

EXHIBITS

- Exhibit I - May 7, 2003 Consent Order and Agreement
- Exhibit II - ISG's Guaranty Obligation
- Exhibit III - Escrow Agreement
- Exhibit IV - PRI's September 11, 2003 Financial Assurance Mechanism Proposal supplemented and revised by submittals dated August 15, 2003, January 19, 2004 and January 30, 2004
- Exhibit V - Raw Water Quality at Discharge Points (*See* Paragraph W)
- Exhibit VI - Graphical Depiction of Distribution or Contribution Payment Amounts Discussed In Paragraph 9
- Exhibit VII - Graphical Depiction of Adjustments to the Primary Target Valuation for Deviations Between Actual Treatment Cost and Calculated Treatment Cost Discussed in Paragraph 10
- Exhibit VIII - Tabular Representation of Capital Improvement Account (*See* Paragraph 12)

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Exhibit 1

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

In The Matter Of:

International Steel Group Inc.	:	
3250 Interstate Drive	:	Mines #31, #32, #33, #38, #58
Richfield, Ohio 44286	:	#77, #78 and #91
	:	
and	:	Coal Refuse Disposal Areas Associated
	:	with Mines #58, #77, #78, and #91
	:	
Pristine Resources Inc.	:	
P.O. Box 36	:	
Revloc, PA 15948	:	

CONSENT ORDER AND AGREEMENT

This Consent Order and Agreement is entered into this 7th day of May, 2003, by and between the Commonwealth of Pennsylvania, Department of Environmental Protection ("Department"), and International Steel Group Inc. ("ISG") and Pristine Resources Inc. ("PRI").

The Department has found and determined the following:

A. The Department is the agency with the duty and authority to administer and enforce the Surface Mining Conservation and Reclamation Act, Act of May 31, 1945, P.L. 1198, *as amended*, 52 P.S. §§ 1396.1-1396.19a ("Surface Mining Act" or "SMCRA"); the Bituminous Mine Subsidence and Land Conservation Act, Act of April 27, 1966, P.L. 31, *as amended*, 52 P.S. §§ 1406.1-1406.21 ("Mine Subsidence Act"); the Coal Mine Sealing Act, Act of 1947, Act of June 30, 1947, P.L. 1177, 52 P.S. §§ 28.1-28.8 ("Coal Mine Sealing Act"); the Coal Refuse Disposal Control Act, Act of September 24, 1968, P.L. 1040, *as amended*, 52 P.S. §§ 30.51-30.206 ("Coal Refuse Disposal Act"); the Clean Streams Law, Act of June 22, 1937, P.L. 1987, *as amended*, 35 P.S. §§ 691.1-691.1001 ("Clean Streams Law"); the Dam Safety and Encroachments Act, Act of November

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26, 1978, P.L. 1375, No. 325, *as amended*, 32 P.S. §§693.1-693.27 ("Dam Safety Act"), Section 1917-A of the Administrative Code of 1929, Act of April 9, 1929, P.L. 177, *as amended*, 71 P.S. § 510-17 ("Administrative Code"); and the rules and regulations ("Rules and Regulations") promulgated thereunder:

B. ISG is a Delaware corporation with a business address of 3250 Interstate Drive, Richfield, Ohio 44286.

C. PRI is a Delaware corporation with a mailing address of P.O. Box 36, Revloc, PA 15948.

D. Bethlehem Steel Corporation ("Bethlehem") is a Delaware corporation with a mailing address of 1170 Eighth Avenue, Bethlehem, Pennsylvania 18016-7699.

E. BethEnergy Mines, Inc. ("BethEnergy"), a subsidiary of Bethlehem, is a West Virginia corporation with a business address of 1170 Eighth Avenue, Bethlehem, Pennsylvania 18016-7699.

F. In October 2001, Bethlehem, BethEnergy and related companies filed for Chapter 11 protection in the U.S. Bankruptcy Court for the Southern District of New York (Manhattan). Since that time, Bethlehem, BethEnergy and related companies have been operating as debtors in possession. Hereinafter, Bethlehem and BethEnergy shall be referred to collectively as "Bethlehem."

G. Bethlehem owns and operated the following bituminous underground coal mines ("Mines") and coal refuse disposal areas ("CRDAs") in Pennsylvania, under authorization of the following permits:

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NAME	PERMIT	TOWNSHIP	COUNTY
Mine #31	Coal Mining Activity Permit No. 1170301 - expired	Jackson	Cambria
Mine #32 (a/k/a Behula Mine)	Coal Mining Activity Permit No. 11841301	Cambria	Cambria
Mine #33 (a/k/a Cambria Slope)	Coal Mining Activity Permit No. 11841301	Cambria	Cambria
Mine #38	Coal Mining Activity Permit No. 1171301	Croyle	Cambria
Mine #77	Coal Mining Activity Permit No. 1183201 - expired	East Taylor	Cambria
Mine #77 CRDA	Coal Refuse Disposal Permit No. 500129	East Taylor	Cambria
Windber Mine #78	Coal Mining Activity Permit No. 56841328	Paint	Somerset
Windber #78 CRDA	Coal Refuse Disposal Permit No. 56743705	Paint	Somerset
Fawn #91 CRDA	Coal Refuse Disposal Permit No. 10841302 and Dam Permit No. D10-087	Clinton	Butler
Fawn #91	Coal Mining Activity Permit No. 10743701	Clinton	Butler
Marianna #58 Mine	Coal Mining Activity Permit No. 63841303	West Bethlehem	Washington
Marianna #58 CRDA	Coal Refuse Disposal Permit No. 63743705 and Dam Permit No. D63-111A	West Bethlehem	Washington

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H. Upon ceasing coal production operations at each Mine, Bethlehem closed each Mine and CRDA and either fully or partially sealed each Mine and either fully or partially reclaimed the surface areas associated with each Mine and CRDA.

I. With the exception of the Marianna #58 Mine and Marianna #58 CRDA, there are long-term water quality obligations at each of the above identified Mines and CRDAs formerly operated by Bethlehem. At the Mines, groundwater has been flowing into and forming pools in the large underground voids remaining at the Mines. At some of the Mines, if the mine pools are allowed to rise without restraint, the mine pools may break out at the surface discharging millions of gallons of potentially polluttional acid mine drainage. At others, the mine pools will rise to a level where they will flow into and impact adjacent mine pools. In order to prevent these adverse effects and to keep each mine pool at a safe level, the mine pools must be pumped and the pumped mine drainage must be treated before it is discharged to the receiving streams or rivers.

With the exception of the Marianna #58 CRDA, at each of the CRDAs, surface seeps of acidic drainage are either directed into the mine pools and then into treatment facilities or they flow directly into surface treatment facilities. If the seeps are allowed to flow without restraint, they will either contribute to the rise and break out of certain mine pools or flow directly to and pollute nearby waters of the Commonwealth.

J. The specific conditions at each Mine and CRDA are described below.

Mine #31

K. Bethlehem has been pumping and treating an average of 2.5 million gallons of mine drainage per day from Mine #31 in order to prevent a break out of the mine pool. Bethlehem discharges the treated mine drainage to an unnamed tributary of the South Branch of Blacklick

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Creek. Bethlehem performs this work under authorization of Coal Mining Activity Permit #1170301 (expired).

L. If Bethlehem ceases pumping Mine #31, the mine pool will rise and may break out at the surface. The break out would likely occur into Saltlick Run, which flows into Saltlick Reservoir, a public reservoir in Mineral Point, PA, and may degrade the reservoir.

Mine #32

M. Bethlehem has been pumping and treating an average of 0.6 million gallons of mine drainage each day from Mine #32 in order to prevent a break out of the mine pool. Bethlehem discharges the treated mine drainage to the South Branch of Blacklick Creek. Bethlehem performs this work under authorization of Coal Mining Activity Permit #11841301.

N. If Bethlehem ceases pumping Mine #32, the mine pool will rise and flow into the adjacent Mine #33 mine pool.

Mine #33

O. Bethlehem has been pumping and treating an average of 6.5 million gallons of mine drainage per day from Mine #33 in order to prevent a break out of the mine pool. Bethlehem discharges the mine drainage into the abandoned Pennsylvania Coal & Coke Ehrenfield #3 Mine, where it flows by gravity to a treatment facility where the treated mine drainage is discharged to the Little Conemaugh River. Bethlehem performs this work under authorization of Coal Mining Activity Permit #11841301.

P. If Bethlehem ceases pumping Mine #33, the mine pool may rise and break out at the surface. It would likely break out near the confluence of the North Branch of the Little Conemaugh River and Howell's Run directly upstream of the Wilmore Reservoir, and may degrade the streams.

