

IRON ORE PORT STOCK INDEX (IOPI)

| July 25 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 | 493 | 7 | 1.4% | 478 | 477 | 443 | 559 | 64.04 | 0.83 | 1.3% | 63.04 | 65.41 | 61.36 | 77.89 |
| IOPI58 | 58% Fe Fines | 358 | 2 | 0.6% | 347 | 331 | 304 | 376 | 45.45 | 0.18 | 0.4% | 44.66 | 43.98 | 40.67 | 50.97 |
| IOPI65 | 65% Fe Fines | 656 | 10 | 1.5% | 632 | 597 | 541 | 690 | 86.49 | 1.19 | 1.4% | 84.66 | 82.78 | 75.83 | 97.10 |

IRON ORE DOMESTIC CONCENTRATE SPOT PRICE ASSESSMENTS AND COMPOSITE INDEX

| Week Ending July 20, 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 | 601 | 0.2% | 579 | 682 | 89.64 | -0.7% | 86.36 | 101.72 |
| Hebei | Qian'an | 65% Fe Concentrate | Dry | 680 | 2.3% | 630 | 710 | 101.42 | 1.4% | 93.97 | 105.90 |
| Liaoning | Anshan | 65% Fe Concentrate | Wet | 475 | 0.0% | 445 | 550 | 70.85 | -0.9% | 66.37 | 82.03 |
| Shandong | Zibo | 65% Fe Concentrate | Dry | 660 | 0.0% | 620 | 690 | 98.44 | -0.9% | 92.47 | 102.91 |
| Week Ending July 20, 2018 | | | | This week | Change % | Low ⁴ | High ⁴ | ¹ Exchange rate applied: RMB/USD = 6.804 ² Since March 1 ³ Weekly exchange rate applied: RMB/USD 6.7406 ⁴ Last 12 months | | | |
| China Mines Concentrate Composite Index RMB/WT | | | | 558.71 | 1.1% | 534.50 | 628.33 | | | | |

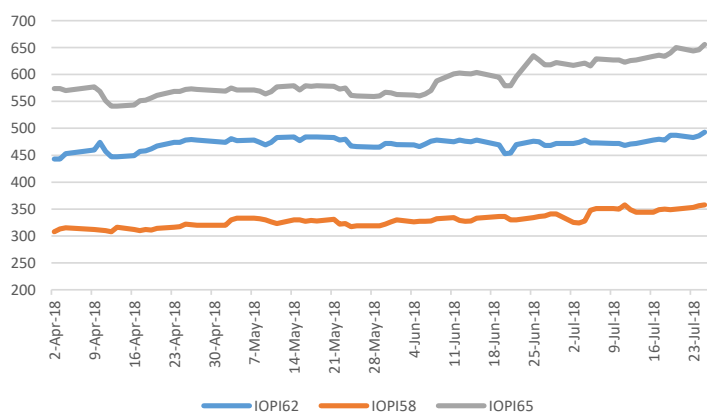
MARKET COMMENTARY

PB fines continued to perform strongly this week due to its recent high costs across blast furnaces. SMM learned that some mills have already planned to increase PB fines in their blend to replace some BRBF. As the production cuts in Tangshan are currently lower than expected, both traders and mills continued to purchase. Prices of PB fines are likely to continue to climb as inventories at ports are likely to extend their declines.

PLATFORM TRADES AND TENDERS

COREX trades PB lump for US\$84.5/mt at 60,000t for 11–20 Aug LAYCAN

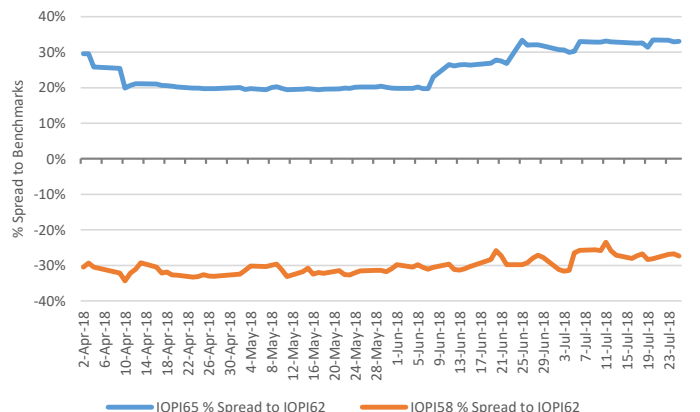
IRON ORE PORT INDEX, FOT QINGDAO (RMB/WT)



IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT

| July 25 2018 | PORT STOCK INDEX (RMB/WT) | |
|--------------|---------------------------|--------------------|
| Fe Content | Spread to IOPI62 | % Spread to IOPI62 |
| 58% Fe Fines | -135 | -27.38% |
| 65% Fe Fines | 163 | 33.06% |

IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT



IRON ORE FUTURES CONTRACTS

| Closing Date | DCE | | | SGX | | |
|----------------------------|-------------------|--------|----------|-------------|--------|----------|
| | 25 July 3pm close | | | 25 July 6pm | | |
| Contract | I1809 | Change | Change % | Aug'18 | Change | Change % |
| Closing Price | 477.0 | 2.0 | 0.42% | 66.22 | 0.45 | 0.68% |
| Vol traded ('000 lots) | 64.88 | -9.5 | -12.75% | 7.79 | -3.26 | -29.53% |
| Open positions ('000 lots) | 76.22 | 0.4 | 0.54% | 96.38 | 2.79 | 2.98% |
| Day Low | 475.5 | 2.0 | 0.42% | 65.80 | 0.40 | 0.61% |
| Day High | 478.0 | 1.5 | 0.31% | 66.22 | 0.44 | 0.67% |

IRON ORE PORT INVENTORIES

| Week Ending July 20, 2018 (million tonnes) | | | | |
|--|-----------|----------|------------------|-------------------|
| Province | This week | Change % | Low ⁴ | High ⁴ |
| Jingtang | 17.20 | 2.14% | 14.11 | 19.00 |
| Qingdao | 18.20 | -1.62% | 15.60 | 19.97 |
| Caofeidian | 18.62 | -3.97% | 16.62 | 25.30 |
| Tianjin | 9.10 | 4.60% | 8.35 | 11.00 |
| Rizhao | 18.08 | -1.90% | 13.10 | 19.00 |
| Total (35 Ports) | 139.62 | -0.38% | 123.49 | 150.04 |

FREIGHT RATES

| July 24, 2018 | | FREIGHT RATES - DRY BULK US\$/wet tonne | | | | |
|------------------------|-------------|---|----------|------------------|-------------------|--------|
| Route | Designation | Change | Change % | Low ⁴ | High ⁴ | |
| W. Australia - Qingdao | C5 | 9.94 | 0.47 | 4.99% | 5.109 | 9.98 |
| Tubarao - Qingdao | C3 | 22.88 | 0.31 | 1.37% | 12.705 | 22.882 |

