

9 August 2012

Company Announcements Office  
Australian Securities Exchange

**BC Iron Limited (ASX: BCI)**

Please find attached the Company Presentation that Managing Director, Mike Young presented at Diggers and Dealers on 8 August 2012.

Regards



Linda Edge  
Company Secretary



# Diggers and Dealers

## August 2012

**Mike Young – Managing Director**

## BC Iron is an iron ore mining company

### Points of difference

- ❖ Focused on development since 1H 2007:
  - Production at 'steady state' at 5Mtpa
- ❖ Joint Venture with Fortescue Metals Group
- ❖ Quality product – “*Bonnie Fines*”
  - Direct Ship Ore – CID pisolite fines
  - Mine → crush → truck → rail → ship → \$\$\$
- ❖ Capital Management – current strong cashflow supports shareholder returns, working capital and growth requirements/opportunities
- ❖ “*Getting into cash flow is the path to growth.*”

BC Iron presentation: July 2008





*First drill hole, April 2007*

## 2006 to 2012: Rapid Growth

- **2006** – Listing on ASX
- **2007** – Discovery of DSO iron ore at Outcamp Well
- **2008-2009** – Drilling, Feasibility, JV with FMG
- **2010** – Construction and Mining commences
- **2011** – Iron ore exports commence & maiden profit
- **2012** – Ramp up to 5Mtpa achieved ahead of schedule



*First ore on ship, February 2011*

## Shareholders

Consolidated Minerals	24 %
Regent Pacific	23 %
Henghou Ningbo	10 %
BC Iron Directors	3 %
Institutions	21 %
Top 20	77 %

## Capital Structure

Ordinary Shares	103.9m
Market Cap at \$2.50	\$260m
Cash as at 08 August 2012	~\$100m
Debt	\$20m
Enterprise Value	\$180m
Options, Performance Rights	1.7m

BC Iron share price (red) vs ASX300 (blue)



## Board of Directors



**Tony Kiernan, Non-exec Chairman** – formerly a solicitor with extensive experience in management and operation of Australian public companies. Chairman of Venturex Ltd and NED Chalice Gold Ltd and Uranium Equities Ltd.



**Mike Young, MD and CEO** – a resource geologist with extensive experience in resource definition and feasibility in variety of commodities including gold, copper, uranium and iron ore. Chairman of Cassini Resources Limited and Co-Patron of St Bartholomew's Foundation.



**Morgan Ball, Finance Director** - a Chartered Accountant with over 20 years of Australian and international experience in the resources, logistics and finance industries. He has held various senior finance and commercial roles in both public and private companies.



**Terry Ransted, Non-exec Director** – a geologist with Alkane Resources managing exploration and development programs. Experience in iron ore at Hamersley and Yandicoogina pisolite deposit.



**Andy Haslam, Non-exec Director** – a mining engineer with 27 years operational and management experience. Currently General Manager – Iron Ore Operations of Mineral Resources Ltd. Prior to this he was Managing Director of ASX listed Territory Resources, a 2.0Mtpa producer of DSO lump and fines in the Northern Territory.



**Malcolm McComas, Non-exec Director** - experienced company director and investment banker. Mr McComas is the Chairman of FINSIA, NED of Consolidated Minerals, Pharmaxis, Ocean Capital & ALLG and a Senior Advisor to the OctaPhillip Group.



**Jamie Gibson, Non-exec Director** – a solicitor and accountant with over 10 years in management of public companies. Mr Gibson joined the Regent Pacific Group in 1996 and has been CEO since January 2002. Mr Gibson specialises in corporate finance and equity investment. He is a director of a number of Regent subsidiaries.

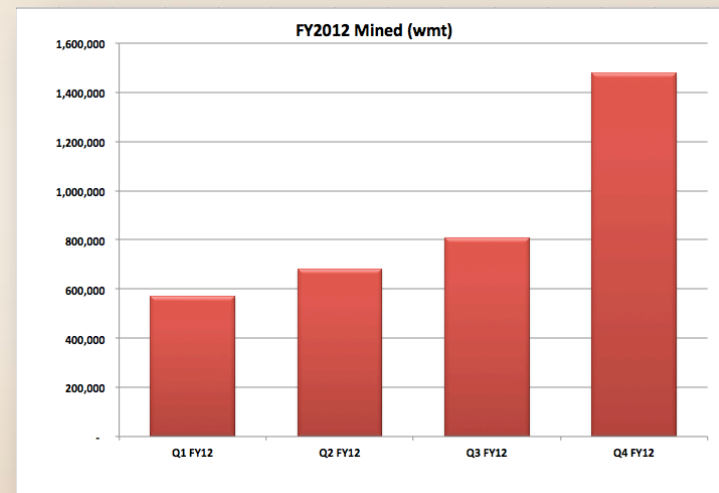
## Q4 FY2012 – All FY2012 Targets Achieved

During the Quarter:

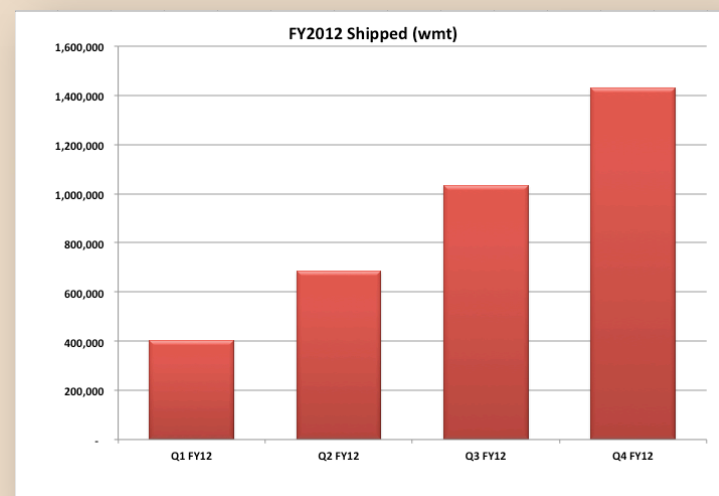
- ✓ Cash at \$93m June 30, 2012
- ✓ Record 1,479,116 tonnes mined & crushed
- ✓ Record 1,431,260 tonnes shipped
- ✓ Operations achieve steady state at 5Mtpa
- ✓ Ore Reserve increased to 41Mt @ 57.1% Fe  
Increase in Proved Reserves

