

Daily Iron Ore Index Report

August 10, 2018

IRON ORE PORT STOCK INDEX (IOPI)

August 10 2018		FOT Qingdao (inc. 16% VAT), RMB/wet tonne							CFR Qingdao Equivalent (exc. 16% VAT), USD/dry tonne ¹						
Index	Fe Content	Price	Change	Change %	MTD	YTD	Low ²	High ²	Price	Change	Change %	MTD	YTD	Low ²	High ²
IOPI62	62% Fe Fines	515	4	0.8%	505	480	443	559	66.72	0.47	0.7%	65.46	65.40	61.36	77.89
IOPI58	58% Fe Fines	349	-2	-0.6%	351	333	304	376	43.98	-0.32	-0.7%	44.35	44.07	40.67	50.97
IOPI65	65% Fe Fines	708	1	0.1%	700	607	541	710	93.16	0.03	0.0%	92.17	83.61	75.83	97.10

IRON ORE DOMESTIC CONCENTRATE SPOT PRICE ASSESSMENTS AND COMPOSITE INDEX

Week Ending August 03, 2018				RMB/tonne (excluding tax)				USD/tonne (excluding tax) ³			
Province	Region	Product	Basis	This week	Change %	Low ²	High ²	This week	Change %	Low ²	High ²
Hebei	Hanxing	66% Fe Concentrate	Dry	627	2.8%	579	682	91.97	2.3%	84.93	100.04
Hebei	Qian'an	65% Fe Concentrate	Dry	690	0.0%	630	710	101.22	-0.5%	92.41	104.15
Liaoning	Anshan	65% Fe Concentrate	Wet	465	0.0%	445	550	68.21	-0.5%	65.28	80.68
Shandong	Zibo	65% Fe Concentrate	Dry	680	3.0%	620	690	99.75	2.5%	90.95	101.22
Week Ending August 03, 2018				This week	Change %	Low ⁴	High ⁴				
China Mines Concentrate Composite Index RMB/WT				567.06	0.9%	534.50	628.33				

¹ Exchange rate applied: RMB/USD = 6.8395 ² Since March 1
³ Weekly exchange rate applied: RMB/USD 6.8171 ⁴ Last 12 months

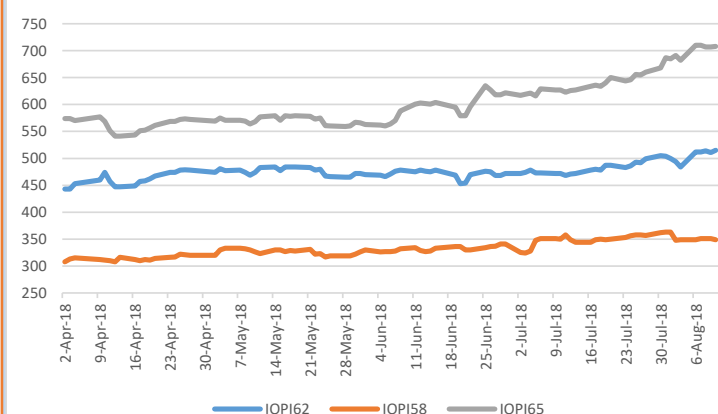
MARKET COMMENTARY

Iron ore stocks across 35 Chinese ports shrank 590,000 mt on a weekly basis, to 140.16 million mt as of Friday August 10. Limited arrivals from overseas accounted for the decline. Daily average deliveries from these ports also fell by 31,000 mt week on week to 2.5 million mt, SMM data showed. Deliveries extended their increase from major ports in Shandong province, including Qingdao and Rizhao ports. This grew in-plant inventories across steel mills around the province. At Caofeidian port in Tangshan, daily average deliveries also rose by some 40,000 mt on the week. Daily delivery from Jingtang port in Tangshan went flat over the week as environmental probes restricted road transport.

