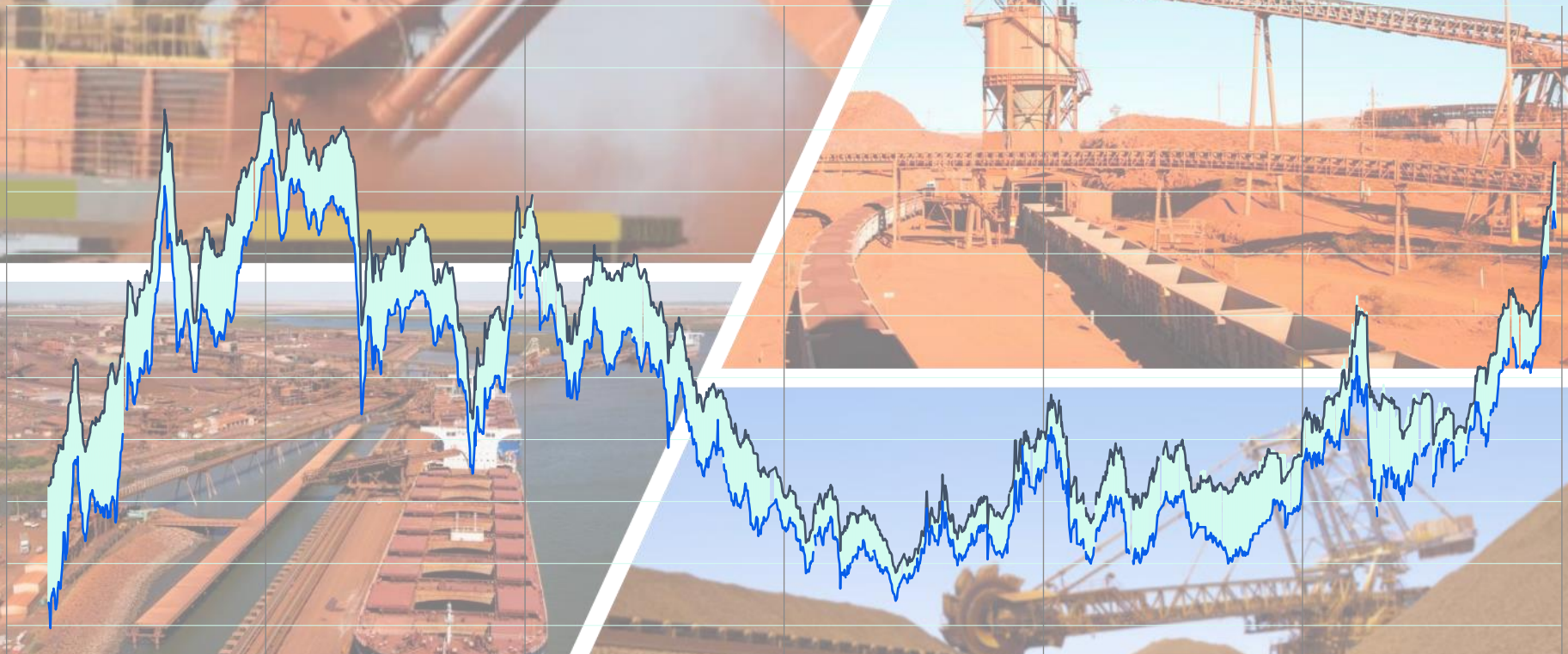




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**Global Seaborne Iron Ore Market Update**

