



Providing clarity on seaborne iron ore prices

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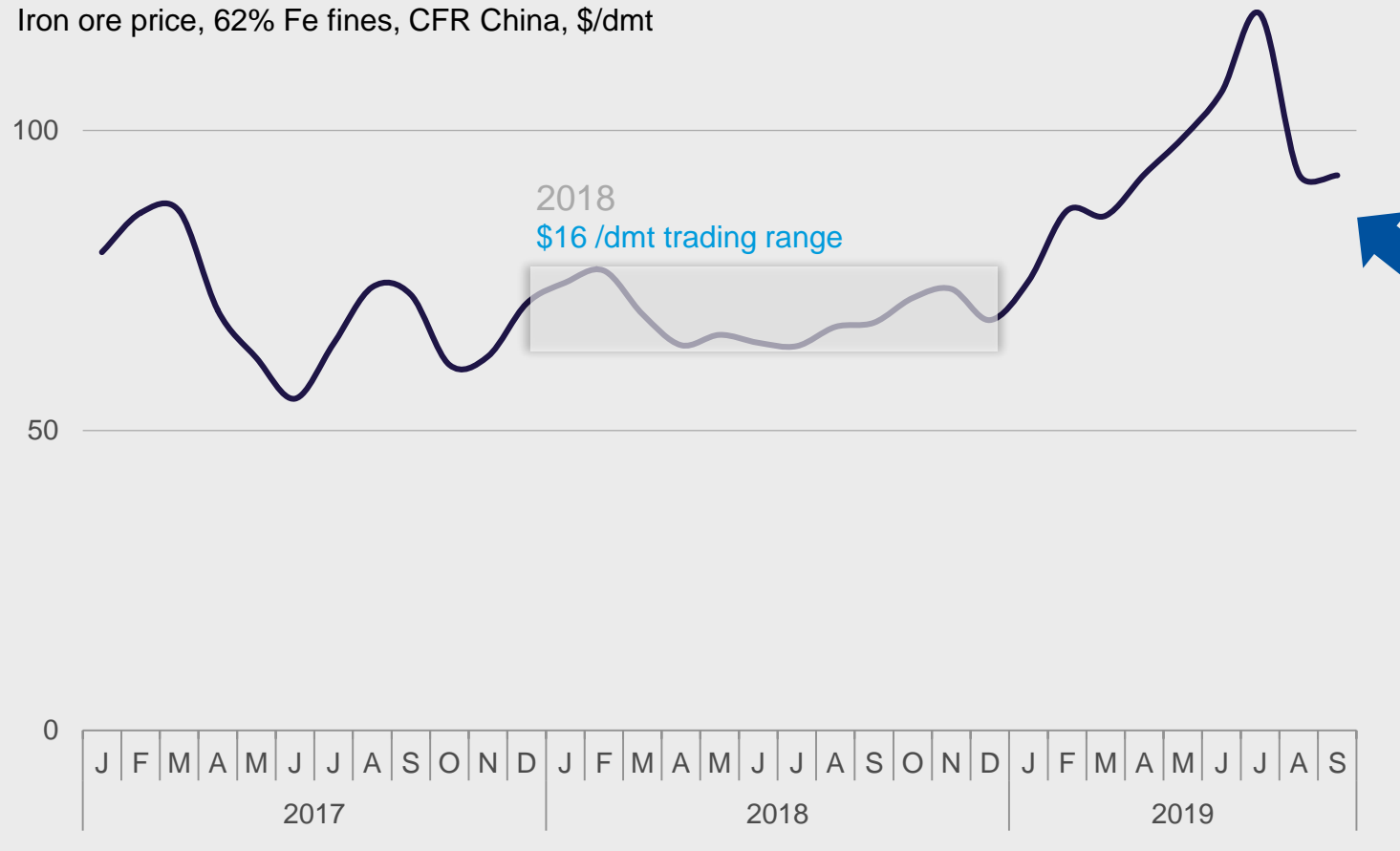
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Iron ore traded above \$100 /t for the first time since 2014

The iron ore price has fallen from its exceptionally high level in July
Iron ore price, 62% Fe fines, CFR China, \$/dmt



