Cleveland-Cliffs to Acquire Ferrous Processing and Trading Company

OCTOBER 11, 2021

FERROUS
Processing & Trading Co.

FORWARD-LOOKING STATEMENTS

This presentation 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 or our businesses, 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: our ability to successfully complete the acquisition of Ferrous Processing and Trading Company, including certain related entities (“FPT”) (and such acquisition, the “FPT Acquisition”); disruptions to our operations relating to the COVID-19 pandemic, including the heightened risk that a significant portion of our workforce or on-site contractors may suffer illness or otherwise be unable to perform their ordinary work functions; continued volatility of steel and iron ore 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, which has been experiencing a trend toward light weighting that could result in lower steel volumes being consumed; potential weaknesses and uncertainties in global economic conditions, excess global steelmaking capacity, oversupply of iron ore, prevalence of steel imports and reduced market demand, including as a result of the COVID-19 pandemic; severe financial hardship, bankruptcy, temporary or permanent shutdowns or operational challenges, due to the COVID-19 pandemic or otherwise, of one or more of our major customers, including customers in the automotive market, key suppliers or contractors, which, among other adverse effects, could 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; our ability to reduce our indebtedness or return capital to shareholders within the expected timeframes or at all, depending on market and other conditions; risks related to U.S. government actions with respect to Section 232 of the Trade Expansion Act (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 climate change and other environmental regulation that may be proposed under the Biden Administration, 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; 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 cash flow necessary to fund working capital, planned capital expenditures, acquisitions, and other general corporate purposes or ongoing needs of our business; adverse changes in credit ratings, interest rates, foreign currency rates and tax laws; limitations on our ability to realize some or all of our deferred tax assets, including our net operating loss carryforwards; our ability to realize the anticipated synergies and benefits of the FPT Acquisition and to successfully integrate the business of FPT into our existing businesses, including uncertainties associated with maintaining relationships with customers, vendors and employees; additional debt we will incur in connection with the FPT Acquisition, as well as additional debt we incurred in connection with enhancing our liquidity during the COVID-19 pandemic, the merger with AK Steel Holding Corporation and the acquisition of ArcelorMittal USA LLC, may negatively impact our credit profile and limit our financial flexibility; known and unknown liabilities we will assume in connection with the FPT Acquisition; the ability of our customers, joint venture partners and third-party service providers to meet their obligations to us on a timely basis or at all; supply chain disruptions or changes in the cost or quality of energy sources or critical raw materials and supplies, including iron ore, industrial gases, graphite electrodes, scrap, chrome, zinc, coke and coal; liabilities and costs arising in connection with any business decisions to temporarily idle or permanently close a mine or production facility, 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 mine or production facility; problems or disruptions associated with transporting products to our customers, moving products internally among our facilities or suppliers transporting raw materials to us; 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; our level of self-insurance and our ability to obtain sufficient third-party insurance to adequately cover potential adverse events and business risks; disruptions in, or failures of, our information technology systems, including those related to cybersecurity; our ability to successfully identify and consummate any strategic investments or development projects, cost-effectively achieve planned production rates or levels, and diversify our product mix and add new customers; our actual economic iron ore and coal reserves or reductions in current mineral estimates, including whether we are able to replace depleted reserves with additional mineral bodies to support the long-term viability of our operations; the outcome of any contractual disputes with our customers, joint venture partners, lessors, or significant energy, raw material or service providers, or any other litigation or arbitration; our ability to maintain our social license to operate with our stakeholders, including by fostering a strong reputation and consistent operational and safety track record; our ability to maintain satisfactory labor relations with unions and employees; availability of workers to fill critical operational positions and potential labor shortages caused by the COVID-19 pandemic, as well as our ability to attract, hire, develop and retain key personnel; unanticipated or higher costs associated with pension and other postretirement benefit obligations resulting from changes in the value of plan assets or contribution increases required for unfunded obligations; and potential significant deficiencies or material weaknesses in our internal control over financial reporting. The Company undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

For additional factors affecting the business of Cleveland-Cliffs, refer to Part I – Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2020, and other filings with the SEC.

FERROUS PROCESSING AND TRADING CO.

FERROUS Processing & Trading Co.