Targets achieved for FY2012:

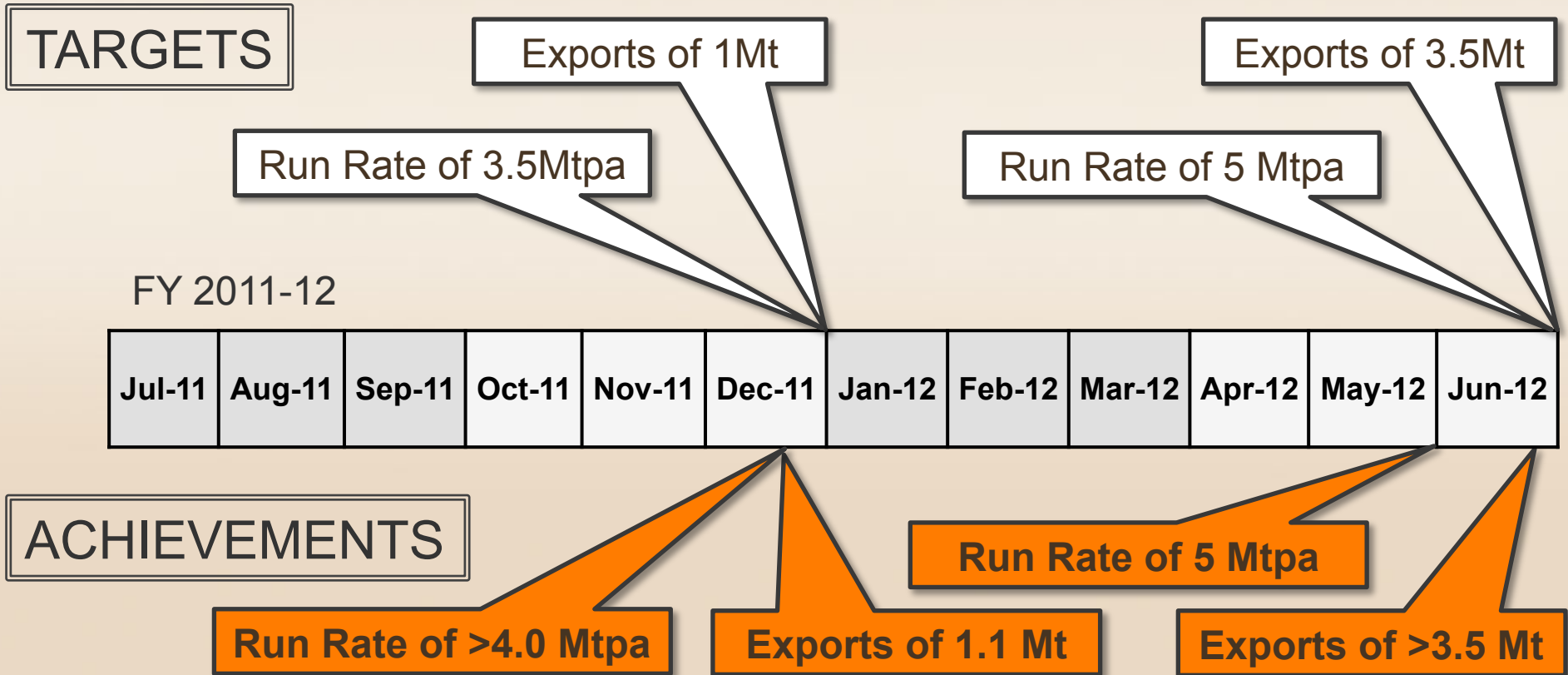
- ✓ Total exports of 3.5Mt DSO for FY12
- ✓ Export production rate of 5Mtpa by EOFY12



