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Cliffs Natural Resources Inc. and ArcelorMittal USA LLC Enter Into New Long-term Iron Ore Supply Agreement through 2026

CLEVELAND, May 31, 2016 /PRNewswire/-- Cliffs Natural Resources Inc. **(NYSE: CLF)** announced today that it has entered into a new long-term commercial agreement with ArcelorMittal USA LLC to supply tailor-made iron ore pellets for the next ten years through 2026. The new agreement will replace two existing agreements expiring in Dec. 2016 and Jan. 2017 and fill the entirety of ArcelorMittal's pellet purchase requirements from the previous contracts. The new commercial agreement includes ArcelorMittal's total purchases of iron ore pellets from Cliffs up to 10 million long tons and preserves Cliffs' current position as ArcelorMittal USA's sole outside supplier of pellets. Accordingly, Cliffs will continue to be the sole pellet supplier of ArcelorMittal's Indiana Harbor West and Cleveland Works steelmaking facilities, while maintaining the current level of pellet supply to ArcelorMittal's Indiana Harbor East facility. The new contract also establishes a minimum tonnage of pellets of 7 million long tons, which is higher than the current minimum level from the two previous contracts combined.

Lourenco Goncalves, Cliffs' Chairman, President and Chief Executive Officer, said, "Cliffs is pleased to announce a major accomplishment within the execution of our strategy, which is the signature of a new 10-year pellet supply agreement with ArcelorMittal. We arrived at a mutually beneficial agreement, as both companies recognize the importance of bringing sustainable value to our respective businesses." Goncalves added, "The signing of the new supply agreement confirms what we have always stated regarding the strength of the business relationship between Cliffs and ArcelorMittal USA. The new agreement also removes any remaining uncertainty about Cliffs, and supports our conviction in the bright future of our Company, its employees, its shareholders, and all other stakeholders, including the communities in which we operate."

Pricing for the pellets under the agreement will be adjusted by the price of steel in the U.S. domestic market, and iron ore market based and general inflation indices. Based on current market levels, Cliffs anticipates an improvement in overall United States Iron Ore realized revenues per ton in 2017, when compared to the company's current guidance for 2016.

About Cliffs Natural Resources Inc.
Cliffs Natural Resources Inc. is a leading mining and natural resources company in the United States. The Company is a major supplier of iron ore pellets to the North American steel industry from its mines and pellet plants located in Michigan and Minnesota. Cliffs also operates an iron ore mining complex in Western Australia. Driven by the core values of safety, social, environmental and capital stewardship, Cliffs' employees endeavor to provide all stakeholders operating and financial transparency. News releases and other information on the Company are available at www.cliffsnaturalresources.com.

Forward-Looking Statements

This release contains statements that constitute "forward-looking statements" within the meaning of the federal securities laws. As a general matter, forward-looking statements relate to anticipated trends and expectations rather than historical matters. Forward-looking statements are subject to uncertainties and factors relating to Cliffs' operations and business environment that are difficult to predict and may be beyond our control. Such uncertainties and factors may cause actual results to differ materially from those expressed or implied by the forward-looking statements. These statements speak only as of the date of this release, and we undertake no ongoing obligation, other than that imposed by law, to update these statements. Uncertainties and risk factors that could affect Cliffs' future performance and cause results to differ from the forward-looking statements in this release include, but are not limited to: trends affecting our financial condition, results of operations or future prospects, particularly the continued volatility of iron ore prices; availability of capital and our ability to maintain adequate liquidity, in particular considering borrowing base reductions from the sale of non-core assets; our level of indebtedness could limit cash flow available to fund working capital, capital expenditures, acquisitions and other general corporate purposes or ongoing needs of our business, which could prevent us from fulfilling our debt obligations; continued weaknesses in global economic conditions, including downward pressure on prices caused by oversupply or imported products, including the impact of any reduced barriers to trade, recently filed and forthcoming trade cases, reduced market demand and any change to the economic growth rate in China; our ability to reach agreement with our iron ore customers regarding any modifications to sales contract provisions, renewals or new arrangements; uncertainty relating to restructurings in the steel industry and/or affecting the steel industry; our ability to maintain appropriate relations with unions and employees and enter into or renew collective bargaining agreements on satisfactory terms; the impact of our customers reducing their steel production or using other methods to produce steel; our ability to successfully execute an exit option for certain of our Canadian entities that minimizes the cash outflows and associated liabilities of such entities, including the Companies' Creditors Arrangement Act (Canada) process; our ability to successfully identify and consummate any strategic investments and complete planned divestitures; our ability to successfully diversify our product mix and add new customers beyond our traditional blast furnace clientele; the outcome of any contractual disputes with our customers, joint venture partners or significant energy, material or service providers or any other litigation or arbitration; the ability of our customers and joint venture partners to meet their obligations to us on a timely basis or at all; the impact of price-adjustment factors on our sales contracts; changes in sales volume or mix; our actual levels of capital spending; our actual economic iron ore reserves or reductions in current mineral estimates, including whether any mineralized material qualifies as a reserve; events or circumstances that could impair or adversely impact the viability of a mine and the carrying value of associated assets, as well as any resulting impairment charges; the results of prefeasibility and feasibility studies in relation to projects; impacts of existing and increasing governmental regulation and related costs and liabilities, including failure to receive or maintain required operating and environmental permits, approvals, modifications or other authorization of, or from, any governmental or regulatory entity and costs related to implementing improvements to ensure compliance with regulatory changes; our ability to cost-effectively achieve planned production rates or levels; uncertainties associated with natural disasters, weather conditions, unanticipated geological conditions, supply or price of energy, equipment failures and other unexpected events; adverse changes in currency values, currency exchange rates, interest rates and tax laws; risks related to international operations; availability of capital equipment and component parts; the potential existence of significant deficiencies or material weakness in our internal control over financial reporting; and problems or uncertainties with productivity, tons mined, transportation, mine-closure obligations, environmental liabilities, employee-benefit costs and other risks of the mining industry. 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, 2015. You are urged to carefully consider these risk factors.

To view the original version on PR Newswire, visit: http://www.prnewswire.com/news-releases/cliffs-natural-resources-inc-and-arcelormittal-usa-llc-enter-into-new-long-term-iron-ore-supply-agreement-through-2026-300276796.html

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