PLATFORM TRADES AND TENDERS

61% Fe Fines trades at US\$67.58 for 170,000t 27 Aug—5 Sept LAYCAN

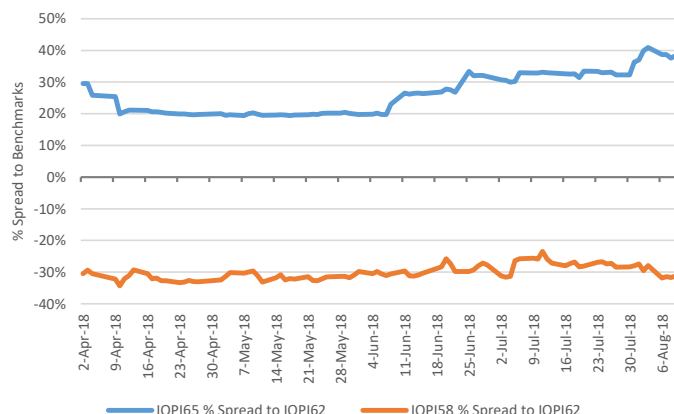
IRON ORE PORT INDEX, FOT QINGDAO (RMB/WT)



IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT

August 10 2018		PORT STOCK INDEX (RMB/WT)	
Fe Content		Spread to IOPI62	% Spread to IOPI62
58% Fe Fines		-166	-32.23%
65% Fe Fines		193	37.48%

IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT



IRON ORE FUTURES CONTRACTS

Closing Date	DCE			SGX		
	10 Aug 3pm close			10 Aug 6pm		
Contract	I1901	Change	Change %	Sep'18	Change	Change %
Closing Price	507.0	-7.0	-1.36%	69.10	-0.60	-0.86%
Vol traded ('000 lots)	99.57	16.1	19.33%	10.46	2.49	31.19%
Open positions ('000 lots)	79.28	0.1	0.07%	108.51	0.54	0.50%
Day Low	507.0	1.0	0.20%	68.91	-0.14	-0.20%
Day High	517.0	3.0	0.58%	69.98	0.28	0.40%

FREIGHT RATES

August 09, 2018		FREIGHT RATES - DRY BULK US\$/wet tonne				
Route	Designation	Change	Change %	Low ⁴	High ⁴	
W. Australia - Qingdao	C5	9.35	0.06	0.64%	5.109	10.002
Tubarao - Qingdao	C3	24.23	0.14	0.60%	12.705	24.76

IRON ORE PORT INVENTORIES

Week Ending August 10, 2018 (million tonnes)				
Province	This week	Change %	Low ⁴	High ⁴
Jingtang	16.70	1.21%	14.11	19.00
Qingdao	18.70	-1.06%	15.60	19.97
Caofeidian	18.20	-2.78%	16.62	25.30
Tianjin	10.10	-3.63%	8.35	11.00
Rizhao	17.39	-0.34%	13.10	19.00
Total (35 Ports)	140.16	-0.41%	123.49	150.04

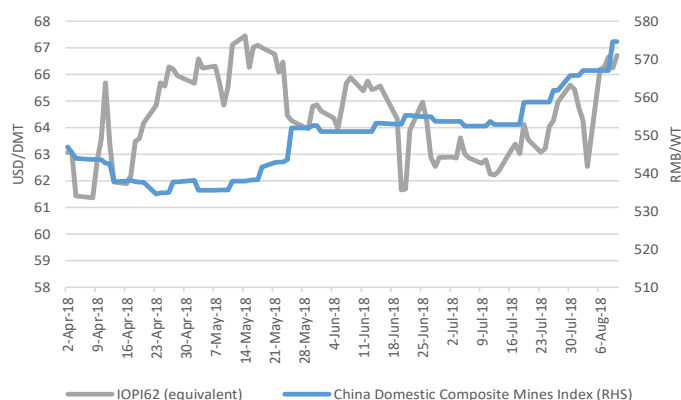
BLOOMBERG

BLOOMBERG TICKERS		
	FOT Qingdao (RMB/wet tonne)	CFR Qingdao Equivalent (USD/dry tonne)
IOPI62	IRCNQ001	IRCNQ004
IOPI58	IRCNQ002	IRCNQ005
IOPI65	IRCNQ003	IRCNQ006