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Mine #38

Q. The mine pool at Mine #38 is currently at a stable level due to the manner in which the mine's incoming discharges are redirected to two other adjacent mines. The mine drainage from the Upper Freeport coal seam and a small portion of the mine drainage from the Lower Freeport coal seam are directed into the Mine #77 mine pool which Bethlehem pumps and treats. The balance of the mine drainage from the Lower Freeport coal seam flows by gravity into the abandoned Pennsylvania Coke & Coal Ehrenfield #3 Mine. There, it commingles with the drainage from Mine #33 and then flows to a treatment facility where it is chemically treated and discharged to the Little Conemaugh River. Bethlehem performs this work under authorization of Coal Mining Activity Permit #1171301.

R. If Bethlehem ceases pumping and treatment operations related to Mine #33 and Mine #77, the mine drainage from Mine #38 may break out at the surface and may degrade the waters of the Commonwealth.

Mine #77 and CRDA

S. Bethlehem has been pumping and treating an average of 0.5 million gallons of mine drainage per day from Mine #77 in order to prevent a break out of the mine pool. Bethlehem discharges the treated mine drainage to an unnamed tributary of the Little Conemaugh River. Bethlehem performs this work under authorization of Coal Mining Activity Permit #1183201 (expired) and Coal Refuse Disposal Permit #500129.

T. If Bethlehem ceases pumping Mine #77, the mine pool will rise and flow into the mine pool of the adjacent Rosedale #72 Mine. This condition will contribute to a break out of the mine pool of the Rosedale Mine at the confluence of the Little Conemaugh and Stoneycreek Rivers, near the City of Johnstown's Point Stadium, and may degrade the rivers.

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U. Mine #77 includes an associated CRDA. There are surface seeps of acidic drainage flowing from the CRDA which Bethlehem directs from the surface into the Mine #77 mine pool via a borehole. If they are not collected, these acidic seeps will flow to and may degrade a small, unnamed tributary to the Little Conemaugh River.

Windber Mine #78 and CRDA

V. Bethlehem has been pumping in excess of 12,000 gallons of mine drainage per day from an isolated portion of Mine #78. Bethlehem treats this drainage at the Mine #78 treatment plant and then discharges the treated water to an unnamed tributary of Paint Creek. Bethlehem performs this work under authorization of Coal Mining Activity Permit #56841328 and Coal Refuse Disposal Permit #56743705.

W. If Bethlehem ceases pumping and treatment at Mine #78, the waters of the Commonwealth near Windber, PA may be degraded.

X. Mine #78 includes an associated CRDA. Bethlehem directs surface run-off and seepage from the CRDA into the isolated portion of the Mine #78 mine pool via a borehole. If the surface run-off and seepage are not collected, they will flow to and may degrade waters of the Commonwealth.

Fawn Mine #91 CRDA

Y. Seeps of acidic drainage from the Fawn Mine #91 CRDA are collected in an underdrain and directed to wetlands and a chemical treatment plant located on the permitted areas of the Fawn Mine #91. If they are not directed and treated in this manner, these acidic seeps will flow to and degrade Lardintown Run. Bethlehem performs this work under authorization of Coal Refuse Disposal Permit #10841302 and Coal Mining Activity Permit #10743701.

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Z. If the potential conditions at the mine pools described in Paragraphs L, N, P, R, T, and W hereof are allowed to develop, they may create environmental and health and safety hazards.

AA. A break out of untreated mine drainage from an underground mine constitutes violations of the Clean Streams Law, the Surface Mining Act, the Mine Subsidence Act, the Rules and Regulations, and the permits authorizing pumping and treatment activities at that mine. In addition, any such break out constitutes a public nuisance. Finally, any such break out constitutes an immediate and identifiable hazard to the public health and safety.

AB. In order to prevent the conditions described in Paragraphs L, N, P, R, T and W hereof and to prevent the creation of violations of law, public nuisances and public health and safety hazards, the pumping/collection/conveyance and treatment operations at Mines #31, #32, #33, #38, #77 and #78 must be continuously maintained.

AC. A discharge of untreated drainage from a refuse pile into waters of the Commonwealth constitutes violations of the Clean Streams Law, the Surface Mining Act, the Coal Refuse Disposal Act, the Rules and Regulations and the permits authorizing the collection, treatment, and discharge of such drainage. In addition, such a discharge constitutes a public nuisance. Finally, such a discharge constitutes an immediate and identifiable hazard to the public health and safety.

AD. In order to prevent the conditions described in Paragraphs U, X and Y hereof and to prevent the creation of violations of law, public nuisances and public health and safety hazards, the acidic seeps emanating from the CRDAs #77, #78 and #91 must continue to be collected and treated.

Marianna #58 Mine and CRDA

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AE. Upon ceasing active mining operations at the Marianna #58 Mine, Bethlehem filled, in accordance with the approved mine sealing plan, the Piper, Weaver and Sabol shafts associated with the mine. However, Bethlehem did not fully comply with the approved mine sealing plan. In addition, some 27 buildings and several erosion and sedimentation ponds still remain on the surface areas associated with the Mine. Also, at the Marianna #58 CRDA, the slurry pond has not been fully revegetated.

AF. Bethlehem's failure to permanently seal and reclaim the Marianna #58 Mine and to revegetate the slurry pond at the Marianna #58 CRDA constitutes violations of the Clean Streams Law, the Coal Mine Sealing Act, the Surface Mining Act, the Mine Subsidence Act, the Coal Refuse Disposal Act, the Rules and Regulations, Coal Mine Activity Permit #63841303 which authorized the operation of the Mine, and Coal Refuse Disposal Permit #63743705 which authorized operation of the CRDA.

AG. Bethlehem's failure to permanently seal and reclaim the Marianna #58 Mine and to revegetate the slurry pond at the Marianna #58 CRDA constitutes unlawful conduct and a public nuisance under the above-referenced statutes, and constitutes an immediate and identifiable hazard to the public health and safety.

The Purchase of Bethlehem Mines and CRDAs

AH. ISG Acquisition Inc. and Bethlehem have entered into an asset purchase agreement ("APA") which provides, among other things, that ISG Acquisition Inc. will purchase all of the Mines and CRDAs listed in Paragraph G above, subject to certain contingencies and the approval of the U.S. Bankruptcy Court for the Southern District of New York. ISG Acquisition Inc. and Bethlehem expect to close the sale on or about May 7, 2003 ("Closing Date").

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AI. ISG Acquisition Inc., pursuant to Section 11.4 of the APA, has assigned all its rights and obligations with respect to the Mines and CRDAs listed in Paragraph G hereof to PRI. Consequently, PRI will acquire said Mines and CRDAs.

AJ. Upon acquiring the Mines and CRDAs, PRI proposes to continue operating and maintaining the pumping/collection/conveyance and treatment facilities at Mines #31, #32, #33, #38, #77, #78, and #91 and the pumping/collection/conveyance and treatment facilities at the CRDAs #77, #78, and #91 (collectively "Treatment Facilities"), subject to the provisions of Paragraph 5 hereof. PRI also proposes to complete the permanent sealing and reclamation of the Marianna #58 Mine and CRDA.

AK. In accordance with the APA and in order to ensure the uninterrupted operation and maintenance of the Treatment Facilities and the sealing and reclamation of the Marianna #58 Mine and CRDA, PRI intends to transfer all existing Bethlehem permits which currently authorize these activities and which are referenced in Paragraph G above, and submit permit applications for other necessary permits. The permits which PRI must apply for include a mining permit for Mine #31, a mining permit for Mine #77, and a dam permit for the Cambria Slurry Pond #4 at Mine #33. PRI has made preliminary submissions to the Department to begin the process of having existing Bethlehem permits transferred and other necessary permits issued.

AL. The transfer of all existing Bethlehem permits and issuance of other necessary permits cannot occur before the Closing Date. Therefore, PRI and Bethlehem have agreed that PRI will assume responsibility for the operation and maintenance of the Treatment Facilities and commence sealing and reclamation of the Marianna #58 Mine and CRDA pursuant to Bethlehem's existing permits upon the Closing Date.

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AM. The Department is requiring PRI to establish an irrevocable trust or alternative financial assurance mechanism to assure that sufficient funds are set aside to provide for the perpetual operation of the Treatment Facilities to address the conditions described in Paragraphs K through Y hereof. Based on the existing Treatment Facilities that Bethlehem has in place at the Mines and CRDAs and which are referred to in Paragraphs K, M, O, Q, S, U, V, X and Y hereof, and based upon the Department's understanding of Bethlehem's annual costs for operating the Treatment Facilities, the Department has calculated that forty-seven million dollars (\$47,000,000) needs to be placed in an irrevocable trust or alternative financial assurance mechanism. Further, the Department has preliminarily considered that a time period of seven (7) to ten (10) years would be an appropriate time period for fully funding an irrevocable trust or alternative financial assurance mechanism in this amount.

AN. PRI has advised the Department that it believes certain physical modifications and improvements can be made to operational systems at the Mines and CRDAs, including, but not limited to, the Treatment Facilities, which will result in operating costs substantially less than those currently experienced. PRI further believes that such cost reductions will accordingly reduce long-term costs of operation of the Treatment Facilities at the Mines and CRDAs.