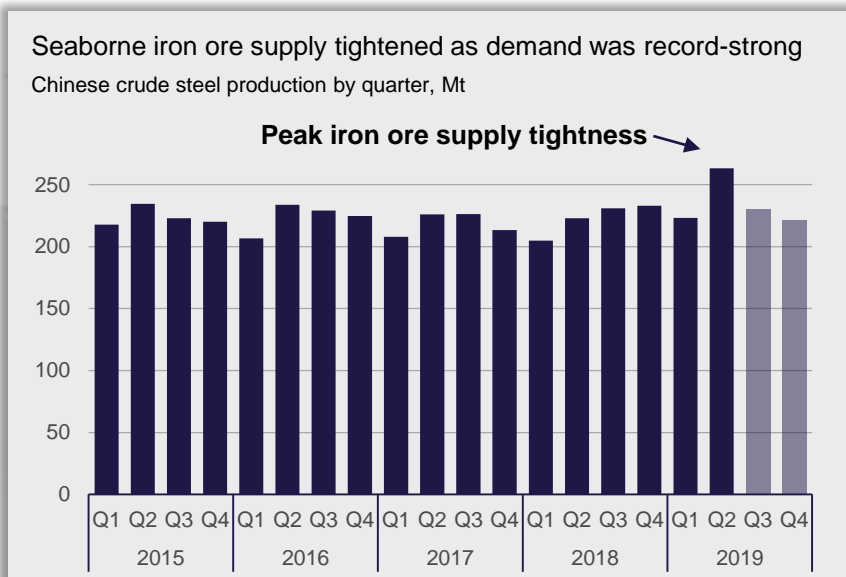
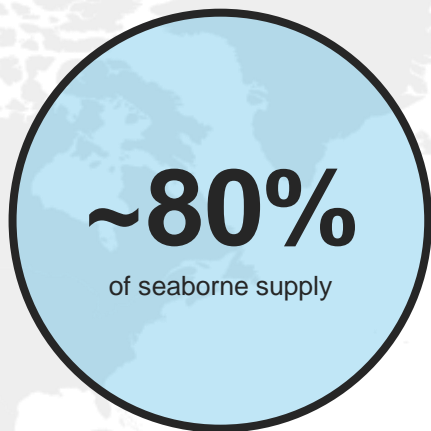
Supply disruptions, low inventories
and strong Chinese steel production
have raised prices

In 2019, iron ore
has traded within
a \$49 /t range



Seaborne supply recovering from historically weak levels

Three key regions, which last year made up over 80% of seaborne supply, have seen significant supply disruptions in 2019



Pará

12% of seaborne supply

Heavy rain has affected production, transportation, processing and shipments of iron ore.



Minas Gerais

13% of seaborne supply

Vale's dam accident to impact Brazilian production in the next few years.