Ore Mined FY2012 – 3.54mt



Product Shipped FY2012 – 3.55Mt



## Significant Mine Life increase during FY 2012

- Ore Reserve at 41.0Mt @ 57.1% Fe – increase to 9 year mine life



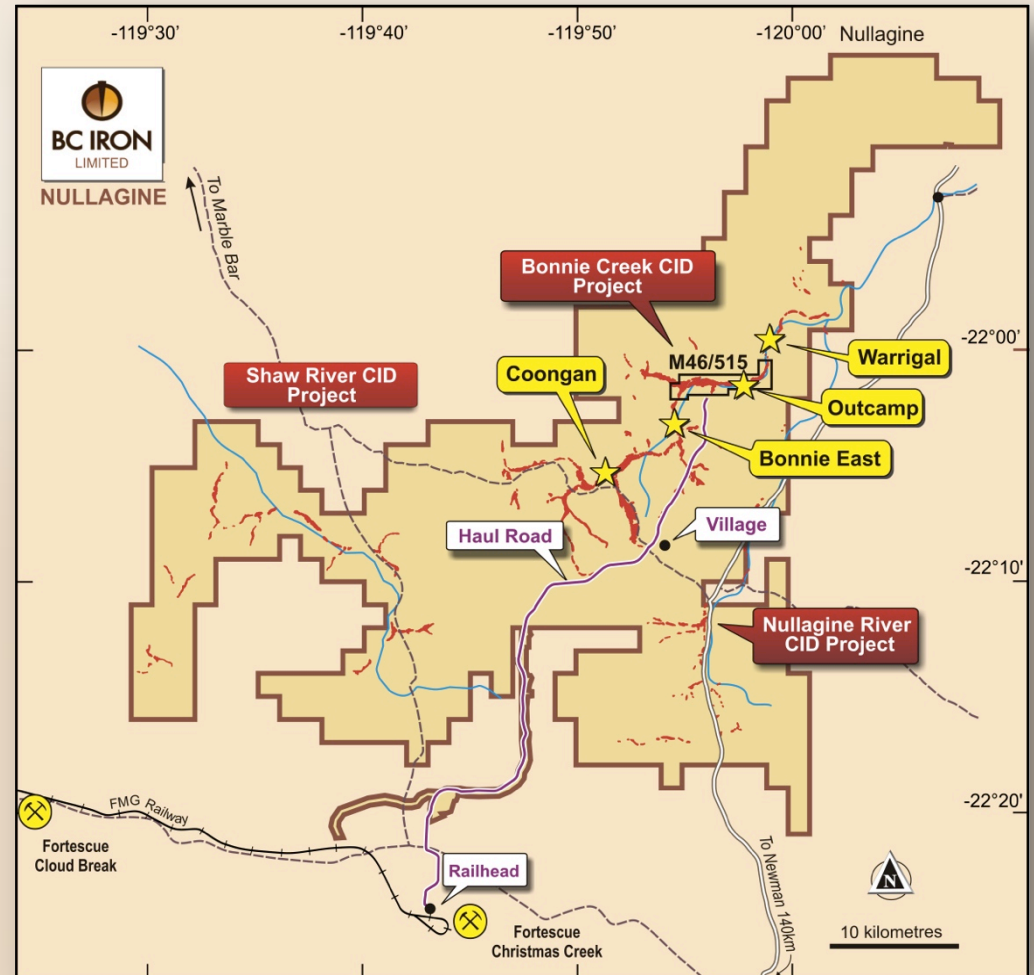
## Nullagine Iron Ore Project

- Joint Venture with Fortescue (50:50)
- The Project is located 55 km north of Fortescue's Christmas Creek (CC) Operations
- Ore is trucked to CC, then railed to Port Hedland for export via Fortescue's port infrastructure
- Mineral Resource of 108Mt @ 54.1% Fe (62% CaFe)
- Ore Reserves 41Mt @ 57.1% Fe (65% CaFe)



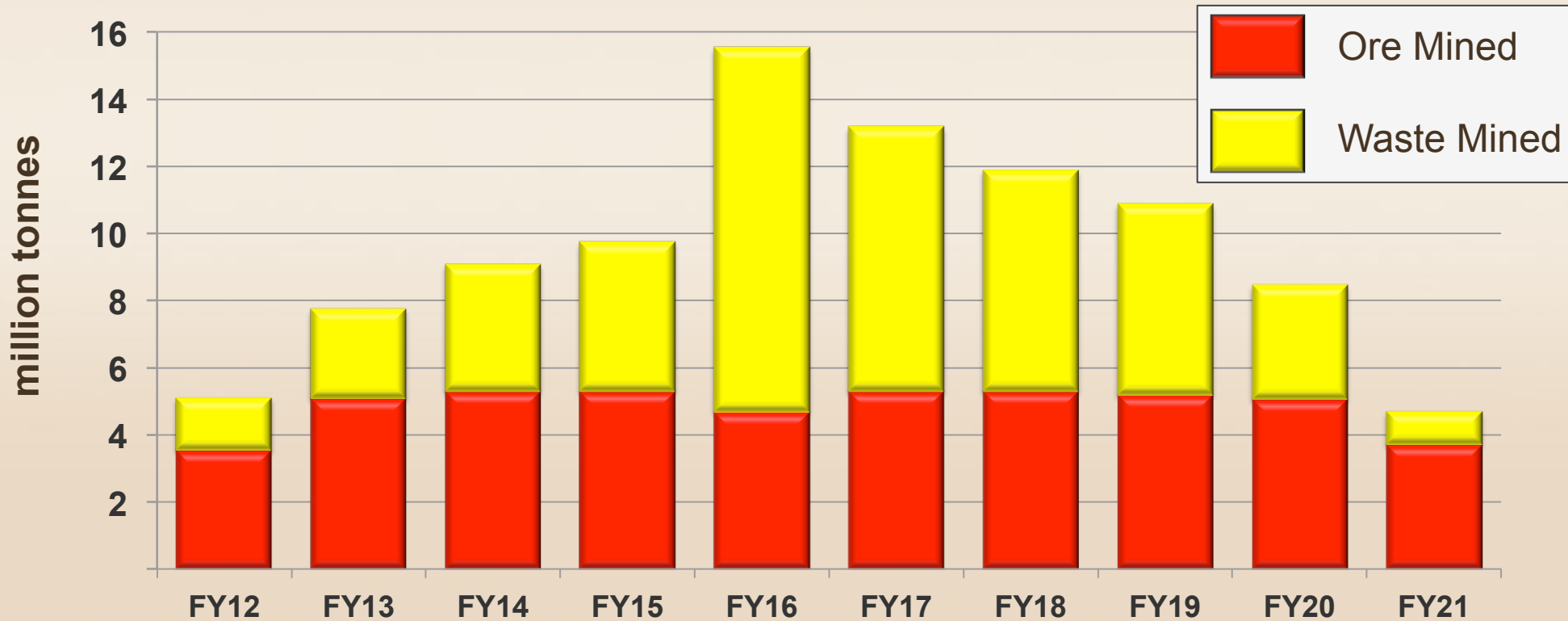
## Nullagine Joint Venture

- BC Iron is the operator and Manager of the JV
- 50/50 share of revenue and costs
- Contract mining, haulage, rail & port
- Fortescue provide marketing services
- Ramp-up complete → all activities now at “steady state”
- Expect to extend mine life through resource upgrades and BBSO work