AO. PRI is willing to establish a long-term financial assurance mechanism to fund the Treatment Facilities but cannot do so on or before the Closing Date.

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ORDER

After full and complete negotiation of all matters set forth in this Consent Order and Agreement and upon mutual exchange of covenants contained herein, the parties intending to be legally bound, it is hereby ORDERED by the Department and AGREED to by ISG and PRI as follows:

1. This Consent Order and Agreement is an Order of the Department authorized and issued pursuant to Sections 5, 316, 402 and 610 of the Clean Streams Law, 35 P.S. §§ 691.5, 691.316, 691.402 and 691.610; Sections 4.2 and 4.3 of the Surface Mining Act, 52 P.S. §§ 1396.4b and 1396.4c; Section 9 of the Coal Refuse Disposal Act, 52 P.S. § 30.59; Section 9 of the Mine Subsidence Act, 52 P.S. § 1406.9; Section 20 of the Dam Safety Act, 32 P.S. § 693.20; Section 3 of the Coal Mine Sealing Act, 52 P.S. § 28.3; and Section 1917-A of the Administrative Code, 71 P.S. § 510-17. The failure of ISG or PRI to comply with any of their respective obligations under this Consent Order and Agreement shall subject ISG or PRI, as the case may be, to all penalties and remedies provided by those statutes for failing to comply with an order of the Department.

2. Findings.

a. ISG and PRI agree that the findings in Paragraphs A through Z, AE, AH through AJ, AL, and AN through AO hereof are true and correct as of the date of this Consent Order and Agreement and in any matter or proceeding involving ISG or PRI and the Department, ISG and PRI shall not challenge the accuracy or validity of these findings. ISG, PRI, and the Department agree that the findings in Paragraphs AA, AB, AC, AD, AF, AG, AK, and AM hereof are solely those of the Department and subject to the limitations in the last unnumbered paragraph of this Consent Order and Agreement, PRI and ISG reserve their rights to object to and otherwise contest the findings in such paragraphs.

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b. The parties do not authorize any other persons to use the findings in this Consent Order and Agreement in any matter or proceeding.

3. PRI's Assumption of Responsibility for the Mines and CRDAs. On the Closing Date, as specified in Sections 1.3(c) and 1.4(a) of the APA, PRI shall assume responsibility for the Bethlehem Mines and CRDAs. Assuming responsibility means that PRI shall:

- a. operate and maintain the Treatment Facilities associated with Mines #31, #32, #33, #38, #77, #78, and #91 and CRDAs #77, #78, and #91 as required by law; and
- b. permanently seal and reclaim the Marianna #58 Mine and CRDA as required by law.

4. Completion of Permit Transfers and Permit Applications. By June 1, 2003, PRI shall submit to the Department all information necessary to facilitate the required permit transfers and permit applications, including appropriate financial assurances consistent with the irrevocable trust or alternative financial assurance mechanism provisions set forth in Paragraphs 6 through 8 hereof. Upon request by the Department, PRI shall submit any additional information necessary for the Department to process PRI's permit transfers and permit applications authorizing activities at Mines #31, #32, #33, #38, #58, #77, #78, and #91 and CRDAs #58, #77, #78, and #91. PRI shall submit any such information in accordance with reasonable Department time frames. Thereafter, the Department shall transfer the permits for the Mines and CRDAs held by Bethlehem to PRI.

5. PRI's Submission of an Operational Improvement Plan. By July 1, 2003, PRI shall submit to the Department an Operational Improvement Plan (OIP) addressing the Mines and CRDAs. The OIP shall identify actions (if any) PRI intends to undertake to improve the efficiency of actions required at the Mines and CRDAs. The OIP will also include a detailed analysis of

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projected long-term costs associated with treatment and other operational requirements at the Mines and CRDAs.

6. PRI's Proposal to Establish a Trust or Alternative Financial Assurance Mechanism.

a. By August 1, 2003, PRI shall submit to the Department in writing a proposal to create an irrevocable trust or alternative financial assurance mechanism. PRI shall include in the proposal:

(i) the amount PRI believes is necessary to fund the irrevocable trust or alternative financial assurance mechanism in order to fulfill the purposes of the mechanism, as those purposes are defined in Paragraph 7(a) hereof;

(ii) the name of the trustee of the trust or form of the alternative financial assurance mechanism; and

(iii) the manner in which and over what time period of time the trust or alternative financial assurance mechanism will be funded. This aspect of the proposal may include, inter alia, a component which incorporates the existing financial assurance mechanisms established by Bethlehem with respect to the Mines and CRDAs:

b. In identifying the amount necessary to fund the irrevocable trust or alternative financial assurance mechanism and in identifying the time frame for funding, PRI shall address the cost figure and time frame identified by the Department and set forth in Paragraph AM as reference points.

7. PRI's Establishment of a Trust or Alternative Financial Assurance Mechanism.

a. Within thirty (30) days of receiving the Department's approval of PRI's proposal pursuant to Paragraph 8 hereof, PRI shall establish an irrevocable trust or alternative financial assurance mechanism consistent with the approved proposal which:

(i) will be funded sufficiently to secure PRI's obligation to operate and maintain the Treatment Facilities associated with Mines #31, #32, #33, #38, #77, #78 and #91 and CRDAs #77, #78, and #91, as required by law and this Consent Order and Agreement, and to provide financial resources to the Department

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and the citizens of the Commonwealth to maintain and operate the Treatment Facilities in the event PRI becomes unable or unwilling to meet these obligations;

(ii) provides for the replacement and demolition of each Treatment Facility and reclamation of the treatment site should treatment no longer be needed; and

(iii) is acceptable to the Department and consistent with law and instruments that the Department has in place for establishing trusts or alternative financial assurance mechanisms.

b. In preparation for establishing the irrevocable trust or alternative financial mechanism required by Paragraph 7 (a) hereof, PRI shall begin escrowing funds. Within thirty (30) days of the date of this Consent Order and Agreement, PRI shall establish an escrow account at an appropriate financial institution for this exclusive purpose and shall enter into an escrow agreement with that institution and the Department. The escrow agreement shall provide that no funds can be withdrawn from the escrow account without the written authorization of the Department. Within thirty (30) days of the date of this Consent Order and Agreement, PRI shall deposit one million dollars (\$1,000,000) in the escrow account. Every calendar month thereafter, until PRI's proposal, as required by Paragraphs 6 and 7 (a) hereof, to establish an irrevocable trust or alternative financial assurance mechanism is approved by the Department or otherwise authorized by the procedure identified in Paragraph 8 hereof, PRI shall deposit one hundred fifty thousand dollars (\$150,000), or assets with a net value of no less than one hundred fifty thousand dollars (\$150,000), in the escrow account. In no event shall PRI be required to make deposits such that the monthly average value of such deposits exceeds one hundred and fifty thousand dollars (\$150,000). Once PRI and the Department have identified the financial vehicle that PRI will establish to satisfy its obligation in Paragraph 7 (a) hereof, PRI can use the escrowed funds and assets to establish that financial mechanism.

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8. The Department's Approval of PRI's Proposal.

a. Within fourteen (14) days of receiving PRI's written proposal to establish an irrevocable trust or alternative financial assurance mechanism, the Department will either accept the proposal or respond to it with proposed modifications.

b. Within fourteen (14) days of receiving the Department's response, PRI shall resubmit the proposal revised to address each of the Department's proposed modifications.

c. The Department will approve or reject the PRI proposal made pursuant to Paragraph 8 (b) hereof.

d. In the event that the Department rejects PRI's proposal made pursuant to Paragraph 8 (c) hereof, the parties will endeavor to reach agreement on a PRI proposal for an additional thirty (30) days. If the parties are unable to reach agreement within fifteen (15) days after the end of such thirty (30) day period, PRI may submit a proposal directly to the Secretary. The proposal to the Secretary may be presented via an in-person presentation to the Secretary by PRI and its designees. The Secretary shall approve or deny the proposal within fifteen (15) days of such presentation. A denial by the Secretary shall be appealable to the Environmental Hearing Board.

e. On appeal to the Environmental Hearing Board, PRI shall have the burden of proving that there is a reasonable basis for its revised cost figures for operation of the Treatment Facilities and for the proposed amount to fund the irrevocable trust or alternative financial assurance mechanism. PRI and the Department will request the Environmental Hearing Board to handle any appeal that is filed pursuant to Paragraph 8 (d) hereof on an expedited basis.

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f. The decision of the Environmental Hearing Board shall be final and the Department, ISG, and PRI expressly waive any right of appeal, statutory or otherwise.

9. PRI's Authorization to Operate the Treatment Facilities Pending Transfer and Issuance of Necessary Permits. Pending the transfer of an existing permit for a Bethlehem Mine and/or CRDA and the issuance of any other necessary permits to PRI, PRI shall operate and maintain the Treatment Facilities at that Mine and/or CDRA in accordance with the applicable existing Bethlehem permit(s) and all requirements of the Clean Streams Law, *supra*, and the Department's regulations at 25 Pa. Code Chapters 86, 89 and 90, and with respect to Mines #31, #32, #33, #38, #77, #78, or #91 shall ensure that the mine pool at that Mine is maintained at a level that will prevent surface or subsurface break outs.

