



Global iron ore cost study

Global iron ore cost study

SMM bases on primary research, internal database and modelling, successfully help our client deeply understand global iron ore market and cost

Project Background

The cost of iron ore is crucial. Cost affects global supply, especially mining companies or regions on the right side of the global cost curve.

The target customer wants do an in-depth study on global iron ore cost curve, especially for China.

What is the CFR cost of China iron ore? What are the main items included in the cost? What are the costs of different types of mining companies, such as open-pit and underground, state-owned and private, large, medium and small mines, etc.? What are the factors that affect costs?

In addition, China has successively proposed Cornerstone Plans 1.0 and 2.0. What is the CFR cost of new added iron ore capacity under the plan 1.0? The 2.0 plan shifts from quantity to quality. So how much does it cost for Chinese iron ore to produce high-quality pellet feeds and DR pellet feeds? In the long term, such as 2030, 2040, 2060, etc, how is China's cost curve changing? what is the average cost in China?

What is the global iron ore cost curve? How does the cost curve of China's overseas equity mines change? Which iron ore resources in the world are more advantageous? Where is the global iron ore break-even point?

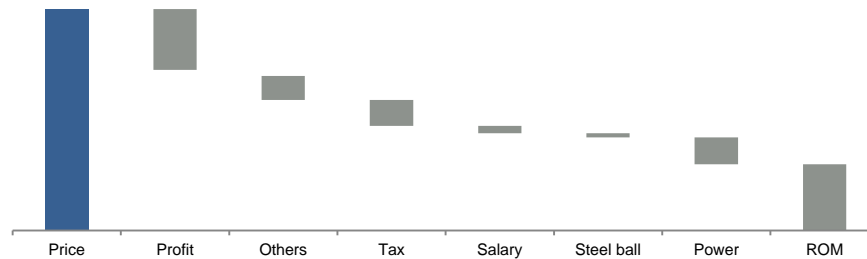
SMM Methodology

Main Research Methodology:

- **Desktop Research:** SMM databases, industry or company public reports, iron ore mining policy, etc. to comprehensively understand China and global iron ore market status and expectations.
- **Primary Research:**
 - Industry level: Conduct in-depth interviews with industry experts from global iron ore market, China Iron and Steel Association(CISA), China Metallurgical and Mining Association, industry policy research expert, etc.
 - Company level: Conduct in-depth interviews with global iron ore mines, large iron ore mines, China domestic iron ores, China overseas equity mines, production technical experts, etc

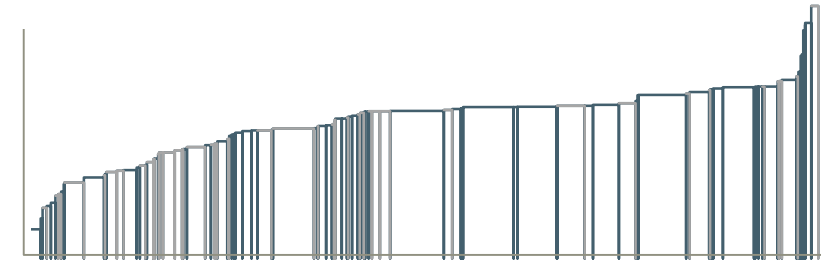
China iron ore concentrate cost analysis - methodology

