debtors' estates, the Noteholders and other parties-in-interest, and are fair, equitable, and within the range of reasonableness.

5. The parties to the Settlement Agreement are authorized, without further order of the Court, to consummate the transactions contemplated by the Settlement and to take such other and further action as may be reasonably necessary to effectuate the terms thereof.

6. The notice of the Settlement, and all transactions contemplated thereby, was sufficient and effective in satisfaction of federal and state due process requirements and other applicable law to put the Noteholders and other parties-in-interest on notice of the Settlement, and all the transactions contemplated thereby.

7. The Chapter 7 Trustee is authorized to fully satisfy from available estate funds (a) the \$8,499,773 allowed Chapter 11 administrative expense claims of the United States, as specified in the Settlement Agreement, and (b) all other allowed claims against the Debtors' estates entitled to Chapter 11 administrative priority and/or prepetition priority

under Bankruptcy Code section 507, in the aggregate amount of \$774,347.56, as specified in Schedule IV(A)(1) to the Settlement Agreement.

8. Pursuant to Sections 105(a), 363(b), and 704(a) of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 9019(a), after satisfaction of all Chapter 11 administrative priority and/or prepetition priority under Bankruptcy Code section 507 and the funding of the Chapter 7 Priority Claims Reserve, remaining cash in the Debtors' estates shall be allocated as follows: (a) \$43.2 million to MagCorp, and (b) \$31.3 million to Renco Metals. In the event there is sufficient cash to fund a subsequent distribution to general unsecured creditors, any such cash shall be allocated as follows: (a) 60% to MagCorp, and (b) 40% to Renco Metals.

9. Pursuant to Section 704(a) of the Bankruptcy Code, the Chapter 7 Trustee is authorized to make an interim distribution to holders of allowed general unsecured claims in the amounts specified in Schedule IV(A)(2)&(3).

10. Except as set forth in Section I(A)(3) of the Settlement Agreement, the claims of the Governments against Renco Metals shall be withdrawn in their entirety upon the Effective Date (and may not be refiled). Other than the Allowed Government Claims and as set forth in Section I(A)(3) of the Settlement Agreement, no claims asserted in the Government Proofs of Claim shall be allowed against the Debtors' estates, and all such Proofs of Claim (other than with respect to the Allowed Government Claims and except as set forth in Section I(A)(3) of the Settlement Agreement) shall be deemed withdrawn and expunged upon the Effective Date (and may not be refiled).

11. Other than the Allowed Indenture Trustee Claims, none of the Indenture Trustee Claims or any other claim of the Indenture Trustee or any Noteholder for monies owed under the Indenture shall be allowed against the Debtors' estates, all of which (other than the Allowed Indenture Trustee Claims) shall be deemed withdrawn and expunged upon the Effective Date (and may not be refiled).

12. Other than the Allowed Renco Group Claims, no claims asserted in the Renco Group Claims or any other claim of any Renco Group Affiliate shall be allowed against the Debtors' estates, and all such claims (other than with respect to the Allowed Renco Group Claims) shall be deemed withdrawn and expunged upon the Effective Date (and may not be refiled). Notwithstanding the foregoing, (a) Renco Group will not receive any direct distribution from the Debtors on account of the Allowed Renco Group Claims, with all such distributions to be deposited into the US Magnesium Reimbursement Escrow; and (b) after the initial distributions specified in Sections IV(A)(2)&(3) of the Settlement Agreement, the Allowed Renco Group Claims shall not share in any further distributions from the estate of either Debtor.

13. The Court shall retain jurisdiction to resolve any disputes that may arise in connection with the Settlement Agreement, the US Magnesium Reimbursement Escrow Agreement attached as Exhibit B to the Settlement Agreement, and this Order.

Dated: [] __, 2019

The Honorable Mary Kay Vyskocil
United States Bankruptcy Judge

Schedule I(A)(1) – Allowed Government Chapter 11 Administrative Claims

Allowed EPA CERCLA Administrative Claim	\$3,406,634
Allowed DOI (BLM) Reclamation Administrative Claim	\$4,920,176
Allowed DOI (BLM) CERCLA Administrative Claim	\$61,888
Allowed DOI (BLM and FWS) NRD Administrative Claim	\$42,106
Allowed DOI (BLM) Rent Administrative Claim	\$68,969
TOTAL	\$8,499,773

Schedule I(A)(2) - Allowed Government General Unsecured Claims

Allowed EPA CERCLA Past Response Costs General Unsecured Claim	\$2,729,937
Allowed EPA CERCLA Future Response Costs General Unsecured Claim	\$68,421,063
Allowed BLM CERLCA Past Response Costs General Unsecured Claim	\$68,344
Allowed BLM CERCLA Future Response Costs General Unsecured Claim	\$1,283,478
Allowed DOI (BLM and FWS) NRD General Unsecured Claim	\$842,124
Allowed DOI (BLM) Past NRD Assessment Costs General Unsecured Claim	\$123,694
Allowed DOI (BLM) Minerals Trespass General Unsecured Claim	\$167,399
Allowed Utah NRD General Unsecured Claim	\$148,027
TOTAL	\$73,784,066

Schedule IV(A)(1) - Allowed Non-Government Administrative and Priority Claims

Continental Steel Corporation	\$113,280 (Allowed per Stipulation and Order [Docket No. 874])
State of Michigan Dept. of Treasury	\$13,146.42
St. Joseph County Treasurer	\$18,908.29
Tooele County Treasurer	\$422,580.40
State of Michigan Dept. of Treasury	\$109,128.62
State of New Jersey Division of Taxation	\$80,000
Centennial Insurance Company	\$12,370.73
Robert Higgins	\$4,650
Jacobson Warehouse Company	\$66.00
Professional Service Industries, Inc.	\$217.10
TOTAL	\$774,347.56

