STELCO

The Steel Company of Canada

Investor Presentation

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Disclaimer

Caution Regarding Forward-Looking Statements and Key Assumptions

From time to time, we make written or oral forward-looking statements within the meaning of applicable securities laws. We may make forward-looking statements in this presentation, in other filings with Canadian securities regulators, in other reports to shareholders and in other communications. Forward-looking information may relate to our future outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, plans and objectives of our Company. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities is forward-looking information. Forward-looking information in this presentation includes Stelco's anticipated requirements for iron ore pellets at Lake Erie Works, including for expanded production following the blast furnace upgrade project; the Company's expected source of funds for payment of the transaction consideration and that no incremental financing will be required in connection with the transaction; expectations that the Company will complete the installation of a pig iron caster during 2020; the Company's expected results for the first quarter ended March 31, 2020; the Company's sales expectations for Q2 2020, Stelco's anticipated capital expenditures of the remainder of the year from March 31, 2020 and the payment schedule for the Initial Consideration under the Option Agreement. The forward-looking information in this presentation is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions in respect of our ability to source raw materials and other inputs; our ability to supply to new customers and markets; our ability to effectively manage costs; our ability to attract and retain key personnel and skilled labour; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; changes in laws, rules, and regulations, including international trade regulations; expectations that demand from our key end markets will remain stable; our ability to utilize our logistics infrastructure to expand our market footprint; expectations that our capital projects will improve our cost structure and overall efficiency; expectations that the transaction will help secure a long-term future for the Company's steel production by providing a competitively priced and secure source of iron ore; our belief that the Minntac mine is best-in-class on the iron ore range; expectations that the transaction will result in value creation for the Company based on competitively priced iron ore; expectations that iron ore will continue to be a significant cost component of our operation and that the price of iron ore pellets specified in the pellet agreement will continue to be competitive for the term of the contract; expectations regarding future actions to maximize shareholder returns and profitability; expectations regarding our position to deliver organic and inorganic growth; and growth in steel markets and industry trends, as well as those set out in this presentation, are material factors made in preparing the forward-looking information and management's expectations contained in this presentation.

In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances may be forward-looking statements. Forward-looking statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. The forward-looking statements contained in this document are presented for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented, as well as our financial performance objectives, vision and strategic goals, and may not be appropriate for other purposes.

Whether actual results, achievements, or performance will conform to our expectations and predictions is subject to a number of known and unknown uncertainties and risks which could cause actual results to differ materially from our expectations. Such risks and uncertainties include and are not limited to: risks inherent in a cyclical and highly competitive industry; cash flow volatility; the strength of economies in North America, particularly the automotive sector; changes in the automotive market; global steel capacity growth; existing and new trade laws and regulations; competition from other producers, imports, or alternative materials; ability to secure commitments or future orders from new or existing customers; ability to realize higher margins on products we produce; changes in availability and cost of raw materials, electricity, and natural gas; contractual counterparty's exercise of termination option upon change of control or default; maintenance of proper inventory levels; disruption of operations due to unforeseen circumstances such as power outages, explosions, fires, floods, accidents, and severe weather conditions; the loss of leased property on which operating facilities are located; impacts from COVID-19 and other unforeseen conditions or events that could impact Stelco's business.

The preceding lists are not exhaustive of all opinions, estimates and assumptions underlying our forward-looking statements or of all possible risk factors and other factors could also adversely affect our results. Additional information on these and other factors that could affect our business, operations or financial results are included in reports on file with applicable securities regulatory authorities, including but not limited to the information under the headings Risk and Uncertainties in our management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2019 and Stelco Holdings Inc.'s management discussion and analysis of financial condition and results of operations for the year ended December 31, 2019, which may be accessed on Stelco's SEDAR profile at www.sedar.com. The forward-looking statements contained in this presentation are made as of the date hereof. Stelco undertakes no obligation to update publicly or revise any forward-looking statements, whether written or oral, whether as a result of new information, future events or otherwise, except as required by law. Readers are cautioned against relying or otherwise obtaining information in respect of the Company from sources other than from the Company's public filings on the SEDAR website

Information contained in or otherwise accessible through the websites mentioned herein does not form part of this presentation.