10. Reclamation of Marianna #58 Mine and CRDA. By August 1, 2003, PRI shall commence permanently sealing and reclaiming the Marianna #58 Mine. By April 30, 2004, PRI shall complete the permanent sealing and reclamation of the Mine. PRI acknowledges that revegetation of the slurry impoundment at the Marianna #58 CRDA will be required and, subject to potential opportunities that PRI may pursue regarding reclamation of the materials located in the slurry impoundment, PRI shall conduct such revegetation. PRI shall complete the permanent sealing and reclamation of the Marianna #58 Mine and CRDA in such a manner as complies with all provisions of the reclamation plan identified in Coal Mining Activity Permit #63841303 and Coal Refuse Disposal Permit #63743705, the relevant portions of the Clean Streams Law, the Coal Mine Sealing Act, the Coal Refuse Disposal Act, the Mine Subsidence Act, the Surface Mining Act, and the Rules and Regulations:

11. ISG Guaranty. Until such time that PRI satisfies all of its financial assurance obligations with respect to funding the irrevocable trust or alternative financial assurance

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mechanism proposal approved by the Department, ISG shall guarantee PRI's financial obligations to fund the irrevocable trust or alternative financial assurance mechanism and PRI's financial ability to perform its additional operational obligations under this Consent Order and Agreement pursuant to the Guaranty Agreement attached hereto as Exhibit A.

12. Additional Remedies.

a. In the event PRI or ISG fails to comply with any of the respective obligations of this Consent Order and Agreement, the Department may, in addition to the remedies prescribed herein, pursue any remedy available for a violation of an order of the Department, including an action to enforce this Consent Order and Agreement and the Guaranty Agreement attached hereto as Exhibit A.

b. The remedies provided by this paragraph are cumulative and the exercise of one does not preclude the exercise of any other. The failure of the Department to pursue any remedy shall not be deemed to be a waiver of that remedy.

13. Reservation of Rights. The Department reserves the right to require additional measures to achieve compliance with applicable law. ISG and PRI reserve the right to challenge any action which the Department may take to require those measures.

14. Liability of Operator. ISG and PRI shall be liable for any violations of the Consent Order and Agreement, including those caused by, contributed to, or allowed by its officers, agents, employees, or contractors. Except as provided in Paragraph 15(c) hereof, ISG and PRI also shall be liable for any violation of this Consent Order and Agreement caused by, contributed to, or allowed by their successors and assigns.

15. Transfer of Mines and CRDAs.

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a. The duties and obligations under this Consent Order and Agreement shall not be modified, diminished, terminated or otherwise altered by the transfer from ISG or PRI of any legal or equitable interest in any of the Bethlehem Mines and CRDAs or any part thereof.

b. If ISG or PRI intends to transfer any legal or equitable interest in the Bethlehem Mines and CRDAs which is affected by this Consent Order and Agreement, ISG or PRI shall serve a copy of this Consent Order and Agreement upon the prospective transferee of the legal and equitable interest at least thirty (30) days prior to the contemplated transfer and shall simultaneously inform the Department of such intent.

c. It is anticipated that ISG and PRI may pursue a transfer of their respective interests in PRI and its assets to another entity. In such event, ISG and PRI may seek to modify this Order to authorize assignment of the respective obligations hereunder to such transferee. The Department in its sole discretion may agree to modify or terminate ISG's and/or PRI's duties and obligations under this Consent Order and Agreement upon transfer of any of the Bethlehem Mines and CRDAs from PRI.

16. Correspondence with Department. All correspondence with the Department concerning this Consent Order and Agreement shall be addressed to:

Donald R. Barnes
District Mining Manager, Cambria District Mining Office
286 Industrial Park Road
Ebensburg, PA 15931-4119
Phone: (814) 472-1900
Facsimile: (814) 472-1898

17. Correspondence with ISG. All correspondence with ISG concerning this Consent Order and Agreement shall be addressed to:

Keith A. Nagel
Manager of Environmental Affairs
3250 Interstate Drive

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Richfield, Ohio 44286
Phone: (330) 659-9165
Facsimile: (330) 659-7434

with a copy to:

Dale E. Papajcik, Esquire
Squire, Sanders & Dempsey L.L.P.
4900 Key Tower
127 Public Square
Cleveland, Ohio 44114-1304
Phone: (216) 479-8479
Facsimile: (216) 479-8776

18. Correspondence with PRI. All correspondence with PRI concerning this Consent

Order and Agreement shall be addressed to:

Pristine Resources Inc.
3250 Interstate Drive
Richfield, Ohio 44286
Attn: General Manager of Operations
Phone: (330) 659-9100
Facsimile: (330) 659-9132

with a copy to:

Dale E. Papajcik, Esquire
Squire, Sanders & Dempsey L.L.P.
4900 Key Tower
127 Public Square
Cleveland, Ohio 44114-1304
Phone: (216) 479-8479
Facsimile: (216) 479-8776

ISG and PRI shall notify the Department whenever there is a change in the name, title, or address of the contact persons named in Paragraphs 17 and 18 hereof. Service of any notice or any legal process for any purpose under this Consent Order and Agreement, including its enforcement, may be made by mailing a copy by first class mail to the above addresses for ISG and PRI.

19. Severability. The paragraphs of this Consent Order and Agreement shall be severable and should any part hereof be declared invalid or unenforceable, the remainder shall continue in full force and effect between the parties.

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20. Entire Agreement. This Consent Order and Agreement shall constitute the entire integrated agreement of the parties. No prior or contemporaneous communications or prior drafts shall be relevant or admissible for purposes of determining the meaning or extent of any provisions herein in any litigation or any other proceeding.

21. Attorney Fees. The parties shall bear their respective attorney fees, expenses and other costs in the prosecution or defense of this matter or any related matters, arising prior to execution of this Consent Order and Agreement.

22. Modifications. No changes, additions, modifications, or amendments of this Consent Order and Agreement shall be effective unless they are set out in writing and signed by the parties hereto.

23. Titles. A title used at the beginning of any paragraph of this Consent Order and Agreement may be used to aid in the construction of that paragraph, but shall not be treated as controlling.

24. Decisions Under Consent Order. Except as provided for in Paragraph 8 hereof, any decision which the Department makes under the provisions of this Consent Order and Agreement is intended to be neither a final action under 25 Pa. Code § 1021.2, nor an adjudication under 2 Pa. C.S. § 101. Any objection which ISG or PRI may have to the decision will be preserved until the Department enforces this Consent Order and Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Consent Order and Agreement to be executed by their duly authorized representatives. The undersigned representatives of ISG and PRI certify under penalty of law, as provided by 18 Pa. C.S. § 4904, that they are authorized to execute this Consent Order and Agreement on behalf of ISG and PRI; that ISG and PRI consent to the entry of this Consent Order and Agreement as a final ORDER of the Department; and that ISG and PRI hereby knowingly waive their right to appeal this Consent Order and Agreement and to challenge its content or validity, which rights may be available under Section 4 of the Environmental Hearing Board Act, Act of July 13, 1988, P.L. 530, 35 P.S. § 7514; the Administrative Agency Law, 2 Pa. C.S. § 103(a) and Chapters 5A and 7A; or any other provisions of law. Signature by ISG's and PRI's attorney certifies only that the agreement has been signed after consulting with counsel.

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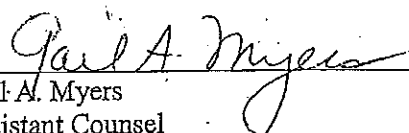
FOR INTERNATIONAL STEEL GROUP INC.: FOR THE COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT OF
ENVIRONMENTAL PROTECTION:

Name
Title



Donald R. Barnes
District Mining Manager
Cambria District Mining Office

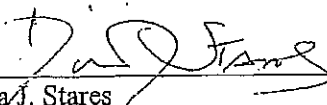
Dale E. Papajcik, Esquire
Attorney for International Steel Group Inc.



Gail A. Myers
Assistant Counsel

FOR PRISTINE RESOURCES INC.:

Name
Title



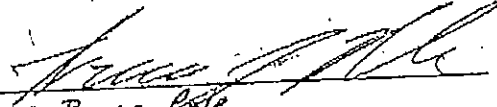
Diana J. Stares
Regional Counsel

Dale E. Papajcik, Esquire
Attorney for Pristine Resources Inc.

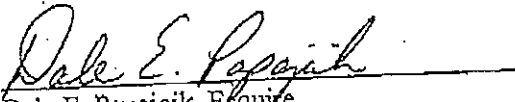
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FOR INTERNATIONAL STEEL GROUP INC.:

FOR THE COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT OF
ENVIRONMENTAL PROTECTION:

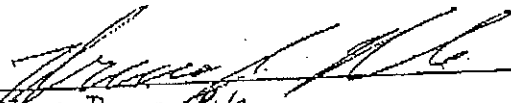

Name Bruce Cole
Title Vice President

Donald R. Barnes
District Mining Manager
Cambria District Mining Office

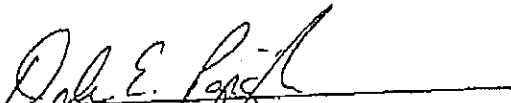

Dale E. Papajcik, Esquire
Attorney for International Steel Group Inc.

