

5 February 2014

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

BC Iron Limited (ASX:BCI)

Following is a presentation on BC Iron Limited that will be delivered by Managing Director Morgan Ball at the CLSA Iron Ore Access Day to be held in Sydney on Thursday 6 February 2014.

Yours faithfully



ANTHEA BIRD
COMPANY SECRETARY



BC IRON
LIMITED

CLSA Iron Ore Access Day

Morgan Ball – Managing Director



ASX:BCI
6 Feb '14



Optimising the NJV | Paying dividends | Considering growth



ATTRACTIVE INVESTMENT PROPOSITION



- ✓ **Scale & liquidity:** ASX 200 member, liquidity significantly enhanced post Dec-12
- ✓ **TSR focus:** Outperformed peers on TSR basis since Jul-12
- ✓ **Capital management:** Robust balance sheet, conservative gearing, ongoing dividends
- ✓ **At target production:** 6Mtpa (BCI share 4.5Mtpa) for FY14
- ✓ **No significant development risk:** Current market value underpinned by existing production and Reserves
- ✓ **Low cost:** Life of mine FOB C1 cash costs of A\$46-50/wmt, with a continued focus on cost management
- ✓ **Quality product:** '*Bonnie Fines*' a highly sought-after DSO sinter feed and attractively priced relative to Fe grade
- ✓ **Strong partnerships:** End-to-end infrastructure and marketing solution with supportive JV partner, Fortescue

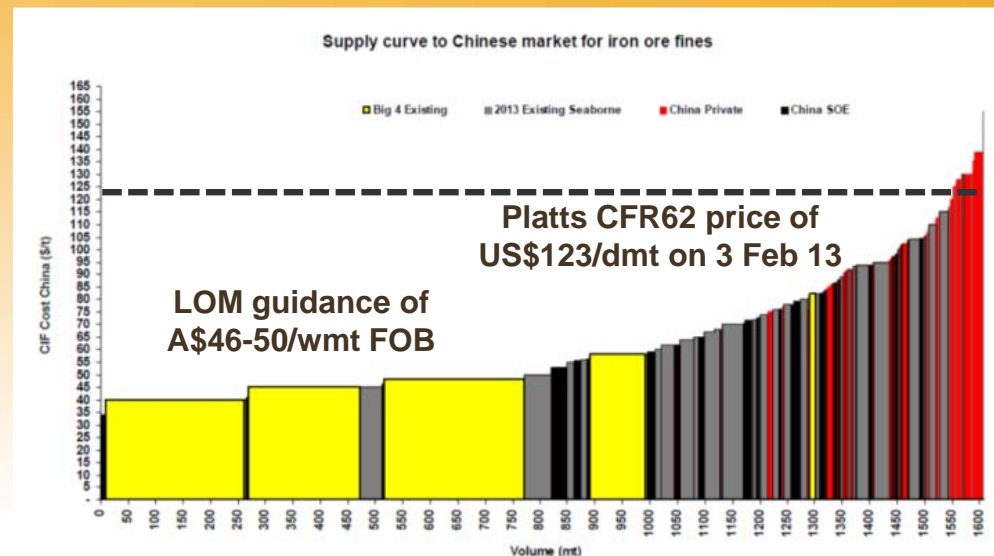


DECEMBER QUARTER REVIEW



- Mining and crushing below expectations at 1.36Mt and 1.37Mt respectively
 - ❖ Operational challenges (being addressed) and early onset of wet season
- Sales of 1.52Mt (BCI share 1.30Mt)
 - ❖ On track to exceed dry season guidance rates before cyclone delayed final ~170,000wmt ship
 - ❖ Stockpiling strategy enabled strong sales in softer production quarter
- First half NJV sales of 3.14Mt (BCI share 2.46Mt)
- Strong operating cash flow for quarter of A\$89M (pre-tax, unaudited)
- Cash of A\$197M, after debt repayments of US\$37M
- Beneficiation trial progressing well
- BC Iron joined S&P/ASX 200

	H1 FY14 (Mt)	H1 FY13 (Mt)	Variance
Mined	2.97	2.19	36%
Crushed	3.03	2.06	47%
Hauled	3.29	2.25	46%
Railed	3.26	2.29	42%
Shipped	3.14	2.28	38%