Company Overview

- FPT is among the largest processors and distributors of prime ferrous scrap in North America
- **~3 million tons** of scrap metal processed per year
- Approximately **half** of total output is prime grade
- ~600 employees

Footprint

- 22 locations with primary emphasis on Midwest Region (primarily Michigan and Ohio)
- Headquartered in Detroit, Michigan
- **~90% of revenues** from Midwest locations
- 99% of sales to North American customers

Transaction Overview

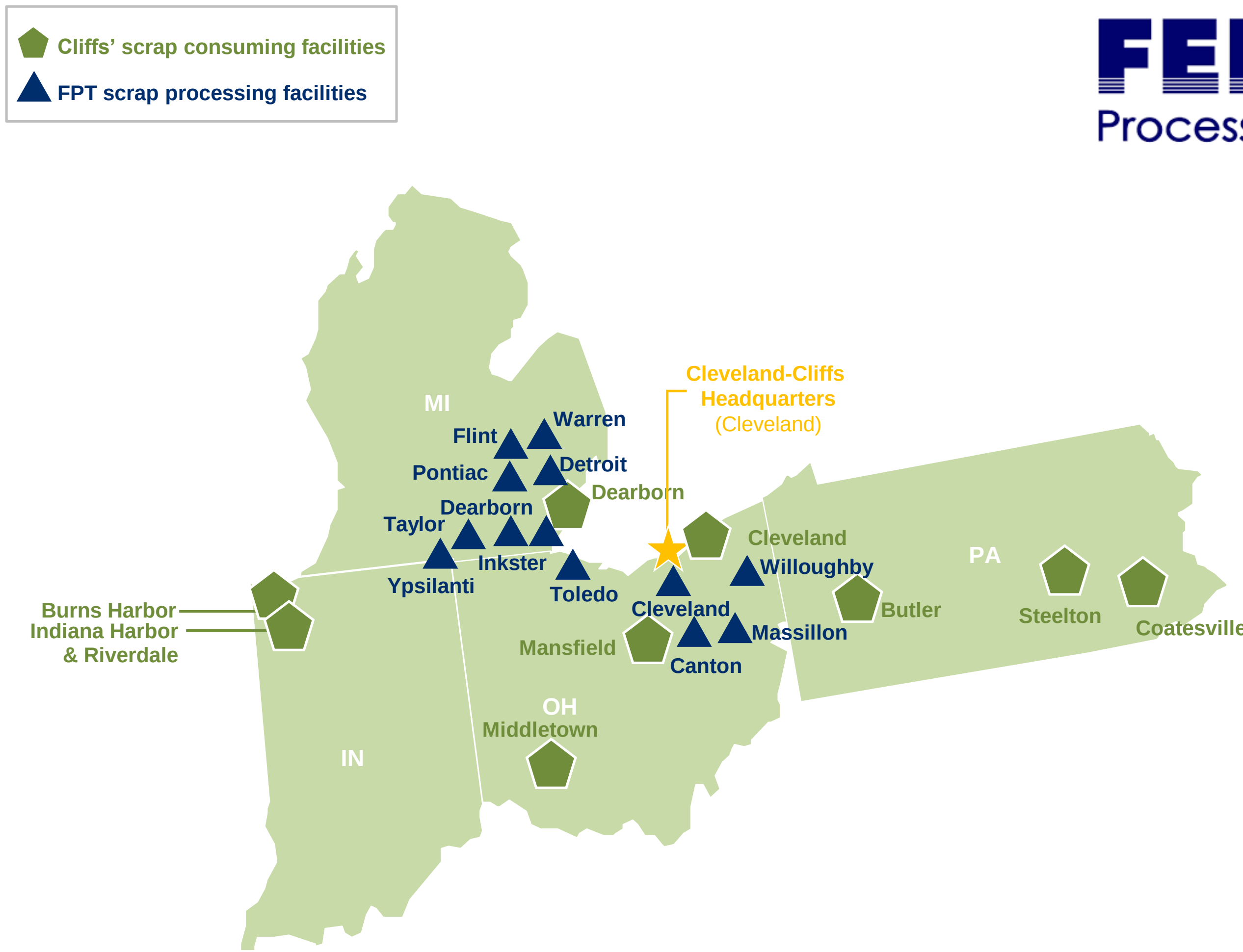
- $775 million total enterprise value on a cash-free, debt-free basis
- Paid in cash

