Cleveland-Cliffs Reaffirms Commitment to Middletown Works Decarbonization Project and Ongoing Partnership with the U.S. Department of Energy

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Cleveland-Cliffs Inc. (NYSE: CLF) ("Cliffs") remains fully committed toward the transformational project underway at its Middletown Works integrated facility in Middletown, Ohio. As previously disclosed, Cliffs was selected for award negotiations for up to $500 million in total funding from the Department of Energy toward the replacement of its Middletown blast furnace with a Direct Reduced Iron (DRI) Plant and two Electric Melting Furnaces (EMF). The Company continues to be in active negotiations with the Department of Energy related to the award-specifc terms and conditions. Cliffs remains optimistic about receiving final approvals and proceeding with this carbon-friendly and high-return project.

Lourenco Goncalves, Cliffs' Chairman, President and CEO said: "We continue to move forward with award negotiations and project execution on the transformational Middletown project. The project confirms Cleveland-Cliffs as a world-class technological leader in steelmaking. Following our recent real-life trials with hydrogen reduction at Indiana Harbor and Middletown, and our well recognized success in Direct Reduction in Toledo, OH, this project is a natural next step. As we have done so well in working in partnership with our UAW-represented and USW-represented workforce throughout the entire Midwest from Minnesota to Pennsylvania, we are excited to be working in partnership with our IAM-represented steel workers in Middletown. Cleveland-Cliffs is honored to have the support of the Department of Energy on this transformational project, benefiting our workforce and the communities in which they live for decades to come."

Project Overview

If awarded, the Company would replace its existing blast furnace at its Middletown Works Facility in Middletown, Ohio with a 2.5mtpa Hydrogen-Ready Direct Reduced Iron (DRI) Plant and two 120 MW Electric Melting Furnaces (EMF) to feed molten iron to the existing infrastructure already on site, including the BOF, Caster, Hot Strip Mill, and various finishing facilities. Middletown will maintain its existing raw steel production capacity of approximately 3 million net tons per year and will no longer use coke for iron production. The EMF technology is well established and, together with the injection of hydrogen in blast furnaces, is a preferred route for meaningful reduction in carbon emissions for integrated steelmakers worldwide.

The process will dramatically reduce carbon emissions intensity, and will consolidate Middletown Works as the most advanced, lowest GHG emitting integrated iron and steel facility in the world. The facility will have the flexibility to be fueled by natural gas, which would reduce current ironmaking carbon intensity by over 50%; a mix of natural gas and clean Hydrogen; or clean Hydrogen, which would reduce current ironmaking carbon intensity by over 90%.

The new facility is expected to reduce production costs by approximately $150 per net ton of liquid steel produced, or a $450 million annual savings relative to the existing configuration. These savings do not consider any of the premiums expected to be generated from sales of low-carbon steel, such as Cliffs H2™ and Cliffs HMAX™.

This investment will secure 2,500 jobs at Middletown Works, where the unionized workforce is represented by the International Association of Machinists (IAM). The flex-fuel DRI plant and EMFs will require 170 additional jobs. The project will result in 1,200 building trades jobs during peak construction.

As the DRI facility can be fed with standard, blast-furnace grade pellets, the project will take full advantage of the Company's United Steelworkers (USW) represented iron ore mining and pelletizing units. The new configuration also avoids the use of significant amounts of prime scrap metal, which Cliffs anticipates will become shorter in supply and higher in cost throughout the rest of the decade. The process will also allow Cliffs to maintain the level of quality of the steel produced, which would otherwise be degraded with increased scrap usage, maintaining the Company's leading position in the automotive end market.

The net capital outlay for Cliffs will be approximately $1.3 billion, net of capital avoidance on the existing blast furnace and coke plants, over a 5-year period primarily starting in 2025 and expected to conclude by 2029. Cliffs' portion will be funded using liquidity on hand and its own free cash flow generation. The Middletown site offers enough available space to construct the new facility without encumbering the existing processes, effectively eliminating interference risks during the construction and commissioning phase.