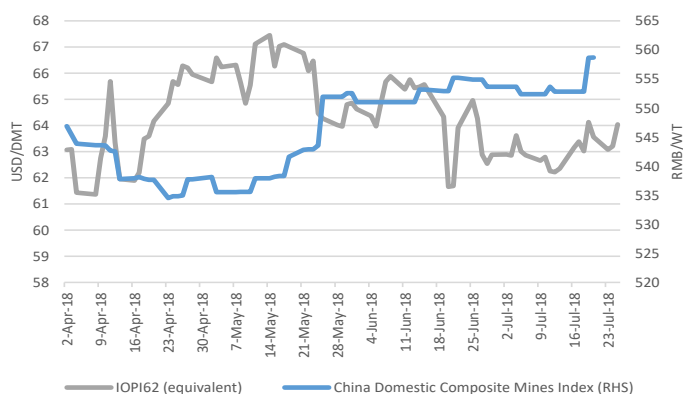
BLOOMBERG

| 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

July 25, 2018

MMi BENCHMARK IRON ORE PRICES



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



IRON ORE BRAND SPOT PRICE ASSESSMENTS

| July 25 2018 | PORT STOCK INDEX (RMB/WT) | | |
|-------------------------|---------------------------|--------|----------------|
| | Price | Change | Diff to IOPI62 |
| Roy Hill | 475 | 7 | -18 |
| SIMEC Fines | 459 | 7 | -34 |
| PB Fines | 477 | 7 | -16 |
| Newman Fines | 497 | 8 | 4 |
| MAC Fines | 476 | 7 | -17 |
| Jimblebar Blended Fines | 441 | 7 | -52 |
| Carajas Fines | 671 | 10 | 178 |
| Brazilian SSF | 532 | 11 | 39 |
| Brazilian Blend Fines | 525 | 9 | 32 |
| RTX Fines | 446 | 7 | -47 |

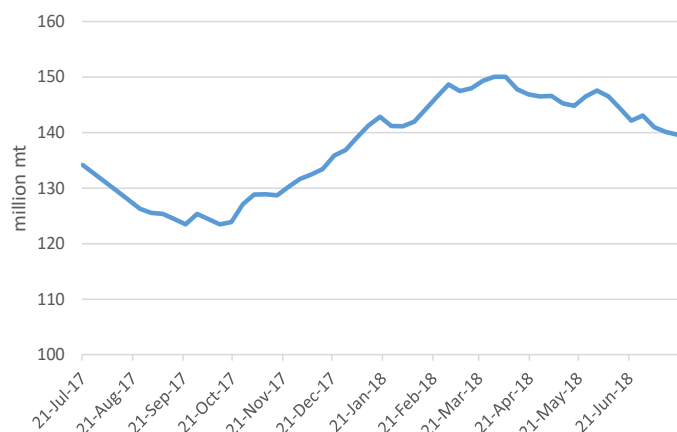
| July 25 2018 | PORT STOCK INDEX (RMB/WT) | | |
|-------------------|---------------------------|--------|----------------|
| | Price | Change | Diff to IOPI58 |
| SSF | 292 | 2 | -66 |
| FMG Blended Fines | 350 | 3 | -8 |
| Robe River | 320 | 2 | -38 |
| Western Fines | 306 | 2 | -52 |
| Atlas Fines | 292 | 2 | -66 |
| Yandi | 352 | 2 | -6 |

AVERAGE IRON ORE BRAND SPECIFICATIONS FOR PORT STOCK SALES

| July 25 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 | 61.65% | 2.38% | 3.62% | 0.100% | 8.97% |
| Newman Fines | 62.39% | 2.47% | 4.14% | 0.090% | 7.58% |
| MAC Fines | 60.98% | 2.21% | 4.75% | 0.090% | 7.51% |
| Jimblebar Blended Fines | 61.05% | 2.98% | 4.47% | 0.120% | 6.82% |
| Carajas Fines | 65.43% | 1.30% | 1.91% | 0.050% | 8.10% |
| Brazilian SSF | 62.00% | 1.00% | 6.50% | 0.040% | 6.00% |
| Brazilian Blend Fines | 62.84% | 1.39% | 4.89% | 0.030% | 8.70% |
| RTX Fines | 61.00% | 3.10% | 4.50% | 0.135% | 7.50% |

| July 25 2018 | SPECIFICATIONS APPLIED FOR 58% BRAND ASSESSMENTS | | | | |
|-------------------|--|---------|--------|--------|----------|
| | Fe | Alumina | Silica | Phos | Moisture |
| SSF | 56.51% | 3.03% | 6.32% | 0.050% | 9.13% |
| FMG Blended Fines | 58.31% | 2.70% | 5.80% | 0.070% | 7.16% |
| Robe River | 56.70% | 3.10% | 5.09% | 0.030% | 8.74% |
| 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