TTM (through August 2021) Financial Profile

- EBITDA of approximately $100 million
- Capital spend of ~$20 million

Awards for Steel Excellence
2019 WINNER
SCRAP COMPANY OF THE YEAR

MIDWEST LOCATIONS ALLOW FOR SEAMLESS VERTICAL INTEGRATION



FPT Sites Not Pictured

Florida
Fort Lauderdale
Miami

Tennessee
Franklin
Shelbyville

Canada
Windsor

Mexico
Aguascalientes

TRANSACTION HIGHLIGHTS

- ✓ Allows Cliffs to optimize productivity at its existing EAFs and BOFs as the Company has no current plans to add additional steelmaking capacity
- ✓ Expands portfolio of high-quality ferrous raw materials to include iron ore pellets, direct-reduced iron, and now prime scrap
- ✓ Immediately secures substantial access to prime scrap, where demand is expected to grow dramatically with limited to no growth in corresponding supply
- ✓ Creates a platform for Cliffs to leverage long-standing flat-rolled automotive and other customer relationships into recycling partnerships to grow prime scrap presence
- ✓ Furthers commitment to environmentally-friendly, low-carbon intensity steelmaking with cleaner materials mix

CLIFFS NOW COVERS THE ENTIRE STEEL LIFE CYCLE

Cliffs' flat-rolled

The largest original source of prime scrap in the US

Agreement with OEM covers both steel sale and scrap offtake

Equipment Manufacturing

FPT has existing infrastructure inside OEM facilities

Cliffs receives OEM scrap offtake

Cliffs' scrap processing

Internal BOF/EAF use

Third-party sales

Cliffs' position as the most prominent automotive steel supplier in the US provides a compelling scrap offtake proposition for the OEM

PRIME SCRAP: THE NEXT PRECIOUS METAL

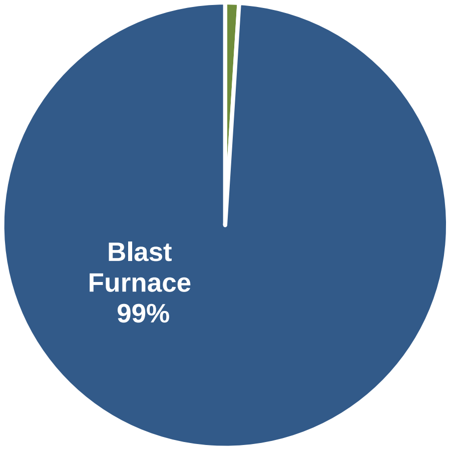
FPT represents approximately 15% of the merchant prime scrap market[1]

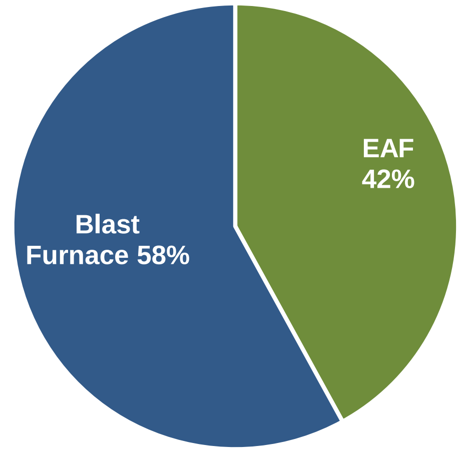
- **Scrap demand will continue to increase** due to industry decarbonization efforts
- **Prime scrap is a critical feedstock for flat-rolled steel** production in both EAFs and BOFs
- **Cliffs is the largest source of the steel** that generates prime scrap in manufacturing facilities
- Estimated **60-70% of flat-rolled EAF feed comprised of prime scrap and metallics**
- **Estimated US demand for prime scrap and metallics to increase** ~9m gross tons per year by 2025
- Prime scrap supply has been **shrinking for 50 years**
- United States currently imports **~2m gross tons of prime scrap annually**
- **CO_2 footprint of pig iron and restricted DRI availability** leaves limited alternatives
- Existing and future **DRI facilities have limitations on third-party DR-grade pellet supply**

[1]Excludes home scrap of ~5-6 million tons. Home scrap is scrap that is utilized within the facility where it originates.

FLAT-ROLLED MINI-MILL MARKET PENETRATION

US Flat-Rolled Steel Production Share





What impact has this had?

