PEDRA DE FERRO
IRON ORE PROJECT
Integrated Mine/Railway and Port
High Quality/Low cash cost
Bahia - Brazil
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ERG is a global leader in several bulk commodities

**Position in the global market**

- **World’s largest ferrochrome** producer by chrome content
- One of the largest producers of **alumina and iron ore** in the CIS
- Major **copper and cobalt** manufacturer
- Key power supplier and a **large railway operator** in Central Asia
- Significant footprint in Africa and Brazil

**Key facts**

- Accounts for 4% of Kazakhstan’s GDP
- Portfolio of production assets and development projects in **14 countries**, spanning four continents. Represented by **80,000 people worldwide**

**Geographic footprint**

ASSETS:

- Energy
- Logistics
- Other Non-ferrous (copper and cobalt – core business)
- Ferroalloys
- Iron ore
- Alumina and Aluminum

- **EUROPE**
- **RUSSIA**
- **KAZAKHSTAN**
- **CHINA**
- **UAE**
- **BRAZIL**
- **AFRICA**
- **Luxembourg**
Integrated infrastructure and iron ore mine development underway in the State of Bahia, Brazil

Project Locations

- **Porto Sul**
  - Multi-use deep-water port near Ilhéus, capable of handling Capesize vessels up to 220,000 dwt
  - Sole import / export point for the new West-East Integration Railway (FIOL railway)
  - Initial use for dry bulks (iron ore, soy, grain, and fertilizer)
  - Design capacity of 26 Mtpa, expandable to >40 Mtpa
  - Anchor customer for new logistics corridor providing baseload volume for railway and port for first 30 years
  - 100% owned by ERG

- **FIOL Railway**
  - Three stage government greenfield railway development from coast of Bahia to agricultural heartland of Brazil
  - Stage 1 from Porto Sul to Caetité 70% complete
  - State of the art railway with significant available capacity at launch
  - Potential for favorable economics through backhaul of fertilizer using grain rolling stocks
  - Public auction for privatization slated for Q2 2019

- **PdF Mine**
  - Anchor customer for new logistics corridor providing baseload volume for railway and port for first 30 years
  - 100% owned by ERG
  - Open pit iron ore mining development near city of Caetité
  - 562 Mt JORC-compliant reserves at 42.4% Fe
  - High quality products (64.5% Fe DSO and 68.5% DRPF)
  - 17 Mtpa average production over the first 13 years
ERG’s projects comprise an integrated production and export system
PdF is a large deposit of hematite and itabirite located near Caetité.

PdF Location

PdF deposit is contained within five mineral rights.

Site Layout and Existing Infrastructure

Well-developed site infrastructure including small-scale DSO production facilities.
Bankable feasibility study resulted in the declaration of 561.5 Mt of JORC-compliant reserves

### PdF JORC-Compliant Ore Reserves

<table>
<thead>
<tr>
<th>Ore Reserve Category</th>
<th>Tonnage (Mt)</th>
<th>Fe (%)</th>
<th>SiO₂ (%)</th>
<th>Al₂O₃ (%)</th>
<th>P (%)</th>
<th>Mn (%)</th>
<th>LOI (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proved</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hematite</td>
<td>75.7</td>
<td>62.7</td>
<td>7.4</td>
<td>1.4</td>
<td>0.12</td>
<td>0.17</td>
<td>0.9</td>
</tr>
<tr>
<td>Itabirite</td>
<td>187.9</td>
<td>34.7</td>
<td>47.4</td>
<td>1.3</td>
<td>0.06</td>
<td>0.21</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>263.6</strong></td>
<td><strong>42.7</strong></td>
<td><strong>35.9</strong></td>
<td><strong>1.3</strong></td>
<td><strong>0.07</strong></td>
<td><strong>0.20</strong></td>
<td><strong>0.9</strong></td>
</tr>
<tr>
<td><strong>Probable</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hematite</td>
<td>105.3</td>
<td>63.0</td>
<td>6.9</td>
<td>1.2</td>
<td>0.05</td>
<td>0.36</td>
<td>0.9</td>
</tr>
<tr>
<td>Itabirite</td>
<td>192.6</td>
<td>30.5</td>
<td>52.8</td>
<td>1.4</td>
<td>0.04</td>
<td>0.13</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>297.9</strong></td>
<td><strong>42.2</strong></td>
<td><strong>36.3</strong></td>
<td><strong>1.3</strong></td>
<td><strong>0.04</strong></td>
<td><strong>0.21</strong></td>
<td><strong>0.8</strong></td>
</tr>
<tr>
<td><strong>Proved and Probable</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hematite</td>
<td>181.0</td>
<td>62.9</td>
<td>7.1</td>
<td>1.3</td>
<td>0.08</td>
<td>0.28</td>
<td>0.9</td>
</tr>
<tr>
<td>Itabirite</td>
<td>380.5</td>
<td>32.6</td>
<td>50.1</td>
<td>1.3</td>
<td>0.05</td>
<td>0.17</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>561.5</strong></td>
<td><strong>42.4</strong></td>
<td><strong>36.1</strong></td>
<td><strong>1.3</strong></td>
<td><strong>0.06</strong></td>
<td><strong>0.21</strong></td>
<td><strong>0.9</strong></td>
</tr>
</tbody>
</table>

