

IRON ORE PORT STOCK INDEX (IOPI)

August 02 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	494	-6	-1.2%	497	479	443	559	64.27	-0.49	-0.8%	64.52	65.38	61.36	77.89
IOPI58	58% Fe Fines	348	-15	-4.1%	356	332	304	376	44.13	-1.83	-4.0%	45.05	44.07	40.67	50.97
IOPI65	65% Fe Fines	691	6	0.9%	688	601	541	690	91.44	1.29	1.4%	90.79	83.12	75.83	97.10

IRON ORE DOMESTIC CONCENTRATE SPOT PRICE ASSESSMENTS AND COMPOSITE INDEX

Week Ending July 27, 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	610	1.5%	579	682	89.94	0.3%	85.37	100.55
Hebei	Qian'an	65% Fe Concentrate	Dry	690	1.5%	630	710	101.73	0.3%	92.88	104.68
Liaoning	Anshan	65% Fe Concentrate	Wet	465	-2.1%	445	550	68.56	-3.2%	65.61	81.09
Shandong	Zibo	65% Fe Concentrate	Dry	660	0.0%	620	690	97.31	-1.2%	91.41	101.73
Week Ending July 27, 2018				This week	Change %	Low ⁴	High ⁴				
China Mines Concentrate Composite Index RMB/WT				561.85	0.6%	534.50	628.33				

¹ Exchange rate applied: RMB/USD = 6.7942 ² Since March 1
³ Weekly exchange rate applied: RMB/USD 6.7826 ⁴ Last 12 months

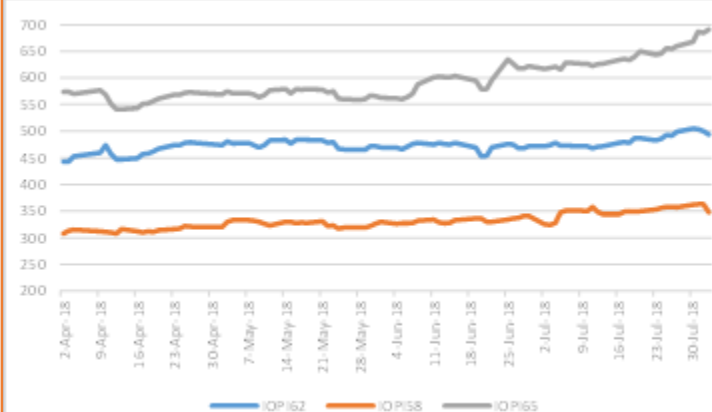
MARKET COMMENTARY

Iron ore port stock prices and trading activities sped up with the DCE futures market today. Traders in Shandong and Tangshan were very active as their confidence was bolstered by recent market conditions. Some mills had significant purchases in order to fill inventory and to meet weekly inventory targets. But as production cuts in Shanxi and Shaanxi escalate, iron ore prices may continue to face pressure, as indicated by the sharp drop in prices for low-grade iron ore.

PLATFORM TRADES AND TENDERS

61% Fe Fines sold at US\$65.22 for 170,000t 24 Aug—2 Sep LAYCAN

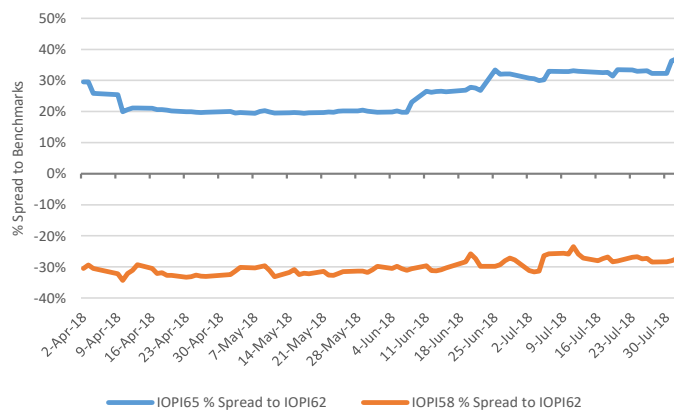
IRON ORE PORT INDEX, FOT QINGDAO (RMB/WT)



IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT

August 02 2018	PORT STOCK INDEX (RMB/WT)	
Fe Content	Spread to IOPI62	% Spread to IOPI62
58% Fe Fines	-146	-29.55%
65% Fe Fines	197	39.88%

IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT



IRON ORE FUTURES CONTRACTS

Closing Date	DCE			SGX		
	02 Aug 3pm close			02 Aug 6pm		
Contract	I1809	Change	Change %	Aug'18	Change	Change %
Closing Price	476.0	1.0	0.21%	66.38	-0.35	-0.52%
Vol traded ('000 lots)	85.78	-18.3	-17.55%	4.54	-3.29	-42.03%
Open positions ('000 lots)	62.57	-10.0	-13.75%	104.92	-0.86	-0.81%
Day Low	470.5	-2.0	-0.42%	65.78	-0.66	-0.99%
Day High	477.0	-10.5	-2.15%	66.42	-1.33	-1.96%

IRON ORE PORT INVENTORIES

Week Ending July 27, 2018 (million tonnes)				
Province	This week	Change %	Low ⁴	High ⁴
Jingtang	17.10	-0.58%	14.11	19.00
Qingdao	19.00	4.40%	15.60	19.97
Caofeidian	18.60	-0.11%	16.62	25.30
Tianjin	9.80	7.69%	8.35	11.00
Rizhao	17.53	-3.04%	13.10	19.00
Total (35 Ports)	140.34	0.52%	123.49	150.04

FREIGHT RATES

August 01, 2018		FREIGHT RATES - DRY BULK US\$/wet tonne				
Route	Designation	Change	Change %	Low ⁴	High ⁴	
W. Australia - Qingdao	C5	9.94	-0.04	-0.41%	5.109	9.982
Tubarao - Qingdao	C3	24.12	0.00	0.00%	12.705	24.123

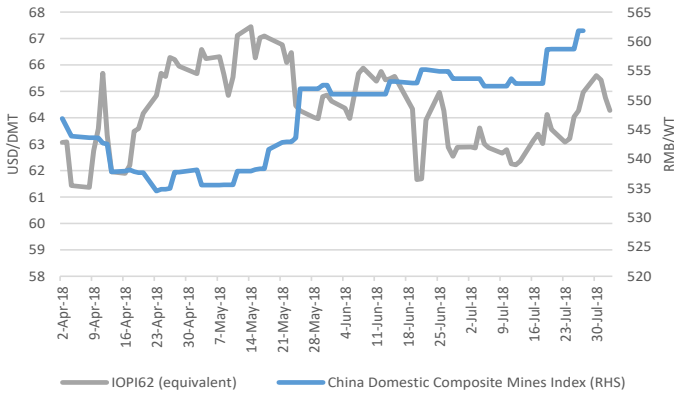
BLOOMBERG

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

Daily Iron Ore Index Report

August 02, 2018

MMi BENCHMARK IRON ORE PRICES



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



IRON ORE BRAND SPOT PRICE ASSESSMENTS

August 02 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Change	Diff to IOPI62
Roy Hill	478	-6	-16
SIMEC Fines	459	-6	-35
PB Fines	478	-4	-16
Newman Fines	501	-4	7
MAC Fines	478	-6	-16
Jimblebar Blended Fines	454	9	-40
Carajas Fines	743	24	249
Brazilian SSF	529	-6	35
Brazilian Blend Fines	523	-6	29
RTX Fines	461	10	-33

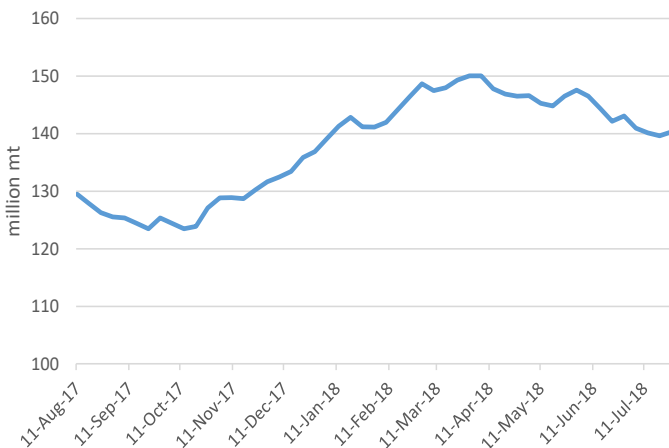
August 02 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Change	Diff to IOPI58
SSF	304	3	-44
FMG Blended Fines	347	-10	-1
Robe River	334	3	-14
Western Fines	308	-2	-40
Atlas Fines	290	-6	-58
Yandi	326	-27	-22