Prime scrap demand:

Prime scrap supply:

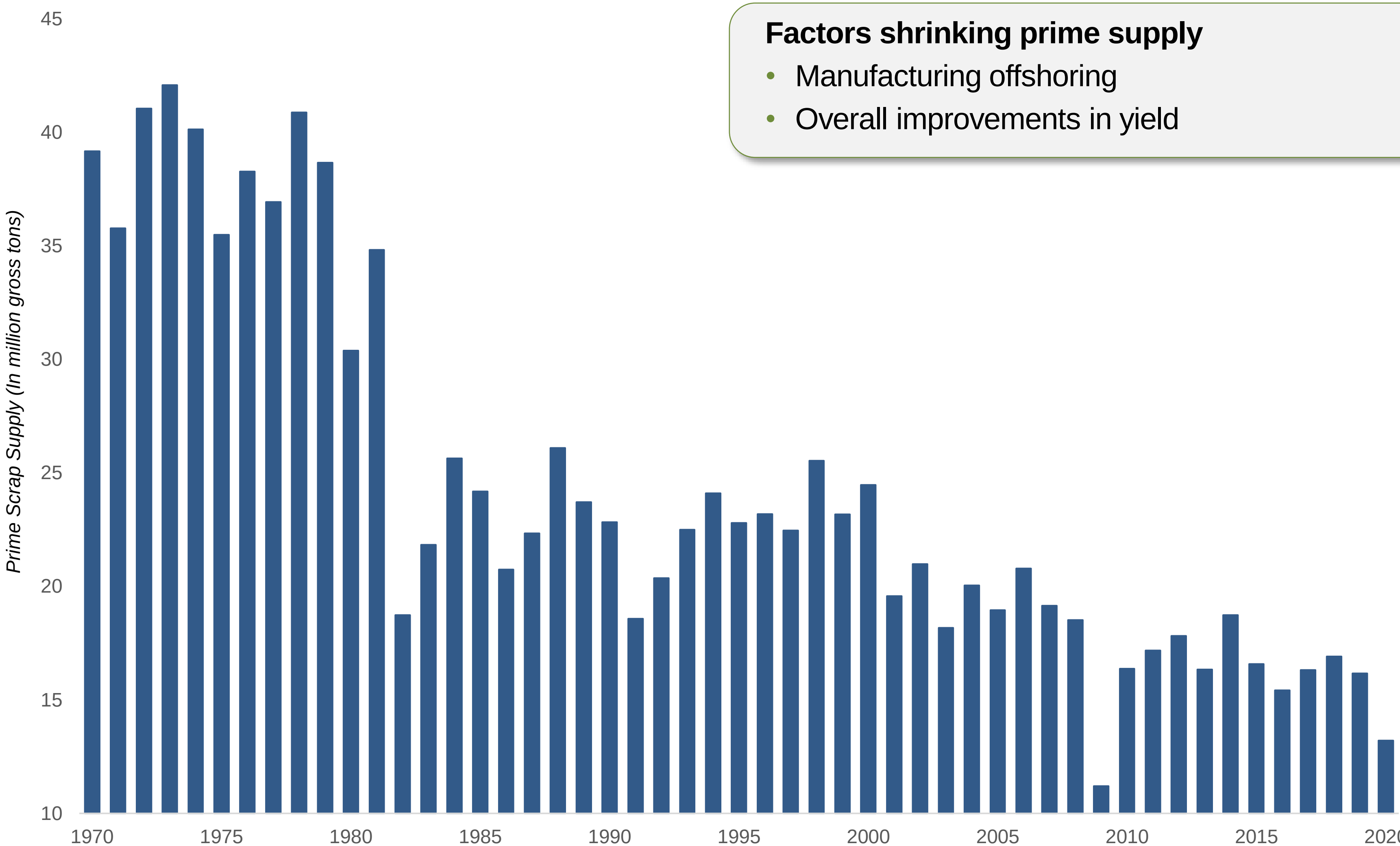
Flat-rolled EAF's require:

Prime Scrap

Pig iron/ DRI/HBI

PRIME SCRAP SUPPLY HAS BEEN SHRINKING FOR 50 YEARS

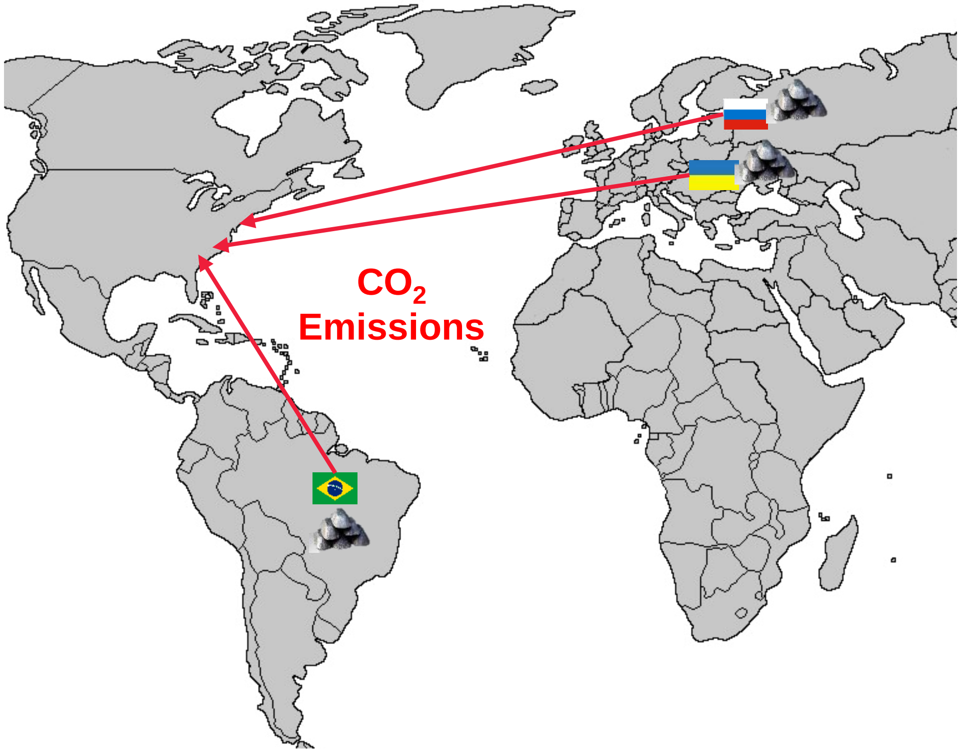
Prime Scrap Supply (including home scrap)



Factors shrinking prime supply
- Manufacturing offshoring
- Overall improvements in yield

PIG IRON IS NOT AN ENVIRONMENTALLY FRIENDLY ALTERNATIVE

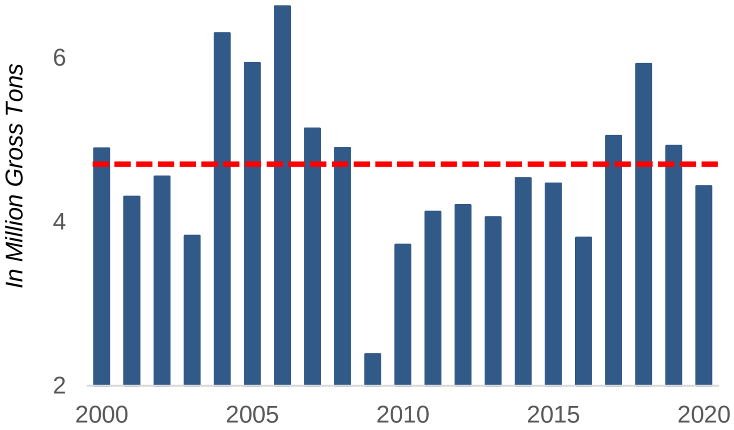
Flat-rolled mini-mills outsource CO_2 emissions



Imported pig iron and transport is significantly more CO_2 intensive than US blast furnace steel

- **Upstream Scope 3 emissions will have to be reported**
- When reported, imported pig iron will dramatically increase flat-rolled EAF CO_2 emissions
- Export restrictions recently placed in Russia
- Pig iron imports average ~5 million gross tons per year