**March 2021**

# Forward Looking Statement

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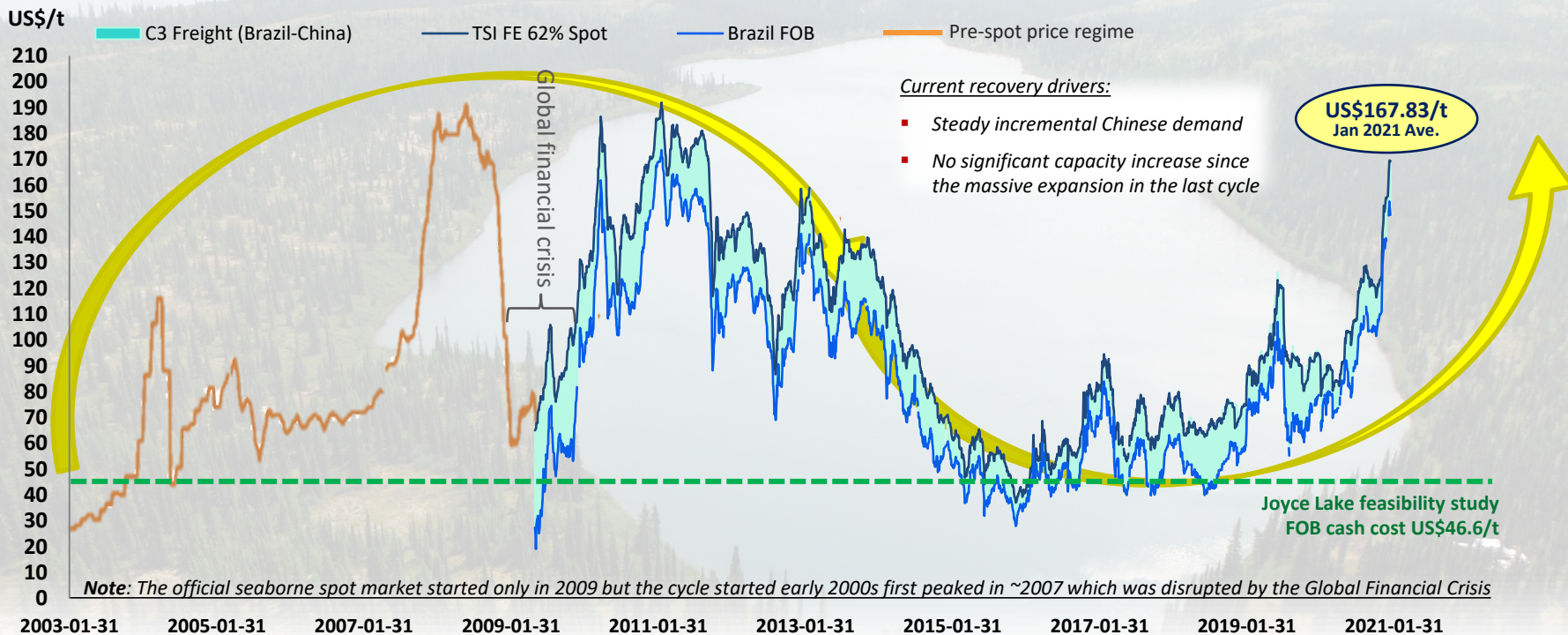
The resource estimates and other technical information contained in this presentation are supported by an independent NI 43-101-compliant bankable feasibility study (BFS). The BFS titled “Joyce Lake Direct Shipping Iron Ore (DSO) Project, Attikamagen Property, Labrador” is dated April 14, 2015 with an effective date of March 2, 2015, was completed by BBA of Montréal, Quebec, and can be found under Century’s SEDAR profile at [www.sedar.com](http://www.sedar.com). The technical contents of this presentation were reviewed and approved by Allan Gan, P.Geo., an employee and Qualified Person of Century as defined by National Instrument 43-101.



# Strong Market Recovery

*Last cycle ended in price collapse due to massive supply expansion while demand did not collapse and continued to grow incrementally*