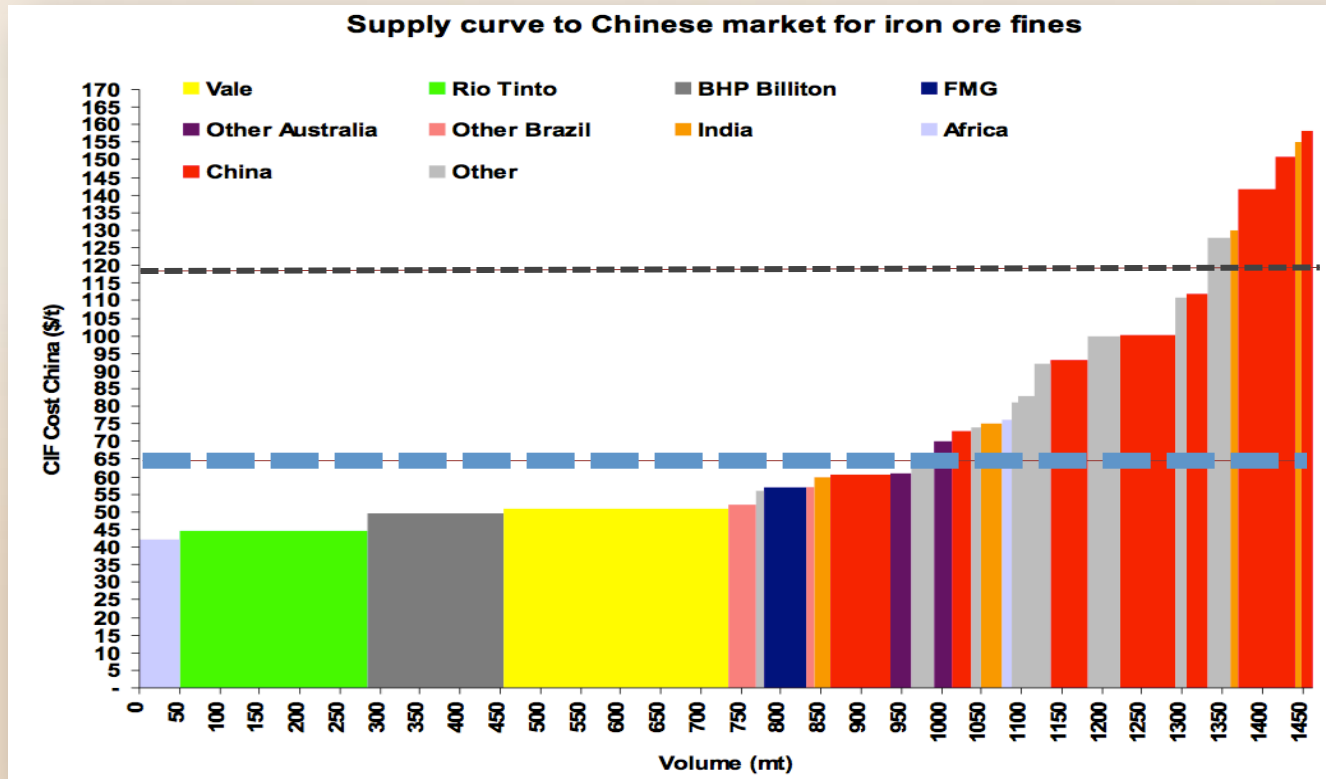
**BC IRON**  
LIMITED



## Past and forecast production FY12 to FY21

- Production capacity rate at 5Mtpa → steady state production
- LOM strip ratio of 1:1 → Maximum strip ratio (waste : ore) of 2.3 in FY16
- “Project Inventory” to establish total mineable DSO & BBSO by Q3FY13 – may extend mine life 3-5 yrs

