



CRU's summary of key findings

CRU was requested to provide a brief analysis of cost & competitiveness impacts if Keetac was to incur an additional operating cost increase of \$/17/ton and \$26/ton, respectively for Blast Furnace (BF) grade and Direct Reduction (DR) grade pellet production.

CRU has found that in the current baseline market (2025), Keetac is a highly competitive producer of pellets, both within the immediate Great Lakes region, but also when compared to potential international / seaborne peers in the Atlantic Basin. This cost position has allowed Keetac to export pellets to international buyers competitively in recent historical years despite the otherwise high logistics costs associated with transporting pellets from Minnesota international non-Great-Lakes customers.

Based on CRU's independent cost analysis, an estimated \$17/ton increase in BF-grade pellet production costs would shift Keetac's cost position from the first quartile into the fourth quartile and raise overall site costs by 15%, compared to the base-case.

If Keetac's existing blast-furnace customers (e.g. US Steel's integrated BF-based steel mills in the US) were to continue using Keetac pellets after this cost increase, it would in turn increase these steel mill's crude steelmaking cost basis by \$20/ton or 4%, compared to the base case.

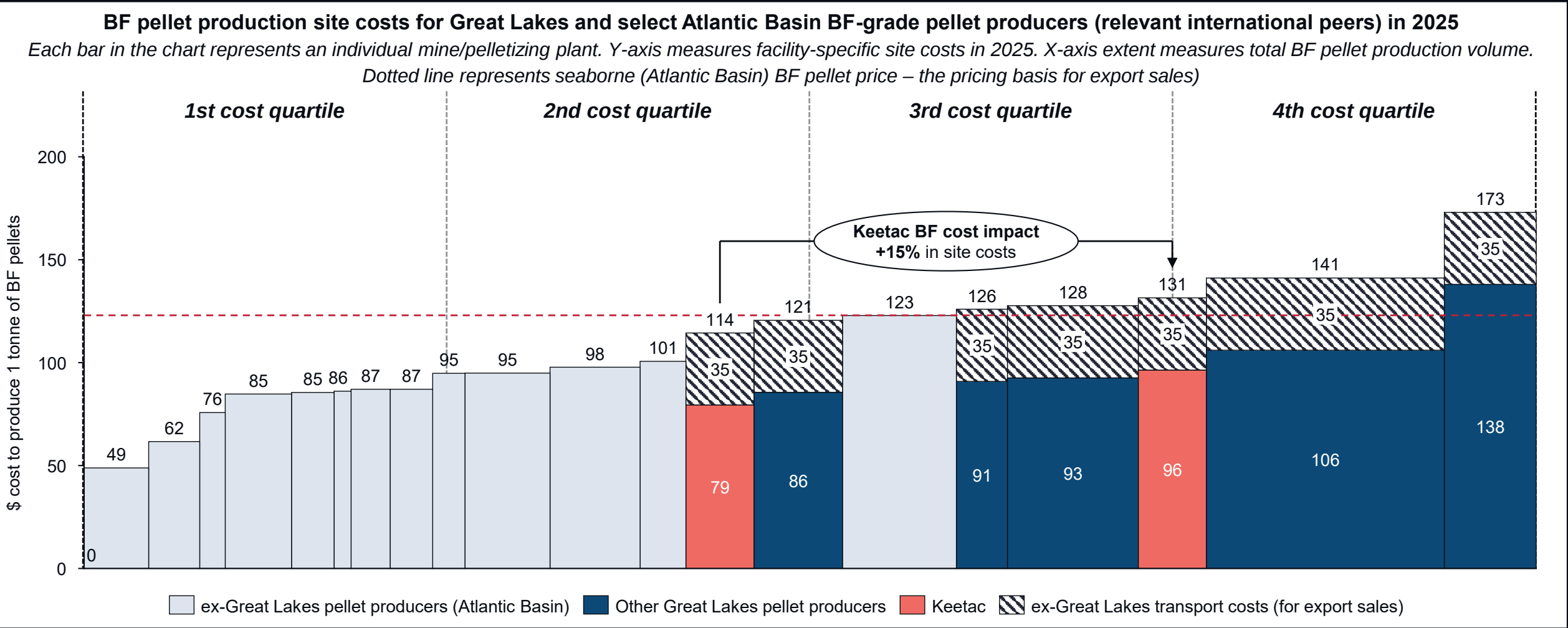
While this 4% cost change seems small in percentage terms, a \$20/ton steelmaking cost impact would significantly impact these mill's competitiveness relative to other domestic blast furnace or EAF-based steelmakers and likely put all of US Steel's BF operations above the total US steelmaking cost average.