Gail A. Myers
Assistant Counsel

FOR PRISTINE RESOURCES INC.:


Name Bruce Cole
Title Vice President

Diana J. Stares
Regional Counsel


Dale E. Papajcik, Esquire
Attorney for Pristine Resources Inc.

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Exhibit II

GUARANTY OF OBLIGATIONS

THIS GUARANTY OF OBLIGATIONS (this "Guaranty") is made as of the 7 day of May, 2003, by International Steel Group Inc., a Delaware corporation ("Guarantor"), to and for the benefit of The Pennsylvania Department of Environmental Protection (the "Department").

WITNESSETH:

WHEREAS, International Steel Group Inc. ("ISG"), Pristine Resources Inc. ("PRI"), and the Department have entered into a Consent Order and Agreement dated May 7, 2003 ("Order"); and

WHEREAS, PRI has accepted certain responsibility for certain operational and financial matters at coal mines and coal refuse disposal areas specified in the Order; and

WHEREAS, ISG has agreed pursuant to the Order to guarantee certain financial obligations that PRI has accepted pursuant thereto; and

WHEREAS, PRI is an indirect wholly owned subsidiary of ISG.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, Guarantor and the Department agree as follows:

1. Guarantor, to the fullest extent permitted by law, guarantees to the Department (a) PRI's full and prompt and complete payment of PRI's financial obligation to fund an irrevocable trust or alternative financial assurance mechanism approved by the Department pursuant to the Order and (b) PRI's financial ability to perform its additional operational obligations under the Order (collectively the "Financial Obligations") until such time that PRI fully satisfies its obligations under the Order to fund the irrevocable trust or alternative financial assurance mechanism.

2. Guarantor agrees that this Guaranty is unconditional and irrevocable and that upon any default by PRI on its Financial Obligations under the Order, the Department may, at its sole election, proceed directly, against Guarantor to obtain full and complete satisfaction of the Financial Obligations without first proceeding against PRI or any other person.

3. Guarantor agrees that its obligations under this Guaranty shall not be impaired, modified, changed, released, or limited in any manner whatsoever by any impairment, modification, change, release, or limitation of the liability of PRI or their estates in bankruptcy resulting from the operation of any present or future provision of the United States Bankruptcy Code or similar statute, or from the decision of any court, including without limitation, any proceedings in respect of the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, the marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization,

arrangement, imposition or readjustment of, or other similar proceedings affecting PRI or any of their assets, it being expressly understood and agreed that no such proceeding shall affect, modify, limit, or discharge the liability or obligation of Guarantor hereunder in any manner whatsoever and that Guarantor shall continue to remain liable under this Guaranty to the same extent and in the same manner as if such proceedings had not been instituted.

4. Guarantor agrees that this Guaranty shall be binding upon and enforceable against Guarantor and Guarantor's heirs, successors, and assigns.

5. Guarantor intends and believes that each provision in this Guaranty comports with all applicable local, state, and federal laws and judicial decisions. However, if any provision or provisions, or if any portion of any provision or provisions, in this Guaranty is found by a court of law to be in violation of any applicable local, state, or federal ordinance, statute, law, administrative or judicial decision, or public policy, and if such court should declare such portion, provision or provisions of this Guaranty to be illegal, invalid, unlawful, void, or unenforceable as written, then it is the intent of Guarantor that such portion, provision or provisions shall be given force to the fullest possible extent that they are legal, valid, and enforceable, that the remainder of this Guaranty shall be construed as if such illegal, invalid, unlawful, void, or unenforceable portion, provision or provisions were not contained therein, and that the rights, obligations, and interest of Guarantor and the Department under the remainder this Guaranty shall continue in full force and effect.

6. This Guaranty shall terminate upon full satisfaction of PRI's obligation to fund the irrevocable trust or alternative financial assurance mechanism approved pursuant to the Order.

7. This Guaranty shall be governed by and construed in accordance with the laws of the State of Pennsylvania.

8. Guarantor hereby represents and warrants to the Department that: (i) Guarantor has the legal right to execute, deliver, and perform this Guaranty; (ii) this Guaranty is enforceable against Guarantor in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws or equitable principles relating to or limiting creditors' rights generally; and (iii) the execution, delivery, and performance of this Guaranty will not violate any provision of any existing law or regulation binding on Guarantor, or any order, judgment, award, or decree of any court, arbitrator, or governmental authority binding on Guarantor, or any mortgage, indenture, lease, contract or other agreement, instrument, or undertaking to which Guarantor is a party or by which Guarantor or any of Guarantor's assets may be bound.

9. This document constitutes the entire agreement between the parties and supercedes any and all prior agreements with respect to the matters addressed herein between the parties. No waiver, alteration, amendment, or modification hereof shall be binding unless in writing and signed by duly authorized representatives of the parties.

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IN WITNESS WHEREOF, Guarantor has executed this instrument the day and year first above written.

INTERNATIONAL STEEL GROUP INC.

Dale E. Pugh
John C. Boudeloh

By: [Signature]
VICE President

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Exhibit III

ESCROW AGREEMENT

Escrow Agreement (the "Agreement") dated as of this 16th day of June, 2003 (the "Effective Date"), by and among Pristine Resources Inc., a Delaware corporation ("PRI"), the Commonwealth of Pennsylvania, Department of Environmental Protection, an agency of the Commonwealth of Pennsylvania (the "Department") and The Huntington National Bank, as escrow agent hereunder (the "Escrow Agent").

WHEREAS, PRI and the Department have entered into a Consent Order and Agreement dated May 7, 2003 (the "Consent Order"), a copy of which is attached hereto and incorporated herein by reference, pursuant to which PRI has, among other things, committed to deposit cash in an escrow account to be held and disbursed by the Escrow Agent pursuant to the terms of this Escrow Agreement; and

WHEREAS, PRI and the Department have requested that the Escrow Agent, as escrow agent, hold and disburse the funds to be deposited by PRI pursuant to this Escrow Agreement and the Escrow Agent has agreed to accept its appointment and to act as such pursuant to this Escrow Agreement.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth and with the intent to be legally bound hereby, the parties hereto agree as follows:

1. **Appointment.** PRI and the Department hereby appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment under the terms and conditions set forth herein.

2. **Escrow Fund.**

(a) In accordance with Paragraph 7(b) of the Consent Order, simultaneous with the execution and delivery of this Escrow Agreement, PRI is depositing with the Escrow Agent one million dollars (\$1,000,000) (the "Initial Escrow Deposit").

(b) On or before July 13, 2003, and on or before the thirteenth day of each calendar month thereafter until PRI's proposal to establish an irrevocable trust or alternative financial assurance mechanism is approved or otherwise authorized as set forth in Paragraph 7(b) of the Consent Order, PRI shall deposit with the Escrow Agent one hundred and fifty thousand dollars (\$150,000), or assets with a net value of no less than one hundred fifty thousand dollars (\$150,000) (each a "Subsequent Escrow Deposit"). In the event that PRI seeks to deposit with the Escrow Agent pursuant to this Section any non-financial assets, including but not limited to any tangible or real property, the parties agree to negotiate in good faith to modify this agreement as necessary or to create any additional instruments that may become necessary to accommodate such non-financial assets.

(c) The Escrow Agent shall hold the Initial Escrow Deposit and all Subsequent Escrow Deposits (collectively the "Escrow Deposit") and, subject to the terms and conditions hereof, shall invest and reinvest the Escrow Deposit and the proceeds thereof (the "Escrow Fund") as directed in Section 3.

3. **Investment of Escrow Fund.** During the term of this Escrow Agreement, the Escrow Fund shall be invested and reinvested by the Escrow Agent in the investment(s) indicated on Schedule 1 or such other investments as shall be directed in writing by the Department and PRI and as shall be acceptable to the Escrow Agent. Periodic statements will be provided to the Department and PRI reflecting transactions executed on behalf of the Escrow Fund. The Department and PRI will receive a statement of transaction details upon completion of any securities transaction in the Escrow Fund without any additional cost. The Escrow Agent shall have the right to liquidate any investments held in order to provide funds necessary to make required payments under this Escrow Agreement. The Escrow Agent shall have no liability for any loss sustained as a result of any investment in an investment indicated on Schedule 1 or any investment made pursuant to the instructions of the parties hereto or as a result of any liquidation of any investment prior to its maturity or for the failure of the parties to give the Escrow Agent instructions to invest or reinvest the Escrow Fund.