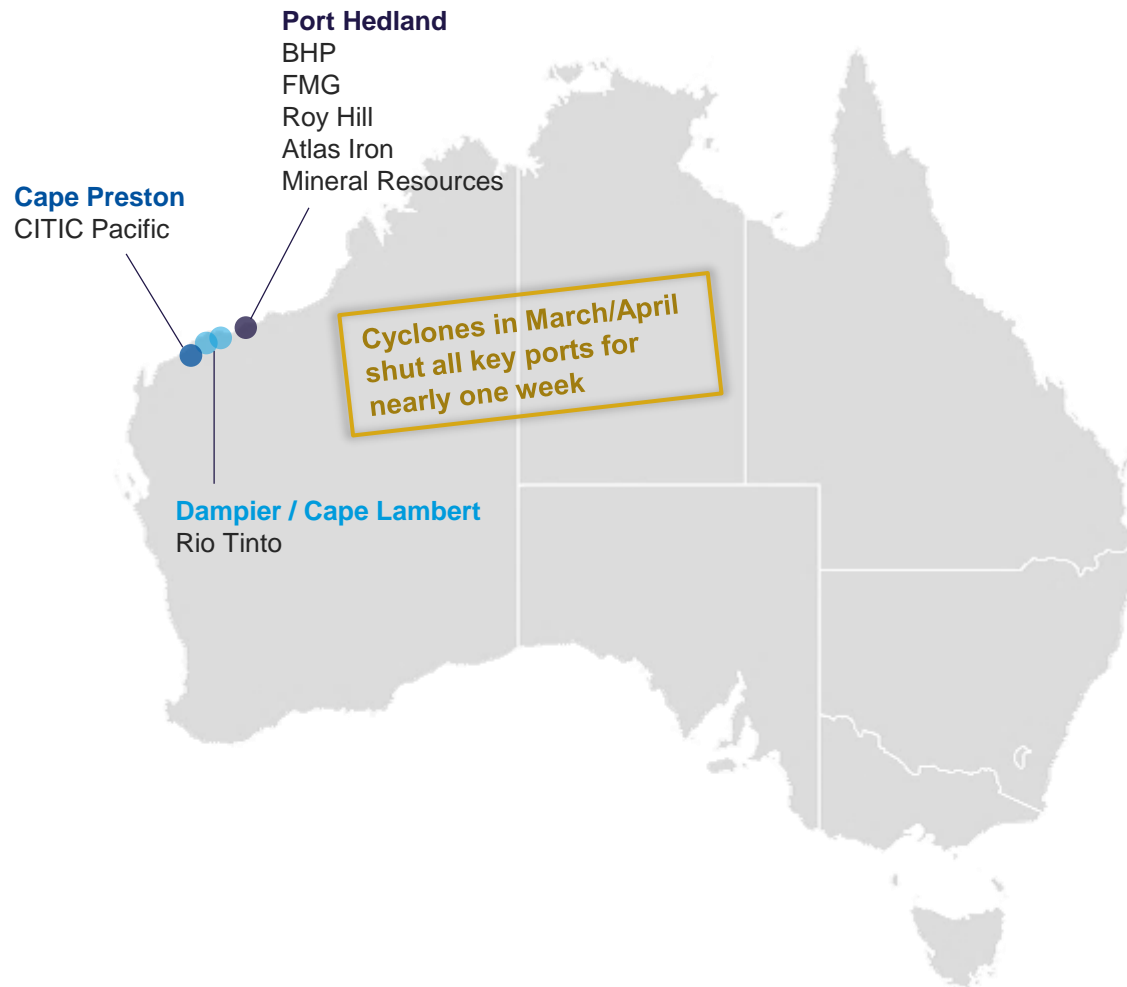
Western Australia

57% of seaborne supply

Fires, cyclones, accidents and quality issues resulting in a weak year for Australian supply.



Australian supply gradually recovering



Rio Tinto

- Quality issues in the Brockman mines
- Production lowered in order to maintain quality of PBF/PBL
- 2019 guidance revised from 338-350 Mt to 320-330 Mt
- Higher sales of low-grade ore called SP10
- Rail maintenance in October
- **CRU expects** quality issues to remain until the start of 2020

BHP

- Quality issues at Jimblebar
- BHP maintaining volumes, but reducing quality
- The company reached full capacity in 2019 Q2
- Car dumper maintenance in September
- **CRU expects** quality to improve gradually in 2020 H2