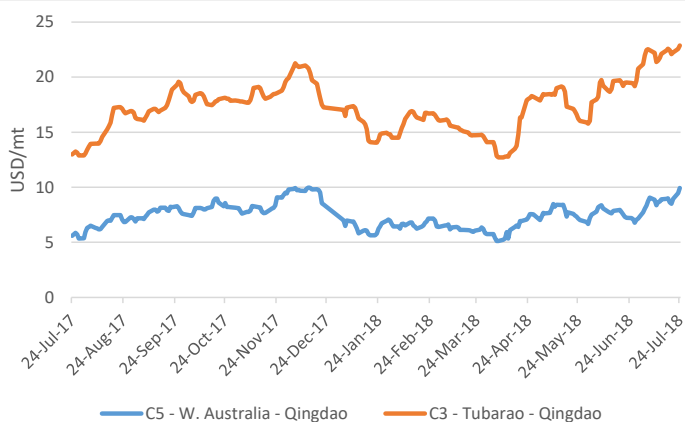
FUTURE TRADING—FRONT MONTH CLOSING PRICE



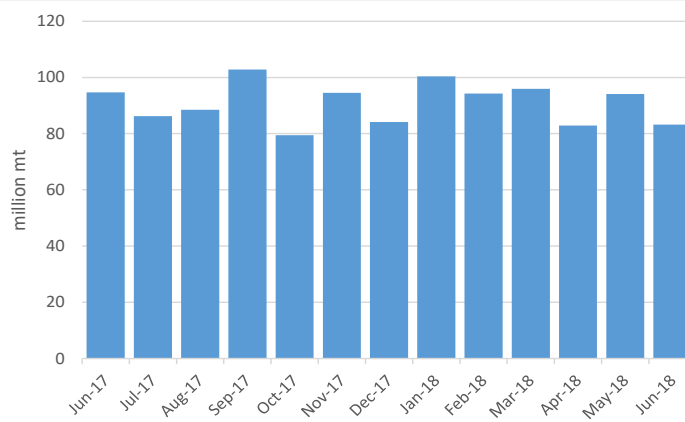
Daily Iron Ore Index Report

July 25, 2018

DRY BULK FREIGHT RATES



TOTAL CHINA IRON ORE IMPORT VOLUMES

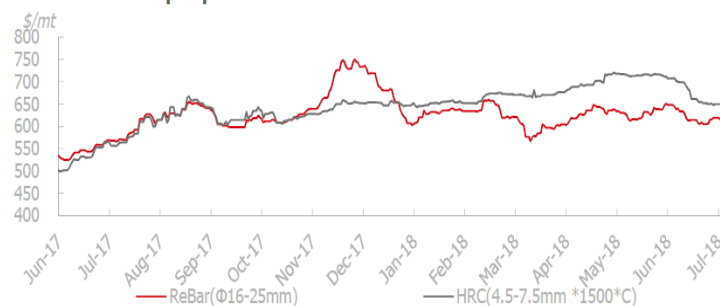


Steel Spot Market Prices - China

Steel Spot Market RMB/tonne

| Product | 7/20/2018 | Change | Change % |
|---------------------------------|-----------|--------|----------|
| ReBar HRB400 φ18mm | 4,136.0 | 4.0 | 0.10% |
| Wirerod Q300 φ6.5mm | 4,397.0 | -10.0 | -0.23% |
| HRC Q235/SS400 5.5mm*1500*C | 4,244.0 | -25.0 | -0.59% |
| CRC SPCC/ST12 1.0mm*1250*2500 | 4,676.0 | -4.0 | -0.09% |
| Medium & Heavy Plate Q235B 20mm | 4,316.0 | -17.0 | -0.39% |
| GI ST02Z 1.0mm*1000*C | 5,290.0 | -5.0 | -0.09% |
| Billet Q235 150*150mm | 3,720.0 | 20.0 | 0.54% |