AVERAGE IRON ORE BRAND SPECIFICATIONS FOR PORT STOCK SALES

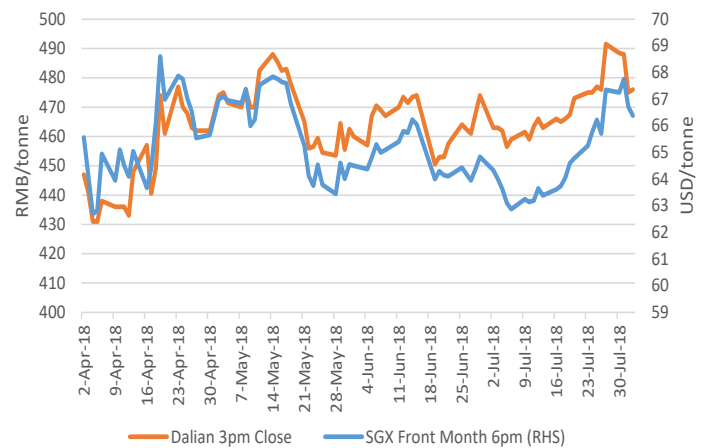
August 02 2018	SPECIFICATIONS APPLIED FOR 62% BRAND ASSESSMENTS				
	Fe	Alumina	Silica	Phos	Moisture
Roy Hill	61.00%	2.20%	4.50%	0.055%	8.00%
SIMEC Fines	60.00%	2.30%	6.30%	0.060%	6.00%
PB Fines	61.60%	2.40%	3.64%	0.100%	9.15%
Newman Fines	62.52%	2.39%	4.06%	0.090%	7.55%
MAC Fines	60.98%	2.21%	4.75%	0.090%	7.51%
Jimblebar Blended Fines	61.00%	2.94%	4.59%	0.110%	6.86%
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	62.84%	1.39%	4.91%	0.040%	8.80%
RTX Fines	61.00%	3.10%	4.50%	0.135%	7.50%

August 02 2018	SPECIFICATIONS APPLIED FOR 58% BRAND ASSESSMENTS				
	Fe	Alumina	Silica	Phos	Moisture
SSF	56.51%	3.03%	6.27%	0.050%	9.16%
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%

TOTAL IRON ORE INVENTORIES AT CHINA PORTS



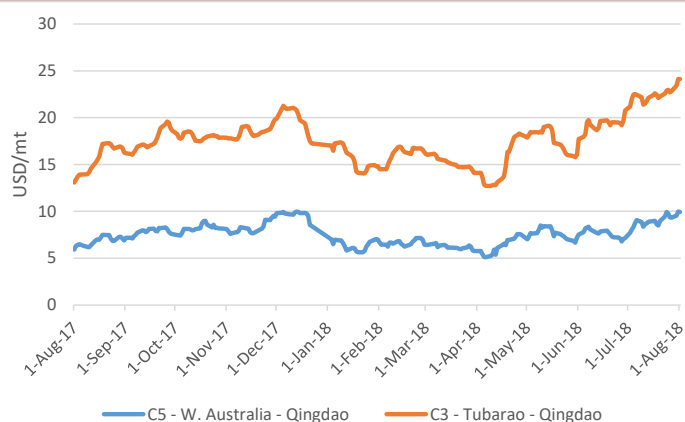
FUTURE TRADING—FRONT MONTH CLOSING PRICE