Source: Ore reserves prepared by SRK Consultores (Brazil)

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PdF Mine Site Layout

Mine plan includes a single open pit operation with proximate waste disposal and processing facilities.
10 Mtpa DSO plant and 15 Mtpa (feed) low grade beneficiation plant based on proven technology

**Capacity and Production**

<table>
<thead>
<tr>
<th>Plant 1 (DSO)</th>
<th>Nominal Capacity (Average LoM Grade)</th>
<th>Average Production (2021 – 2031)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Mtpa high grade hematite ore (64.5% Fe)</td>
<td>9.4 Mtpa DSO sinter fines</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Plant 2 (Low Grade)</th>
<th>Nominal Capacity (Average LoM Grade)</th>
<th>Average Production (2021 – 2031)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.1 Mtpa primarily itabirite ore (avg. 36.5% Fe)</td>
<td>7.0 Mtpa 68.5% Fe direct reduction pellet feed (DRPF)</td>
<td></td>
</tr>
</tbody>
</table>

**Plant Flow Sheet**

- Primary Crushing
- Screening
- Secondary Crushing
- Tertiary Crushing
- Concentration plant
- Stockpiling and shipping
- Train loading terminal

- Dry Process
- Wet Process
Stage 1 of FIOL railway approximately 70% complete construction with nearly $1bn invested already

Remaining budget to complete Stage 1 of approximately R$1.3 B

Source: VALEC
Opportunity to build long-term infrastructure business from Brazil and across South American continent

Staged 1,500 km “FIOL” railway opportunity from coast into heartland of Brazil

• **Stage 1** from ERG’s Porto Sul to ERG’s mine near Caetité already 70% complete
• **Stage 2** from Caetité to Barreiras will connect into main agricultural region of Bahia and is approximately 30% complete
• **Stage 3** from Barreiras to Figueirópolis presents opportunity to link into national railway network
• Future potential opportunities to extend towards centre of South America and beyond

The new Porto Sul deepwater port, Porto Sul, provides unique gateway for global exports and imports

• Designed with significant expansion potential and capability to handle fertilizer imports, agricultural exports as well as additional mine developments
• Licensed, engineered and construction ready

Infrastructure fully paid back in first two years of operation from the integrated Pedra de Ferro mine

• Mine uniquely suited to produce iron ore needed by Middle Eastern steel mills
• Guarantees sufficient rail and port volumes while complimentary demand develops
New deepwater port will provide significant future potential and is ready for implementation

Port designed with significant long-term expansion potential
- Capability to handle iron ore, grain and fertilizer already modelled
- Potential to handle upwards of 40 Mtpa iron ore equivalent within initial channel and breakwater design

Early works construction starting in coming months and full port ready to start implementation in 2019

Only import / export facility linked to FIOL railway provides unique sustainable competitive advantage
- 12 km branch line will connect Porto Sul to the mainline
Porto Sul is integral to the FIOL railway as its primary export and import point

1. **Rail Facilities**
   - 12.6 km branch line to FIOL
   - Twin rotary car dumper

2. **Stockyard**
   - 1.4 Mt capacity
   - 9.4 kt/h stacker
   - 8.0 kt/h reclaimer

3. **Access Bridge**
   - 5.3 km (3.5 km over water)
   - 16.0 kt/h conveyor

4. **Loading Berth**
   - 60 – 220k DWT vessels
   - 16.2 kt/h shiploader

5. **Channel**
   - Dredged to 24m depth

6. **Breakwater**
   - Provides protection to 1 in 100 year wave events

**Illustrative Site Renderings**
The PdF mine will be a low cost supplier of high quality iron ore products

### PdF Cash Operating Costs

- **First 13 Year Avg. (During DSO Prod’n):** <$20/t
- **Life of Mine Average:** $24/t

### PdF Cost Advantages

- Significant DSO production (does not require beneficiation)
- Low average mine life strip ratio of 2.2

### PdF Product Quality

<table>
<thead>
<tr>
<th></th>
<th>PdF DSO</th>
<th>PdF DRPF</th>
<th>Platts 62% IODEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron (Fe)</td>
<td>64.5%</td>
<td>68.5%</td>
<td>62.0%</td>
</tr>
<tr>
<td>Silica (SiO₂)</td>
<td>5.26%</td>
<td>0.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Alumina (Al₂O₃)</td>
<td>1.0%</td>
<td>0.5%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Phosphorous (P)</td>
<td>0.074%</td>
<td>0.02 – 0.06%</td>
<td>0.075%</td>
</tr>
</tbody>
</table>

Source: CRU Consulting and company estimates

### 2025 Global Iron Ore Supply Cost Curve

![Graph showing delivered cash cost in China and global iron ore supply cost curve](image-url)
BAMIN products are low on contaminants while presenting one of the highest Fe contents