About Cleveland-Cliffs Inc.

Cleveland-Cliffs is a leading North America-based steel producer with focus on value-added sheet products, particularly for the automotive industry. The Company is vertically integrated from the mining of iron ore, production of pellets and direct reduced iron, and processing of ferrous scrap through primary steelmaking and downstream finishing, stamping, tooling, and tubing. Headquartered in Cleveland, Ohio, Cleveland-Cliffs employs approximately 28,000 people across its operations in the United States and Canada.

Forward-Looking Statements

This release contains statements that constitute "forward-looking statements" within the meaning of the federal securities laws. All statements other than historical facts, including, without limitation, statements regarding our current expectations, estimates and projections about our industry, our businesses or the proposed transaction with Stelco, are forward-looking statements. We caution investors that any forward-looking statements are subject to risks and uncertainties that may cause actual results and future trends to differ materially from those matters expressed in or implied by such forward-looking statements. Investors are cautioned not to place undue reliance on forward-looking statements. Among the risks and uncertainties that could cause actual results to differ from those described in forward-looking statements are the following: continued volatility of steel, iron ore and scrap metal market prices, which directly and indirectly impact the prices of the products that we sell to our customers; uncertainties associated with the highly competitive and cyclical steel industry and our reliance on the demand for steel from the automotive industry; potential weaknesses and uncertainties in global economic conditions, excess global steelmaking capacity, oversupply of iron ore, prevalence of steel imports and reduced market demand; severe financial hardship, bankruptcy, temporary or permanent shutdowns or operational challenges of one or more of our major customers, key suppliers or contractors, which, among other adverse effects, could disrupt our operations or lead to reduced demand for our products, increased difficulty collecting receivables, and customers and/or suppliers asserting force majeure or other reasons for not performing their contractual obligations to us; risks related to U.S. government actions with respect to Section 232 of the Trade Expansion Act of 1962 (as amended by the Trade Act of 1974), the United States-Mexico-Canada Agreement and/or other trade agreements, tariffs, treaties or policies, as well as the uncertainty of obtaining and maintaining effective antidumping and countervailing duty orders to counteract the harmful effects of unfairly traded imports; impacts of existing and increasing governmental regulation, including potential environmental regulations relating to climate change and carbon emissions, and related costs and liabilities, including failure to receive or maintain required operating and environmental permits, approvals, modifications or other authorizations of, or from, any governmental or regulatory authority and costs related to implementing improvements to ensure compliance with regulatory changes, including potential financial assurance requirements, and reclamation and remediation obligations; potential impacts to the environment or exposure to hazardous substances resulting from our operations; our ability to maintain adequate liquidity, our level of indebtedness and the availability of capital could limit our financial flexibility and cash flow necessary to fund working capital, planned capital expenditures, acquisitions, and other general corporate purposes or ongoing needs of our business, or to repurchase our common shares; our ability to reduce our indebtedness or return capital to shareholders within the currently expected timeframes or at all; adverse changes in credit ratings, interest rates, foreign currency rates and tax laws; the outcome of, and costs incurred in connection with, lawsuits, claims, arbitrations or governmental proceedings relating to commercial and business disputes, antitrust claims, environmental matters, government investigations, occupational or personal injury claims, property-related matters, labor and employment matters, or suits involving legacy operations and other matters; supply chain disruptions or changes in the cost, quality or availability of energy sources, including electricity, natural gas and diesel fuel, critical raw materials and supplies, including iron ore, industrial gases, graphite electrodes, scrap metal, chrome, zinc, other alloys, coke and metallurgical coal, and critical manufacturing equipment and spare parts; problems or disruptions associated with transporting products to our customers, moving manufacturing inputs or products internally among our facilities, or suppliers transporting raw materials to us; the risk that the cost or time to implement a strategic or sustaining capital project may prove to be greater than originally anticipated; our ability to consummate any public or private acquisition transactions and to realize any or all of the anticipated benefits or estimated future synergies, as well as to successfully integrate any acquired