The Labrador Trough and IOC’s Competitive Advantage

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IOC’s goal is Zero Harm

Injury frequency rates 2003 to end of August 2012
Per 200,000 hours worked

- **All injury frequency rate**
- **Lost time injury frequency rate**

*Indicates fatality*
Demand for iron ore is growing while new sources of supply are challenging

**Demand**
Global crude steel production by region 2012-2020 (Mt)

- China: 33% of total delivered 15% of total delivered
- Europe & Americas: 78% of global growth to come from IOC’s key markets
- India
- Other Asia-Pacific
- Africa & M.E.
- Global

**Supply**
Global completed iron ore production capacity has been significantly less than announced expansions (Mt)

- Announced for 2008-10: Certain
- Completed by Q4 2010: Probable
- Announced for 2012-14: Certain
- Completed by Q4 2012: Probable

Source: Rio Tinto, AME.
Source: UNCTAD iron ore market outlook.
The Labrador Trough is set to become a major global iron ore basin

Labrador Trough

- Politically stable – mining friendly
- Prolific iron ore region with significant growth potential
- High quality product at attractive costs
- Entry point into seaborne market

Source: AME and estimates based on company disclosures.
Note: Compound annual growth rates (“CAGRs”) represent expected production growth from 2012A through 2020E.
The Labrador Trough is attracting significant global investment

Source: Company announcements.
High quality resource and fully integrated mine-to-port system delivers competitive advantage

- High quality resource in the Labrador Trough delivers cost advantage
- Large reported reserves and resources with significant exploration potential

- High quality products with high Fe content
- Very low phosphorous and alumina levels

- 100% owned and operated QNS&L railway is readily expandable
- 100% owned and operated deep water port with significant land ownership is readily expandable
- Wholly owned integrated infrastructure delivers cost advantage and significant expansion potential
IOC’s high quality resource base

IOC’s high quality resource offers significant cost advantages compared to other producers in the Labrador Trough

- High Fe grade
- High weight yield
- Low strip ratio means lower mining costs
- Multiple pits and multiple dumping locations
- Supports IOC expansion to 50Mtpa and beyond

Source: Company disclosures and IOC analysis.
Note: Excludes small enriched deposits.
IOC’s high quality products

<table>
<thead>
<tr>
<th></th>
<th>Fe%</th>
<th>P%</th>
<th>Al₂O₃%</th>
</tr>
</thead>
<tbody>
<tr>
<td>IOC CFS</td>
<td>65.7</td>
<td>0.009</td>
<td>0.20</td>
</tr>
<tr>
<td>Brazil 1</td>
<td>65.0</td>
<td>0.020</td>
<td>1.20</td>
</tr>
<tr>
<td>Brazil 2</td>
<td>63.8</td>
<td>0.049</td>
<td>0.90</td>
</tr>
<tr>
<td>Australia 1</td>
<td>61.5</td>
<td>0.090</td>
<td>2.25</td>
</tr>
<tr>
<td>Australia 2</td>
<td>57.7</td>
<td>0.043</td>
<td>1.45</td>
</tr>
<tr>
<td>Typical China</td>
<td>64.8</td>
<td>0.025</td>
<td>0.90</td>
</tr>
</tbody>
</table>

- High quality concentrate and pellets
- Very low phosphorus and natural alumina
- Low sulfur, alkalis and other undesirable elements
- Low shipping moisture
- Strong complementary value in Asian blends due to low impurities
- Very complementary to sinter burdens
- Ideally located to service growing DR demand in North America following shale gas developments

IOC’s high quality product is positioned to supply the growing demand in Asia for high quality iron ore and the stable markets in North America and Europe

Source: Platts and company disclosures.
High quality product supports growing sales into Asia

- North America and Europe provide a stable demand base for IOC’s products
- Asia is a growing market for IOC, with IOC’s high quality concentrate an ideal substitute for low impurity but high cost Chinese domestic ore
- Positioned to benefit from the trend toward higher quality Chinese steel as well as increasing carbon and energy prices
- IOC’s deep-water port allows the use of capesize and VLOC vessels all year round, which lowers freight and loading rates and ensures consistent supply to customers
<table>
<thead>
<tr>
<th>Wholly owned integrated infrastructure</th>
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<tbody>
<tr>
<td><strong>Rail (QNS&amp;L) – IOC owned and operated</strong></td>
<td><strong>Private Port (Sept-Îles) – IOC owned and operated</strong></td>
</tr>
<tr>
<td>• Only 3rd party accessible rail in Labrador Trough</td>
<td>• Ship draft of ~18m (VLOCs)</td>
</tr>
<tr>
<td>• Current capacity of ~35Mtpa</td>
<td>• Current capacity of ~22.5Mtpa</td>
</tr>
<tr>
<td>• Expandable to ~82Mtpa and beyond</td>
<td>• Expandable to 31Mtpa with minimal investment</td>
</tr>
<tr>
<td>1. Secures competitive cost position</td>
<td>• Potential up to ~200Mtpa</td>
</tr>
<tr>
<td>2. Readily expandable at low capital intensity</td>
<td></td>
</tr>
<tr>
<td>3. Supports IOC expansion to 50Mtpa and beyond</td>
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</table>