Source: Macquarie

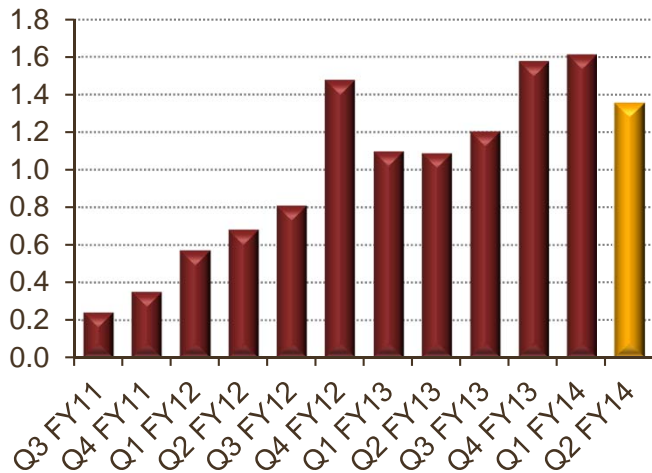
FY14 guidance:

- NJV production guidance of 5.8-6.2Mt
 - ❖ BCI share 4.4-4.6Mt
- NJV C1 cash costs of A\$46-50/wmt (FOB)
 - ❖ BCI C1 cash costs of A\$40-44/wmt (FOB), reflecting impact of rail and port prepayment
- BCI capex (sustaining & exploration) of A\$20M

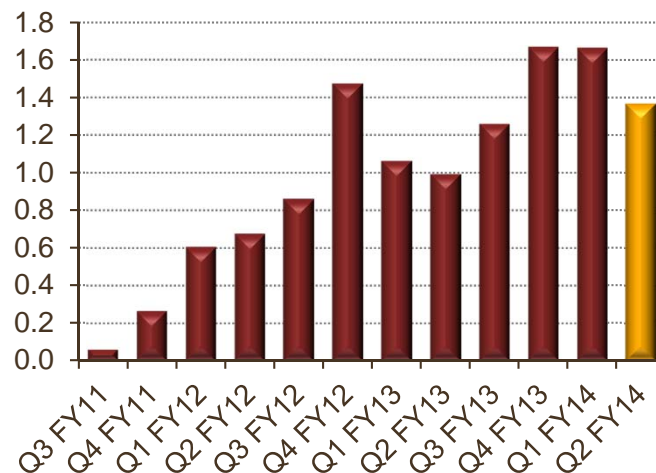
Note: C1 cash costs exclude royalties, marketing, head office costs and loan interest payments

NJV OPERATIONAL PERFORMANCE

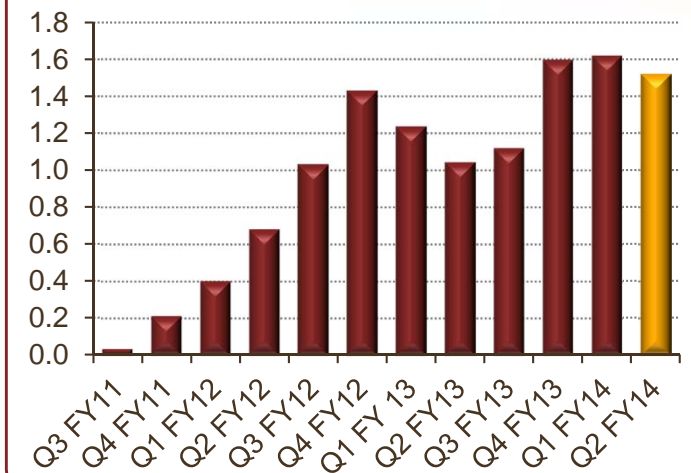
Ore Mined (dmt)



Ore Processed (wmt)



Ore Shipped (wmt)



CORPORATE OVERVIEW



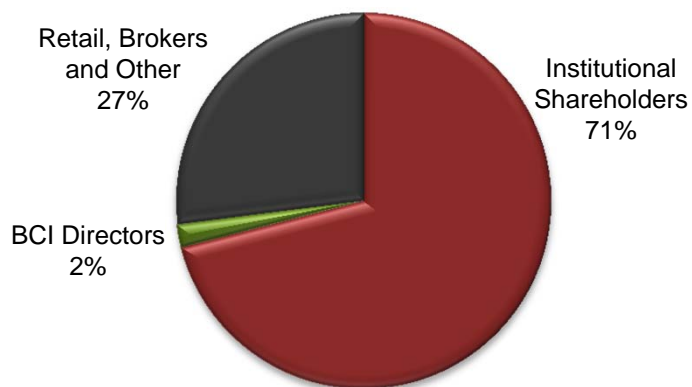
Capital Structure

Ordinary Shares	123.9m
Share Price (at 3-Feb-14)	\$5.22
Market Capitalisation	\$647m
Cash (at 31-Dec-13)	\$197m
Debt (at 31-Dec-13)	\$68m
Enterprise Value	\$518m
Options / Performance Rights	1.1m