### Chemical composition (%)

<table>
<thead>
<tr>
<th></th>
<th>DSO</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fe (%)</td>
<td>64.5</td>
<td></td>
</tr>
<tr>
<td>SiO₂</td>
<td>5.30</td>
<td></td>
</tr>
<tr>
<td>Al₂O₃</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>0.074</td>
<td></td>
</tr>
<tr>
<td>LOI</td>
<td>0.74</td>
<td></td>
</tr>
</tbody>
</table>

### Size distribution

<table>
<thead>
<tr>
<th>Percentage retained</th>
<th>DSO</th>
</tr>
</thead>
<tbody>
<tr>
<td>+6.3mm</td>
<td>14.0</td>
</tr>
<tr>
<td>+0.15-6.3mm</td>
<td>37.0</td>
</tr>
<tr>
<td>-0.15mm</td>
<td>49.0</td>
</tr>
</tbody>
</table>

### Concentrates

<table>
<thead>
<tr>
<th></th>
<th>DRPF</th>
<th>BFC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fe (%)</td>
<td>68.5</td>
<td>67.0</td>
</tr>
<tr>
<td>SiO₂</td>
<td>0.50</td>
<td>2.20</td>
</tr>
<tr>
<td>Al₂O₃</td>
<td>0.50</td>
<td>0.50</td>
</tr>
<tr>
<td>P</td>
<td>0.023-0.057</td>
<td>0.023-0.057</td>
</tr>
<tr>
<td>LOI</td>
<td>0.35</td>
<td>0.50</td>
</tr>
</tbody>
</table>

### Sinter Fines

<table>
<thead>
<tr>
<th></th>
<th>DRPF</th>
<th>BFC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fe (%)</td>
<td>64.5</td>
<td></td>
</tr>
<tr>
<td>SiO₂</td>
<td>5.30</td>
<td></td>
</tr>
<tr>
<td>Al₂O₃</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>0.074</td>
<td></td>
</tr>
<tr>
<td>LOI</td>
<td>0.74</td>
<td></td>
</tr>
</tbody>
</table>

### Size distribution

<table>
<thead>
<tr>
<th>Percentage passing</th>
<th>DRPF</th>
<th>BFC</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.149mm</td>
<td>99.5</td>
<td>98.5</td>
</tr>
<tr>
<td>0.074mm</td>
<td>80.0</td>
<td>80.0</td>
</tr>
<tr>
<td>0.044mm</td>
<td>48.0</td>
<td>51.0</td>
</tr>
</tbody>
</table>
Quality offered is unique in the market

Comparative advantage of BAMIN products

Key:
- PRE: Premium
- STD: Standard
- SUB: Substandard

* Impurities calculated as a sum of SiO2, Al2O3 and LOI

Australia Pellets
Brazil
South Africa
India
Other
BAMIN

Fe Content

Comparative advantage of BAMIN products

Australia
Brazil
South Africa
India
Other
BAMIN

Key:
- PRE: Premium
- STD: Standard
- SUB: Substandard

* Impurities calculated as a sum of SiO2, Al2O3 and LOI
Mine production sufficient to supply majority of Middle Eastern iron ore demand

- Regional production remains insufficient to meet local demand
- Closing the current regional supply gap, and enabling future growth, for steel production will require stable access to high quality iron ore
- Current supply, highly dependent on Vale, comes at significant premium, and steel mills have limited competitive leverage
- ERG mine can offer stable long-term integrated supply of low cost, high quality pellet feed perfectly suited to Middle Eastern steel mills’ needs
- Offtake agreements with regional players such as Emirates, Hadeed and EZZ can help further de-risk and secure an investment and initial discussions with these companies has provided with positive feedback

Crude Steel production vs apparent consumption* (crude equivalent) 2017, in Mt

Source: World Steel Association

* Apparent Consumption defined as: Production + Imports - Exports

Opportunity to create sustainable competitive advantage for Middle East steel mills and accelerate regional industrialization
Pedra de Ferro Project: last frontier combining high quality, logistic integrated and independent, low cash cost

**Porto Sul**
- Strategically positioned port infrastructure
  - Integral to the FIOL railway
  - Long-lived asset with anchor tenant and built-in low cost expansion potential
  - Well positioned to accommodate volume growth in dry bulk cargoes driven by long-term global trends

**PdF Mine**
- Low-cost, right-sized iron ore development
  - Efficient mine plan built around high quality resource
  - Cost advantage due to DSO production, low strip ratio, and multi-use logistics infrastructure
  - High quality products (64 – 65% Fe DSO and 68.5% DRPF) which can be sold into niche markets at premium pricing

**Both Projects**
- Shovel-ready projects at opportune time
  - All material licenses have been granted for construction for both projects
  - Positioned to capture cost savings from global and Brazilian mining slow-down
  - FIOL railway construction 70% complete (Stage 1) with privatization process announced
- Low-risk execution plan
  - Simple design with standard equipment and manageable scale
  - Excellent regional infrastructure and workforce in a mining-friendly jurisdiction
  - Highly experienced management team
- Attractive financial returns with upside
  - Strong project economics at current iron ore prices
  - Low cash costs results in positive free cash flow through pricing cycles
  - Material value upside through continued build-out or monetization of port

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