Schedule IV(A)(2)&(3) – Initial Distribution to General Unsecured Creditors

Magnesium Corporation of America

Assumes \$74.5 million distributed to All Unsecured Creditors (Prepared 5/6/2019)

*** The allocation percentages by creditor class relate only to the remaining claims, and not claims that have been paid.*

	Claim			% of Claim by Creditor Class		MagCorp Recovery		Metals Recovery		Consolidated Recovery	
	MagCorp	Metals	Consolidated	MagCorp	Metals	\$	%	\$	%	\$	%
Unsecured Claims											
A. Q. Curry Plumbing	1,121	-	1,121	0.0%	0.0%	319		-		319	
A-1 Exterminators	630	-	630	0.0%	0.0%	179		-		179	
ABB Inc.	80,225	-	80,225	0.1%	0.0%	22,812		-		22,812	
Alfa Laval Inc.	5,287	-	5,287	0.0%	0.0%	1,503		-		1,503	
Allstates Freight Service Inc	7,876	-	7,876	0.0%	0.0%	2,240		-		2,240	
Alpine Glass Company	2,183	-	2,183	0.0%	0.0%	621		-		621	
American Equipment Inc.	794	-	794	0.0%	0.0%	226		-		226	
American Express Co.	5,184	-	5,184	0.0%	0.0%	1,474		-		1,474	
American Gilsonite Company	567	-	567	0.0%	0.0%	161		-		161	
Anderson Controls, Inc.	2,528	-	2,528	0.0%	0.0%	719		-		719	
APL Logistics	11,088	-	11,088	0.0%	0.0%	3,153		-		3,153	
ARCO Inc.	736	-	736	0.0%	0.0%	209		-		209	
AREMCO Products, Inc.	851	-	851	0.0%	0.0%	242		-		242	
ASM Capital	-	-	-	0.0%	0.0%	-		-		-	
Bakersfield Machine Co. Inc.	1,639	-	1,639	0.0%	0.0%	466		-		466	
Ballard Supply Corp.	2,200	-	2,200	0.0%	0.0%	626		-		626	
Barney Trucking	36,433	-	36,433	0.0%	0.0%	10,359		-		10,359	
Barrett Resources Corporation	665,531	-	665,531	0.4%	0.0%	189,239		-		189,239	
Bell Trucking	9,609	-	9,609	0.0%	0.0%	2,732		-		2,732	
Benchmark Structural Ceramics	529	-	529	0.0%	0.0%	150		-		150	
Bently Nevada Corporation	371	-	371	0.0%	0.0%	105		-		105	
Bete Fog Nozzle Inc.	131	-	131	0.0%	0.0%	37		-		37	
BLM & FWS Past NRD Assessment	123,694	-	123,694	0.1%	0.0%	33,865		-		33,865	
BLM CERLCA Claim	1,283,478	-	1,283,478	0.8%	0.0%	351,386		-		351,386	
BLM Claim for Past Costs	68,344	-	68,344	0.0%	0.0%	18,711		-		18,711	
Boise Cascade Office Products	936	-	936	0.0%	0.0%	266		-		266	
Bowers Industrial Supply	6,522	-	6,522	0.0%	0.0%	1,854		-		1,854	
Brascan Financial Corp.	269	-	269	0.0%	0.0%	76		-		76	
Burrell Scientific, Inc.	427	-	427	0.0%	0.0%	121		-		121	
Butler Builders	16,716	-	16,716	0.0%	0.0%	4,753		-		4,753	
C.S.D. Express Inc.	6,400	-	6,400	0.0%	0.0%	1,820		-		1,820	
Cadwalder, Wickersham & Taft	352,445	-	352,445	0.2%	0.0%	100,215		-		100,215	
CDW Computer Centers, Inc.	3,953	-	3,953	0.0%	0.0%	1,124		-		1,124	
Ceco Corporation	2,411	-	2,411	0.0%	0.0%	685		-		685	
Charles H. Pitt	903	-	903	0.0%	0.0%	257		-		257	
Codale Electric Sply, Inc.	2,845	-	2,845	0.0%	0.0%	809		-		809	
Colorland	4,734	-	4,734	0.0%	0.0%	1,346		-		1,346	
Compositetech-Rubber West	3,878	-	3,878	0.0%	0.0%	1,103		-		1,103	
CompUSA, Inc.	682	-	682	0.0%	0.0%	194		-		194	

Magnesium Corporation of America

Assumes \$74.5 million distributed to All Unsecured Creditors (Prepared 5/6/2019)