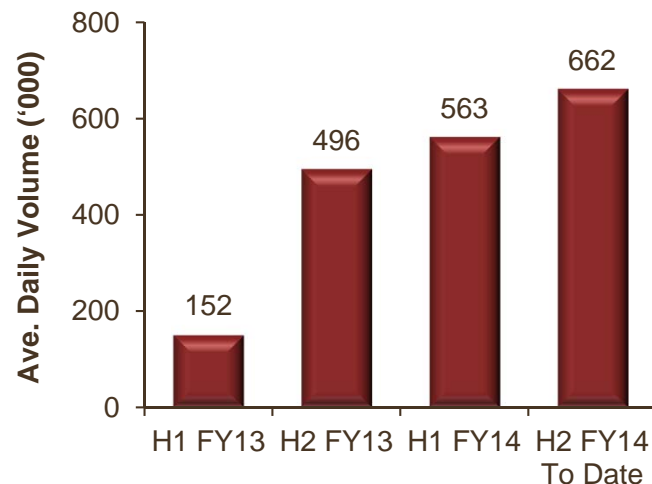
Share Price and Volume



Shareholder Breakdown (as at 31-Dec-13)



Enhanced Liquidity (excl. block trades)



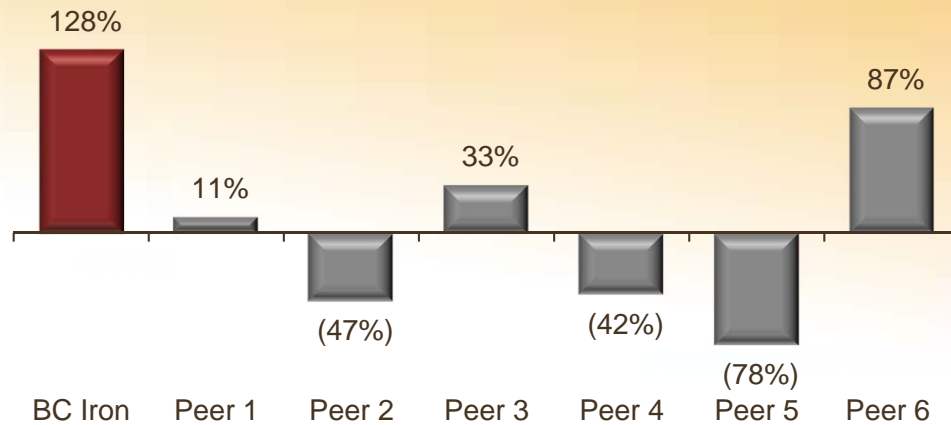
Research Coverage



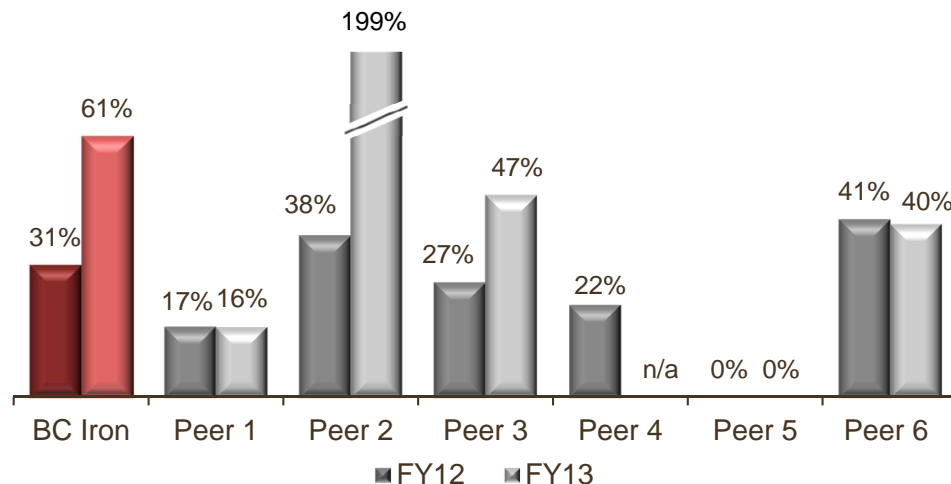
PEER COMPARISON



Total Shareholder Return – 1 Jul 12 to Current



Dividend Payout Ratio



Why has BC Iron outperformed its peers?