Rebar and HRC spot prices



Source: SMM

CHINESE STEEL EXPORT PRICES

China Export Prices USD/tonne

| Product | Specification | Export tax (+)/Vate rebate (-) | Change |
|----------------------|-------------------------------|--------------------------------|---------|
| 7/20/2018 | | | |
| Rebar | BS4449 460B 12-25mm, + chrome | -13% | 580 -30 |
| Wire Rod | SAE1008 6.5-10mm +chrome | -9% | 575 0 |
| Hot-rolled coil | SS400/Q235 4.0-10.mm | -9% | 585 0 |
| Cold-rolled coil | SPCC 1.0mm | -13% | 620 0 |
| Medium & Heavy plate | A-level Shipe plate 12-25mm | 0% | 610 -10 |
| 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 | 7/20/2018 | 7/13/2018 | Change | Change % |
|----------------------|---------------|---------------|------------|---------------|
| Rebar | 4,584 | 4,627 | -43 | -0.93% |
| Wirerod | 1,197 | 1,218 | -21 | -1.72% |
| Hot-rolled Coil | 2,133 | 2,086 | 47 | 2.25% |
| Medium & Thick Plate | 914 | 916 | -2 | -0.22% |
| Cold-rolled Coil | 1,214 | 1,210 | 4 | 0.33% |
| Total | 10,042 | 10,057 | -15 | -0.15% |

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 | 63.56 | 1.21 | MMI index for 22nd June |
| Coke | 1,970 | -200 | 2nd grade met coke, Tangshan, incl. tax |
| Steel Scrap | 2,040 | 0 | steel scrap (6mm) in Zhangjiagang, excl. tax |
| Billet Cost | 2,698 | -85 | Q234, incl. tax |
| Rebar cost - Blast furnace | 2,960 | -85 | calculated based on theoretical weight, incl. tax |
| Rebar profit - Blast furnace | 1,000 | 95 | based on Shanghai prices, incl. tax |
| Hot-rolled coil cost - Blast furnace | 3,025 | -85 | based on actual weight, incl. tax |
| Hot-rolled coil profit - Blast furnace | 1,215 | 55 | 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

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% | 18.00 | 0.00 | Bayuquan | -10.00 | 0.00 |
| | High Grade Fe 63 - 64% | 35.00 | 0.00 | Beilun | 5.00 | 0.00 |
| | High Grade Fe 64 - 65% | 65.00 | 0.00 | Caofeidian | -5.00 | 0.00 |
| | High Grade Fe 65 - 65.5% | 65.00 | 0.00 | Dalian | 0.00 | 0.00 |
| | Low Grade Fe | 17.00 | 0.00 | Fangcheng | 0.00 | 0.00 |
| 1% Alumina | High Fe Grade Al <2.25% | 28.00 | 3.00 | Jiangyin | -30.00 | 0.00 |
| | High Fe Grade Al 2.25-4% | 22.00 | 0.00 | Jingtang | -5.00 | 0.00 |
| | Low Fe Grade | 30.00 | 0.00 | Lanshan | 0.00 | 0.00 |
| 1% Silica | High Fe Grade Si <4% | 3.00 | 0.00 | Lanqiao | 0.00 | 0.00 |
| | High Fe Grade Si <4 - 6.5% | 3.00 | 0.00 | Lianyungang | 0.00 | 0.00 |
| | High Fe Grade Si <6.5 - 9% | 20.00 | 0.00 | Majishan | 0.00 | 0.00 |
| | Low Fe Grade | 21.00 | 0.00 | Nantong | -30.00 | 0.00 |
| 0.01% Phosphorus | High Fe Grade 0.08%<P<0.115% | 2.50 | 0.00 | Qingdao | 0.00 | 0.00 |
| | High Fe grade 0.115%<P<0.15% | 4.00 | 0.00 | Rizhao | 0.00 | 0.00 |
| | Low Fe Grade 0.08 < P < 0.15% | 0.00 | 0.00 | Tianjin | -25.00 | 0.00 |

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