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NEWS

Minnesota Power to provide power to innovative new industrial customer

Duluth, Minn.—Minnesota Power has completed an all-requirements electric service agreement to provide power to Magnetation, an innovative new company that produces iron concentrate from previously-mined ore.

Magnetation has begun grading and road work for a facility near Taconite, Minn. that it expects to open in May of 2012. Minnesota Power, an ALLETE Company (NYSE:ALE), anticipates a peak electric demand from Magnetation of about 5 megawatts.

The privately-held company, founded in 2006, expects to produce 500,000 metric tons of iron concentrate in 2012 at the new plant and 800,000 tons annually thereafter, according to Larry Lehtinen, President and CEO. The company has been producing iron concentrate from a facility in Keewatin, Minn. since February 2009.

Using a relatively simple process based on its patent-pending Rev3™ Separator, Lehtinen said he expects production to ramp up quickly at the two plants, to a total of more than a million tons of iron concentrate as soon as 2013.

“Magnetation under Larry Lehtinen’s skilled leadership is yet another example of new growth and development we are seeing in our region,” said ALLETE Chairman, President and CEO Al Hodnik. “We are pleased to serve this innovative new customer.”

Magnetation’s development efforts began in 2008 at its first plant near Keewatin, and its first concentrate was shipped in February of 2009. Early in 2011, Magnetation reached an agreement with Cargill Inc. under which the companies will explore opportunities to develop and utilize Magnetation’s proprietary mineral processing technology internationally.

As part of the agreement, Cargill has the exclusive right to jointly develop and apply the technology with Magnetation on projects targeting the seaborne iron ore trade, and the right to market the recovered iron concentrate to its international iron ore customers.

Minnesota Power provides retail electric service within a 26,000-square-mile area in northeastern Minnesota to 144,000 customers and wholesale electric service to 16 municipalities. More information can be found at: www.mnpower.com.

The statements contained in this release and statements that ALLETE may make orally in connection with this release that are not historical facts, are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties and investors are directed to the risks discussed in documents filed by ALLETE with the Securities and Exchange Commission.

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