

IRON ORE PORT STOCK INDEX (IOPI)

June 20 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	453	-16	-3.4%	472	478	443	559	61.66	-2.67	-4.2%	64.84	66.14	61.36	77.89
IOPI58	58% Fe Fines	336	0	0.0%	330	326	304	376	44.69	-0.24	-0.5%	44.15	43.78	40.67	50.97
IOPI65	65% Fe Fines	579	-16	-2.7%	584	588	541	690	79.94	-2.77	-3.3%	81.22	82.24	75.83	97.10

IRON ORE DOMESTIC CONCENTRATE SPOT PRICE ASSESSMENTS AND COMPOSITE INDEX

Week Ending June 15, 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	596	0.7%	579	682	92.95	0.6%	90.30	106.36
Hebei	Qian'an	65% Fe Concentrate	Dry	645	0.0%	630	710	100.59	-0.1%	98.25	110.73
Liaoning	Anshan	65% Fe Concentrate	Wet	485	0.0%	445	550	75.68	0.0%	69.40	85.77
Shandong	Zibo	65% Fe Concentrate	Dry	665	0.0%	620	690	103.71	-0.1%	96.69	107.61
Week Ending June 15, 2018				This week	Change %	Low ⁴	High ⁴				
China Mines Concentrate Composite Index RMB/WT				553.17	0.4%	534.50	612.27				

¹ Exchange rate applied: RMB/USD = 6.4586 ² Since March 1
³ Weekly exchange rate applied: RMB/USD 6.4122 ⁴ Last 12 months

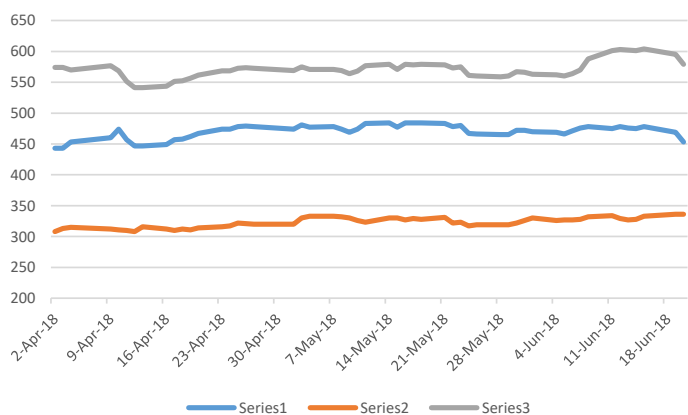
MARKET COMMENTARY

Iron ore quotes remained stable today as trades on the DCE were quiet. Trading sentiment picked up from yesterday and traders maintained their quotes from yesterday. Mills continued to purchase as required. There were more inquiries for iron ore lump in north China after Tangshan announced a new round of production cuts and suspensions from June 20-21. It was heard that sinter ore inventories were short at some mills. Production across these mills will be affected if the production cuts are extended in Tangshan. This will weigh on prices of iron ore.

PLATFORM TRADES AND TENDERS

61% Fe Fines trades at \$62.56 USD/tonne for 190,000t, 6-15 July LAYCAN
 Lump trades at July average Index + 22.91c dmtu for 90,000t, 5-14 July LAYCAN
 61% Fe Fines trades at \$62.88 USD/tonne for 80,000t, 5-14 July LAYCAN

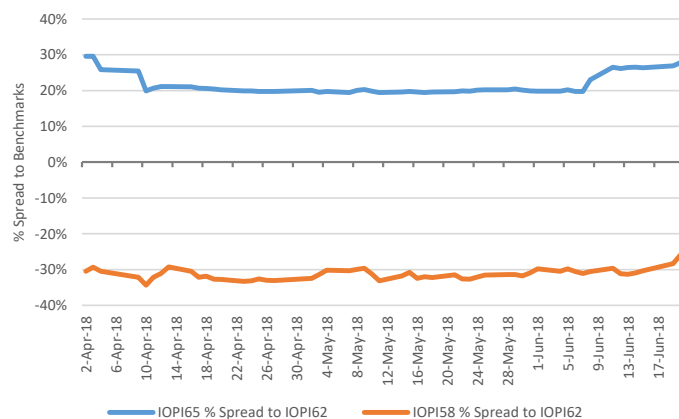
IRON ORE PORT INDEX, FOT QINGDAO (RMB/WT)



IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT

June 20 2018	PORT STOCK INDEX (RMB/WT)	
Fe Content	Spread to IOPI62	% Spread to IOPI62
58% Fe Fines	-117	-25.83%
65% Fe Fines	126	27.81%

IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT



IRON ORE FUTURES CONTRACTS

Closing Date	DCE			SGX		
	20 June 3pm close			20 June 6pm		
Contract	I1809	Change	Change %	July'18	Change	Change %
Closing Price	453.0	2.5	0.55%	64.30	0.30	0.47%
Vol traded ('000 lots)	1,232.4	-1078.5	-46.67%	6.25	-18.02	-74.24%
Open positions ('000 lots)	1,519.2	-159.5	-9.50%	85.84	4.56	5.61%
Day Low	450.5	5.0	1.12%	63.93	0.40	0.63%
Day High	455.5	-14.0	-2.98%	64.40	-1.26	-1.92%

IRON ORE PORT INVENTORIES

Week Ending June 15, 2018 (million tonnes)				
Province	This week	Change %	Low ⁴	High ⁴
Jingtang	17.76	-1.88%	17.10	19.00
Qingdao	19.00	-2.56%	16.80	19.97
Caofeidian	19.77	-0.65%	19.77	25.30
Tianjin	9.2	-4.17%	9.20	11.00
Rizhao	18.87	0.69%	16.88	19.00
Total (35 Ports)	144.38	-1.47%	144.38	150.04

FREIGHT RATES

June 19, 2018		FREIGHT RATES - DRY BULK US\$/wet tonne				
Route	Designation	Change	Change %	Low ⁴	High ⁴	
W. Australia - Qingdao	C5	7.76	-0.19	-2.33%	4.058	9.98
Tubarao - Qingdao	C3	19.54	-0.11	-0.58%	9.854	21.273

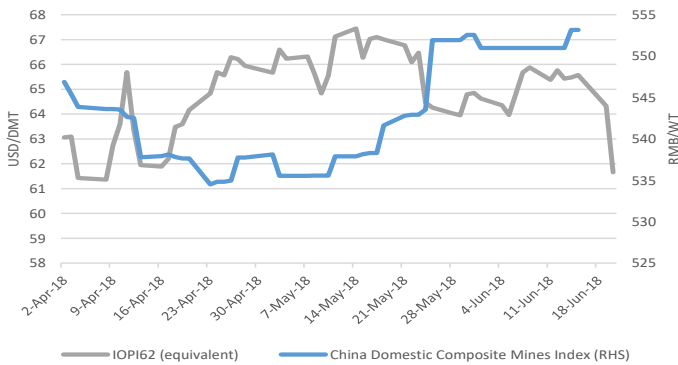
BLOOMBERG

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

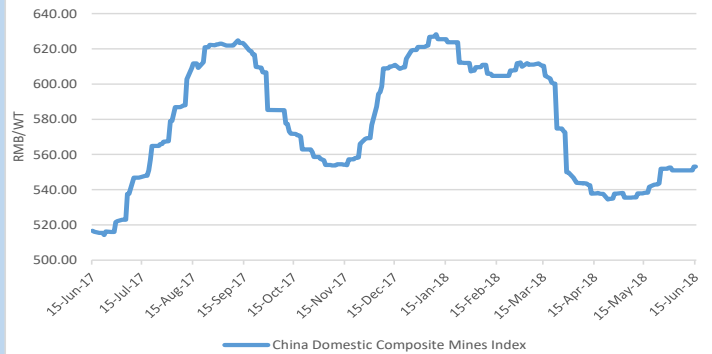
Daily Iron Ore Index Report

June 20, 2018

MMi BENCHMARK IRON ORE PRICES



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



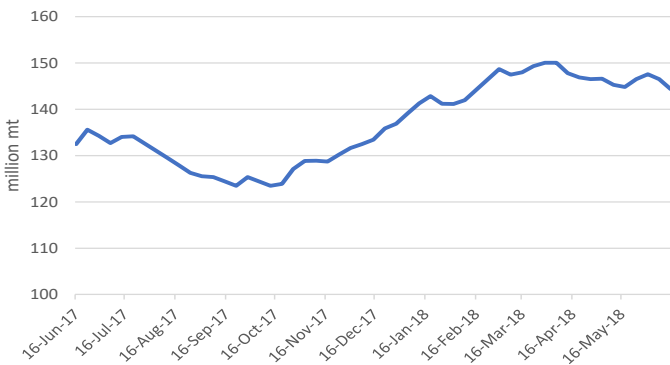
IRON ORE BRAND SPOT PRICE ASSESSMENTS

June 20 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Change	Diff to IOPI62
Roy Hill	441	-16	-12
PB Fines	443	-15	-10
Newman Fines	456	-17	3
MAC Fines	445	-15	-8
Jimblebar Blended Fines	425	-18	-28
Carajas Fines	620	-16	167
Brazilian SSF	459	-16	6
Brazilian Blend Fines	478	-16	25