FY22 →  
DSO+BBSO →



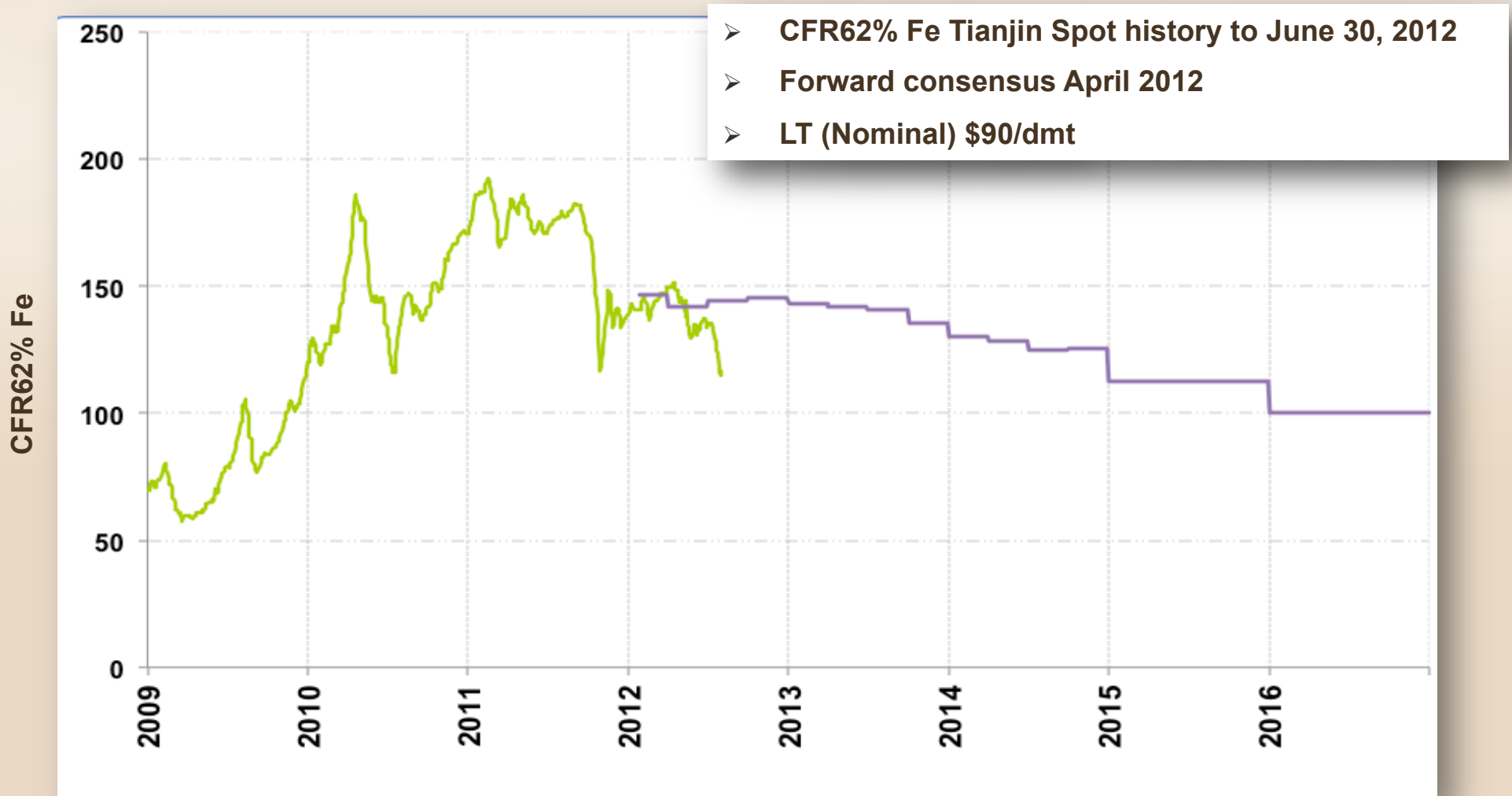
Price 7 August  
US\$117

Targeted OpEx

Source: Macquarie Research

## Forecast costs

- FOB cash operating costs estimated at \$45 to \$50 per tonne over LOM - varies with waste/ore ratio
- Cash costs exclude State royalties, Aboriginal royalties, marketing and head office costs
- Contractor operation – minimal sustaining capital ~\$5m per annum (NJV)



## West Australian - Channel Iron Deposits

- “*Bonnie Fines*” pisolite sinter blend improves sintering productivity at the steel mill
- Low impurities, low ultra-fines, low moisture, and high calcined iron grade
- Bonnie Fines substitutes for existing high quality fines

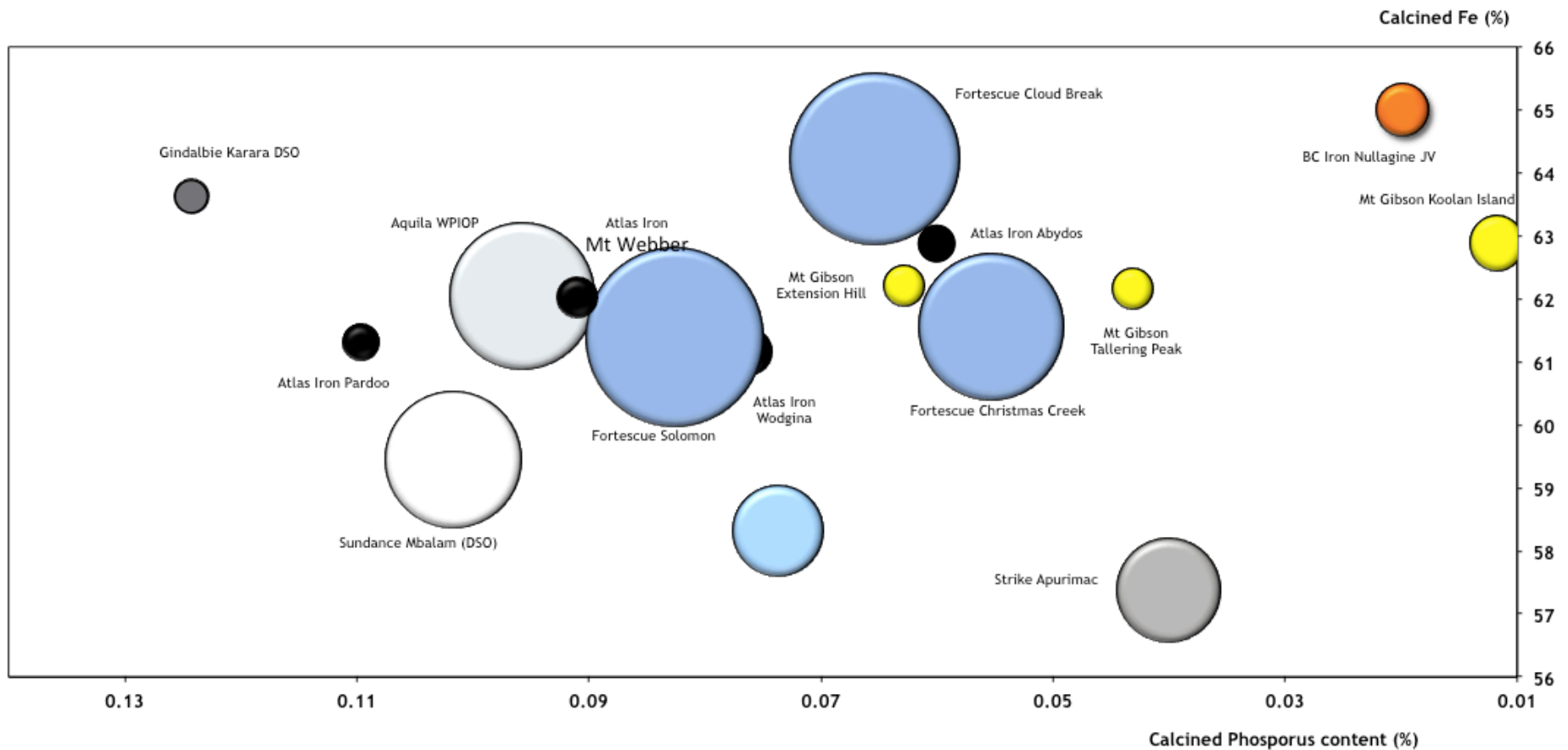
## Marketing & Pricing

- Fortescue provides marketing services to JV
- Uncommitted ore to be sold at prices in line with the Platts Index CFR62
- 18 mt LOM production committed to Henghou at agreed discount to Platts Index CFR62
- Relationship with Fortescue provides strong support in logistics, marketing and customers