- Quality project with low capital intensity
 - ❖ *Low risk*
- Continued strong operational performance
 - ❖ *Repeated delivery against guidance*
- Strong management and appropriate capital structure
- Completion of FMG transaction
 - ❖ *NPV per share, CFPS and EPS accretive*
 - ❖ *80% increase in equity production to 4.5Mtpa*
- Increased institutional ownership and liquidity
- Attractive payout ratio of fully franked dividends

Note: Based on underlying NPAT if reported. Dividends converted into reporting currency at ex-dividend date if applicable.

NULLAGINE JOINT VENTURE (NJV)



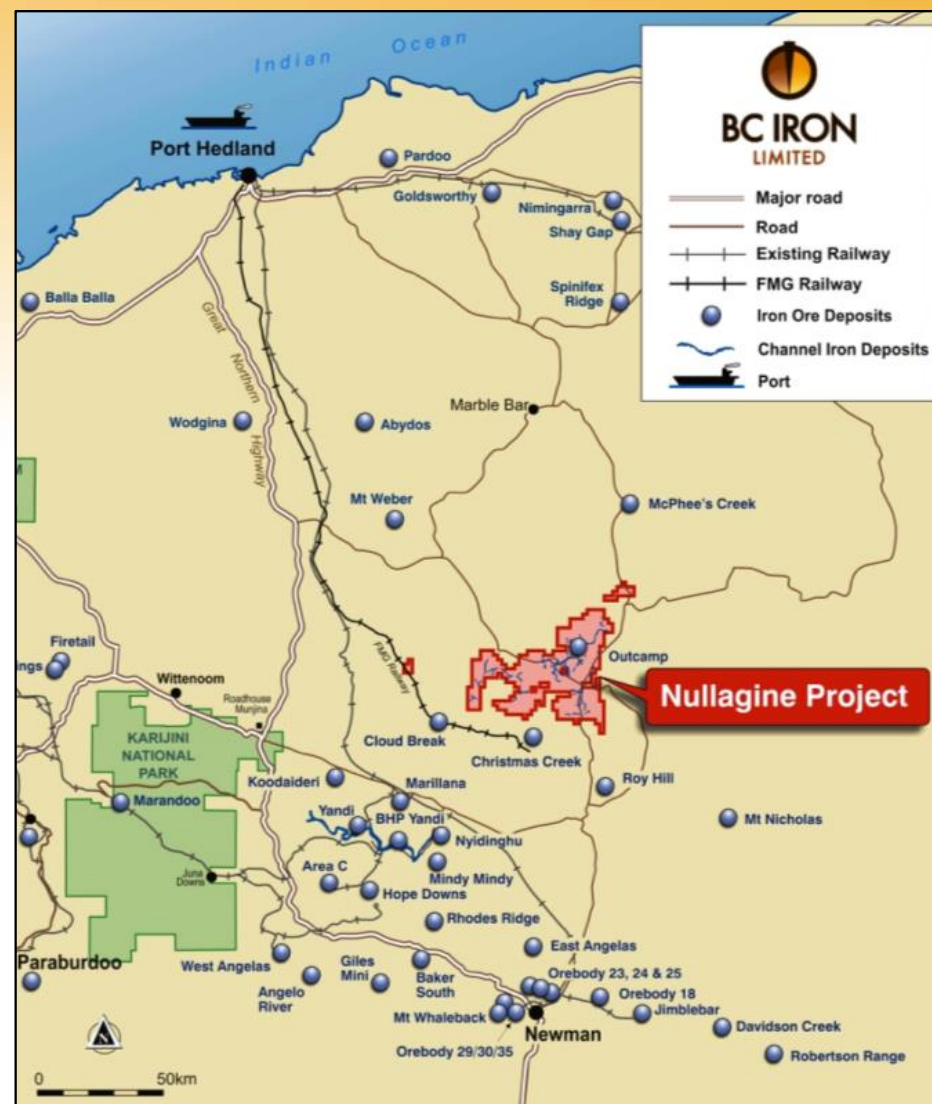
A producing DSO project with access to world-class infrastructure.