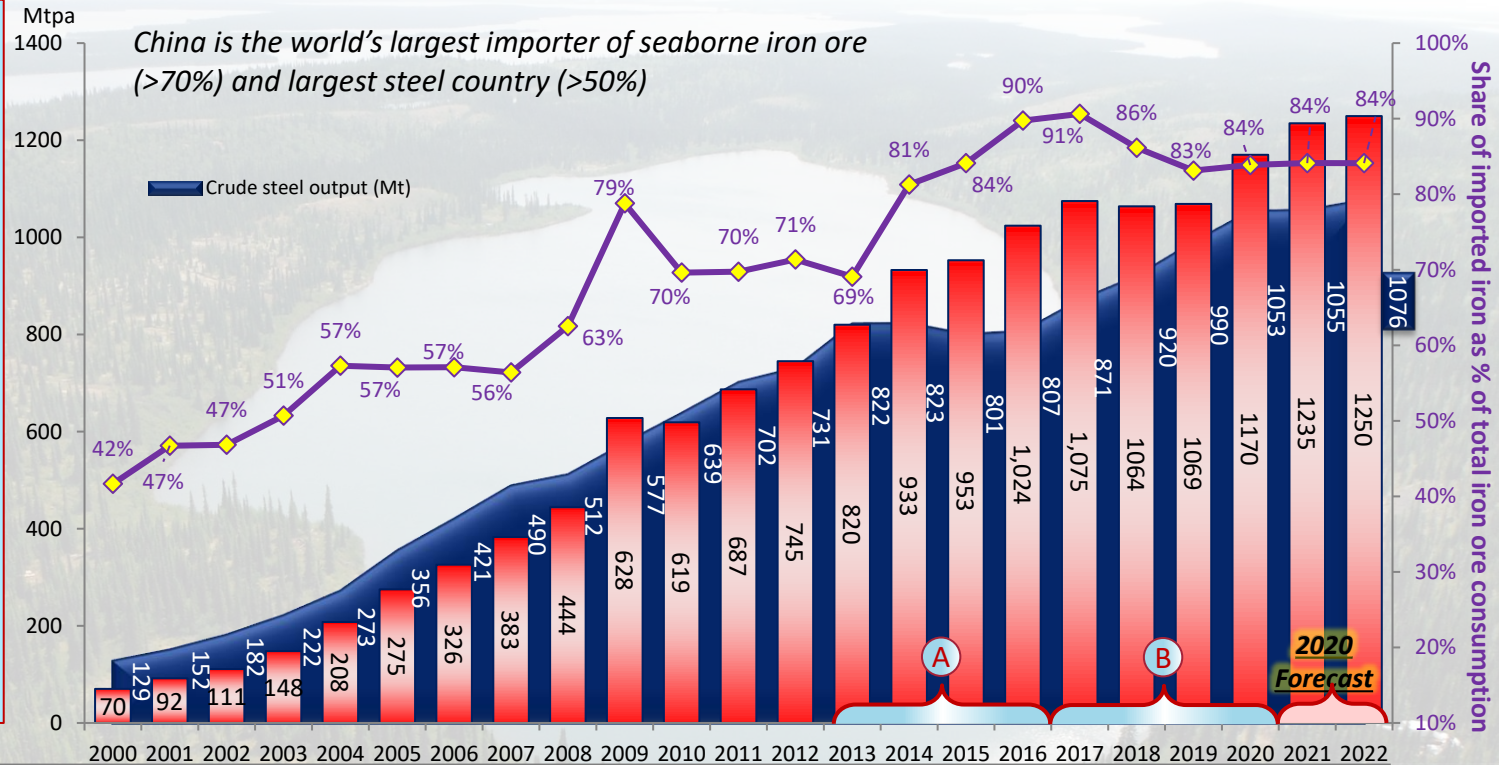
**TSI Fe 62% Daily Spot Price CFR China vs Brazil Daily FOB (US\$)**



# Strong and Steady Chinese Demand:

## China produced >1Bt of steel & imported >1Bt of iron ore in 2020

- A** China appeared to have peaked between 2013 to 2016 at a plateau @~800-820Mtpa when the economy was over leveraged with excess inventory and capacity
- A** During this time of corrective economic calibration China underwent capacity & inventory reduction, deleveraging, etc.