Detailed Conc. Cost Breakdown



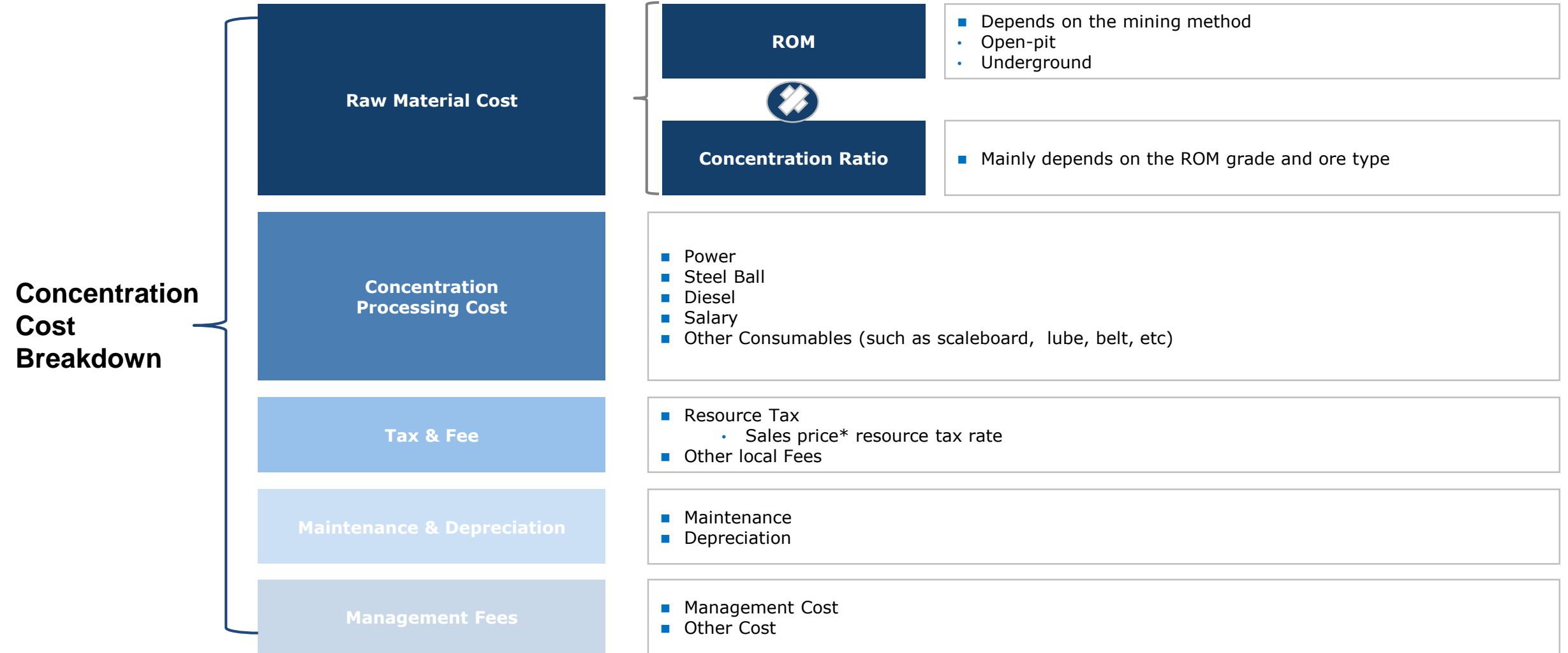
- Based on the concentrate production process, SMM concludes all cost components of conc. production
- By interview the miners, SMM will achieve all cost components and check it from different channels to get the accurate info of Conc. cost.