- Unincorporated joint venture – 75% BC Iron, 25% FMG
 - ❖ *BC Iron is the Operator and Manager of the NJV*
 - ❖ *FMG provides rail & port services (through its wholly-owned infrastructure subsidiary –TPI) and marketing services*
- Located ~55km north of FMG’s Chichester Hub operations
- NJV production has increased to 6Mtpa following the FMG transaction in December 2012
- Quality product – “*Bonnie Fines*” well established in Chinese market

As at 30 June 2013

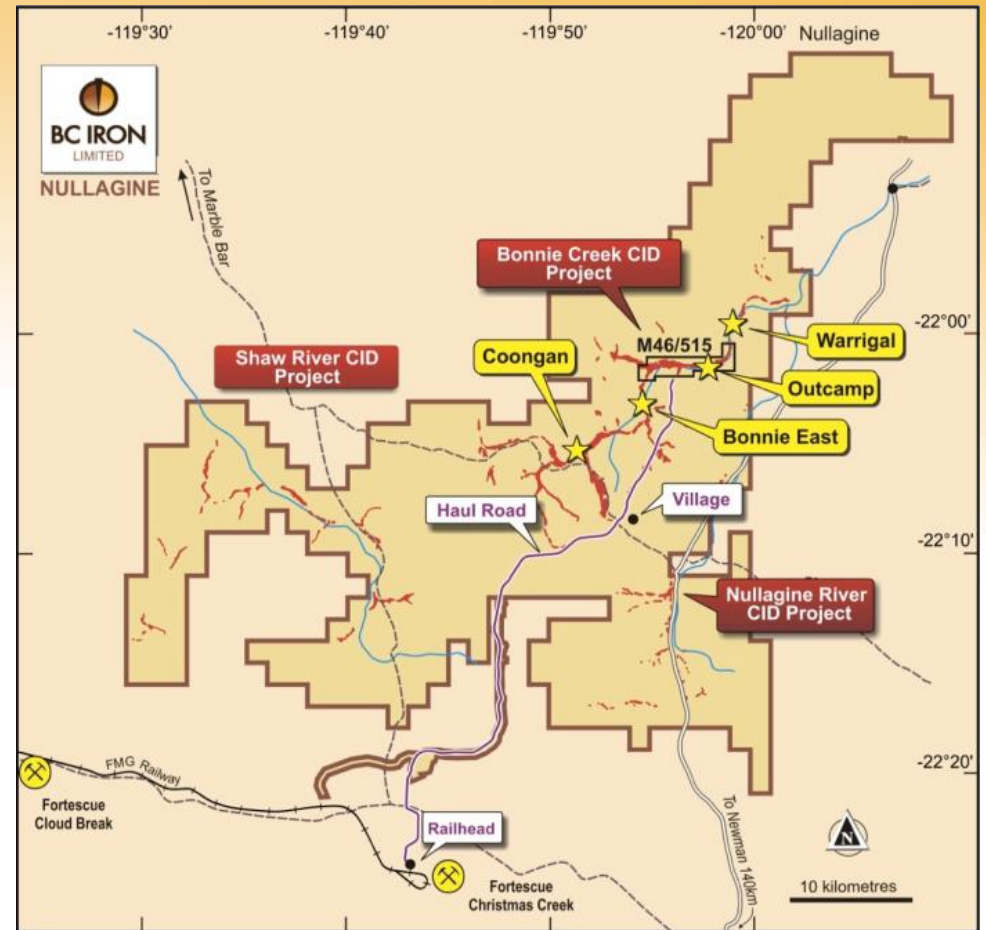
	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Total Reserves	37.2	57.1	64.9	1.9	3.0	0.015	0.012	12.0
Total DSO Resource	48.8	57.1	64.7	2.1	3.1	0.016	0.012	11.8
Total CID Resource	117.7	53.4	60.7	4.0	5.2	0.020	0.015	12.1

Note: this information was prepared and first disclosed under the 2004 JORC Code. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported. Refer to Important Notice slide for further information.