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	Claim		% of Claim by Creditor Class		MagCorp Recovery	Metals Recovery	Consolidated Recovery	
Conely Company	11,408	-	11,408	0.0%	0.0%	3,244	-	3,244
Consolidated Pipe & Supply	28,906	-	28,906	0.0%	0.0%	8,219	-	8,219
Continental Steel Corporation	461,403	-	461,403	0.3%	0.0%	131,197	-	131,197
Crete Carrier Corporation	16,266	-	16,266	0.0%	0.0%	4,625	-	4,625
Custom Control Sensors	189	-	189	0.0%	0.0%	54	-	54
D&K Auto Parts	8,626	-	8,626	0.0%	0.0%	2,453	-	2,453
D-A Lubricant Co. Inc.	550	-	550	0.0%	0.0%	156	-	156
Datchem Laboratories, Inc.	5,402	-	5,402	0.0%	0.0%	1,536	-	1,536
DATS	223	-	223	0.0%	0.0%	63	-	63
Davidson Sales & Eng Inc.	5,554	-	5,554	0.0%	0.0%	1,579	-	1,579
Disco Associates Inc.	27,481	-	27,481	0.0%	0.0%	7,814	-	7,814
Double D Bolt	17,037	-	17,037	0.0%	0.0%	4,844	-	4,844
Dr. Ravi Chandran	1,800	-	1,800	0.0%	0.0%	512	-	512
Economic Consulting Services LLC	40,603	-	40,603	0.0%	0.0%	11,545	-	11,545
ECT, Inc.	898	-	898	0.0%	0.0%	255	-	255
Electro Test Incorporated	638	-	638	0.0%	0.0%	181	-	181
Elliott Company	6,697	-	6,697	0.0%	0.0%	1,904	-	1,904
EMC-Bob Green Sales Division	12,903	-	12,903	0.0%	0.0%	3,669	-	3,669
EMC-C.W. Silver Service	2,285	-	2,285	0.0%	0.0%	650	-	650
Energy West Controls	46,603	-	46,603	0.0%	0.0%	13,251	-	13,251
EPA CERCLA Claim	68,421,063	-	68,421,063	43.4%	0.0%	18,732,090	-	18,732,090
EPA Past Costs for Environmental Response Action:	2,729,937	-	2,729,937	1.7%	0.0%	747,393	-	747,393
Equipment Maintenance Services, Inc.	60,000	-	60,000	0.0%	0.0%	17,061	-	17,061
Exxon Mobil Chemical Company	51,238	-	51,238	0.0%	0.0%	14,569	-	14,569
Fair Harbor Capital LLC	2,425	-	2,425	0.0%	0.0%	690	-	690
Fair Harbor Capital LLC	2,425	-	2,425	0.0%	0.0%	690	-	690
Fair Harbor Capital LLC	9,470	-	9,470	0.0%	0.0%	2,693	-	2,693
Fair Harbor Capital LLC	2,994	-	2,994	0.0%	0.0%	851	-	851
Fair Harbor Capital LLC	2,902	-	2,902	0.0%	0.0%	825	-	825
Fair Harbor Capital LLC	2,461	-	2,461	0.0%	0.0%	700	-	700
Fairmont Supply Company	26	-	26	0.0%	0.0%	8	-	8
Flinders Trucking	10,790	-	10,790	0.0%	0.0%	3,068	-	3,068
Franklin Fence	4,692	-	4,692	0.0%	0.0%	1,334	-	1,334
G.S.L. Electric	34,177	-	34,177	0.0%	0.0%	9,718	-	9,718
Gabriel Performance Products LLC	1,783	-	1,783	0.0%	0.0%	507	-	507
Garfield Alloys, Inc.	78,000	-	78,000	0.0%	0.0%	22,179	-	22,179
Glama Maschinebau GmbH	11,859	-	11,859	0.0%	0.0%	3,372	-	3,372
Grating Systems	958	-	958	0.0%	0.0%	272	-	272
Graymont Western US Inc.	12,558	-	12,558	0.0%	0.0%	3,571	-	3,571
Graymont Western US Inc.	-	-	-	0.0%	0.0%	-	-	-
Great Lakes Carbon Corporation	28,000	-	28,000	0.0%	0.0%	7,962	-	7,962