- B** From 2017 on China managed to add ~200Mtpa crude steel to the economy and reached about 1Btpa in 2019 @ ~8%pa



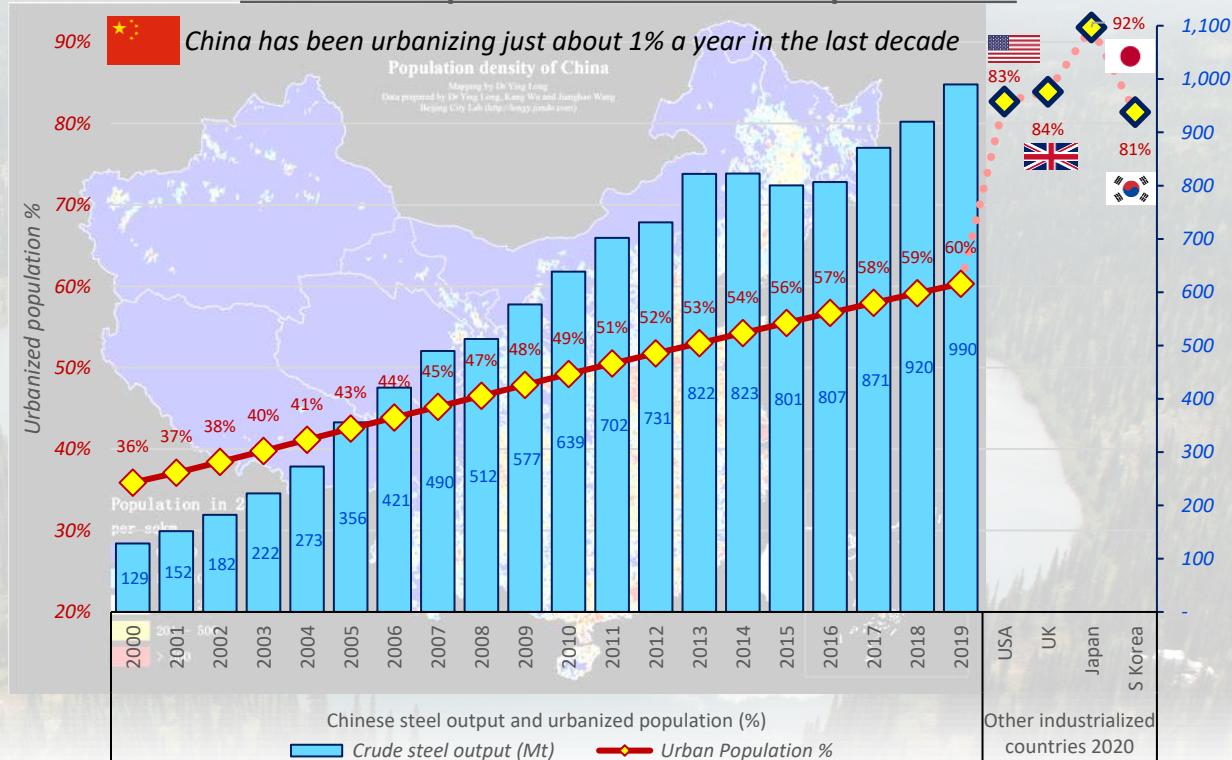
Source: UNCTAD The Iron Ore Market 2012-2014; General Customs Administration of the PRC, Index Mundi, Century, World Steel, McKinsey & Company 2000-2006; Bureau of International Recycling 2007-2013, J.P. Morgan 2014-2017; Reuters & Macquarie Aug 2020; 2018-2022