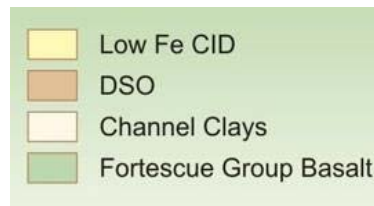
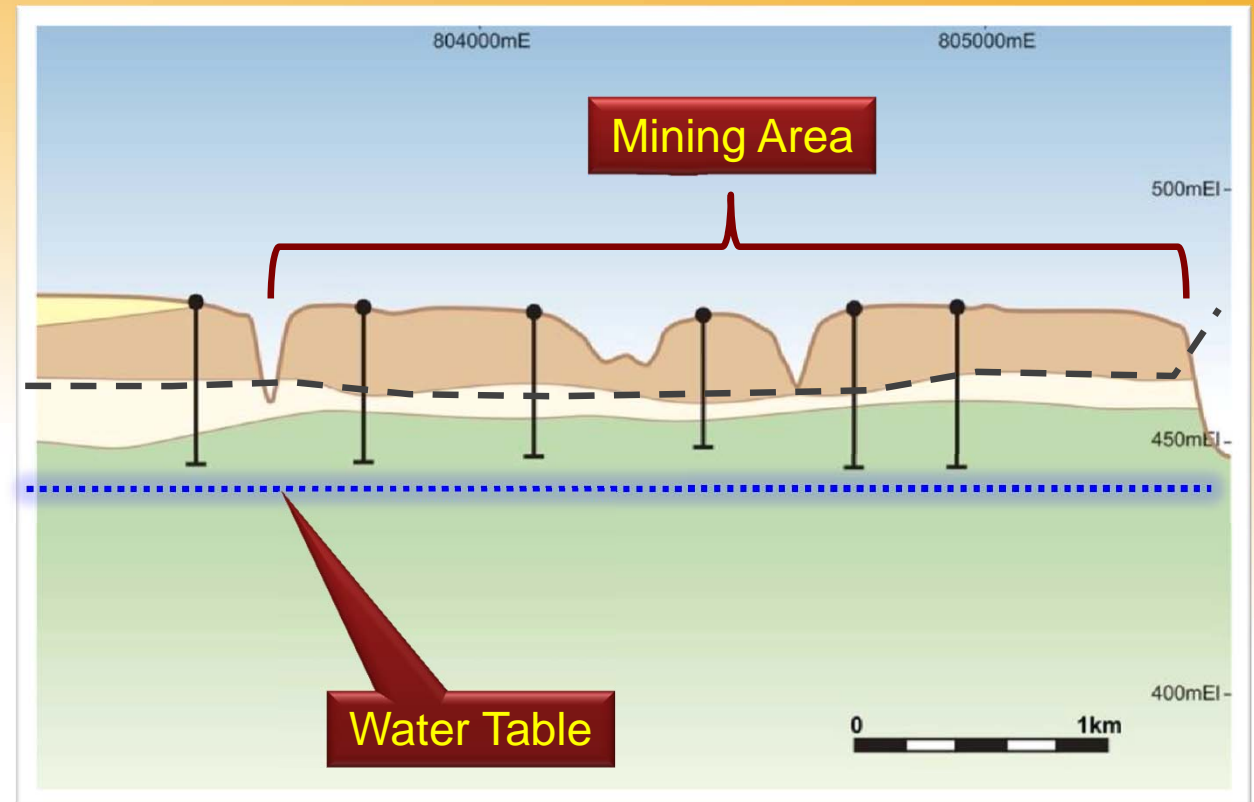


A fully contracted operation with low capital intensity.