Magnesium Corporation of America

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	Claim		% of Claim by Creditor Class		MagCorp Recovery	Metals Recovery	Consolidated Recovery	
Gritton & Associates	223	-	223	0.0%	0.0%	64	-	64
H.A. Folsom & Associates	11,686	-	11,686	0.0%	0.0%	3,323	-	3,323
Hannah's Flowers	44	-	44	0.0%	0.0%	13	-	13
Harbison-Walker Refractories Co.	49,101	-	49,101	0.0%	0.0%	13,962	-	13,962
Harris Tube Service	45,000	-	45,000	0.0%	0.0%	12,795	-	12,795
Hilti, Inc.	381	-	381	0.0%	0.0%	108	-	108
ICM Equipment Company	5,946	-	5,946	0.0%	0.0%	1,691	-	1,691
Industrial Fluoro-Plastic	5,703	-	5,703	0.0%	0.0%	1,622	-	1,622
Industrial Gasket, Inc.	5,960	-	5,960	0.0%	0.0%	1,695	-	1,695
Industrial Piping Products	1,468	-	1,468	0.0%	0.0%	417	-	417
Industrial Products Mfg.	5,229	-	5,229	0.0%	0.0%	1,487	-	1,487
Jay's Service & Hale Oil	25,099	-	25,099	0.0%	0.0%	7,137	-	7,137
Jervis B Webb Company	29,612	-	29,612	0.0%	0.0%	8,420	-	8,420
JMC USA Inc.	8,280	-	8,280	0.0%	0.0%	2,354	-	2,354
Johnston Pump Company	7,433	-	7,433	0.0%	0.0%	2,114	-	2,114
Kaman Industrial Tech.	16,892	-	16,892	0.0%	0.0%	4,803	-	4,803
Kelly Pipe Co., LLC	21,155	-	21,155	0.0%	0.0%	6,015	-	6,015
King & Spaulding	196,337	-	196,337	0.1%	0.0%	55,827	-	55,827
Kone, Inc.	278	-	278	0.0%	0.0%	79	-	79
Kvaerner Bowen	10,728	-	10,728	0.0%	0.0%	3,050	-	3,050
L & L Associates Inc.	1,799	-	1,799	0.0%	0.0%	512	-	512
Landstar Inway, Inc.	6,281	-	6,281	0.0%	0.0%	1,786	-	1,786
Landstar Ranger	2,539	-	2,539	0.0%	0.0%	722	-	722
LA-Tech Equipment Inc.	4,903	-	4,903	0.0%	0.0%	1,394	-	1,394
Leco Corporation	312	-	312	0.0%	0.0%	89	-	89
Lepley Farm Lines, Inc.	8,433	-	8,433	0.0%	0.0%	2,398	-	2,398
Liquidity Solutions, Inc.	9,419	-	9,419	0.0%	0.0%	2,678	-	2,678
Liquidity Solutions, Inc.	12,898	-	12,898	0.0%	0.0%	3,668	-	3,668
Louis J. Maruchau, Esq.	2,011	-	2,011	0.0%	0.0%	572	-	572
Magretech LLC	142,590	-	142,590	0.1%	0.0%	40,545	-	40,545
Mark Steel Corp.	21,011	-	21,011	0.0%	0.0%	5,974	-	5,974
Maxon Corporation	2,886	-	2,886	0.0%	0.0%	821	-	821
May Foundry & Machine Co.	8,860	-	8,860	0.0%	0.0%	2,519	-	2,519
McMaster Carr Supply Company	11,982	-	11,982	0.0%	0.0%	3,407	-	3,407
Mel Boley Co.	5,505	-	5,505	0.0%	0.0%	1,565	-	1,565
Midway Inc.	1,030	-	1,030	0.0%	0.0%	293	-	293
Midwest Office	78	-	78	0.0%	0.0%	22	-	22
Mine & Industrial Equip.	19,148	-	19,148	0.0%	0.0%	5,445	-	5,445
Mountain View Power & Ind. Inc.	61,422	-	61,422	0.0%	0.0%	17,465	-	17,465
MSR West	264	-	264	0.0%	0.0%	75	-	75
National Filter Media Corp.	1,139	-	1,139	0.0%	0.0%	324	-	324

Magnesium Corporation of America

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	Claim		% of Claim by Creditor Class		MagCorp Recovery	Metals Recovery	Consolidated Recovery	
Norrenberns Truck Service	1,739	-	1,739	0.0%	0.0%	494	-	494
North American Salt Company	15,082	-	15,082	0.0%	0.0%	4,288	-	4,288
NRD Claim	842,124	-	842,124	0.5%	0.0%	230,554	-	230,554
Omega Engineering Inc.	3,044	-	3,044	0.0%	0.0%	866	-	866
Orgill Sales, Inc.	1,343	-	1,343	0.0%	0.0%	382	-	382
Paul B. Anderson	2,080	-	2,080	0.0%	0.0%	591	-	591
PCE Pacific, Inc.	532	-	532	0.0%	0.0%	151	-	151
Penna Powers Cutting Haynes	2,422	-	2,422	0.0%	0.0%	689	-	689
Pioneer Gasket Company	5,467	-	5,467	0.0%	0.0%	1,555	-	1,555
Pipe Valve and Fitting Co.	53,281	-	53,281	0.0%	0.0%	15,150	-	15,150
Pittsburgh Coatings Corp.	1,050	-	1,050	0.0%	0.0%	299	-	299
Plastic Design & Fabrication	635	-	635	0.0%	0.0%	180	-	180
Platt Electric	220	-	220	0.0%	0.0%	63	-	63
Pneumatrek Inc.	206	-	206	0.0%	0.0%	59	-	59
Porter Warner Industries	1,112	-	1,112	0.0%	0.0%	316	-	316
Praxair	8,886	-	8,886	0.0%	0.0%	2,527	-	2,527
Praxair Distribution	132,021	-	132,021	0.1%	0.0%	37,539	-	37,539
Precision Electronics, Inc.	50,001	-	50,001	0.0%	0.0%	14,217	-	14,217
Process Technology, Inc.	10,280	-	10,280	0.0%	0.0%	2,923	-	2,923
Questar Gas Company	48,106	-	48,106	0.0%	0.0%	13,678	-	13,678
Raleigh Manufacturing	1,595	-	1,595	0.0%	0.0%	454	-	454
Rauschert Industries Inc.	1,061	-	1,061	0.0%	0.0%	302	-	302
Rawson Metal Works Inc.	7,563	-	7,563	0.0%	0.0%	2,151	-	2,151
Refco Incorporated	152,992	-	152,992	0.1%	0.0%	43,502	-	43,502
Reis Environmental, Inc.	3,711	-	3,711	0.0%	0.0%	1,055	-	1,055
Renco Group	2,008,937	34,700,000	36,708,937	1.3%	17.0%	550,000	5,316,825	5,866,825
Rinchem Company, Inc.	1,080	-	1,080	0.0%	0.0%	307	-	307
Robert Higgins	11,685	-	11,685	0.0%	0.0%	3,323	-	3,323
Rocky Mtn Wire Rope & Rigging, Inc.	2,500	-	2,500	0.0%	0.0%	711	-	711
Rotating Services, Inc.	9,612	-	9,612	0.0%	0.0%	2,733	-	2,733
Roto Aire Filter Sales & Service	890	-	890	0.0%	0.0%	253	-	253
Sabol & Rice, Inc.	1,949	-	1,949	0.0%	0.0%	554	-	554
Safety-Kleen Corp.	4,965	-	4,965	0.0%	0.0%	1,412	-	1,412
Salt Lake Industrial Clinic	266	-	266	0.0%	0.0%	76	-	76
Salt Lake Windustrial Co.	20,716	-	20,716	0.0%	0.0%	5,891	-	5,891
Schaeffer Industries, Inc.	2,000	-	2,000	0.0%	0.0%	569	-	569
Schneider National Inc.	2,204	-	2,204	0.0%	0.0%	627	-	627
Seward Motor Freight, Inc.	15,862	-	15,862	0.0%	0.0%	4,510	-	4,510
Siemens Moore Process Automation	20,000	-	20,000	0.0%	0.0%	5,687	-	5,687
Simsmetal America	20,000	-	20,000	0.0%	0.0%	5,687	-	5,687
Smiley Tire & Retreading	854	-	854	0.0%	0.0%	243	-	243