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4. Disposition and Termination. The Escrow Agent shall disburse the Escrow Fund and the earnings thereon as follows:

(a) No monies may be withdrawn from the Escrow Fund without the written authorization of the Department, as set forth herein.

(b) In the event PRI and International Steel Group Inc., as guarantor in connection with the Consent Order, default on their obligations set forth in the Consent Order and the corresponding Guaranty, and it becomes necessary for the Department to withdraw funds from the Escrow Fund as a result of such default, the Department may give written notice to PRI and Escrow Agent specifying the amount of any monies to be withdrawn from the Escrow Fund and setting forth instructions directing the Escrow Agent to disburse funds from the Escrow Fund. Escrow Agent shall act upon and in accordance with such instructions. All payments and distributions to the Department pursuant to this Section 4(b) shall be made by means of wire transfer of immediately available funds to an account designated by the Department in accordance with such written delivery instructions as the Department may deliver to Escrow Agent. In the event Escrow Agent delivers all of the funds in the Escrow Fund to the Department pursuant to this Section 4(b), this Escrow Agreement shall terminate.

(c) Upon approval or authorization of PRI's proposal to establish an irrevocable trust or alternative financial assurance mechanism as set forth in Paragraph 7(b) of the Consent Order, PRI and the Department shall jointly submit to the Escrow Agent a written notice of termination (a "Notice of Termination") signed by both the Department and PRI. The Notice of Termination shall set forth instructions directing the Escrow Agent to disburse the Escrow Fund, together with the earnings thereon, less the fees and expenses of the Escrow Agent deducted therefrom as provided in this Escrow Agreement. Upon delivery of the Escrow Fund by the Escrow Agent as set forth herein and in accordance with the Notice of Termination, this Escrow Agreement shall terminate.

5. Escrow Agent.

(a) Escrow Agent shall have no responsibility as to the genuineness of the signature or the validity of any document deposited in the Escrow Fund, nor as to the legal capacity or identity of the parties to this Escrow Fund, and the Escrow Agent shall be justified in every act, omission or forbearance in reliance upon the Agreement so long as and to the extent that it shall act or have acted in good faith.

(b) All of the terms and conditions in connection with the Escrow Agent's duties and responsibilities, and the rights of the undersigned parties, are contained in the Agreement. The Escrow Agent is not required to be familiar with the provisions of any other instrument or agreement and shall not be charged with any responsibility or liability in connection with the observance or non-observance, by any person, of the provisions of any other such instrument or agreement.

(c) The Escrow Agent shall not be responsible for the determination of any facts or conditions on which the parties may give notice, but the Escrow Agent may rely solely on the notice received from the parties as to the existence of such facts or conditions.

(d) The Escrow Agent may rely and shall be protected in acting upon any paper or other document which may be submitted to it in connection with its duties under the Agreement and which is believed to be genuine and to have been signed or presented by the proper party or parties, and shall have no liability or responsibility with respect to the form, execution or validity thereof.

(e) The Escrow Agent may act or refrain from acting in respect of any matter referred to in the Agreement or additional instructions received in the performance of its duties in full reliance upon the advice of counsel which may be selected by it, and shall be fully protected in so acting or refraining from acting upon the advice of such counsel.

(f) The Escrow Agent may obey and comply with any order or process of a Pennsylvania court commanding it to do or to refrain from some act in relation to the subject matter of this Agreement. It may rely and continue to rely conclusively upon such orders or process, notwithstanding that they may be found subsequently to be void or voidable, until one of the officers of the Escrow Agent, shall have actual knowledge that such order or

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process shall have been modified, annulled, set aside, vacated or quashed.

(g) The Escrow Agent shall have a lien, which shall be paramount and prior in right of all other persons, upon all money and other property which shall have been received by it under the Agreement, to secure the payment to it of fees hereunder due to the Escrow Agent. The Escrow Agent shall not be required without its consent to relinquish, deliver or pay over any instrument, money or other property deposited with it in this Escrow Fund unless and until it shall have been paid and reimbursed its fees.

(h) Subject to the provisions of Section 7 of this Agreement governing reimbursement of expenses, disbursements and advancements, PRI agrees to reimburse the Escrow Agent for any and all reasonable expenses which it may have at any time incurred in connection with the Agreement. PRI shall indemnify, defend and save the Escrow Agent harmless from any claims, liabilities, judgments, attorney's fees, court costs and all other expenses of every kind and nature which may at any time be incurred by reason of its acceptance of, and its performance under, the Agreement.

6. **Succession.** The Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving 10 days advance notice in writing of such resignation to the other parties hereto specifying a date when such resignation shall take effect. PRI and the Department may, by mutual consent, remove the Escrow Agent at any time, with or without cause, by an instrument signed by both of them and delivered to the Escrow Agent. In the event of any resignation or removal of the Escrow Agent, the resigning or removed Escrow Agent shall deliver the Escrow Fund to such successor Escrow Agent as shall have been appointed by PRI and the Department, and thereupon the resigning or removed Escrow Agent shall stand fully relieved and discharged of any further duties hereunder. The Escrow Agent shall have the right to withhold an amount equal to any amount due and owing to the Escrow Agent, plus any costs and expenses the Escrow Agent shall reasonably believe may be incurred by the Escrow Agent in connection with the termination of the Escrow Agreement. Any corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any corporation or association to which all or substantially all the escrow business of the Escrow Agent's corporate trust line of business may be transferred, shall be the Escrow Agent under this Escrow Agreement without further act.

7. **Fees.** The Escrow Agent shall receive reasonable compensation for the services to be rendered hereunder, which unless otherwise agreed in writing shall be as described in Schedule I attached hereto. The Escrow Agent shall also be entitled to reimbursement, upon request, for all expenses, disbursements and advances, including reasonable attorney's fees and expenses, incurred or made by it in connection with the preparation, execution, performance, delivery, modification and termination of this Escrow Agreement. Such compensation and reimbursement shall be deducted from the proceeds generated by the investment of the Escrow Fund, and the Department and PRI hereby authorize such deduction by the Escrow Agent.

8. **Notices.** All notices, consents, waivers and other communications under this Agreement must be in writing and will be deemed to have been duly given: (a) upon delivery if delivered personally or upon confirmed transmittal if by facsimile; (b) on the next business day if sent by overnight courier; or (c) four (4) business days after mailing if mailed by prepaid registered mail, return receipt requested, to the appropriate notice address set forth below or at such other address as any party hereto may have furnished to the other parties in writing by registered mail, return receipt requested, in each case to the appropriate addresses and facsimile numbers set forth below (or to such other addresses and facsimile numbers as a party may designate by notice to the other parties):

PRI:

Pristine Resources Inc.
3250 Interstate Drive
Richfield, Ohio 44286
Attn: Keith A. Nagel
Phone: (330) 659-9100
Facsimile: (330) 659-9132

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with a copy to:

Dale E. Papajcik, Esquire
Squire, Sanders & Dempsey LLP
4900 Key Tower
127 Public Square
Cleveland, Ohio 44114
Phone: (216) 479-8479
Facsimile: (216) 479-8776

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DEP:

Donald R. Barnes
District Mining Manager, Cambria District Mining Office
286 Industrial Park Road
Ebensburg, PA 15931-4119
Phone: (814) 472-1900
Facsimile: (814) 472-1898

with a copy to:

Gail Myers
Pennsylvania Department of Environmental Protection
400 Waterfront Drive
Pittsburgh, PA 15222-4745
Phone: (412) 442-4262
Facsimile: (412) 442-4267

Escrow Agent:

The Huntington National Bank
917 Euclid Ave. - CM23
Cleveland, Ohio 44115
Attention: F.G. Lamb
Phone: (216) 515-6662
Facsimile: (216) 515-6584

9. **Security Procedures.** In the event funds transfer instructions are given, whether in writing, by telecopier or otherwise, the Escrow Agent is authorized to seek confirmation of such instructions by telephone call-back to the person or persons designated on Schedule 2 hereto, and the Escrow Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in a writing actually received and acknowledged by the Escrow Agent. The Escrow Agent and the beneficiary's bank in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by the Department or PRI to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank. The Escrow Agent may apply any of the escrowed funds for any payment order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank designated. The parties to this Escrow Agreement acknowledge that these security procedures are commercially reasonable.

10. **Miscellaneous.** This Agreement supersedes all prior agreements among the parties with respect to its subject matter and constitutes (along with the documents referred to in this Agreement) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. The provisions of this Escrow Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by all of the parties hereto. Neither this Escrow Agreement nor any right or interest hereunder may be assigned in whole or in part by any party, except as provided in Section 6, without the prior consent of the other parties. This Escrow Agreement shall be governed by and construed under the laws of the Commonwealth of Pennsylvania. Each

party hereto irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the exclusive jurisdiction of the courts located in the Commonwealth of Pennsylvania. The parties further hereby waive any right to a trial by jury with respect to any lawsuit or judicial proceeding arising under or relating to this Escrow Agreement. No party to this Escrow Agreement is liable to any other party for losses due to, or if it is unable to perform its obligations under the terms of this Escrow Agreement because of, acts of God, fire, floods, strikes, equipment or transmission failure, or other causes reasonably beyond its control. This Escrow Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The headings of sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the date first set forth above.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

By: _____
Name: _____
Title: _____

PRISTINE RESOURCES INC.