# Continuing Urbanization of a Well Industrialized Economy

- China is a **well industrialized economy** (largest production output in the world = ~sum of the next 5 countries) **still urbanizing steadily** (already for half a century)
- By 2030, **Morgan Stanley** (2019) forecasts the average size of China's 5 supercities will reach **120 million** (attracting half of an **additional 220 million city dwellers**) and its urbanization rate will rise from **~60% to 75%** driven by three initiatives – city clusters, smart cities and agricultural modernization.
- Its GDP has been growing solid in concert providing a conducive environment for quality urbanization and per capita income growth supporting a **healthy housing and infrastructure demand**
- Other than the short-term plateau during 2012-16, China **resumed growth** in 2017 in the steel market – now surpassing 1Btpa
- Additional future economic drivers include:
  - RCEP (ASEAN +5): Regional Comprehensive Economic Partnership
  - Belt and Road Initiative



## Urbanized Population % and Steel Output in China

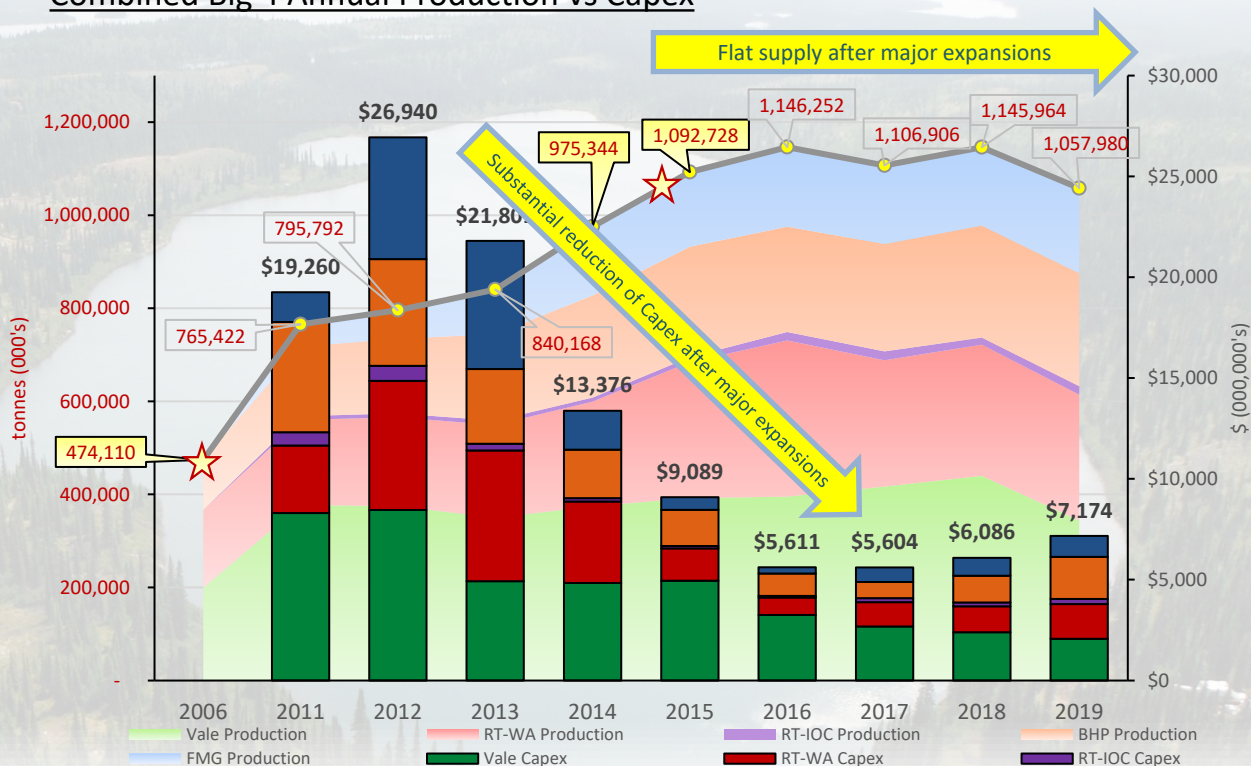




# FMG's emergence in 2000s sparked an expansion spree by the Big 3 to become the Big 4 Oligopoly doubling output in a few years . . . staging price hikes in a new cycle

- ★ Almost US\$100B expansion Capex spent in the last cycle to double their capacity
- ★ >1Btpa was achieved in 2015 from <500Mtpa in 2006 – more than doubling their annual output in 10 years – by the big 4 combined
- Total Big 4 production has stayed flat @ ~1.1Btpa since 2016
- No major capex since and in the foreseeable future
- The 2019 Brazilian tailing dam failure & other causes brought production down since igniting a long-awaited cycle return
- Big 4s have been making extraordinary profits on price hikes and paying special dividends from the year rather than retaining capital for any major expansions
- Any major future expansions will take \$10'sB & 5-10 years to take effect if decided today

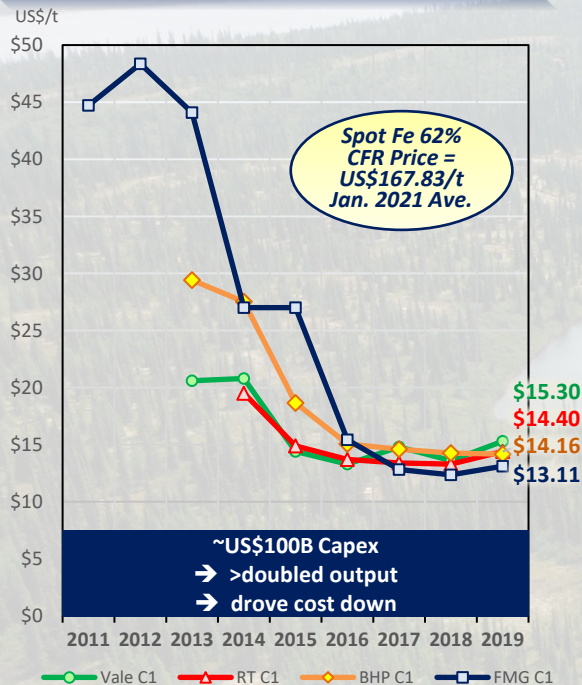
Combined Big 4 Annual Production vs Capex



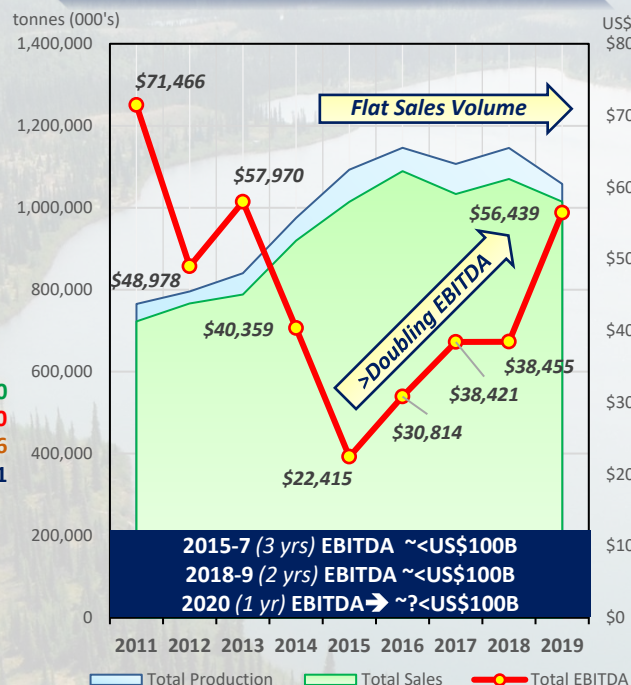
Source: Company published quarterly, half-yearly and annual reports