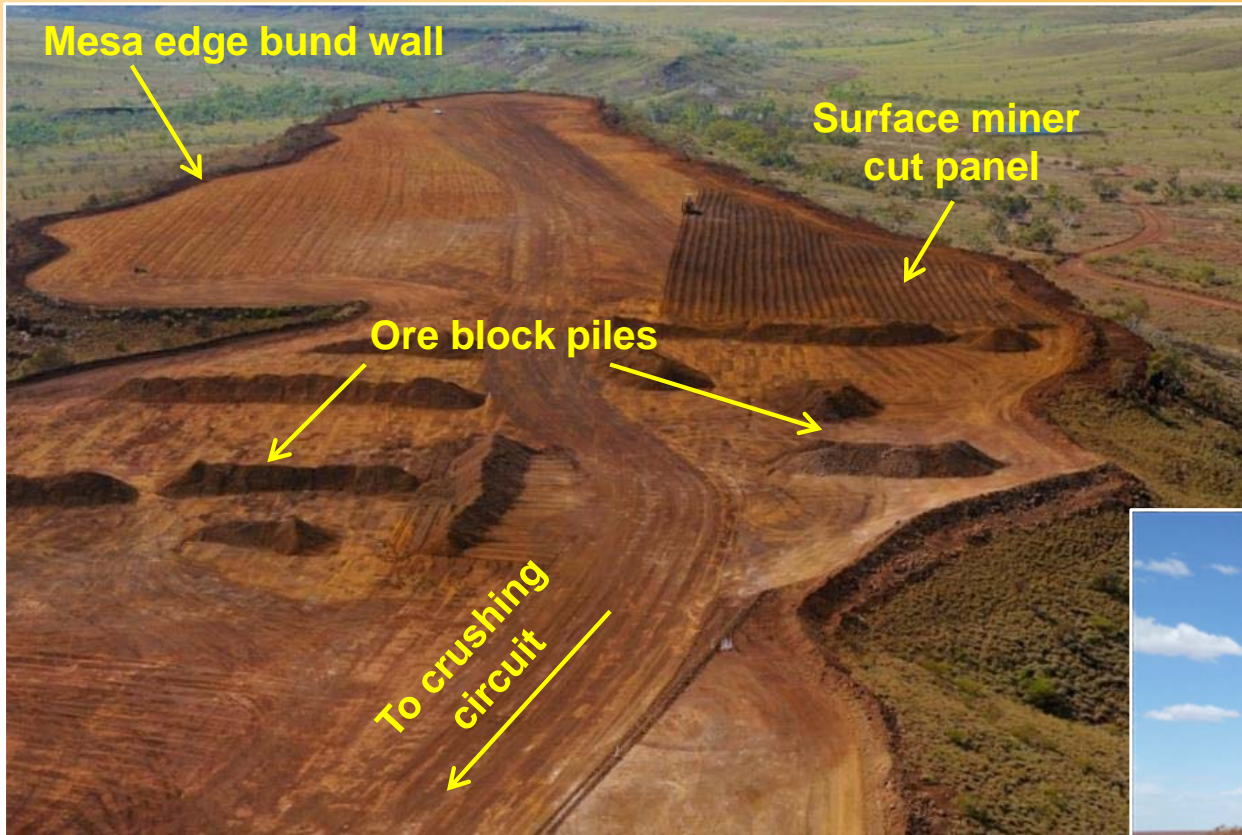
- Contract mining by WATPAC, utilising Wirtgen and Vermeer surface miners
- Mine plan comprises four major deposits
- Currently mining Outcamp and Warrigal
- Bonnie East contributes from FY16 and Coongan from FY19
- Mineralisation from surface and above the water table through Life Of Mine
- LOM strip ratio of 1:1 (maximum strip ratio of 1.6:1 in FY16)
- Current mine life of ~7 years
 - ❖ *History of Reserve replacement*
 - ❖ *Assessing extensions to LOM*



MINING – OVERVIEW



- **Shallow “pits” using surface mining**
- **Above water table** - lower environmental impact, no wet ore.



Wirtgen & Vermeer Surface Miners

- Rotating drum cutters – no drill & blast
 - ❖ *Environmental benefits, reduced run off*
- Provides primary crushing
- Surface mining results in reduced equipment wear
- 5 units on site – spare capacity



Crushing / Screening (WATPAC)



- Simple crushing & screening process
- Two plants on site
 - ❖ *Main fixed plant*
 - ❖ *Smaller mobile plant*
- Nameplate rates ~6.5Mtpa
- Building stockpile 'safety net'

Road Haulage (Toll & Roadtrim)



- Ore trucked via private sealed road to dedicated stockyard at Christmas Creek railhead
- Toll – 8 PowerTrans units (360t)
- Roadtrim – 4 Kenworth prime movers with Howard and Porter trailers (140-175t)
- Nameplate rates ~6.5Mtpa

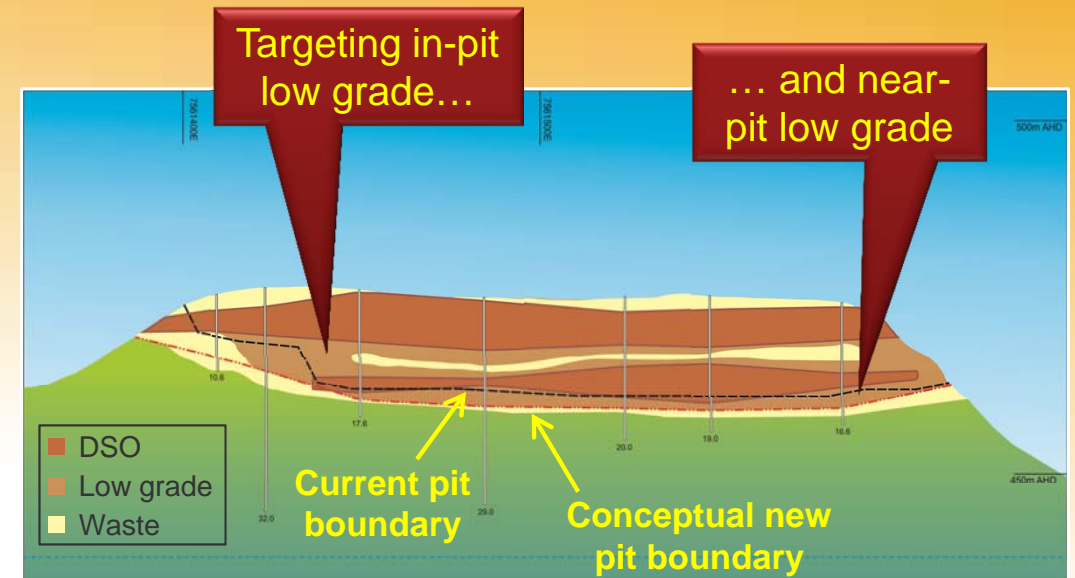
Rail and Port Services (FMG/TPI)



