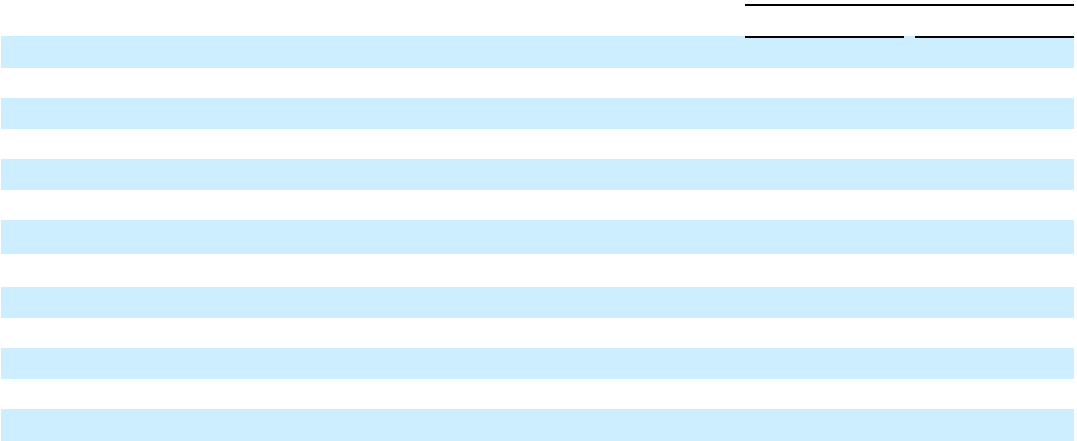
generate cash.” Mr. Goncalves continued, “We don’t see any short-term or even mid-term solution for the multi-year shortage of iron ore and pellets created by the serious problems in Brazil, and what we see now should be the new normal for the foreseeable future. Thanks to the design of the sales contracts we put in place, Cleveland-Cliffs will continue to benefit from this New Normal. Additionally, our comfortable financial position should be further enhanced in 2020 and beyond, as we remain on track to complete the construction of our HBI plant in Toledo, Ohio and start selling HBI to EAF steelmakers in a little more than a year from now." Mr. Goncalves concluded, "At this time, we expect to generate in excess of $80R[illegible]



Outlook

Per Long Ton Information	2019 Outlook Summary **Mining and Pelletizing**
Cost of goods sold rate	$74 - $79
Less:	
Freight expense rate (A)	$8
Depreciation, depletion & amortization rate	$4
Cash cost of goods sold rate[2]	$62 - $67
Sales volume (million long tons) (B)	20.0
Production volume (million long tons)	20.0

(A) Freight has an offsetting amount in revenue and has no impact on sales margin.

(B) This includes approximately 500,000 long tons of intercompany sales volumes to Cliffs' HBI facility.

Mining and Pelletizing Outlook (Long Tons)

Based on the assumption that relevant pricing indices will average for the remainder of 2019 their respective year-to-date averages, including iron ore prices of $85 per metric ton, steel prices of $691 per short ton, and pellet premiums of $67 per metric ton, Cliffs would expect to realize Mining and Pelletizing revenue rates in the range of $Ámetrr

Cliffs also expects to receive $117 million in cash tax refunds during the second quarter of 2019, which is earlier than previously expected.

Cliffs total capital expenditures expectation of approximately $555 million (including capitalized interest) for the year 2019 is maintained.

Conference Call Information

Cleveland-Cliffs Inc. will host a conference call this morning, April 25, 2019, at 9 a.m. ET. The call will be broadcast live and archived on Cliffs' website: www.clevelandcliffs.com

About Cleveland-Cliffs Inc.

Founded in 1847, Cleveland-Cliffs Inc. is the largest and oldest independent iron ore mining company in the United States. We are a major supplier of iron ore pellets to the North American steel industry from our mines and pellet plants located in Michigan and Minnesota. By 2020, Cliffs expects to be the sole producer of hot briquetted iron (HBI) in the Great Lakes region with the development of its first production plant in Toledo, Ohio. Driven by the core values of safety, social, environmental and capital stewardship, our employees endeavor to provide all stakeholders with operating and financial transparency. For more information, visit http://www.clevelandcliffs.com.

Forward-Looking Statements

This report 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 report, and we undertake no ongoing obligation, other than that imposed by [illegible]

CLEVELAND-CLIFFS INC. AND SUBSIDIARIES
STATEMENTS OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL POSITION

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CLEVELAND-CLIFFS INC. AND SUBSIDIARIES
NON-GAAP RECONCILIATION EXPLANATIONS

The Company presents cash cost of goods sold rate per long/metric ton, which is a non-GAAP financial measure that management uses in evaluating operating performance. Cliffs believes the presentation of non-GAAP cash cost of goods sold is useful to investors because it excludes depreciation, depletion and amortization, which are non-cash, and freight, which has no impact on sales margin, thus providing a more accurate view of the cash outflows related to the sale of iron ore. The presentation of this measure is not intended to be considered in isolation from, as a substitute for, or as superior to, the financial information prepared and presented in accordance with U.S. GAAP. The presentation of this measure may be different from non-GAAP financial measures used by other companies. Below is a reconciliation in dollars of this non-GAAP financial measure to the financial statements