Non-IFRS Measures

This presentation makes reference to non-IFRS measures, including Adjusted EBITDA, Adjusted net income, Adjusted EBITDA per net ton, Average Selling Price per net ton, Shipping Volume. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. Reconciliations of IFRS to non-IFRS measures as well as the rationale for their use can be found starting on page 8 of the Stelco Holdings Inc. Management Discussion and Analysis for the three months and year ended December 31, 2019, which may be accessed on Stelco Holdings Inc.' SEDAR profile at www.sedar.com.

Adding Supply Certainty and Vertical Integration Potential

Stelco's strategic agreement with United States Steel Corporation ("U.S. Steel") includes:

1 Long-dated option to purchase a 25% stake in the Minntac mine at a fixed price

- We believe Minntac is among the largest and lowest cost iron ore mine in the United States, with annual pellet production of up to 16 mtpa
- The fully-integrated operation is strategically located on Minnesota's Mesabi Iron Range on the Great Lakes, and is 100%-owned by U.S. Steel

2 Eight-year agreement to purchase iron ore pellets

- Substantially similar terms to the existing pellet agreement, with higher quantities to reflect expected increased capacity following the blast furnace upgrade project
- No exposure to the international price of seaborne iron ore

3 Total cash consideration of US$100 million for the Option

- Payable to U.S. Steel in five US$20 million installments[1]
- Transaction will be funded with a combination of cash on hand, ongoing cash flow generation, and suspension of the quarterly dividend
- No incremental financing is required

Refer to slide 12 for additional transaction details

1. *The first installment is payable upon signing of the Option Agreement and the next four installments are payable every two months thereafter.*

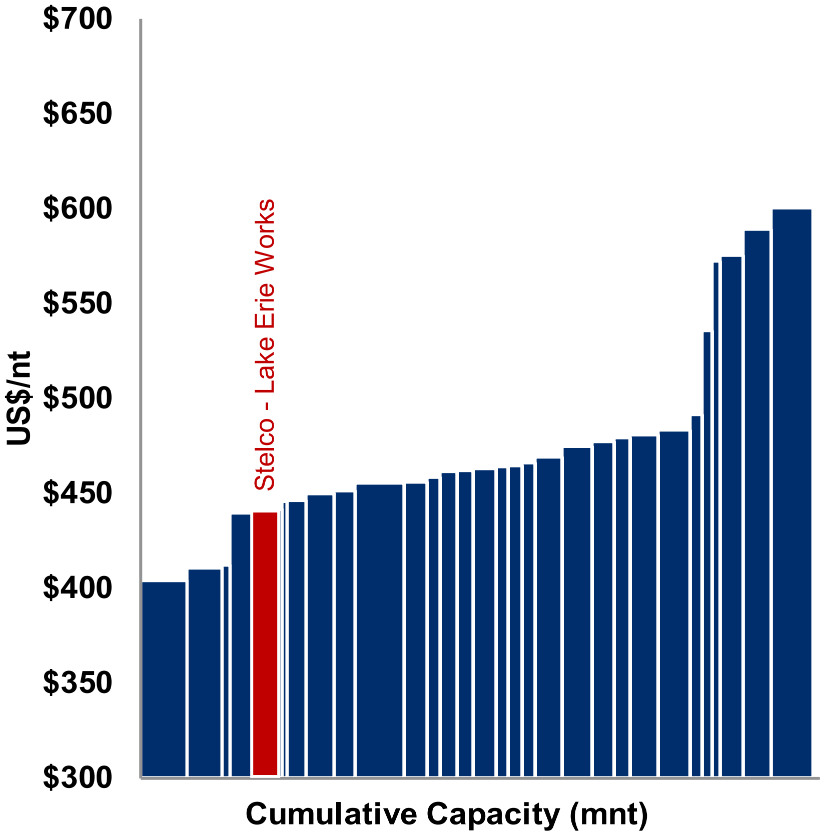
Key Investment Highlights

1. Secures Long-Term Future of Stelco's Steel Production
2. Best-In-Class Iron Ore Asset on the Range
3. Compelling Value Creation
4. Continuing to Execute on Strategy