China Mine Conc. Cost Curve



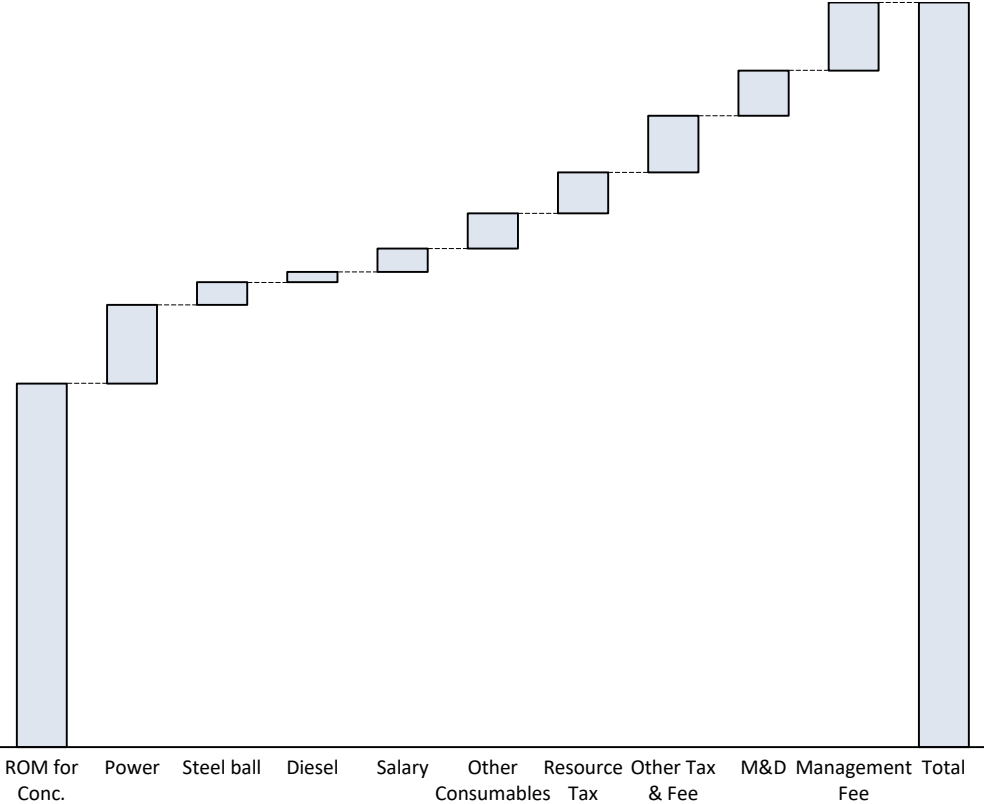
- Based on the capacity of each category (SOE & Private, OP & UG) in the MZ and typical cost of the category, SMM concludes the cost curve of each MZ.
- Combining the cost curve of each MZ, We conclude the total mine Conc. cost curve of China.