Magnesium Corporation of America

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	Claim			% of Claim by Creditor Class		MagCorp Recovery	Metals Recovery	Consolidated Recovery
Snap-On Industrial - Sacramento	2,506	-	2,506	0.0%	0.0%	712	-	712
Snell & Wilmer LLP	-	5,401	5,401	0.0%	0.0%	-	828	828
Standard Automation & Control	7,446	-	7,446	0.0%	0.0%	2,117	-	2,117
Standard Optical	833	-	833	0.0%	0.0%	237	-	237
State of Michigan	40,000	-	40,000	0.0%	0.0%	10,951	-	10,951
State of New Jersey	120,000	-	120,000	0.1%	0.0%	32,853	-	32,853
Structural Steel & Fab Co.	58,132	-	58,132	0.0%	0.0%	16,530	-	16,530
Sulzer Hickham, Inc.	15,000	-	15,000	0.0%	0.0%	4,265	-	4,265
Super Systems, Inc.	2,712	-	2,712	0.0%	0.0%	771	-	771
T.J. Products, Inc.	3,514	-	3,514	0.0%	0.0%	999	-	999
Taylor Industries, Inc.	823	-	823	0.0%	0.0%	234	-	234
Telcorp Ltd.	1,476	-	1,476	0.0%	0.0%	420	-	420
Terra Diamond Industrial	11,929	-	11,929	0.0%	0.0%	3,392	-	3,392
Thatcher Company	19,418	-	19,418	0.0%	0.0%	5,521	-	5,521
The New York Blower	177	-	177	0.0%	0.0%	50	-	50
Thermo ARL U.S. LLC	2,602	-	2,602	0.0%	0.0%	740	-	740
Thermo King	815	-	815	0.0%	0.0%	232	-	232
Thornton Plastics	571	-	571	0.0%	0.0%	162	-	162
Timbercrafts of Utah, Inc.	1,285	-	1,285	0.0%	0.0%	365	-	365
Tire World	13,662	-	13,662	0.0%	0.0%	3,885	-	3,885
Tom D. Pratt, Inc.	2,000	-	2,000	0.0%	0.0%	569	-	569
U.S. Xpress Enterprises, Inc.	66,707	-	66,707	0.0%	0.0%	18,968	-	18,968
Union Pacific Railroad Company	16,892	-	16,892	0.0%	0.0%	4,803	-	4,803
Unist Inc.	1,340	-	1,340	0.0%	0.0%	381	-	381
United Parcel Service	295	-	295	0.0%	0.0%	84	-	84
United States Welding Inc.	8,825	-	8,825	0.0%	0.0%	2,509	-	2,509
University of Utah	10,000	-	10,000	0.0%	0.0%	2,843	-	2,843
Unpaid Mineral Rights	167,399	-	167,399	0.1%	0.0%	45,830	-	45,830
Utah Barrel, Inc.	2,161	-	2,161	0.0%	0.0%	614	-	614
Utah Labor Commission	75,225	-	75,225	0.0%	0.0%	21,390	-	21,390
Utah NRT Claim	148,027	-	148,027	0.1%	0.0%	40,526	-	40,526
UW Freight Line Inc.	2,313	-	2,313	0.0%	0.0%	658	-	658
UW Freight Line Inc.	166	-	166	0.0%	0.0%	47	-	47
UW Freight Line Inc.	60	-	60	0.0%	0.0%	17	-	17
Vancott, Bagley, Cornwall & McCarthy	683	-	683	0.0%	0.0%	194	-	194
Vredenburg, Inc.	121,133	-	121,133	0.1%	0.0%	34,443	-	34,443
VWR Scientific Products Corp.	6,296	-	6,296	0.0%	0.0%	1,790	-	1,790
W. W. Grainger, Inc.	1,024	-	1,024	0.0%	0.0%	291	-	291
Wagner Corporation	11,595	-	11,595	0.0%	0.0%	3,297	-	3,297
Washington Group International, Inc.	3,800	-	3,800	0.0%	0.0%	1,080	-	1,080
Water & Energy Systems Technology, Inc.	5,471	-	5,471	0.0%	0.0%	1,556	-	1,556