1 Secures Long Term Future of Stelco's Steel Production

Fixes Low-Cost Position

North American
HRC Cost Curve (US$)[1]



Provides Long-Term Certainty

- ✓ Secures low-cost position for largest component of variable costs
- ✓ Eliminates potential exposure to volatile seaborne iron ore market
- ✓ Provides flexibility and input material to grow steel production over time
- ✓ Upcoming blast furnace outage provides opportunity for improvements to further lower cost position

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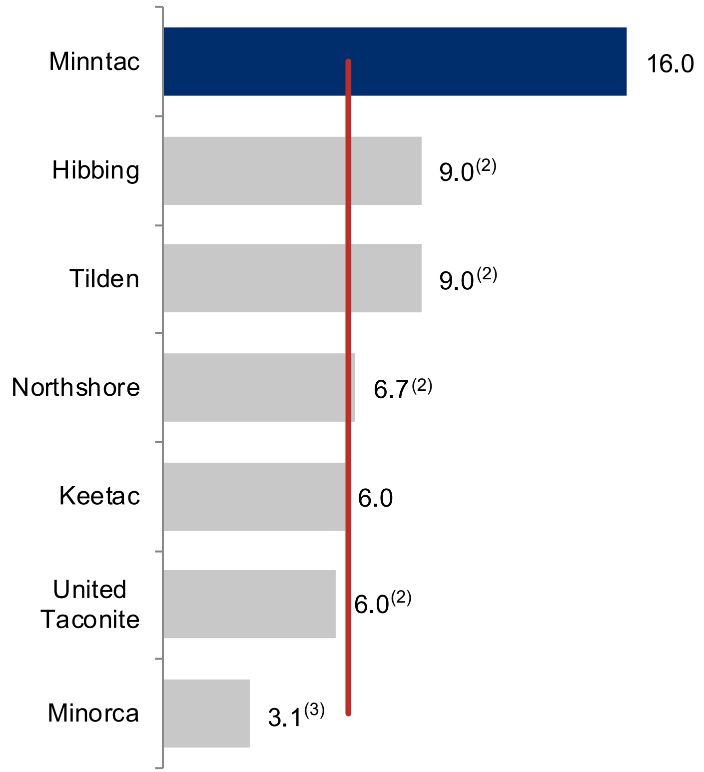
1. *World Steel Dynamics as of September 2019. Cost Curve as of September 2019 for US and Canadian HRC (incl. SG&A, interest expense, and pension & OPEB costs).*

2 Best-In-Class Iron Ore Asset on the Range

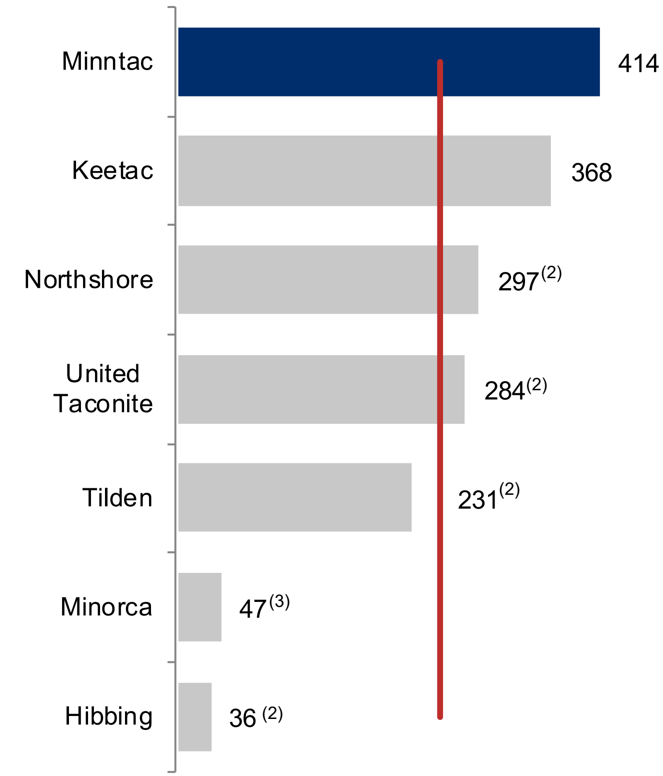
Production Capacity (million nt)