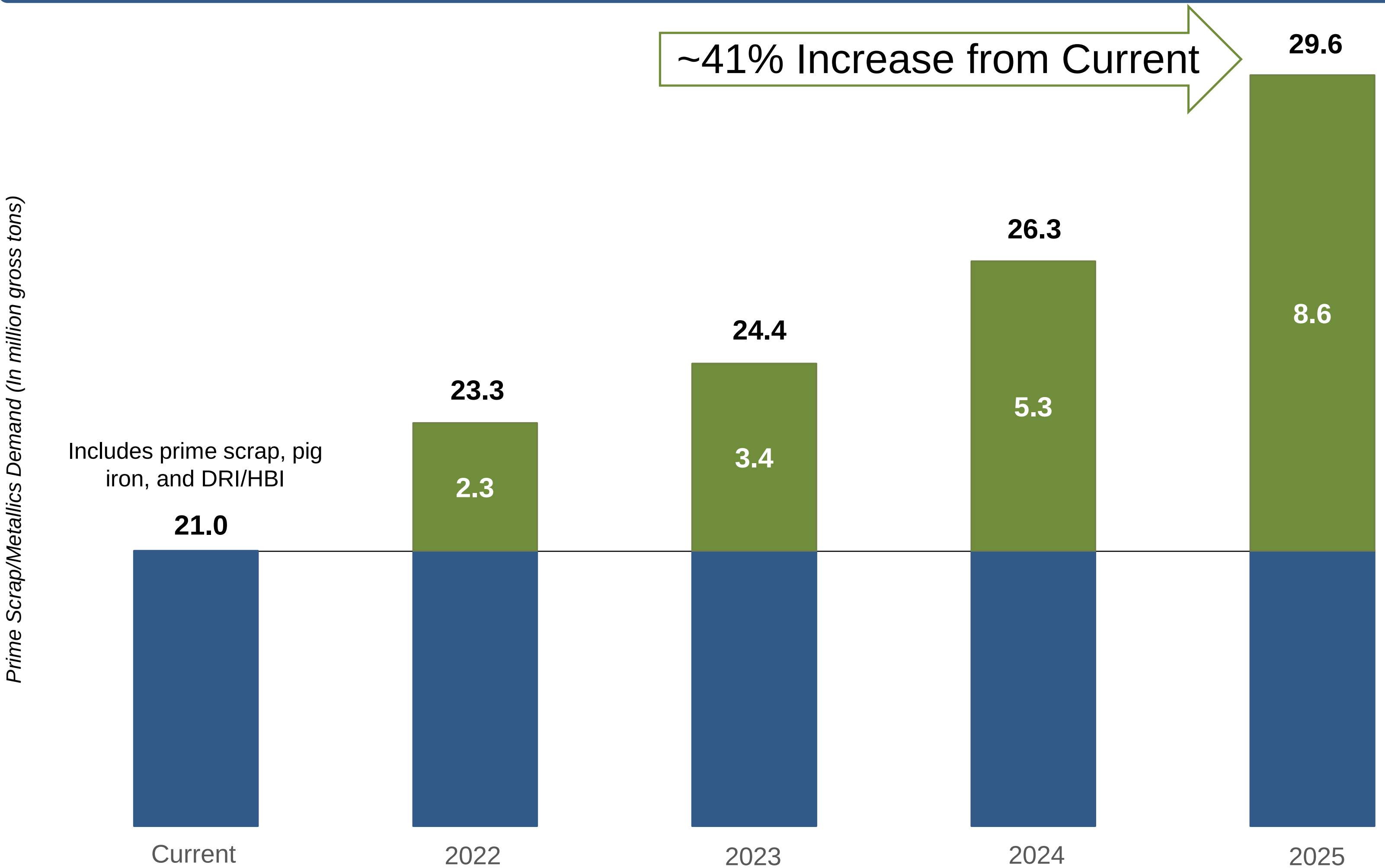
U.S Pig Iron Imports



Steel Research Associates, LLC Scrap Model & Cliffs Analysis

PRIME/METALLICS DEMAND WILL GROW >40% OVER THE NEXT 4 YEARS

Projected North America Net Prime Scrap / Metallics Demand



Based on Cliffs' conservative estimates of 30% prime and 30% metallics use in EAF sheet melt and 10% prime and 10% metallics use for EAF Plate. Cliffs estimates new EAF capacity has 6 month ramp up period at 50% utilization and 90% utilization beyond that period.

CLIFFS' FERROUS RAW MATERIAL PORTFOLIO

Prime Scrap

- Half of FPT output is prime scrap
- Several existing scrap offtake arrangements with OEM's

Pellets

- 27m gross tons throughout 5 mines
- 85% less CO_2 intense than sinter
- Standard, Flux, and DR-grade qualities

HBI

- 1.9m metric tons of annual capacity
- Can be used in BF/BOF/EAF
- Flexibility to use hydrogen reduction

CLIFFS