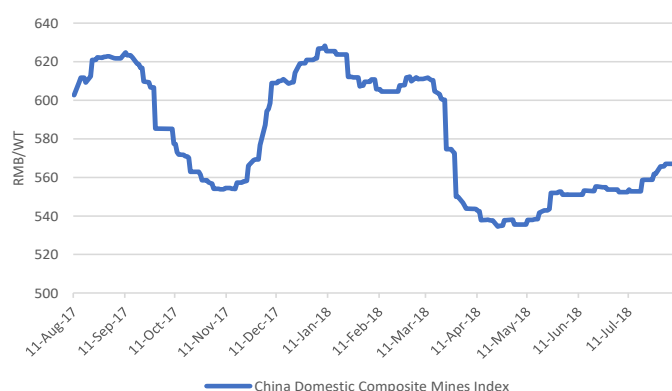
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MMi BENCHMARK IRON ORE PRICES



CHINA DOMESTIC COMPOSITE MINES INDEX (RMB/Wet Tonne, including VAT)

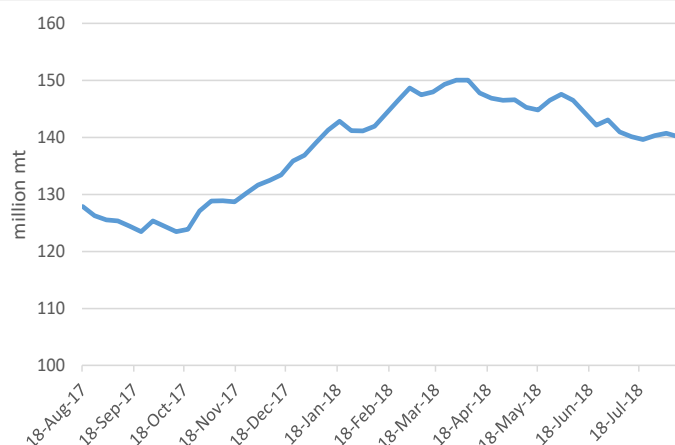


IRON ORE BRAND SPOT PRICE ASSESSMENTS

August 10 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Change	Diff to IOPi62
Roy Hill	497	5	-18
SIMEC Fines	479	9	-36
PB Fines	498	4	-17
Newman Fines	525	4	10
MAC Fines	502	5	-13
Jimblebar Blended Fines	460	5	-55
Carajas Fines	766	0	251
Brazilian SSF	559	9	44
Brazilian Blend Fines	553	6	38
RTX Fines	476	5	-39

August 10 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Change	Diff to IOPi58
SSF	301	-3	-48
FMG Blended Fines	350	-2	1
Robe River	339	-2	-10
Western Fines	305	-2	-44
Atlas Fines	282	-2	-67
Yandi	317	-2	-32