Peer Median (6.4 million nt)(1)



Reserves (million nt)

Peer Median (257 million nt)(1)



We believe we are investing in the largest scale, lowest cost pellet producer in the United States

Note: Figures sourced from www.ussteel.com/locations/minntac and December 31, 2019 annual reports for U.S. Steel, Cleveland-Cliffs, and ArcelorMittal.

1. *Median excludes Minntac.*
2. *Calculated based on reported production capacity in long tons and saleable reserves in long tons converted to nt at a conversion factor of 1.12x.*
3. *Calculated based on reported production capacity in metric tonnes and raw ore tonnage in million metric tonnes multiplied by an assumed 32.5% average mass recovery to derive estimated pellet reserves converted to nt at a conversion factor of 1.10x.*

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3 Compelling Value Creation

Transaction Delivers Multiple Value Propositions to Stelco Shareholders

- ✓ Eliminates pricing uncertainty
- ✓ Addresses upcoming pellet agreement expiration
- ✓ Terms consistent with existing pellet agreement
- ✓ Provides iron ore volumes above levels in current agreement to support increased output following the blast furnace upgrade project

Immediate benefit to Stelco by solidifying low-cost advantage while Option provides clear path to becoming vertically integrated

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4 Continuing to Execute on Strategy

Complete Transformation and Repositioning

2020

2020: Capital efficient growth
- Ensure competitive, long-term iron ore supply
- Preserve future optionality for vertical integration
- Improve cost position with blast furnace upgrade project, capacity increases, and installation of pig iron caster

2019

2019: Delivering on commitments
- Completed batch annealing installation and built strategic relationship with DTE Energy on co-generation power plant
- Execution of land development strategy
- Pursuing high IRR asset investments to further increase production and improve leading cost position

2018

2018: Optimization of assets
- Grew shipments from 2.0 mnt to 2.6 mnt in one year
- Completed land acquisition
- Demonstrated power of “tactical flexibility” business model during Section 232 Tariff-related market volatility
- Record financial performance ($614 million Adjusted EBITDA)

H2 2017

H2 2017: Restructuring, acquisition, and IPO
- Eliminated debt and shifted legacy liabilities to third parties
- Vastly improved labor relations
- Initial public offering

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Appendix

Stelco Holdings Inc. – Expected Quarterly Financial Metrics

(CA$ millions)

	Q1 2020
Revenue	**445**
Net income (loss)	**(24)**
Adjusted EBITDA[1]	**20**
Shipping volume (‘000s nt)	**621**

NOTE: All figures indicated above with respect to the three-month period ended March 31, 2020 are preliminary and are subject to change as our financial results are finalized. The preliminary results provided above constitute forward-looking information within the meaning of applicable securities laws, are based on a number of assumptions and are subject to a number of risks and uncertainties. See ‘‘Forward-Looking Information’’.

- In Q1 2020 the Company shipped to its maximum current capacity
- Stelco’s Q2 2020 order book is over 85% filled and the Company expects to be fully sold out for the period
- Stelco also continues to maintain a strong liquidity position with $232 million of cash on hand and $74 million of availability under the existing asset-based credit facility as at March 31, 2020
- For the remainder of the year from March 31, 2020, Stelco management’s current expectation is that total net capital expenditures will be approximately $55 million

1 See “Disclaimer – Non-IFRS Measures” and “Appendix – Stelco Holdings Inc. – Adjustments to EBITDA (Quarter)” for a reconciliation to the most directly comparable measure calculated in accordance with IFRS.