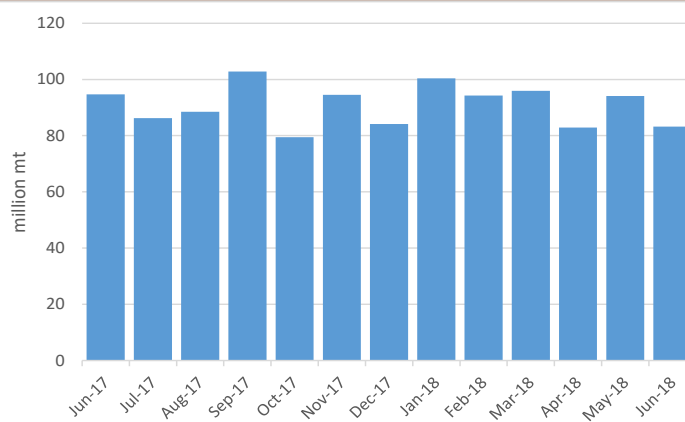
Daily Iron Ore Index Report

August 02, 2018

DRY BULK FREIGHT RATES



TOTAL CHINA IRON ORE IMPORT VOLUMES

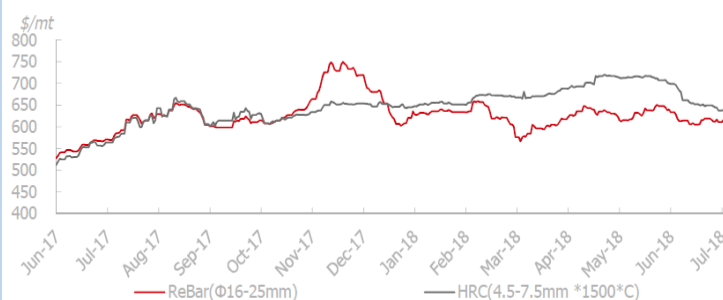


Steel Spot Market Prices - China

Steel Spot Market RMB/tonne

Product	7/27/2018	Change	Change %
ReBar HRB400 φ18mm	4,217.0	81.0	1.96%
Wirerod Q300 φ6.5mm	4,487.0	90.0	2.05%
HRC Q235/SS400 5.5mm*1500°C	4,283.0	39.0	0.92%
CRC SPCC/ST12 1.0mm*1250*2500	4,706.0	30.0	0.64%
Medium & Heavy Plate Q235B 20mm	4,333.0	17.0	0.39%
GI ST02Z 1.0mm*1000°C	5,300.0	10.0	0.19%
Billet Q235 150*150mm	3,790.0	70.0	1.88%

Rebar and HRC spot prices



Source: SMM

CHINESE STEEL EXPORT PRICES

China Export Prices USD/tonne

Product	Specification	Export tax (+)/Vate rebate (-)	Change
7/27/2018			
Rebar	BS4449 460B 12-25mm, + chrome	-13%	570 -10
Wire Rod	SAE1008 6.5-10mm +chrome	-9%	575 0
Hot-rolled coil	SS400/Q235 4.0-10.mm	-9%	580 -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	7/27/2018	7/20/2018	Change	Change %
Rebar	4,550	4,584	-34	-0.74%
Wirerod	1,179	1,197	-18	-1.50%
Hot-rolled Coil	2,145	2,133	12	0.56%
Medium & Thick Plate	954	914	40	4.38%
Cold-rolled Coil	1,180	1,214	-34	-2.80%
Total	10,008	10,042	-34	-0.34%

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	64.96	1.40	MMi index for 22nd June
Coke	1,970	0	2nd grade met coke, Tangshan, incl. tax
Steel Scrap	2,070	30	steel scrap (6mm) in Zhangjiagang, excl. tax
Billet Cost	2,724	26	Q234, incl. tax
Rebar cost - Blast furnace	2,988	28	calculated based on theoretical weight, incl. tax
Rebar profit - Blast furnace	1,022	22	based on Shanghai prices, incl. tax
Hot-rolled coil cost - Blast furnace	3,051	26	based on actual weight, incl. tax
Hot-rolled coil profit - Blast furnace	1,239	24	based on Shanghai prices, incl. tax

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

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

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	MMI iron ore port stock indices are compiled from data provided by companies that are part of the iron ore supply chain and involved in spot market transactions. The indices are calculated using detailed transaction-level data submitted to MMI by these companies. This data is normalised to the appropriate specifications and screened to remove outliers before volume-weighted average prices are calculated from the remaining core set of data. For more details on MMI's iron ore methodology please download the guide published on our website at: <u>Data Exclusions*</u> Port Index: 0 * Number of price submissions for iron ore indices that were excluded from index calculations today as they were anomalous and could not be verified	
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%	15.00	0.00	Bayuquan	-10.00	0.00
	High Grade Fe 63 - 64%	70.00	20.00	Beilun	5.00	0.00
	High Grade Fe 64 - 65%	80.00	10.00	Caofeidian	-10.00	-5.00
	High Grade Fe 65 - 65.5%	80.00	10.00	Dalian	0.00	0.00
	Low Grade Fe	12.00	-3.00	Fangcheng	0.00	0.00
1% Alumina	High Fe Grade Al <2.25%	31.00	0.00	Jiangyin	-30.00	0.00
	High Fe Grade Al 2.25-4%	15.00	-8.00	Jingtang	-10.00	-5.00
	Low Fe Grade	10.00	-17.00	Lanshan	0.00	0.00
1% Silica	High Fe Grade Si <4%	0.00	-3.00	Lanqiao	0.00	0.00
	High Fe Grade Si <4 - 6.5%	6.00	0.00	Lianyungang	0.00	0.00
	High Fe Grade Si <6.5 - 9%	17.00	0.00	Majishan	0.00	0.00
	Low Fe Grade	24.00	0.00	Nantong	-30.00	0.00
0.01% Phosphorus	High Fe Grade 0.08%<P<0.115%	1.00	-2.00	Qingdao	0.00	0.00
	High Fe grade 0.115%<P<0.15%	8.00	3.00	Rizhao	0.00	0.00
	Low Fe Grade 0.08 < P < 0.15%	3.00	0.00	Tianjin	-25.00	0.00

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