TOTAL IRON ORE INVENTORIES AT CHINA PORTS

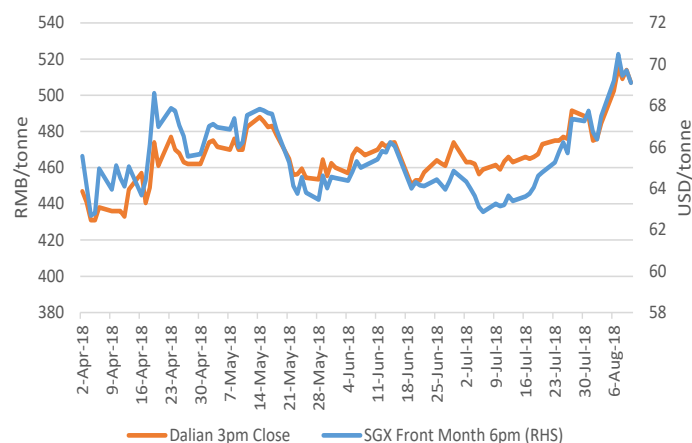


AVERAGE IRON ORE BRAND SPECIFICATIONS FOR PORT STOCK SALES

August 10 2018	SPECIFICATIONS APPLIED FOR 62% BRAND ASSESSMENTS				
	Fe	Alumina	Silica	Phos	Moisture
Roy Hill	61.00%	2.20%	4.50%	0.055%	8.00%
SIMEC Fines	60.00%	2.30%	6.30%	0.060%	6.00%
PB Fines	61.57%	2.41%	3.68%	0.100%	9.03%
Newman Fines	62.53%	2.34%	4.03%	0.090%	7.52%
MAC Fines	61.21%	2.21%	4.64%	0.090%	7.52%
Jimblebar Blended Fines	61.04%	2.86%	4.67%	0.100%	6.85%
Carajas Fines	65.61%	0.99%	1.87%	0.060%	8.50%
Brazilian SSF	62.00%	1.00%	6.50%	0.040%	6.00%
Brazilian Blend Fines	62.87%	1.38%	4.86%	0.070%	8.64%
RTX Fines	61.00%	3.10%	4.50%	0.135%	7.50%

August 10 2018	SPECIFICATIONS APPLIED FOR 58% BRAND ASSESSMENTS				
	Fe	Alumina	Silica	Phos	Moisture
SSF	56.50%	3.05%	6.28%	0.050%	9.10%
FMG Blended Fines	58.33%	2.68%	5.80%	0.070%	7.17%
Robe River	56.71%	3.11%	5.11%	0.030%	8.69%
Western Fines	57.61%	2.94%	6.88%	0.070%	7.56%
Atlas Fines	56.59%	2.55%	7.14%	0.080%	8.46%
Yandi	57.19%	1.40%	6.39%	0.040%	8.85%

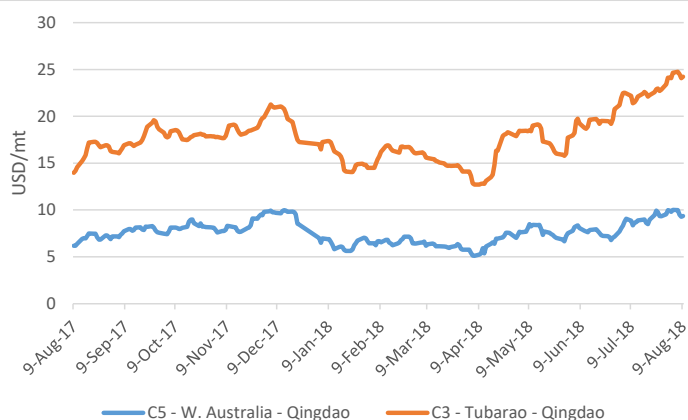
FUTURE TRADING—FRONT MONTH CLOSING PRICE



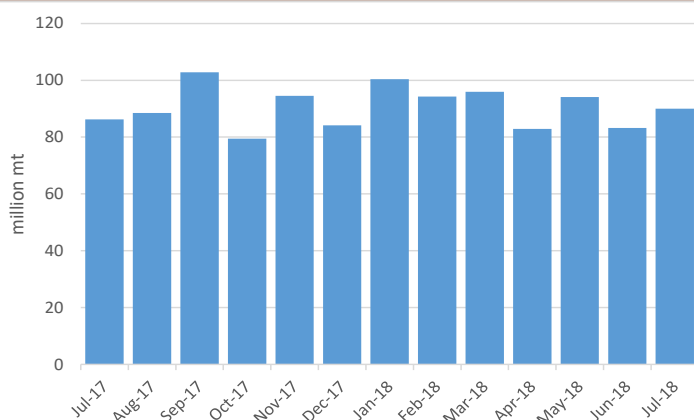
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DRY BULK FREIGHT RATES