CITIC Pacific

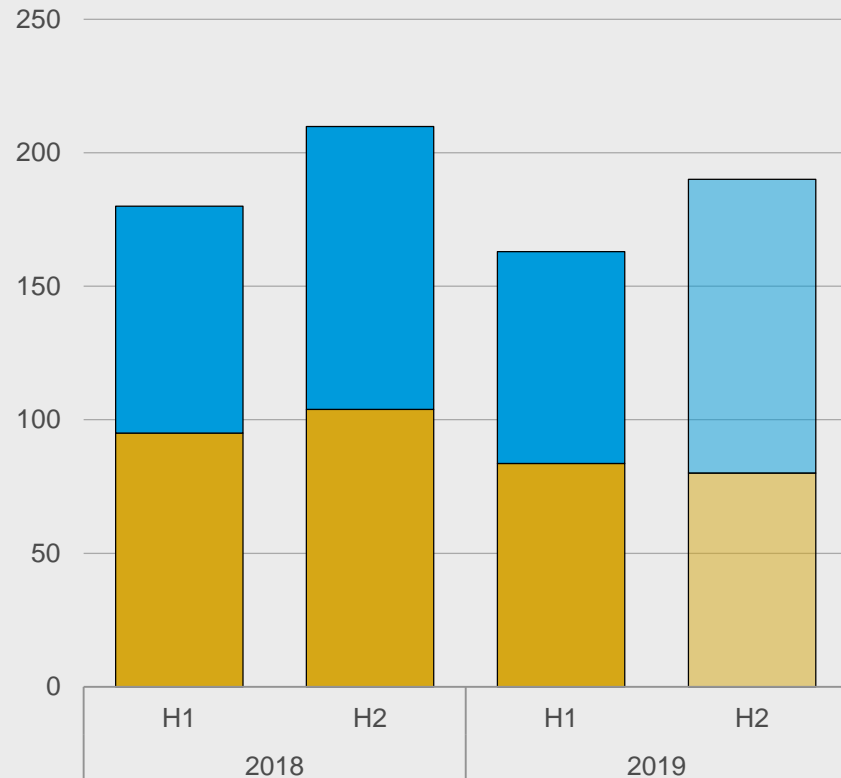
- Production at risk due to disputes with tenement holder



Vale's supply is recovering, particularly from northern Brazil

Exports from northern Brazil will exceed southern exports in 2019 H2

Brazilian iron ore exports by half year, Mt



S11D ramp-up and improving weather conditions

Brucutu and Minas Rio to partially offset supply losses from Vale's suspended assets



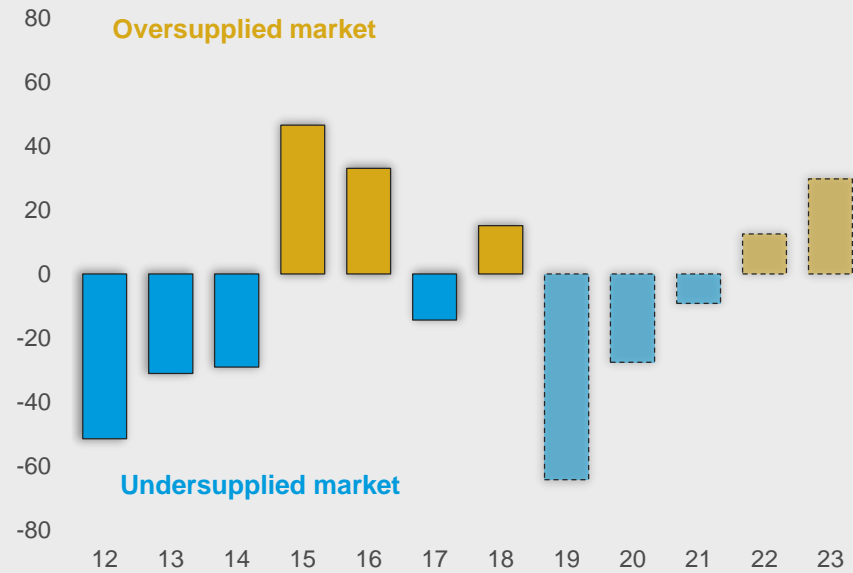
Iron ore – a more balanced future?

Prices are now falling, but iron ore producers are still enjoying an exceptional 2019!