Magnesium Corporation of America

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	Claim			% of Claim by Creditor Class		MagCorp Recovery		Metals Recovery		Consolidated Recovery	
Water & Power Technologies	277	-	277	0.0%	0.0%	79		-		79	
Weidmann-Acti Inc.	3,258	-	3,258	0.0%	0.0%	926		-		926	
Weidner & Associates, Inc.	9,423	-	9,423	0.0%	0.0%	2,679		-		2,679	
Western Industrial Products	14,054	-	14,054	0.0%	0.0%	3,996		-		3,996	
Western Metals Recycling, L.L.C.	35,282	-	35,282	0.0%	0.0%	10,032		-		10,032	
Western Refractory Construction, Inc.	20,000	-	20,000	0.0%	0.0%	5,687		-		5,687	
Wetz Industrial Warehouse	960	-	960	0.0%	0.0%	273		-		273	
Whiteside & Associates	4,855	-	4,855	0.0%	0.0%	1,380		-		1,380	
William Energy Marketing & Trading Co.	-	-	-	0.0%	0.0%	-		-		-	
Williams Equipment & Controls	10,433	-	10,433	0.0%	0.0%	2,967		-		2,967	
Wilmad Labglass SP Industries	1,038	-	1,038	0.0%	0.0%	295		-		295	
Wilmington Trust, NA	77,616,000	169,572,521	247,188,521	49.2%	83.0%	21,249,449		25,982,347		47,231,796	
Xerox Corporation	4,445	-	4,445	0.0%	0.0%	1,264		-		1,264	
Total Unsecured Claims	\$ 157,792,856	\$ 204,277,922	\$ 362,070,778	100%	100%	\$ 43,244,632	27.4%	\$ 31,300,000	15.3%	\$ 74,544,632	20.6%

Sources:

Claims against Renco Metals, Inc. and Magnesium Corporation of America Schedules [MagCorp_ Amended Schedules I and III to Global Settlement (10_5_2018)], [Magcorp_Metals_ Claims Distribution Chart].

Motion of the Ad Hoc Committee of Senior Noteholders for the Appointment of a Trustee or, Alternatively, Conversion of These Cases to Chapter 7 Cases dated Jan. 16, 2003 at 2 [D.E. 372]; Asset Purchase Agreement dated May 30, 2002, at §4.1 attachment to Affidavit of Michael H. Legge in Support of Motion to Sell Substantially All of the Assets of Magnesium Corporation of America dated Jun. 3, 2002 [D.E. 274].

Thirty-First Interim Status Report of the Chapter 7 Trustee, at ¶ 55 [D.E. 1008].

Thirty-Second Interim Status Report of the Chapter 7 Trustee, at ¶ 3 [D.E. 1031].

Exhibit B

(US Magnesium Reimbursement Escrow Agreement)

Exhibit B

US Magnesium Reimbursement Escrow Agreement

This US Magnesium Reimbursement Escrow Agreement (“Escrow Agreement”) is made, as of _____, 2019, by and among each of: (i) Lee E. Buchwald, in his capacity as Chapter 7 trustee (“Chapter 7 Trustee”) for the bankruptcy estates of Renco Metals, Inc. (“Renco Metals”) and Magnesium Corporation of America (“MagCorp”); (ii) Buchwald Capital Advisors LLC (of which Lee E. Buchwald is President) as escrow agent under this Escrow Agreement (“Escrow Agent”); (iii) the United States on behalf of the United States Environmental Protection Agency (“EPA”); and (iv) US Magnesium LLC (“US Mag”) – each of which is a “Party” and all of which are collectively the “Parties” to this Escrow Agreement.

WHEREAS the Parties, together with other entities, have entered into a Settlement Agreement (“Settlement Agreement”), dated [Date], 2019, relating to claims by the United States, the State of Utah, an Indenture Trustee, and The Renco Group, Inc. (“Renco Group”) and associated issues concerning the allocation of available funds of the estates of Renco Metals and MagCorp, currently in bankruptcy;

WHEREAS Section III(D) of the Settlement Agreement requires the Chapter 7 Trustee to establish the US Magnesium Reimbursement Escrow from which US Mag may seek reimbursement for certain specified expenses relating to environmental activities at the Rowley Site (as defined in the Settlement Agreement), subject to a right of EPA to object; and it requires EPA, US Mag, and the Chapter 7 Trustee to execute an escrow agreement to govern that escrow; and

WHEREAS the Parties wish to enter into this Escrow Agreement to carry out the provisions of Section III(D) of the Settlement Agreement without modifying the rights and obligations of the parties to the Settlement Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and in the Settlement Agreement, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Establishment of Escrow Account. The Chapter 7 Trustee shall establish an escrow account entitled “US Magnesium Reimbursement Escrow” (“Escrow Account”), to be administered by the Escrow Agent, and shall deposit therein the following sums as specified in Section III(D) of the Settlement Agreement: (a) the \$5,316,825 distribution that Renco Metals would have made on account of the Allowed Renco Group Claims (as defined in the Settlement Agreement); and (b) the \$550,000 distribution that MagCorp would have made on account of the said Allowed Renco Group Claims.

2. Interest Accrual. The Escrow Agent shall invest the funds in the Escrow Account in one or more interest-bearing accounts. All interest accrued on those funds shall be held in the

Escrow Account and subject to the same terms (including requirements for disbursements from the Escrow Account) as the funds invested by the Escrow Agent initially.