TOTAL CHINA IRON ORE IMPORT VOLUMES

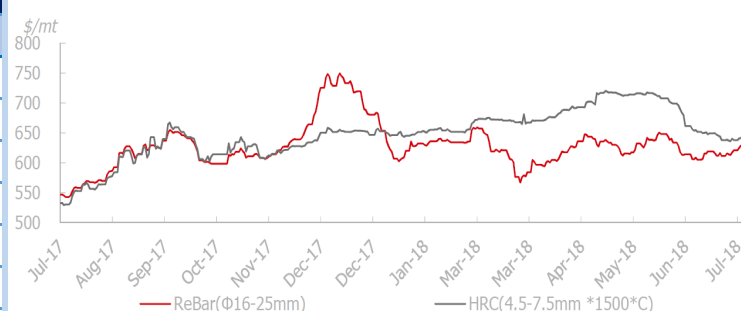


Steel Spot Market Prices - China

Steel Spot Market RMB/tonne

Product	3/8/2018	Change	Change %
ReBar HRB400 φ18mm	4,287.0	70.0	1.66%
Wirerod Q300 φ6.5mm	4,551.0	64.0	1.43%
HRC Q235/SS400 5.5mm*1500*C	4,296.0	13.0	0.30%
CRC SPCC/ST12 1.0mm*1250*2500	4,753.0	47.0	1.00%
Medium & Heavy Plate Q235B 20mm	4,393.0	60.0	1.38%
GI ST02Z 1.0mm*1000*C	5,345.0	45.0	0.85%
Billet Q235 150*150mm	3,850.0	60.0	1.58%

Rebar and HRC spot prices



Source: SMM

CHINESE STEEL EXPORT PRICES

China Export Prices USD/tonne

Product	Specification	Export tax (+)/Vate rebate (-)	Change
		3/8/2018	
Rebar	BS4449 460B 12-25mm, + chrome	-13%	570 0
Wire Rod	SAE1008 6.5-10mm +chrome	-9%	575 0
Hot-rolled coil	SS400/Q235 4.0-10.0mm	-9%	575 -5
Cold-rolled coil	SPCC 1.0mm	-13%	620 0
Medium & Heavy plate	A-level Ship plate 12-25mm	0%	610 0
Galvanised	ST02Z/SGCC 1.0mm	-13%	690 0

Note: Calculation formula for converting export prices of rebar, cold-rolled steel and galvanizing into prices in China's spot market = FOB * exchange rate * 1.16 / (1.16 - 0.13); Calculation formula for converting export prices of wire rod and hot-rolled steel into prices in China's spot market = FOB * exchange rate * 1.16 / (1.16 - 0.09); Calculation formula for converting export prices of medium-thick plate into prices in China's spot market = FOB * exchange rate

CHINESE STEEL INVENTORIES

Steel Inventories³ (unit: 1000 tonnes)

Product	3/8/2018	27/7/2018	Change	Change %
Rebar	4,593	4,550	43	0.95%
Wirerod	1,195	1,179	16	1.36%
Hot-rolled Coil	2,174	2,145	29	1.35%
Medium & Thick Plate	948	954	-6	-0.63%
Cold-rolled Coil	1,173	1,180	-7	-0.59%
Total	10,084	10,008	76	0.76%

³ SMM statistics cover inventories of major steel products in China's major markets: hot-rolled steel inventories in 33 major cities; rebar and wire inventories in 35 major cities; cold-rolled steel and medium-thick plate inventories in 31 major cities.