By: *Bruce J. Pale*
Name: Bruce J. Pale
Title: Vice President

THE HUNTINGTON NATIONAL BANK
as Escrow Agent
P

By: _____
Name: _____
Title: _____

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Schedule I

Investment: [specify]

- [] Obligations of, or guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States.
- [] A money market mutual fund for which the Escrow Agent or any affiliate of the Escrow Agent serves as investment manager, administrator, shareholder servicing agent and/or custodian or subcustodian, notwithstanding that (i) the Escrow Agent or an affiliate of the Escrow Agent receives fees from such funds for services rendered, (ii) the Escrow Agent charges and collects fees for services rendered pursuant to this Escrow Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Escrow Agreement may at times duplicate those provided to such funds by the Escrow Agent or its affiliates.

Escrow Agent's compensation:

The Huntington National Bank agrees to act as Escrow Agent under this Agreement for an administrative fee of one thousand five hundred dollars (\$1,500.00), which is for a period of one year from the Effective Date of this Agreement, or any portion thereof. After one year, the Escrow Agent's fee shall be three hundred dollars (\$300.00) for each additional quarter (defined as three months) or any portion thereof. Each administrative fee is to be paid at the commencement of the period to which it applies.

In addition, there will be a charge of five dollars (\$5.00) per check and fifteen dollars (\$15.00) per wire transfer for disbursements made from the Escrow Account, and a charge of twenty five dollars (\$25.00) for each investment transaction (excluding investments in the Huntington family of money market funds). These activity charges will be billed semiannually in arrears.

The Escrow Agent shall also be entitled to receive reimbursement for out-of-pocket expenses incurred in the performance of its duties under the Agreement, which may include postage, overnight mail, courier services, publication costs, litigation expenses (including attorney fees), etc.

party hereto irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the exclusive jurisdiction of the courts located in the Commonwealth of Pennsylvania. The parties further hereby waive any right to a trial by jury with respect to any lawsuit or judicial proceeding arising under or relating to this Escrow Agreement. No party to this Escrow Agreement is liable to any other party for losses due to, or if it is unable to perform its obligations under the terms of this Escrow Agreement because of, acts of God, fire, floods, strikes, equipment or transmission failure, or other causes reasonably beyond its control. This Escrow Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The headings of sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the date first set forth above.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

By: _____
Name: _____
Title: _____

PRISTINE RESOURCES INC.

By: *[Signature]*
Name: Ronald J. Polk
Title: Vice President

THE HUNTINGTON NATIONAL BANK
as Escrow Agent

P
By: _____
Name: _____
Title: _____

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party hereto irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the exclusive jurisdiction of the courts located in the Commonwealth of Pennsylvania. The parties further hereby waive any right to a trial by jury with respect to any lawsuit or judicial proceeding arising under or relating to this Escrow Agreement. No party to this Escrow Agreement is liable to any other party for losses due to, or if it is unable to perform its obligations under the terms of this Escrow Agreement because of, acts of God, fire, floods, strikes, equipment or transmission failure, or other causes reasonably beyond its control. This Escrow Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The headings of sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the date first set forth above.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

By: Donald R. Barnes (JRP)
Name: DONALD R. BARNES
Title: DISTRICT MINING MANAGER

PRISTINE RESOURCES INC.

By: _____
Name: _____
Title: _____

THE HUNTINGTON NATIONAL BANK
as Escrow Agent

By: _____
Name: _____
Title: _____

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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

By: _____
Name: _____
Title: _____

PRISTINE RESOURCES INC.

By: _____
Name: _____
Title: _____

THE HUNTINGTON NATIONAL BANK
as Escrow Agent

By: *F. G. Lamb*
Name: F. G. Lamb
Title: Vice President

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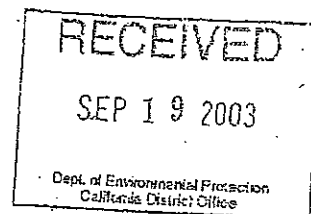
Exhibit IV

INTERNATIONAL STEEL GROUP INC.
PRISTINE RESOURCES INC.

SEPTEMBER 11, 2003

PROPOSAL TO ESTABLISH A
FINANCIAL MECHANISM FOR MINES,
CRDAS, AND TREATMENT FACILITIES

Please see inside cover
of folder #2
for full report



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Exhibit V

The raw water quality at each of the discharge points is as follows:

Mine Name	Permit Number	Average Flow (GPM)	pH	Alkalinity (mg/L)	Acidity (mg/L)	Total Iron (mg/L)
Nanty Glo Mine #31	11770301	2085	4.43 - 6.10	<1.0 - 66.0	20 - 799	105.0 - 148.0
Revloc/Behula Mine #32	11841301	433	4.87 - 6.58	6.0 - 150	<1.0 - 950	63.0 - 350
Cambria Slope Mine #33	11841301	(1)	6.55 - 7.27	242 - 354	<1.0 - 142	2.6 - 43.0
Mine #38D	1171301	4481	(2)	(2)	(2)	(2)
Brookdale Mine #77	1183201	322	2.96 - 4.90	<1.0 - 6.0	162.0 - 944.0	70 - 96.0
Mine #77 CRDA	500129	(3)				
Windber Mine #78	56841328	72.3	3.76 - 6.24	<1.0 - 50.0	<1.0 - 860.0	0.47 - 19.0
Mine #78 CRDA	56743705	1.5 - 10.0 (4)	2.59 - 3.03	<1.0	2640 - 9880	3.9 - 1100
Fawn Mine #91	10841302	0	N/A	N/A	N/A	N/A
Mine #91 CRDA	10743701	18.6	3.5	0	694	183

- (1) Mine #33 flow is included in the Mine #38D data
- (2) Mike #38D discharge is co-mingled with the Mine #33 and Ehrenfeld #3 mine discharges. Raw water quality is not available.
- (3) The discharge from the CRDA is conveyed to the mine via a borehole and is treated with the Mine #77 discharge.
- (4) The discharge from the CRDA is conveyed to the mine via a borehole and is treated with the Mine #78 discharge.
- (5) There is no discharge from the Fawn #91 Mine. The discharge from the CRDA is collected and treated at the Mine #91 facility.

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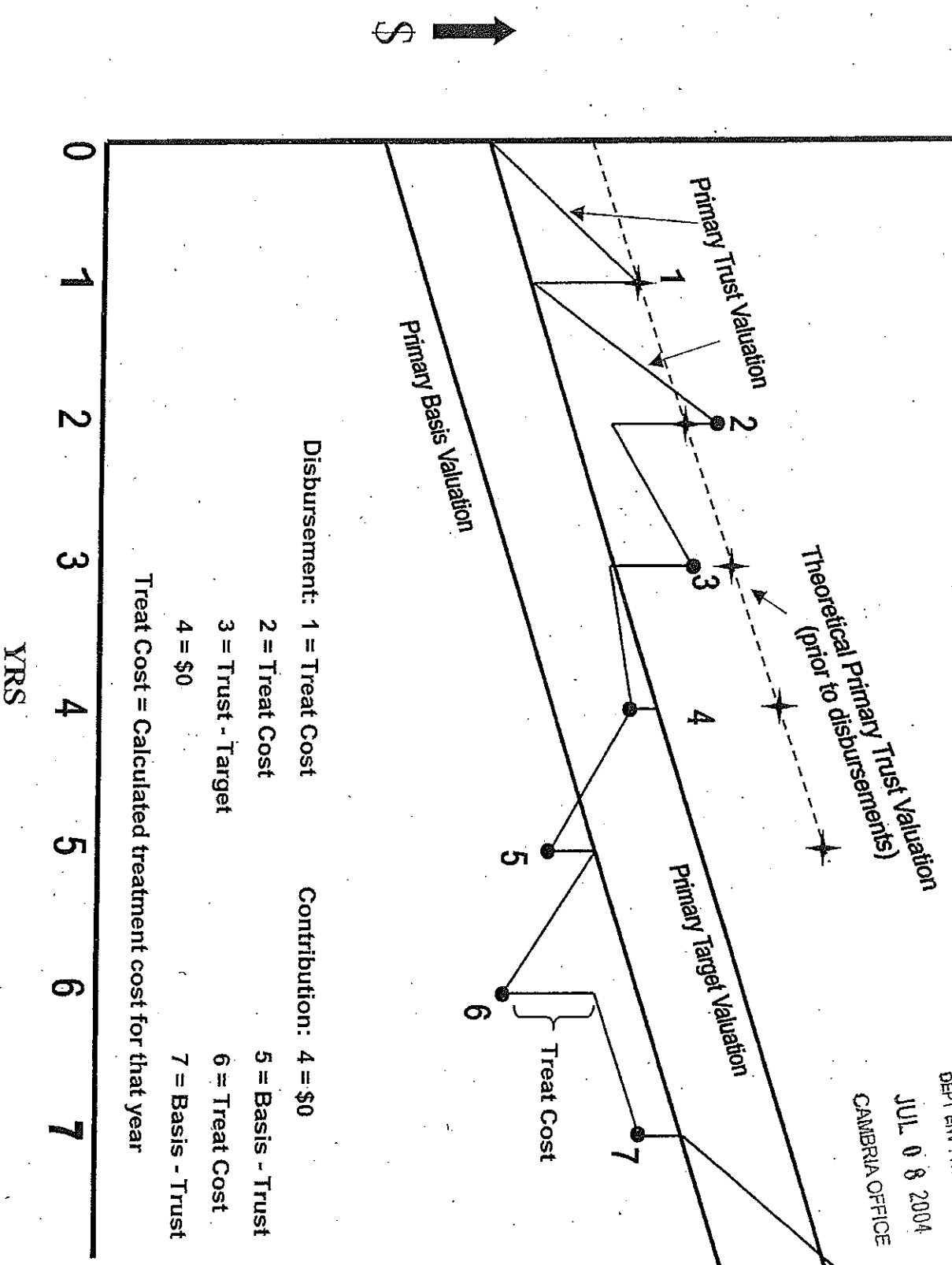