Stelco Holdings Inc. – Adjustments to EBITDA (Quarter)

(CA$ millions)

	Three months ended	
	March 31, 2020	March 31, 2019
Net income (loss)	**(24)**	**43**
Add back / (deduct):		
Depreciation	13	**8**
Finance costs [1]	33	**3**
Restructuring and other costs	1	**-**
Transaction-based and other corporate-related costs	1	**-**
Unrealized gain from commodity-based swap	(2)	**-**
Property related idle costs included in cost of goods sold	-	**1**
Share-based compensation (recovery) [2]	(1)	**2**
Carbon tax expense (recovery)	-	**3**
Finance income	(1)	**(2)**
Tariff related costs (recovery)	-	**13**
Separation costs related to USS support services	_	**5**
Adjusted EBITDA [3]	**20**	**76**

1. *Finance costs includes foreign exchange gains and losses, interest on loans and borrowings, remeasurement and accretion costs associated with our employee benefit commitment and other finance costs connected to our lease obligations. During the first quarter of 2020, finance costs included a $16 million foreign exchange loss in connection with the impact of foreign exchange translation on U.S. dollar denominated working capital.*
2. *Share-based compensation consists of costs (recovery) connected with share options awarded to certain members of the Company's executive senior leadership team during the period.*
3. *See "Disclaimer – Non-IFRS Measures".*

Additional Transaction Details

- Stelco will pay total cash consideration of US$100 million for the Option to U.S. Steel, in five US$20 million installments[1]

1 Long-dated option to purchase a 25% stake in the Minntac mine at a fixed price	2 Eight-year agreement to purchase iron ore pellets on terms consistent with existing contract
• Provides Stelco with the option to purchase a 25% ownership interest in a to-be-formed Joint Venture that will own 100% of U.S. Steel's iron ore mine located in Mt. Iron, Minnesota and related infrastructure (the "Minntac Mine")	• Replaces Stelco's existing iron ore pellet sale and purchase agreement with U.S. Steel that was set to expire on January 31, 2022, with a new agreement that extends to January 31, 2028

• Option is exercisable by Stelco at any time following payment of the initial consideration under the Option Agreement until January 31, 2027 ("Option Term"), at a net exercise price of US$500 million
• Provides long-term optionality for raw material cost advantage from owning an interest in an iron ore mine
• Enhances flexibility to deliver highest margin outcomes based on prevailing market conditions over the option term
• Minntac is the largest iron ore operation in the U.S. and is 100%-owned and operated by U.S. Steel
    • Minntac is a fully integrated pellet operation comprised of open pit mining, crushing, concentrating, pelletizing, and rail loading facilities
    • Purchase option includes the mine and all associated infrastructure
• Stelco may perform no more than 3 confirmatory due diligence reviews of the Minntac Mine during the Option Term. If Stelco fails to exercise the Option upon the expiration of any due diligence period, Stelco must pay U.S. Steel a $20 million due diligence fee. If Stelco fails to exercise the Option during the Option Term, Stelco will have forfeited the initial $100 million payment.
• Upon exercise of the Option, if Stelco fails to comply with the terms of the Option and enter into the transaction agreements contemplated thereunder, Stelco shall be required to pay a $20 million fee to U.S. Steel.
	• Secures all requirements for iron ore pellets at the Lake Erie Works from an understood source for the next 8 years
	• Limits exposure to fluctuations in the price of iron ore
	• Addresses upcoming maturity of existing pellet agreement in January 2022