businesses into our existing businesses; uncertainties associated with natural or human-caused disasters, adverse weather conditions, unanticipated geological conditions, critical equipment failures, infectious disease outbreaks, tailings dam failures and other unexpected events; cybersecurity incidents relating to, disruptions in, or failures of, information technology systems that are managed by us or third parties that host or have access to our data or systems, including the loss, theft or corruption of sensitive or essential business or personal information and the inability to access or control systems; liabilities and costs arising in connection with any business decisions to temporarily or indefinitely idle or permanently close an operating facility or mine, which could adversely impact the carrying value of associated assets and give rise to impairment charges or closure and reclamation obligations, as well as uncertainties associated with restarting any previously idled operating facility or mine; our level of self-insurance and our ability to obtain sufficient third-party insurance to adequately cover potential adverse events and business risks; uncertainties associated with our ability to meet customers' and suppliers' decarbonization goals and reduce our greenhouse gas emissions in alignment with our own announced targets; challenges to maintaining our social license to operate with our stakeholders, including the impacts of our operations on local communities, reputational impacts of operating in a carbon-intensive industry that produces greenhouse gas emissions, and our ability to foster a consistent operational and safety track record; our actual economic mineral reserves or reductions in current mineral reserve estimates, and any title defect or loss of any lease, license, easement or other possessory interest for any mining property; our ability to maintain satisfactory labor relations with unions and employees; unanticipated or higher costs associated with pension and other post-employment benefit obligations resulting from changes in the value of plan assets or contribution increases required for unfunded obligations; uncertain availability or cost of skilled workers to fill critical operational positions and potential labor shortages caused by experienced employee attrition or otherwise, as well as our ability to attract, hire, develop and retain key personnel; the amount and timing of any repurchases of our common shares; potential significant deficiencies or material weaknesses in our internal control over financial reporting; the risk that the proposed transaction with Stelco may not be consummated; the risk that the proposed transaction with Stelco may be less accretive than expected, or may be dilutive, to Cliffs' earnings per share, which may negatively affect the market price of Cliffs' common shares; the risk that adverse reactions or changes to business or regulatory relationships may result from the completion of the proposed transaction; the possibility of the occurrence of any event, change or other circumstance that could give rise to the right of one or both of Cliffs or Stelco to terminate the transaction agreement between the two companies, including, but not limited to, the companies' inability to obtain necessary regulatory approvals; the risk of shareholder litigation relating to the proposed transaction that could be instituted against Stelco, Cliffs or their respective directors and officers; the possibility that Cliffs and Stelco will incur significant transaction and other costs in connection with the proposed transaction, which may be in excess of those anticipated by Cliffs; the risk that the financing transactions to be undertaken in connection with the proposed transaction may have a negative impact on the combined company's credit profile, financial condition or financial flexibility; the possibility that the anticipated benefits of the proposed acquisition of Stelco are not realized to the same extent as projected and that the integration of the acquired business into our existing business, including uncertainties associated with maintaining relationships with customers, vendors and employees, is not as successful as expected; the risk that future synergies from the proposed transaction may not be realized or may take longer than expected to achieve; the possibility that the business and management strategies currently in place or implemented in the future for the maintenance, expansion and growth of the combined company's operations may not be as successful as anticipated; the risk associated with the retention and hiring of key personnel, including those of Stelco; the risk that any announcements relating to, or the completion of, the proposed transaction could have adverse effects on the market price of Cliffs' common shares; and the risk of any unforeseen liabilities and future capital expenditures related to the proposed transaction.

For additional factors affecting the business of Cliffs, refer to Part I - Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2023, Part II - Item 1A. Risk Factors of our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024, and other filings with the U.S. Securities and Exchange Commission.

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