CHINESE STEEL MILL PROFITABILITY

SMM Tracking of Steel Mill P&L - Rebar and Hot-rolled Coil (RMB/tonne)

Category	Price	Change (WoW)	Note
MMI (Fe 62%), USD/mt excluding tax	62.54	-2.42	MMI index for 22nd June
Coke	1,970	0	2nd grade met coke, Tangshan, incl. tax
Steel Scrap	2,190	120	steel scrap (6mm) in Zhangjiagang, excl. tax
Billet Cost	2,715	-9	Q234, incl. tax
Rebar cost - Blast furnace	2,979	-9	calculated based on theoretical weight, incl. tax
Rebar profit - Blast furnace	1,131	109	based on Shanghai prices, incl. tax
Hot-rolled coil cost - Blast furnace	3,042	-9	based on actual weight, incl. tax
Hot-rolled coil profit - Blast furnace	1,248	9	based on Shanghai prices, incl. tax

Note: 1. Costs in the table are calculated based on today's market prices and factored our management, sales, financial and depreciations fees.

2. The cost refers to average cost in the industry based on SMM's survey of small, medium and large mills in China

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IRON ORE INDEX SPECIFICATIONS, COMPILATION RATIONALE AND DATA EXCLUSIONS

Iron Ore Index Specifications (Port)				Iron Ore Index Compilation Rationale and Data Exclusions
	65% Fe Fines	62% Fe Fines	58% Fe Fines	
Fe %	65.00	62.00	58.00	
Alumina %	1.40	2.25	2.25	
Silica%	1.50	4.00	5.50	
Phosphorus %	0.06	0.09	0.05	
Sulphur %	0.01	0.02	0.02	
Moisture %	8.00	8.00	9.00	
Sizing	Granular size below 10mm for at least 90% of cargo; maximum of 40% below 150 micron			
Pricing Point	Qingdao Port			
Timing (Seaborne)	Loading within 4 weeks, Delivery within 8 weeks			
Payment Terms	L/C at sight			

IRON ORE DOMESTIC CONCENTRATE INDEX CALCULATION METHODOLOGY

The compilation method for price index generally refers to the compilation method of CPI price index and other price indices, breakdown the price data and calculate the average value according to a certain method, taking the vertical axis as the regional composite index (average of different grade index) and the horizontal axis as the grade composite index (average of different regional index), a total composite index for domestic ore can be output ultimately. The process system is also adopted in the calculation i.e. each sub-index can be obtained as well.

IRON ORE PORT INDEX NORMALISATION DIFFERENTIALS

Product Differentials (RMB/wet tonne)				Differentials to Qingdao Port (RMB/wet tonne)		
	Applicable range	Value	Change	Port	Value	Change
1% Fe	High Grade Fe 60 - 63%	18.00	0.00	Bayuquan	-35.00	-25.00
	High Grade Fe 63 - 64%	70.00	0.00	Beilun	5.00	0.00
	High Grade Fe 64 - 65%	77.00	-3.00	Caofeidian	-10.00	0.00
	High Grade Fe 65 - 65.5%	77.00	-3.00	Dalian	-20.00	-20.00
	Low Grade Fe	14.00	0.00	Fangcheng	-5.00	-5.00
1% Alumina	High Fe Grade Al <2.25%	34.00	0.00	Jiangyin	-25.00	5.00
	High Fe Grade Al 2.25-4%	25.00	0.00	Jingtang	-10.00	0.00
	Low Fe Grade	5.00	0.00	Lanshan	0.00	0.00
1% Silica	High Fe Grade Si <4%	0.00	0.00	Lanqiao	0.00	0.00
	High Fe Grade Si <4 - 6.5%	4.00	-2.00	Lianyungang	0.00	0.00
	High Fe Grade Si <6.5 - 9%	11.00	0.00	Majishan	0.00	0.00
	Low Fe Grade	29.00	0.00	Nantong	-30.00	0.00
0.01% Phosphorus	High Fe Grade 0.08%<P<0.115%	0.00	0.00	Qingdao	0.00	0.00
	High Fe grade 0.115%<P<0.15%	5.00	0.00	Rizhao	0.00	0.00
	Low Fe Grade 0.08 < P < 0.15%	4.00	0.00	Tianjin	-25.00	0.00

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