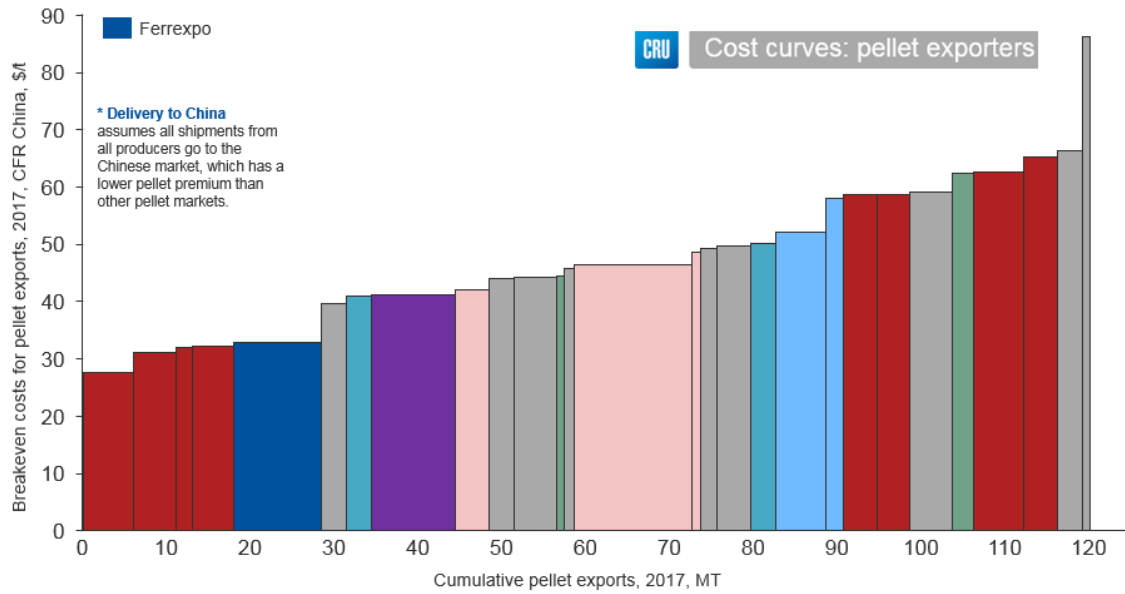


## CRU Breakeven cost curve for pellet producers to China



**Definition:** Business Costs/Breakeven costs are the sum of Realisation Costs and Site Costs. Site Costs gives the ex-works cost of mining and processing the ore. Realisation costs include the cost of getting the material to market, the marketing of the material and the financing cost of selling the material. The power of Business Costs is that by adjusting all product qualities relative to the same benchmark (62% fines product delivered north China) it allows all mines to be compared on a cost curve on a like-for-like basis. This also means that by subtracting the benchmark price from the business costs for a mine you get an estimate of cashflow from that operation.