# Big 4's massive expansion drove cost substantially to +/- US\$15/t, total EBITDA & dividends of Big 4 surging (from 2015-6) on Flat Shipments

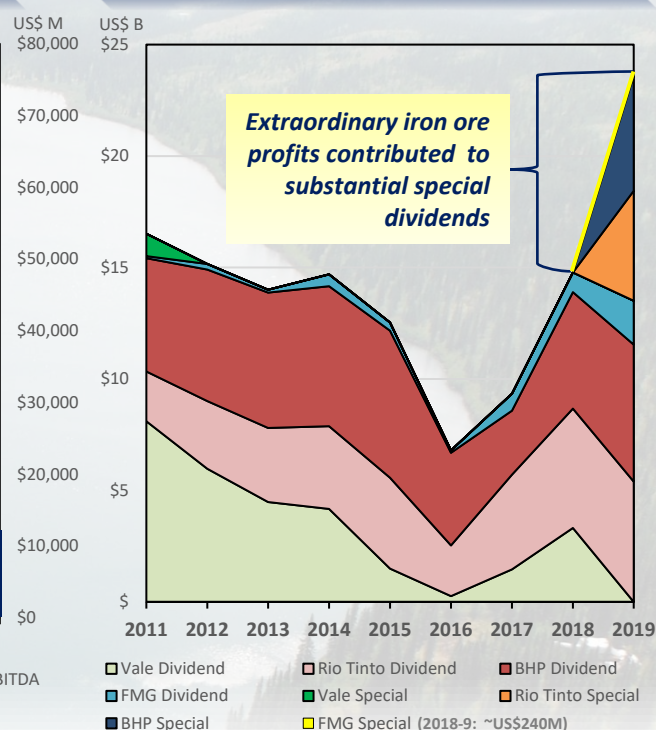
Annual Cash Cost US\$/t (FOB) (2011-2019)



Total Big 4 Volume vs EBITDA (2011-2019)

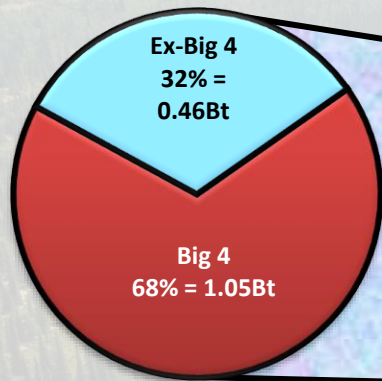


Total Big 4 Dividends (2011-2019)

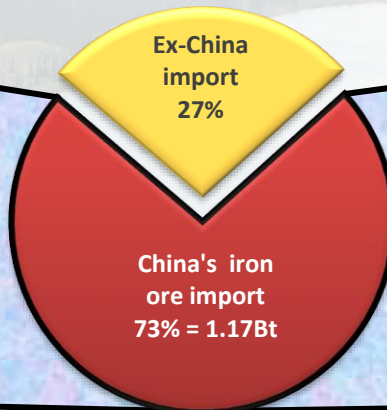


# China vs Big 4 Supply-Demand Dynamics

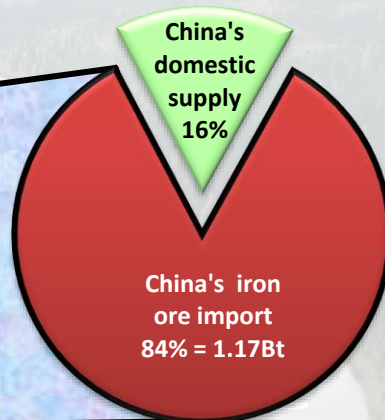
Global Seaborne Iron Ore  
Supply / Export in 2020 (1.5Bt)



Global Seaborne Iron Ore  
Demand / Import in 2020 (1.5Bt)



China's Iron Ore  
Sourcing in 2020 (1.3Bt)



*An oligopolistic supply structure for a single dominant buyer market favours a sellers' market*