CRU estimates that Keetac is currently among the lowest-cost DR pellet producers in the entire Americas region. Despite the ~\$35/ton logistics costs associated with moving pellets out of the Great Lakes, Keetac can still execute meaningful export sales profitably in the current seaborne international iron ore pricing environment, because of its otherwise low site-cost advantage.

A \$26/ton increase in DR pellet production costs would significantly harm Keetac's cost competitiveness, likely 1) making it the highest-cost DR pellet producer within the region; 2) raising costs above the current seaborne pellet price level; and therefore, 3) effectively negating any previous cost advantage in the ex-Great Lakes export market.



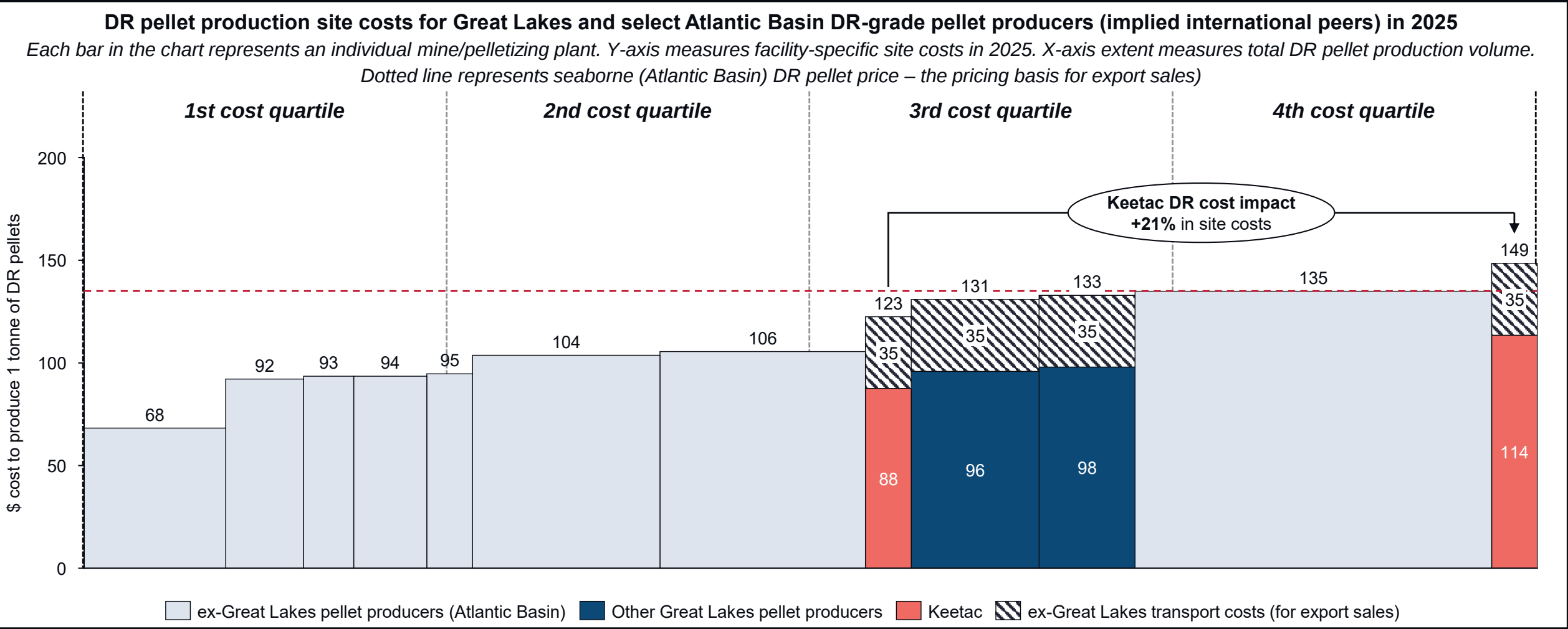
Compared to other BF pellet producing peers within the Great Lakes and within the broader Atlantic Basin seaborne pellet market, Keetac is currently a relatively low-cost producer. An additional \$17/t cost increase would push Keetac into the highest cost quartile and likely make future ex-Great Lakes export sales less competitive



Source: CRU team analysis and CRU’s Iron Ore Model. Note that the costs provided in this chart represent CRU’s independent estimates of site costs for relevant facilities.