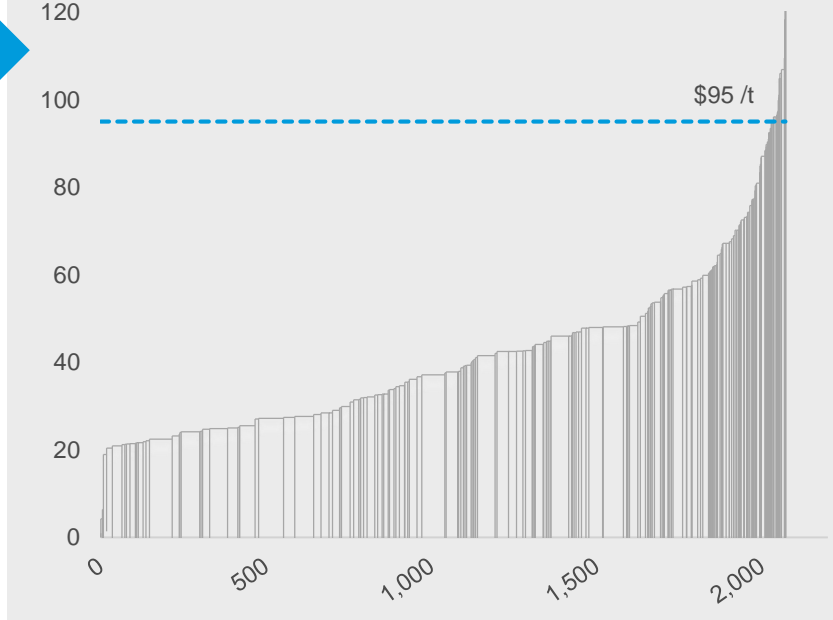
The market is significantly undersupplied in 2019

Market balance illustrated by low-cost supply additions and demand changes



Iron ore prices are above Business Costs for almost all iron ore producers in the world

September 2019 price on the CRU Business Costs curve, \$/t





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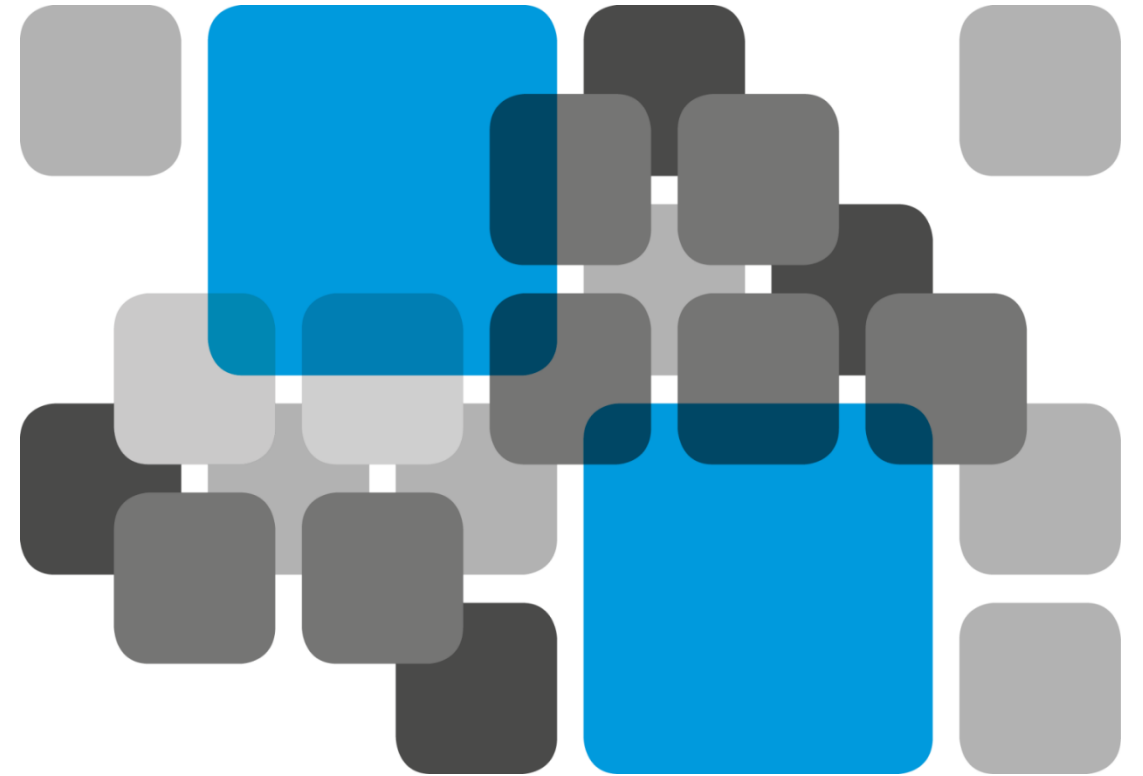
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