3. Disbursements from Escrow Account.

- a. For purposes of disbursements from the Escrow Account, “Eligible Expenses” consist of any of the following expenses relating to environmental activities arising on or after December 1, 2018, at the Rowley Site, all as set forth in Section III(D) of the Settlement Agreement: the current Remedial Investigation/Feasibility Study (“RI/FS”), EPA oversight, RCRA Carve Out Cleanup (which term references certain Rowley Site areas, including ditches and the sanitary lagoon, and related remedial activities that are subject to the Resource Conservation and Recovery Act (“RCRA”), and which EPA and the Renco Parties (as defined in the Settlement Agreement) have agreed to address under RCRA), the Salt Cap Study (defined in the Settlement Agreement as the study to test US Mag’s proposed salt cap closure plan outside the proposed barrier wall but within the footprint of the existing waste pond) under the terms of the current or revised RI/FS administrative order, engineering and construction of the barrier wall, and closure of the Retrofitted Pond. Notwithstanding the forgoing, Eligible Expenses do not include the following: interest on late payments to EPA reimbursing response costs; penalties; costs related to litigation, settlement, or development of potential contribution claims; internal costs of US Mag, including but not limited to, salaries, travel, or in-kind services, except for those costs that represent the work of employees of US Mag directly performing response actions under the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”); and any costs incurred by US Mag in connection with dispute resolution under the administrative order or settlement agreement pursuant to which the activities are performed or under this Escrow Agreement.
- b. As of the Effective Date of this Escrow Agreement, US Mag may seek reimbursement from the Escrow Account, up to a total of 50% of the amount initially deposited therein, for any Eligible Expenses in accordance with the procedure in Section 3.d.
- c. After the Effective Date and upon the lodging of the consent decree being negotiated to resolve the action entitled *United States v. Magnesium Corporation of America, Inc., et al.*, case number 2:01 CV 040, in the United States District Court for the District of Utah (“Utah Consent Decree”), US Mag may seek reimbursement from the Escrow Account, up to the total amount therein, for any Eligible Expenses in accordance with the procedure in Section 3.d.
- d. To seek reimbursement from the Escrow Account, US Mag shall give written notice to the Escrow Agent and EPA of the amount and the specific activity or activities for which reimbursement of Eligible Expenses is requested, including a description of such activity(ies), the amount incurred for such activity(ies), and copies of invoices or proof of payment for such activity(ies).

- e. EPA will have the opportunity to review and object to any request by US Mag for reimbursement from the Escrow Account. Any such objection by EPA must be raised in writing to US Mag and the Escrow Agent within 30 days of EPA's receipt of a copy of US Mag's request and must be based on the ground that the requested funds do not constitute Eligible Expenses as defined in Section 3.a.
- f. If the Escrow Agent does not receive written notice of an objection from EPA within 30 days of receipt of US Mag's notice requesting reimbursement, the Escrow Agent shall pay the requested amount to US Mag, to the extent that funds are available and subject to the 50% ceiling specified in Section 3.b prior to the lodging of the Utah Consent Decree.
- g. If EPA provides written notice of an objection to all or part of US Mag's request for reimbursement within the time specified in Section 3.e, the Escrow Agent shall not pay the amount objected to until the objection is resolved in accordance with Section 3.h, but shall pay to US Mag any amount to which EPA did not object.
- h. In the event that EPA provides written notice of an objection to all or part of US Mag's request for reimbursement, EPA and US Mag shall attempt, in the first instance, to resolve the objection informally through negotiation for 21 days or such longer period as EPA and US Mag may agree. If the objection is so resolved, EPA and US Mag shall so notify the Escrow Agent and instruct the Escrow Agent of the amount, if any, to pay to US Mag. If EPA and US Mag are unable to resolve any objection informally within the prescribed time period, EPA may present the dispute to the United States Bankruptcy Court for the Southern District of New York (or, upon withdrawal of that Court's reference, the United States District Court for the Southern District of New York), which has retained jurisdiction and venue under Section XV of the Settlement Agreement (the "New York Court"), for resolution by filing with the New York Court a motion to disallow reimbursement of the contested expenses, with a supporting rationale. Any such motion must be filed within 30 days after the end of the informal negotiation period. If EPA does not do so within that time period, the Escrow Agent shall pay the amount requested by US Mag. If EPA files such a motion, US Mag may file a response within 30 days, EPA may file a reply within 14 days, and the New York Court will then resolve the dispute. Following resolution of any such dispute, EPA and US Mag shall notify the Escrow Agent of the resolution and instruct the Escrow Agent of the amount, if any, to pay to US Mag, and the Escrow Agent shall pay that amount to US Mag.

4. Escrow Agent's Fee. The Escrow Agent is entitled to an annual fee of \$10,000 (plus out-of-pocket expenses), which will be inclusive of all charges and other costs, for services rendered as escrow agent under this Escrow Agreement, including, but not limited to, maintaining the Escrow Account, making disbursements therefrom, and managing the Escrow Account. This fee will be paid annually out of the Escrow Account through the Escrow Agent's withdrawal of that amount from the Escrow Account. The initial fee will be payable at the time of the Chapter 7 Trustee's establishment of the Escrow Account in accordance with Section 1, and additional fees will be paid annually thereafter.

5. Termination of Escrow Agreement. This Escrow Agreement shall terminate when all funds in the Escrow Account have been paid to US Mag for Eligible Expenses, or, prior to that, upon agreement of US Mag and EPA, in which case such agreement shall specify how any remaining funds in the Escrow Account will be paid.

6. Successor Escrow Agent. In the event that Buchwald Capital Advisors LLC or any successor Escrow Agent is unable or unwilling to serve as Escrow Agent, a successor Escrow Agent shall be appointed by agreement between EPA and US Mag.

7. Reports from Escrow Agent. Upon request by EPA or US Mag, the Escrow Agent shall provide a report to the other Parties listing each payment made from the Escrow Account for a given time period and/or the amount remaining in the Escrow Account.