**Labrador Trough rail and port costs (US$/t)**

<table>
<thead>
<tr>
<th>IOC</th>
<th>Mine 1</th>
<th>Mine 2</th>
<th>Mine 3</th>
<th>Mine 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$5</td>
<td>$10</td>
<td>$15</td>
<td>$20</td>
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IOC’s integrated mine-to-port infrastructure secures competitive cost positioning and supports expansion.
IOCs significant investment is delivering results…

- $1.7 billion of expansion and sustaining capital invested since 2010
- Capacity increased ~30%
- Improved reliability of the operations to deliver higher volumes at reduced operating costs
- Concentrate Expansion Program instituted to remove bottlenecks and grow production

IOC’s concentrate production capacity (Mtpa)

First two phases of IOCs concentrator expansion program (CEP) are almost complete with most capacity upside already online and limited spend outstanding
...and improving IOC’s significant cost advantage

Operating cost per tonne concentrate before pelletizing costs
(based to 2012)

- IOC’s high quality resource base and fully integrated mine-to-port system deliver a significant cost advantage
- This will increase as production ramps up with CEP1&2 in place, through:
  1. Significant operating leverage: two-thirds of IOC’s costs are fixed
  2. Operating efficiencies already achieved now that CEP is commissioned
  3. Reduction in expenditures and non-recurring items related to growth preparation
  4. Cost Management Program will achieve further cost savings

With CEP now in place, increasing production volume and cost reductions will reduce unit costs by around 40% by 2014

Note: Excludes pelletizing costs.
Growth: Significant additional expansion potential

Concentrate production capacity (Mtpa)

<table>
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<tr>
<th>Near-term expansion under study</th>
<th>Potential additional expansion</th>
<th>Highlights</th>
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<tbody>
<tr>
<td>Post CEP1 &amp; 2...</td>
<td>CEP3</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>~30</td>
<td>-</td>
</tr>
<tr>
<td>Post CEP3</td>
<td>Further expansion...</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Incremental upside</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Full potential</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>50+</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>100+</td>
<td>-</td>
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IOC has significant potential for production expansion well beyond already planned measures.
IOC has a strong focus on corporate responsibility, environment, community and aboriginal issues

<table>
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<tr>
<th>Economic impacts</th>
<th>Community</th>
<th>Environmental</th>
<th>Aboriginal partnerships</th>
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<tbody>
<tr>
<td>● Largest employer in Newfoundland &amp; Labrador (2,643 people)</td>
<td>● Contributes over US$1 million annual in community investments</td>
<td>● Won the Syncrude Award in May 2009 for Excellence in Sustainable Development for its tailings management process</td>
<td>● Priority to continue fostering partnerships and opportunities that benefit the Aboriginal communities</td>
</tr>
<tr>
<td>● US$2.4 billion capital investment in the Labrador region over the last 5 years</td>
<td>● Actively involved in the Community Advisory Panel, the Regional Task Force, the Housing and Homeless Coalition and various donation partnerships including the Ronald McDonald House</td>
<td>● Received the Great Blue Heron National Award from the North American Waterfowl Management Plan in 2005</td>
<td>● Including business partnerships, employment and capacity development programs and participation in social programs</td>
</tr>
<tr>
<td>● Large fiscal contribution</td>
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</tr>
<tr>
<td>− US$1.4 billion of direct income tax and mining tax royalties for federal and provincial Canadian governments over the last 5 years</td>
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<td></td>
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</tbody>
</table>
Conclusion

IOC’s competitive advantage in the Labrador Trough

- Excellence in Health, Safety and Environmental performance
- Extensive, high quality resource in the Labrador Trough delivers cost advantage
- High quality concentrate and pellets with high Fe content and low impurities
- Wholly owned integrated infrastructure delivers a competitive cost position and significant expansion potential
- Significant recent invested capital has increased capacity and reliability and will strengthen IOC’s cost advantage
- Multiple opportunities for substantial additional expansion
- Concerted focus on corporate responsibility, environment, community and aboriginal issues