Exhibit "VI"

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Exhibit "VII"

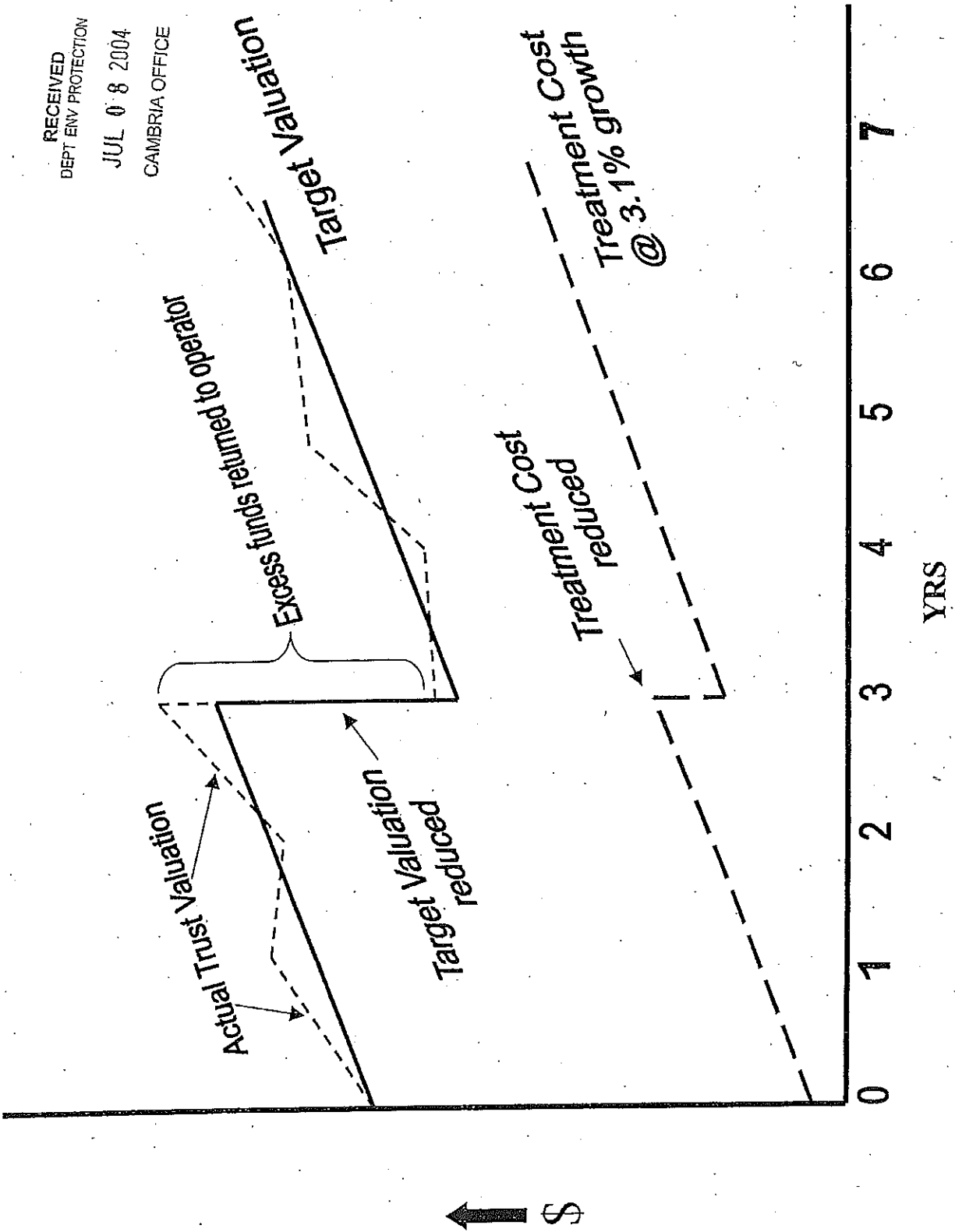


Exhibit VIII

Year	Capital Improvement Target	Anticipated Capital Expenditure	Comment
1	\$506,791.00		
2	\$549,513.48		
3	\$595,837.47		
4	\$646,066.57		
5	\$700,529.98		
6	\$759,584.65		
7	\$823,617.64		
8	\$893,048.61		
9	\$968,332.61		
10	\$1,049,963.04	\$5,742.91	91 caustic system, sludge pump
11	\$1,132,732.02		
12	\$1,228,221.33		
13	\$1,331,760.39		
14	\$1,444,027.79		
15	\$1,565,759.33	\$279,019.48	31/38/77/78 tank & mixer, elec panel & mixing tank; 77 raw water pump; 91 VFP
16	\$1,418,733.36		
17	\$1,538,332.58		
18	\$1,668,014.02		
19	\$1,808,627.60		
20	\$1,951,094.91	\$7,793.26	91 caustic system, sludge pump
21	\$2,118,621.95		
22	\$2,297,221.78		
23	\$2,490,877.58		
24	\$2,700,858.56		
25	\$2,928,540.93		
26	\$2,181,460.46	\$993,956.47	31 raw water pump; 33 welland
27	\$2,365,357.58		
28	\$2,564,757.23		
29	\$2,780,966.26		
30	\$3,015,401.71	\$599,091.57	91 caustic system, sludge pump; 31/38/77/78 tank & mixer, elec panel & mixing tank; 77 raw water pump; 91 VFP; 31/38/77/78 sludge pump
31	\$2,670,508.51		
32	\$2,895,632.38		
33	\$3,139,734.19		
34	\$3,404,413.78		
35	\$3,691,405.86	\$465,771.88	31/38/77/78 sito
36	\$3,536,819.49		

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37	\$3,834,973.38	
38	\$4,158,261.63	
39	\$4,508,803.09	
40	\$4,888,895.19	
41	\$5,286,677.72	
42	\$5,732,344.65	
43	\$6,215,581.31	
44	\$6,739,554.81	
45	\$7,307,699.28	
46	\$7,226,478.75	
47	\$7,835,670.91	
48	\$8,496,217.97	
49	\$9,212,449.15	
50	\$9,989,058.61	
51	\$1,777,352.32	
52	\$1,927,183.12	
53	\$2,089,644.66	
54	\$2,265,801.70	
55	\$2,456,808.78	
56	\$2,663,917.77	
57	\$2,888,486.03	
58	\$3,131,985.41	
59	\$3,396,011.77	
60	\$3,682,295.57	
61	\$2,495,604.94	
62	\$2,705,984.44	
63	\$2,934,098.93	
64	\$3,181,443.47	
65	\$3,449,639.15	
66	\$3,740,443.73	
67	\$4,055,763.14	
68	\$4,397,663.97	
69	\$4,768,387.05	
70	\$5,170,362.07	
71	\$4,214,463.60	
72	\$4,569,742.88	
73	\$4,954,972.20	
74	\$5,372,676.36	
75	\$5,825,592.98	
	\$216.99	

\$14,351.33 91 caustic system, sludge pump

\$697,259.58 31/38/77/78 tank & mixer, elec panel & mixing tank; 77 raw water pump; 91 VFP

\$9,053,783.93 91 caustic system, sludge pump; 31 raw water pump; 33 wetland; 31/38/77 clarifier

\$1,497,108.14 91 caustic system, sludge pump; 31/38/77/78 tank & mixer, elec panel & mixing tank; 77 raw water pump; 91 VFP; 31/38/77/78 sludge pump

\$1,391,760.00 91 caustic system, sludge pump; 31/38/77/78 silo

\$6,316,473.47 31/38/77/78 tank & mixer, elec panel & mixing tank; 77 raw water pump; 91 VFP; 31 raw water pump; 33 wetland

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