8. Escrow Agent Liability; Insurance.

a. The Escrow Agent shall not be personally liable for any action that it may do or omit to do hereunder in good faith and in the exercise of its own best judgment with respect to the Escrow Account. Any act done or omitted by the Escrow Agent in the absence of gross negligence or willful misconduct, including any action performed or omitted in accordance with Section 3, shall be deemed conclusively to have been performed or omitted in good faith by the Escrow Agent.

b. The Escrow Agent shall have the right to supplement, or obtain an amendment to, its existing professional liability insurance to cover its activities pursuant to this Escrow Agreement. If it does so, the Escrow Agent shall be reimbursed from the Escrow Account for the additional cost (if any) of such supplemental or amended insurance coverage, up to a maximum of \$500 per year, through the Escrow Agent's withdrawal of that amount from the Escrow Account.

9. No Increase in Obligations. The Parties agree that the intent of this Escrow Agreement is to carry out Section III(D) of the Settlement Agreement. Nothing herein shall expand or modify in any manner the provisions of the Settlement Agreement.

10. Notices. Any notice allowed or required under this agreement must be in writing and shall be sent by electronic mail to the following (or to such substitute representative(s) as may be designated by any Party upon notice to all other Parties):

If to the Chapter 7 Trustee and/or the Escrow Agent:

lbuchwald@buchwaldcapital.com,

with copies to:

Nicholas F. Kajon (nfk@stevenslee.com) and

Constantine Pourakis (cp@stevenslee.com).

If to EPA:

Andrea Madigan (Madigan.Andrea@epa.gov),

with copy to:

Christine S. Poscablo (christine.poscablo@usdoj.gov).

If to US Mag:

Ronald E. Thayer (rthayer@usmagnesium.com),

with copies to:

M. Lindsay Ford (lford@parsonsbehle.com) and

Laurence S. Kirsch (lkirsch@sidley.com)

11. Effective Date. The Effective Date of this Agreement shall be the Effective Date of the Settlement Agreement, as provided by Section XIII thereof.

12. Entire Agreement; Amendments. This Escrow Agreement contains the entire agreement among the Parties regarding its subject matter, except for applicable terms of the Settlement Agreement. All prior agreements and understandings, oral agreements, and writings regarding the matters set forth herein other than the Settlement Agreement (if any) are expressly superseded hereby and are of no further force or effect. In the event of any irreconcilable inconsistency between the Settlement Agreement and the Escrow Agreement, the Settlement Agreement will control. The Escrow Agreement may not be altered, amended, or modified in any respect except by a writing duly executed by EPA and US Mag; provided that the Escrow Agent must consent to alterations, amendments, or modification affecting Section 4 or 8 of this Escrow Agreement.

13. Binding Effect; Third Parties; Assignment. This Escrow Agreement shall be binding on and inure to the benefit of the Parties and their successors. There are no third-party beneficiaries of this Escrow Agreement. No Party may assign its rights or obligations under this Escrow Agreement without the prior written consent of all other Parties.

14. Applicable Law, Venue, and Jurisdiction. This Escrow Agreement shall be governed, interpreted, construed, and enforced in accordance with the laws of the United States if applicable or, if there is no applicable federal law, the laws of the State of New York, without regard to its conflicts of law or choice of law principles. The Parties agree that personal jurisdiction over them by the New York Court will be proper, and that the exclusive venue for any action arising out of or related to this Escrow Agreement, including any dispute under Section 3.h or Section 5 hereof, shall be in the New York Court.

15. Headings. The section headings in this Escrow Agreement are solely for the purpose of reference, are not part of this Escrow Agreement and will not affect in any way the meaning or interpretation of this Escrow Agreement.

16. Breach of Agreement. In the event of a breach of all or any part of this Escrow Agreement by any Party, any other Party will have the legal right immediately or at any time to

enforce any and all legal or equitable remedies for such breach that may be available against the breaching Party, including, without limitation, seeking an injunction for specific performance or a declaratory judgment or damages and interest, subject to any limitations of applicable law.

17. Validity. The invalidity or unenforceability of any provision of this Escrow Agreement will not affect the validity or enforceability of any other provisions of this Escrow Agreement, which will remain in full force and effect.

18. Counterparts. This Escrow Agreement may be executed in any number of counterparts (whether by facsimile, PDF, or original), each of which will be deemed to be an original and all of which together will constitute the same instrument.

19. Authority. The undersigned representative of each of the Parties certifies that he or she is fully authorized to enter into this Escrow Agreement and to bind such Party to all of its terms and conditions.

[Signatures on following pages]

Agreed to by the Chapter 7 Trustee:

Date: _____

Lee E. Buchwald, in his capacity as Chapter 7
Trustee for the Bankruptcy Estates of Renco Metals,
Inc. and Magnesium Corporation of America

Agreed to by the Escrow Agent:

Date: _____

Lee E. Buchwald, on behalf of Buchwald Capital
Advisors LLC, as Escrow Agent under the
foregoing Escrow Agreement

Agreed to by the United States on behalf of the U.S. Environmental Protection Agency:

Date: _____

GEOFFREY S. BERMAN
United States Attorney for the
Southern District of New York

By: _____

CHRISTINE S. POSCABLO
Assistant United States Attorney
86 Chambers Street, 3rd Floor
New York, NY 10007
Tel.: (212) 637-2674
Fax: (212) 637-2786
Email: christine.poscablo@usdoj.gov

Date: _____

By: _____

JEFFREY BOSSERT CLARK
Assistant Attorney General
United States Department of Justice
Environment and Natural Resources Division

Agreed to by the U. S. Environmental Protection Agency:

Date: _____

By: _____

SUSAN PARKER BODINE
Assistant Administrator for Enforcement and
Compliance Assurance
U.S. Environmental Protection Agency

Agreed to by US Magnesium LLC:

Date: _____

By: _____

RON THAYER
President and Chief Executive Officer