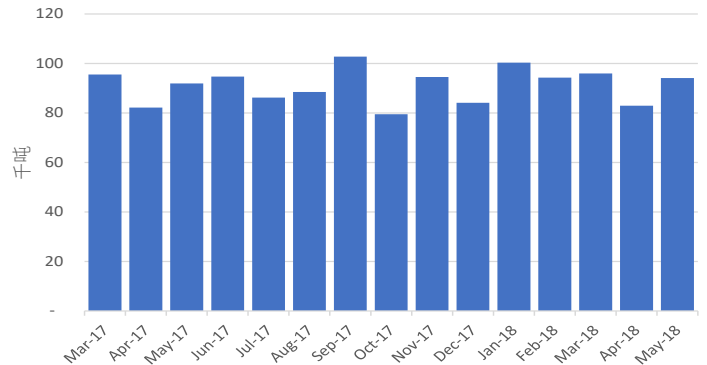
AVERAGE IRON ORE BRAND SPECIFICATIONS FOR PORT STOCK SALES

June 20 2018	SPECIFICATIONS APPLIED FOR BRAND ASSESSMENTS				
	Fe	Alumina	Silica	Phos	Moisture
Roy Hill	61.00%	2.20%	4.50%	0.055%	8.00%
PB Fines	61.70%	2.35%	3.58%	0.100%	9.24%
Newman Fines	62.46%	2.39%	4.15%	0.060%	7.48%
MAC Fines	61.05%	2.13%	4.62%	0.080%	7.24%
Jimblebar Blended Fines	61.39%	2.90%	4.20%	0.120%	6.84%
Carajas Fines	65.54%	1.07%	1.71%	0.070%	8.25%
Brazilian SSF	62.00%	1.00%	6.50%	0.040%	6.00%
Brazilian Blend Fines	63.30%	1.30%	5.00%	0.060%	7.92%

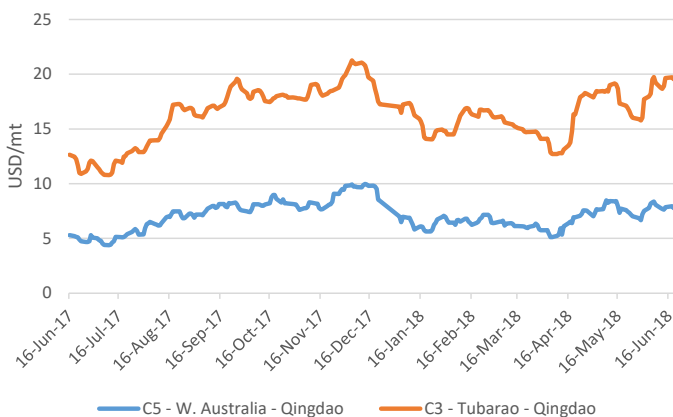
TOTAL IRON ORE INVENTORIES AT CHINA PORTS