Customer ratings of " <i>Bonnie Fines</i> "			
Element	Grade	Comments	Rating
Fe	<b>57.0%</b>	Typical for Channel Iron Deposit (CID)	✓
Al <sub>2</sub> O <sub>3</sub>	<b>2.00%</b>	Low. Typically allowed to 2.5%	✓✓
SiO <sub>2</sub>	<b>3.20%</b>	Low. (Al <sub>2</sub> O <sub>3</sub> + SiO <sub>2</sub> ) < 8% preferred	✓✓✓
P	<b>0.02%</b>	Preference is for low P ores. High P makes steel brittle. Difficult to remove.	✓✓✓✓
S	<b>0.01%</b>	High S creates weakness in steel. Sulphur grains sank the Titanic.	✓✓✓
LOI	<b>12.1%</b>	Loss on Ignition. A measure of 'volatiles' in the ore. Hi LOI = higher CaFe	✓✓
CaFe	<b>64.8%</b>	Iron content after the removal of LOI during sintering	✓✓✓
Moisture & Fines	<b>&lt;6%</b> <b>&lt;9%</b>	Important measures in shipping and sintering	✓✓✓

- “Bonnie Fines” Phosphorus Grades amongst the world’s lowest DSO

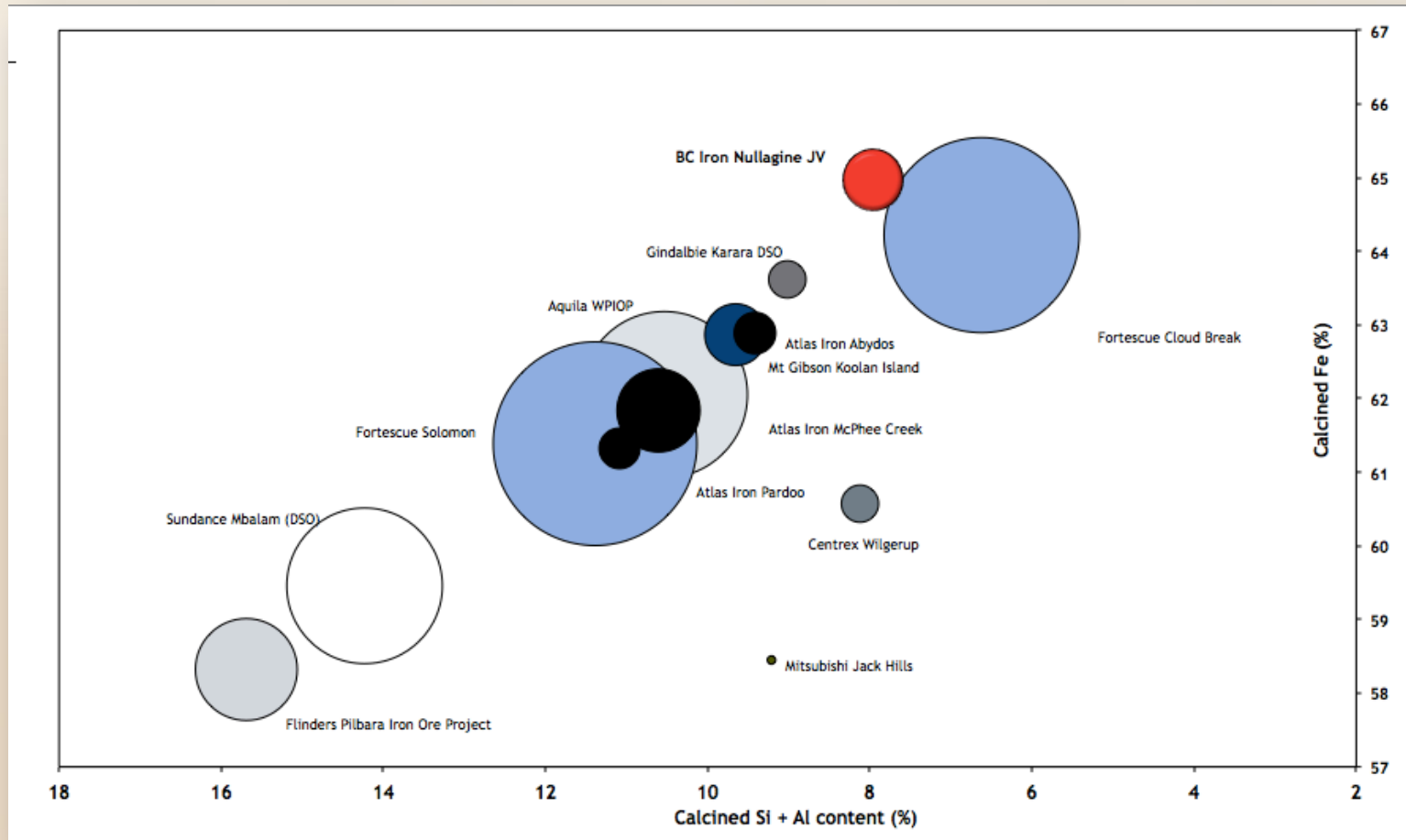
Source: RBC August 2012

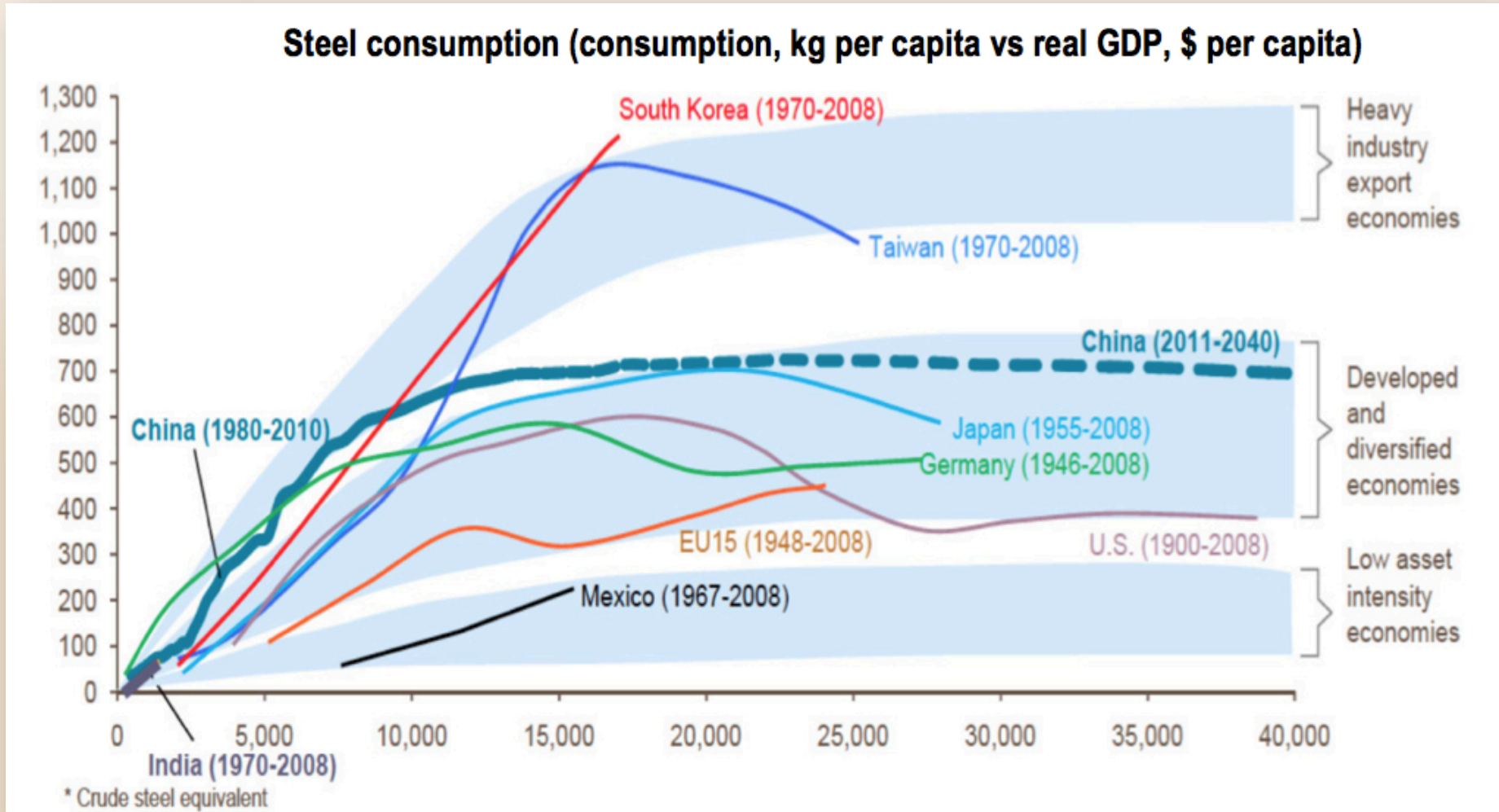




- “Bonnie Fines” highly competitive Alumina and Silica grades

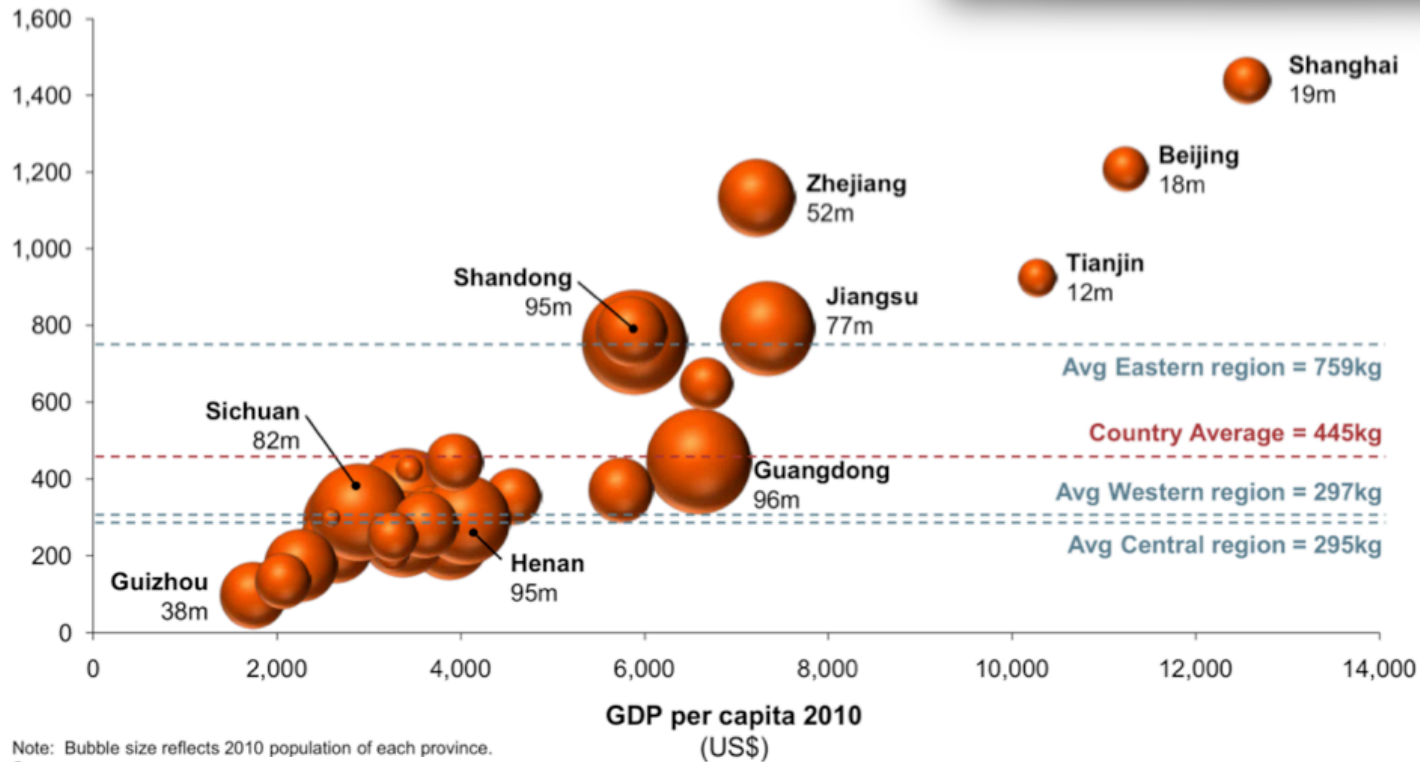
Source: RBC August 2012





## China's steel intensity, by province

Chinese steel intensity by province vs. GDP per capita  
Finished steel consumption per capita 2010 (kg)



- Australia GDP per capita \$65,477
- Australia steel intensity 261kg per capita
- Australia population 22.7m



## A Pilbara iron ore miner

- Rapid development history
- Focused on development & production
- Established partnerships - FMG, stakeholders, government

## Three Priorities

- Priority 1 – extend Nullagine Mine Life
- Phase 2 – extend influence of NIOJV
- Priority 3 – Strategic partnerships in other iron jurisdictions with in county partners

***Proved and Probable Ore Reserves NJV (BC Iron 50%, Fortescue 50%)***

Deposit	Ore Reserves							