China iron ore concentrate cost breakdown

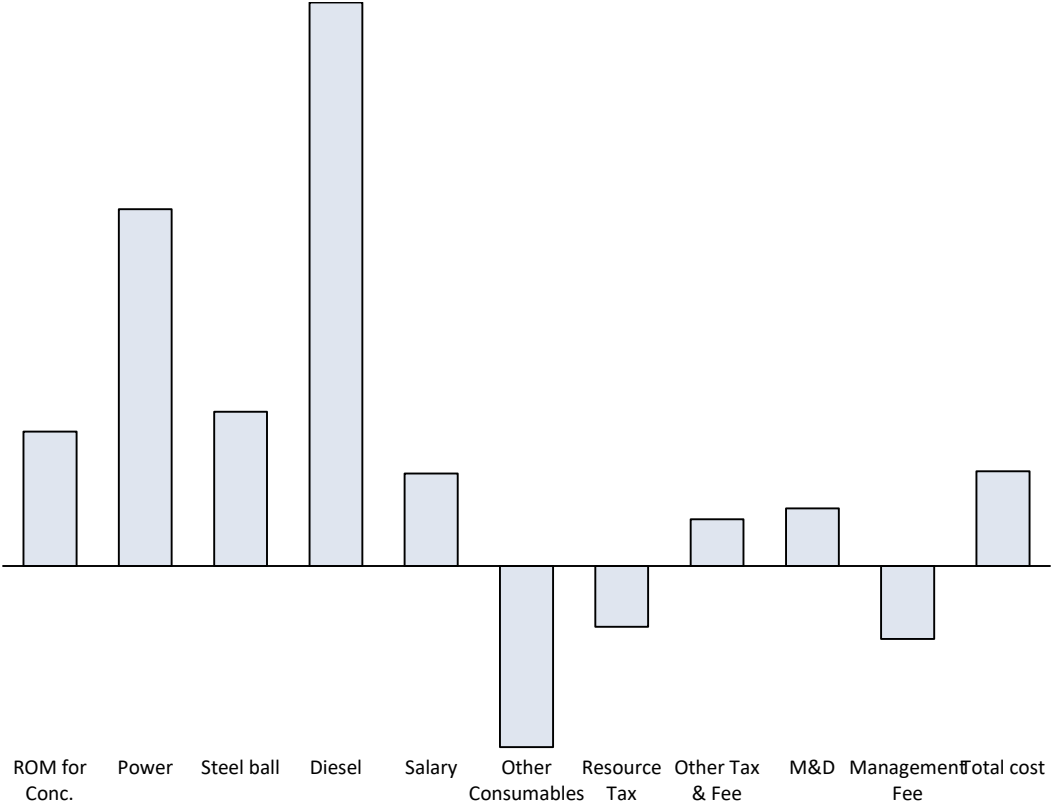


Chinese iron ore concentrate detail analysis

➤ Chinese iron ore concentrate cost breakdown

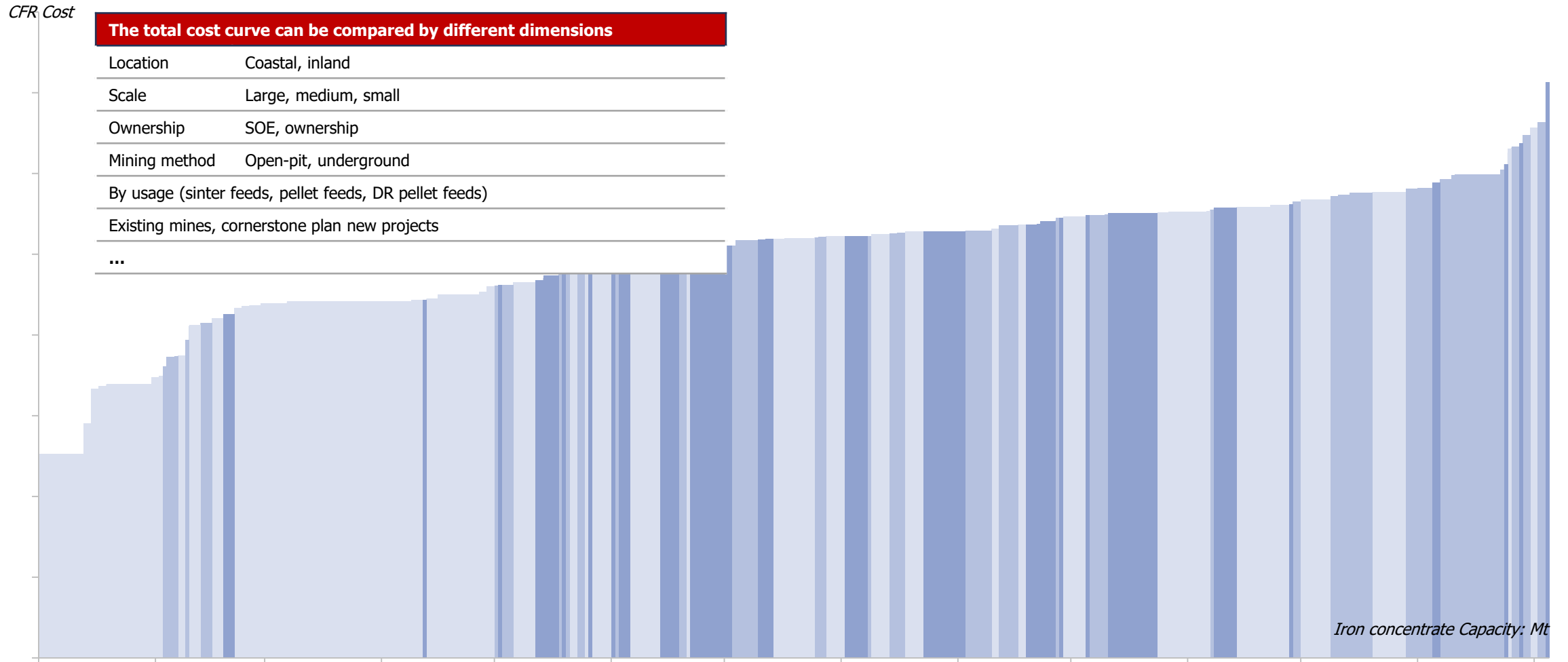


➤ Chinese iron ore concentrate cost inflation from 2022 to 202X



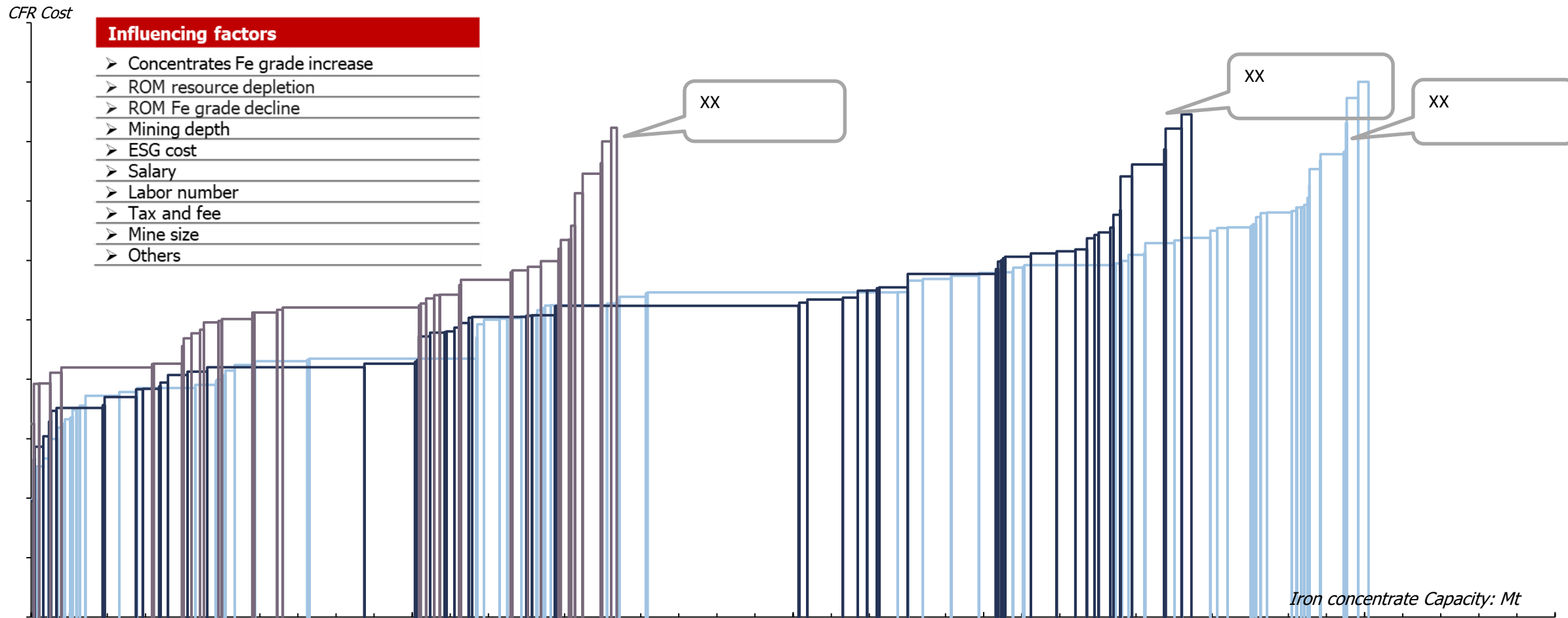
Chinese iron ore concentrates CFR cost curve

Chinese iron ore concentrates 62% CFR cost curve



Chinese iron ore concentrates 62% CFR cost curve forecast

➤ Chinese iron ore concentrates 62% CFR cost curve forecast



Global iron ore cost curve

➤ Global iron ore CFR cost curve analysis

CFR cost=C1 cost + freight + Mining rights fees + other cost(M&D, capital expenditure, interest)