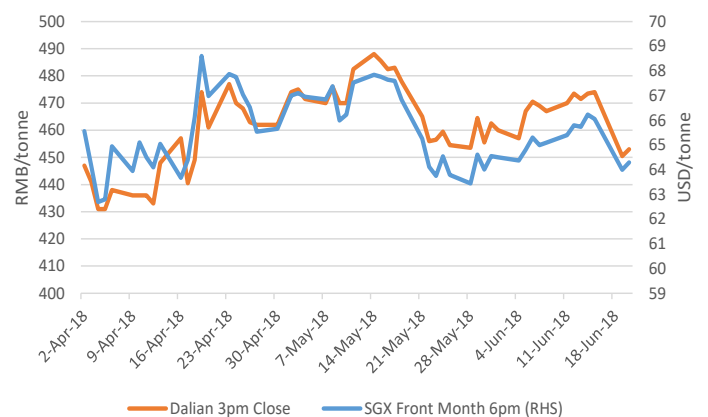
TOTAL CHINA IRON ORE IMPORT VOLUMES



DRY BULK FREIGHT RATES



FUTURE TRADING—FRONT MONTH CLOSING PRICE



Daily Iron Ore Index Report

June 20, 2018

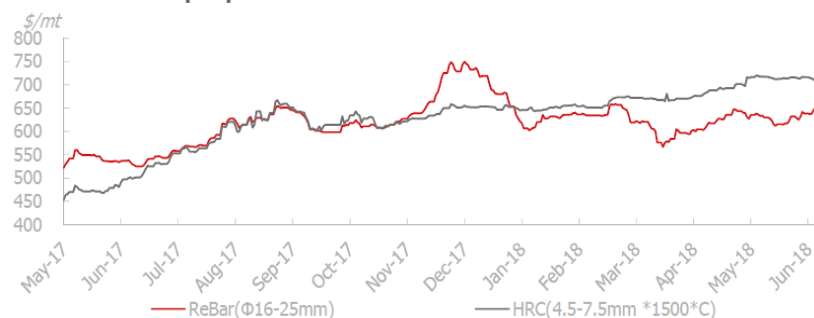
STEEL SPOT MARKET—CHINA

Steel Spot Market RMB/tonne

Product	6/15/2018	Change	Change %	6/8/2018	Change	Change %
ReBar HRB400 φ18mm	4,168.0	82.0	2.01%	4,086.0	34	0.83%
Wirerod Q300 φ6.5mm	4,506.0	55.4	1.24%	4,450.6	51	1.15%
HRC Q235/SS400 5.5mm*1500*C	4,324.0	19.8	0.46%	4,304.2	14	0.34%
CRC SPCC/ST12 1.0mm*1250*2500	4,733.0	13.0	0.28%	4,720.0	50	1.07%
Medium & Heavy Plate Q235B 20mm	4,550.0	-36.0	-0.78%	4,586.0	-4	-0.09%
GI ST02Z 1.0mm*1000*C	5,380.0	20.0	0.37%	5,360.0	25	0.47%
Billet Q235 150*150mm	3,720.0	40.0	1.09%	3,680.0	10	0.27%

CHINESE STEEL SPOT MARKET—REBAR & HRC IN USD/TONNE

Rebar and HRC spot prices



Source: SMM

CHINESE STEEL INVENTORIES

Steel Inventories³ (unit: 1000 tonnes)

Product	6/15/2018	6/8/2018	Change	Change %
Rebar	4,752	4,952	-200	-4.04%
Wirerod	1,310	1,426	-116	-8.13%
Hot-rolled Coil	1,995	1,976	19	0.96%
Medium & Thick Plate	831	835	-4	-0.48%
Cold-rolled Coil	1,179	1,171	8	0.68%
Total	10,067	10,359	-292	-2.82%

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
Iron ore Port Index FOT Qingdao (inc. 17% VAT), I	478	0	MMI index for 25th May 2018
Coke	2,220	0	2nd grade met coke, Tangshan, incl. tax
Steel Scrap	2,040	20	steel scrap (6mm) in Zhangjiagang, excl. tax
Billet Cost	2,823	2	Q234, incl. tax
Rebar cost - Blast furnace	3,077	4	calculated based on theoretical weight, incl. tax
Rebar profit - Blast furnace	1,023	116	based on Shanghai prices, incl. tax
Hot-rolled coil cost - Blast furnace	3,150	2	based on actual weight, incl. tax
Hot-rolled coil profit - Blast furnace	1,160	28	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

CHINESE STEEL EXPORT PRICES

China Export Prices USD/tonne

Product	Specification	Export tax (+)/Vate rebate (-)	Latest transaction prices		Change
			6/15/2018	6/8/2018	
Rebar	BS4449 460B 12-25mm, + chrome	-13%	625	620	5
Wire Rod	SAE1008 6.5-10mm +chrome	-9%	565	565	0
Hot-rolled coil	SS400/Q235 4.0-10mm	-9%	605	600	5
Cold-rolled coil	SPCC 1.0mm	-13%	635	635	0
Medium & Heavy plate	A-level Shipe plate 12-25mm	0%	620	620	0
Galvanised	ST02Z/SGCC 1.0mm	-13%	700	700	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

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	<p>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.</p> <p>For more details on MMI's iron ore methodology please download the guide published on our website at:</p> <p><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</p>	
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%	8.00	0.00	Bayuquan	-10.00	0.00
	High Grade Fe 63 - 64%	32.00	0.00	Beilun	5.00	0.00
	High Grade Fe 64 - 65%	65.00	0.00	Caofeidian	-10.00	0.00
	High Grade Fe 65 - 65.5%	65.00	0.00	Dalian	0.00	0.00
	Low Grade Fe	6.00	0.00	Fangcheng	0.00	0.00
1% Alumina	High Fe Grade Al <2.25%	14.00	0.00	Jiangyin	-30.00	0.00
	High Fe Grade Al 2.25-4%	15.50	0.00	Jingtang	-10.00	0.00
	Low Fe Grade	14.50	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%	8.50	0.00	Lianyungang	0.00	0.00
	High Fe Grade Si <6.5 - 9%	23.00	0.00	Majishan	0.00	0.00
	Low Fe Grade	22.00	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%	12.50	0.00	Rizhao	0.00	0.00
	Low Fe Grade 0.08 < P < 0.15%	0.00	0.00	Tianjin	-20.00	0.00

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