	Mt	Fe%	CaFe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P%	S%	LOI
Proved	13	57.3	65	1.8	3.1	0.013	0.013	11.9
Probable	28	57	64.8	2	3.1	0.016	0.011	12.1
<b>Total</b>	<b>41</b>	<b>57.1</b>	<b>64.9</b>	<b>1.9</b>	<b>3.1</b>	<b>0.015</b>	<b>0.012</b>	<b>12</b>

***DSO Mineral Resource Estimate NJV (BC Iron 50%, Fortescue 50%)***

Classification	DSO Mineral Resources by Classification							
	Mt	Fe%	CaFe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P%	S%	LOI
Measured	17.9	57.1	64.8	1.9	3.1	0.013	0.012	12
Indicated	30.2	57	64.8	2.1	3.2	0.017	0.012	12
Inferred	6.9	57	64.1	2.6	3.9	0.023	0.014	11.1
<b>Total DSO</b>	<b>55</b>	<b>57</b>	<b>64.7</b>	<b>2.1</b>	<b>3.2</b>	<b>0.016</b>	<b>0.012</b>	<b>11.9</b>

***CID Mineral Resource Estimate NJV (BC Iron 50%, Fortescue 50%)***

Classification	CID Mineral Resources by Classification							
	Mt	Fe%	CaFe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P%	S%	LOI
Measured	25.3	54.7	62.5	2.6	4.1	0.014	0.012	12.6
Indicated	52.4	54.1	61.8	3.3	4.5	0.018	0.012	12.6
Inferred	30.4	53.8	60.9	4.2	5.3	0.023	0.016	11.7
<b>Total CID</b>	<b>108</b>	<b>54.1</b>	<b>61.7</b>	<b>3.4</b>	<b>4.6</b>	<b>0.019</b>	<b>0.013</b>	<b>12.3</b>

## JORC Competent Persons Statement

The information that relates to the Mineral Resource Estimate at Outcamp, Coongan, and Warrigal has been compiled by Mr Mike Young who is a Member of the Australian Institute of Geoscientists and an employee of BC Iron, and Mr Rob Williams who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of BC Iron. The resources were first reported on the ASX on 2 April 2009. Both Mr Young and Mr Williams have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Young and Mr Williams consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.

The information that relates to the Mineral Resource Estimate at Warrigal North (a subset of Warrigal) has been compiled by Mr Paul Hogan who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of BC Iron. This is a maiden resource estimate for Warrigal North. Mr Hogan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hogan consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.

The information that relates to the Mineral Resource Estimate at Bonnie East, Dandy and Shaw River has been compiled by Mr Mike Young who is a Member of the Australian Institute of Geoscientists and an employee of BC Iron. The Bonnie East resources were first reported on the ASX on 2 April 2009, the Shaw River resources were first reported on the ASX on 30 July 2010 and the Dandy resources were first reported on the ASX on 20 September 2011. Mr Young has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Young consents to the inclusion of his name in the matters based on their information in the form and context in which it appears.

Mining schedules may differ from Ore Reserves due to the inclusion of Inferred Resources and low grade for scheduling purposes.

The information that relates to the Ore Reserve has been compiled by Mr Joel van Anen who is an employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy, and Mr Blair Duncan who is an employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr Duncan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr van Anen and Mr Duncan consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.



# BC IRON LIMITED

Mining iron ore. Growth through cash flow.

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