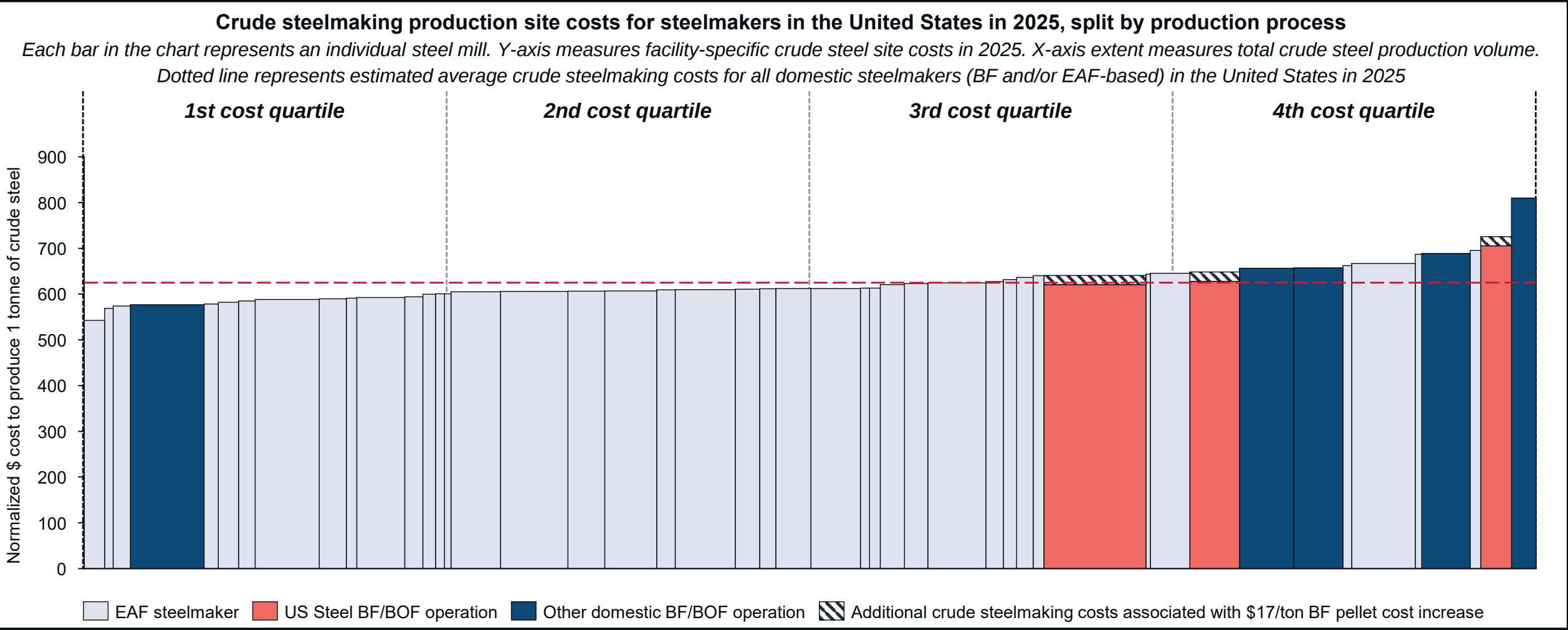
For DR-grade pellet production, an additional \$26/t cost increase would push Keetac from a relatively competitive 1st-quartile cost position into the highest fourth quartile cost position. Under these higher cost conditions, future ex-Great Lakes export sales of DR pellets would become significantly less viable



Source: CRU team analysis and CRU’s Iron Ore Model. Note that the costs provided in this chart represent CRU’s independent estimates of site costs for relevant facilities.



US Steel consumes Keetac’s BF-grade pellets in its domestic blast furnace operations. A \$17/ton mining cost increase for BF pellets would amount to a ~\$20/ton (roughly 4%) increase in crude steelmaking costs for those facilities, thereby further reducing BF-based cost competitiveness compared to other domestic US steelmakers



Source: CRU team analysis and CRU’s Steel Cost Model. Note that the costs provided in this chart represent CRU’s independent estimates of site costs for relevant facilities.