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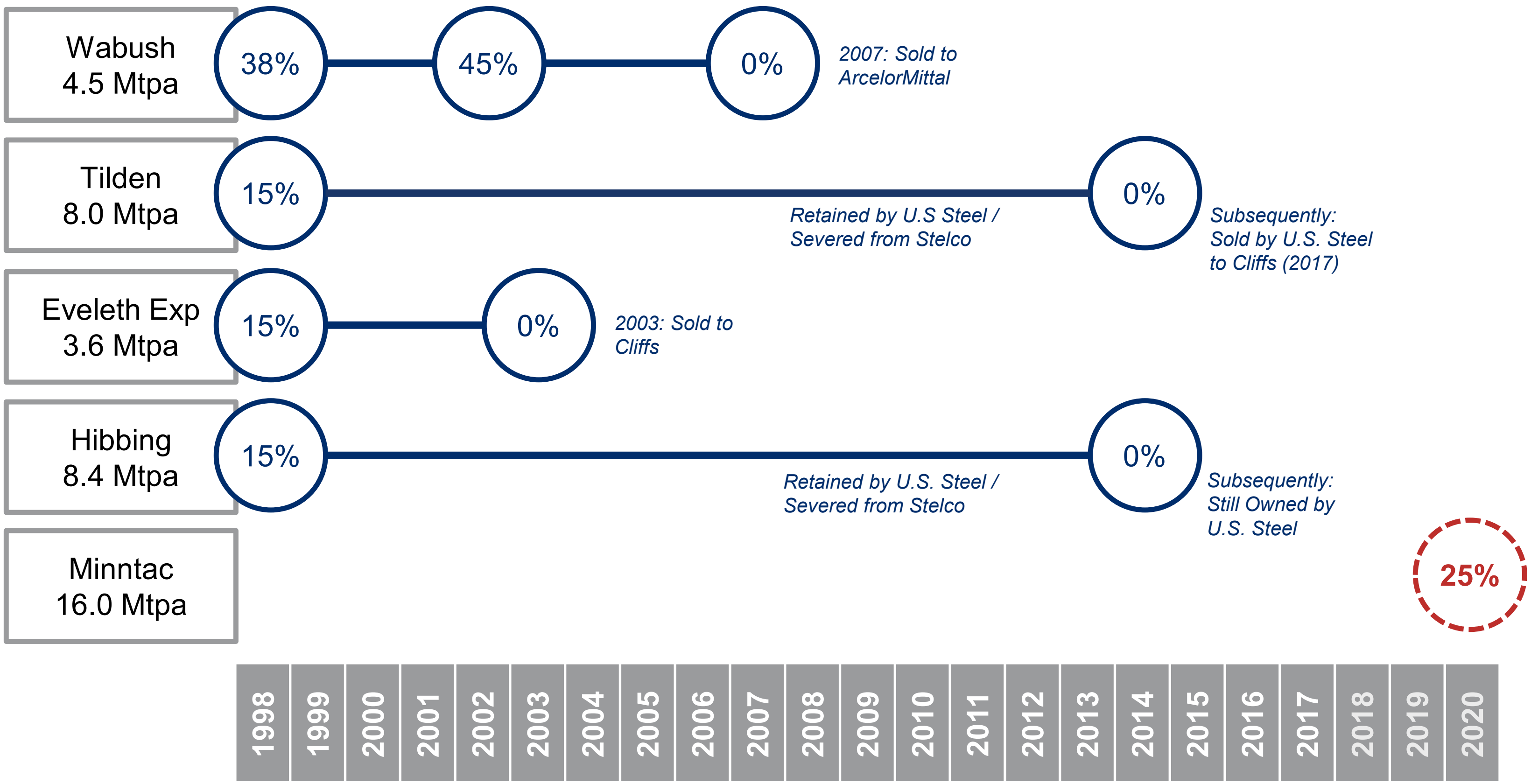
1. *The first installment is payable upon signing of the Option Agreement and the next four installments are payable every two months thereafter.*

Stelco's History in Iron Ore



Returns Stelco to historic status as a fully integrated producer

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