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Cliffs Announces Agreements with Minnesota Power

CLEVELAND, May 24, 2016 /PRNewswire/ -- Cliffs Natural Resources Inc.**(NYSE: CLF)** announced today that through its subsidiaries it has entered into multiple agreements with Minnesota Power, a utility division of ALLETE Inc. **(NYSE: ALE)**. Cliffs will receive $31 million dollars in cash as part of a long-term purchased power arrangement for its Northshore operation with Minnesota Power through 2031. The agreements, pending potential regulatory approval of the sale of utility assets, include certain non-core operations; transmission assets at United Taconite; certain land options at United Taconite and Northshore Mining Company; and transportation rights along the Cliffs Erie rail assets. Separately, Cliffs has extended its regulated power arrangements with Minnesota Power for 10 years at its United Taconite and Babbitt facilities.

Lourenco Goncalves, Cliffs' Chairman, President and CEO, said, "I am very pleased that we solidified a strategic relationship with Minnesota Power for long-term, low cost power which helps us preserve our future competitiveness. Importantly, the signing of these new agreements will provide Cliffs with considerable certainty in our energy management for these operations, and will also enable us to continue to improve our cash production costs over the long-term."

"We greatly value our working relationship with Cliffs and believe strong mining and paper industries are critical to our region's economic success," said Al Hodnik, ALLETE Chairman, President and CEO. "These agreements demonstrate the value of a strong partnership between Minnesota Power and Northeastern Minnesota's natural resources industries. These steps can help Cliffs achieve its goals of remaining competitive, maintaining regional jobs and further enhancing their products through technology advances."

Cliffs stated that the supply agreement will not involve any immediate staff reductions at its Silver Bay Power plant.

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.

About Minnesota Power:
Minnesota Power provides electric service within a 26,000-square-mile area in northeastern Minnesota, supporting comfort, security and quality of life for 144,000 customers, 16 municipalities and some of the largest industrial customers in the United States. More information can be found at www.mnpower.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, including with ArcelorMittal; 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-announces-agreements-with-minnesota-power-300273689.html

SOURCE Cliffs Natural Resources Inc.