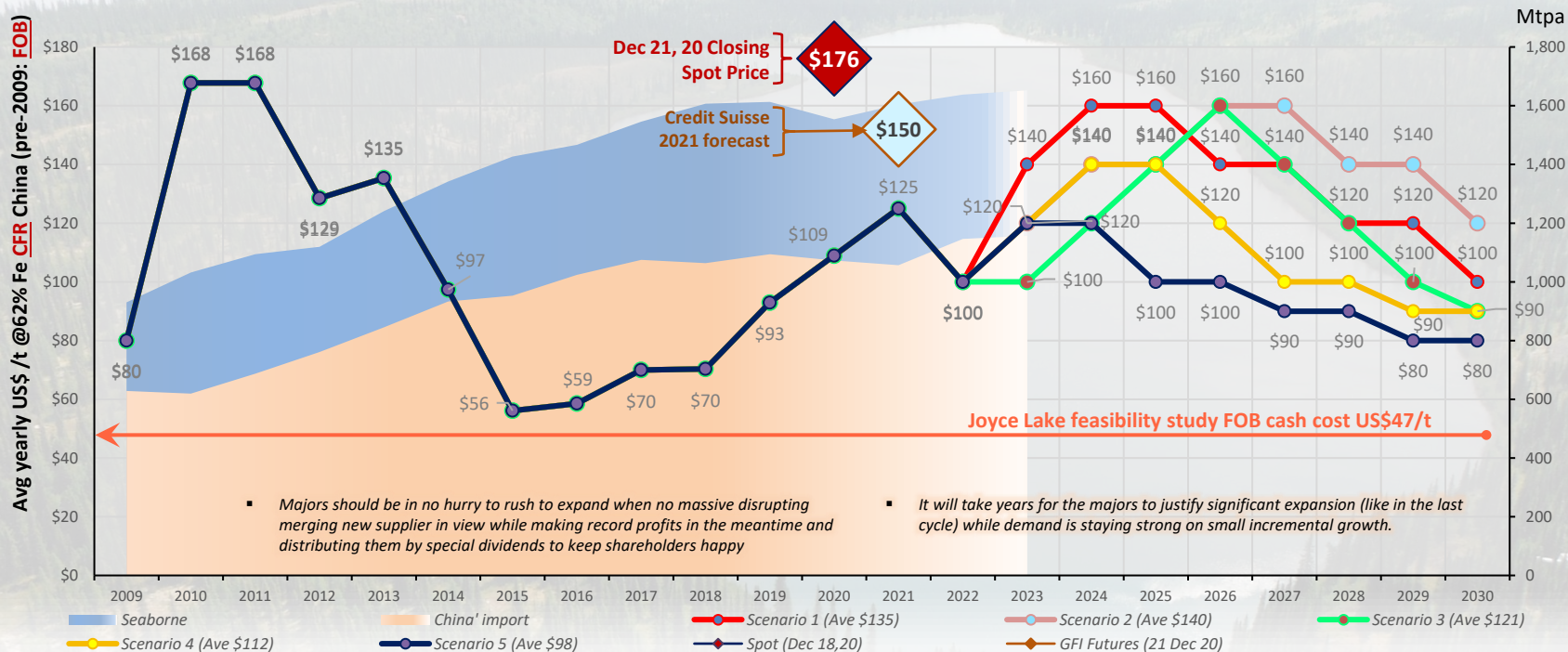
# Possible Price Trajectories to Evaluate Iron Ore Projects

## ....from where we are (vs simply LT price)

Scenarios of coming cycle macro trajectories of an oligopolistic supply market further fueled by:

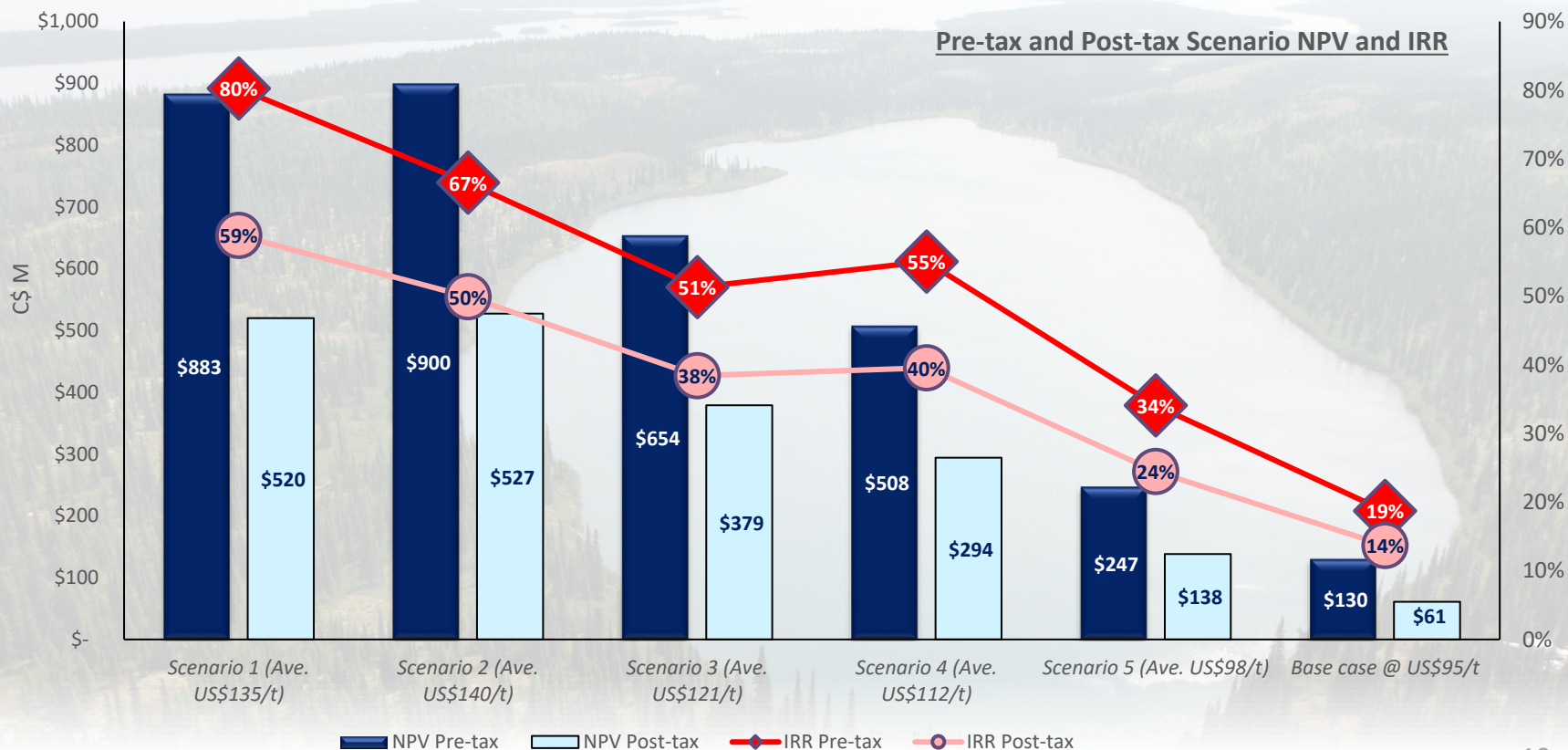
- ➔ Post-COVID-19 global stimulus-led recovery

- ➔ The Fed holding interest rates till 2023
- ➔ Asian trading bloc RCEP (ASEAN+5) formed (Nov)
- ➔ Belt and Road Initiative






Source: Resources & Energy Quarterly Sept 2020, Australia; 2021-2022 UBS Jan 2021 forecast, Century

# Joyce Feasibility Study Valuation Sensitivity in a New Cycle



# A Proxy for Current Iron Ore Cycle

*Joyce delivers C\$524M NPV<sub>8%</sub> @US\$142.5/t (Jan. 21 market average US\$167.83)*

Joyce Lake Feasibility Study <sup>(1)</sup> Summary		Unique Positive Project Features	
Production (Mt/year)	2.5 Mtpa		→ Optimizing rate of mining 17.7Mt reserves to 2.5Mtpa creates maximal early year cash flow in a new cycle delivering great value and return → >US\$100/t cash margin (based on average price of January 2021 US\$167.83/t) generates >US\$250M cash and EBITDA a year (>Capex of US\$200M)
Reserves (LoM Strip Ratio: ~4:1)	17.7Mt		
Initial Project Capex (~US\$200M)	C\$259.6M		
Opex FOB Sept-Îles (~US\$46.6/t)	C\$58.25/t		
Construction Time	~1.5 yrs		→ Short construction time to catch upcycle
Life of Mine	~5-7 yrs		→ Up to 4 years futures market covering most of LoM

## Feasibility Study Financial Metrics

Iron Ore Price (62% Fe China/t)	Futures contracts available up to 4 years on markets	US\$95 <small>Base Case</small>	US\$142.5 <small>150% of Base</small>	<sup>(2)</sup> \$167.83 <small>Jan '21 Ave.</small>
Pre-tax NPV <sub>8%</sub>		C\$130M	<b>C\$888M</b>	C\$1,293M
Post-tax NPV <sub>8%</sub>		C\$61M	<b>C\$524M</b>	C\$766M
IRR (pre-tax / post-tax)		18.7% / 13.7%	73.7% / 55.0%	101.8% / 75.2%
Payback (pre-tax / post-tax)		4.4 / 4.9	1.5 / 1.7	1.1 / 1.2

(1) NI 43-101 compliant feasibility study published in April 2015

(2) Sensitivity value extrapolated from feasibility cash model