- World class rail and port
- Access to Capesize vessels up to 250,000wmt
- Dedicated NJV stockyards at railhead and port
- NJV capacity of 6Mtpa

PROJECT INVENTORY

- Project Inventory is assessing potential for increases in Reserves and mine life
- Focus on beneficiation of low grade (50-55% Fe)
- Potential to increase Reserves and mine life from:
 - ❖ *Low grade within existing pit designs*
 - ❖ *Low grade just outside pit boundaries*
 - ❖ *DSO and low grade at regional mesas, previously assessed as unviable for DSO only*
- Targeting a mine life extension of 2 to 5 years
- Beneficiation trial underway – progressing well and due for completion shortly
 - ❖ *Simple dry crush and screen process*
 - ❖ *Trialling different plant configurations and different low grade types from stockpiles and current mining areas*
- Subsequent steps include trial sale of BBSO/DSO blend, analysis of trial outcomes, re-evaluation of Reserves and mine plan



Beneficiation Trial Product

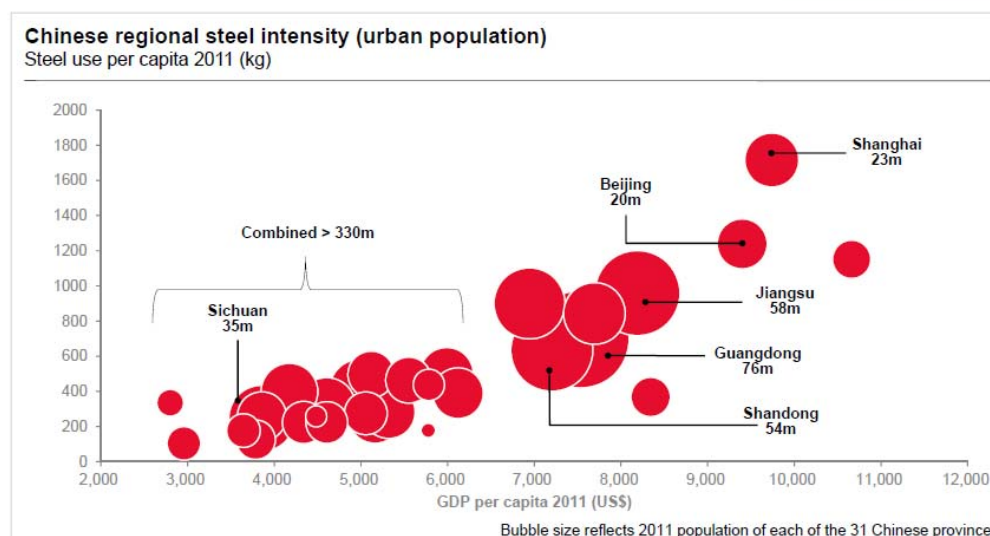


Beneficiation Trial Waste



Chinese fundamentals drive robust long term outlook for iron ore.

- GDP growth expected to remain strong (>7.5% p.a.) – significant in absolute terms given China is now the world's 2nd largest economy
- New government positive about growth – Third Plenum pledged significant economic and social reforms
- China's steel intensity is climbing overall, but a number of significant provinces remain low on the curve
- Hukou reforms to facilitate further urbanisation and development of tier 2 and 3 cities – increased steel intensity in these regions
- New air pollution standards to place pressure on lower quality sources of supply, e.g. high sulphur ores from Iran, Mexico and Indonesia – will favour higher quality Australian and Brazilian ores
- Domestic private production in China is the key marginal source of supply
 - ❖ *High on cost curve*
 - ❖ *Expected to react rationally to price falls*
- History indicates expected seaborne supply will not eventuate as forecast
 - ❖ *E.g. Simandou recently delayed by ~3 years to late 2018*

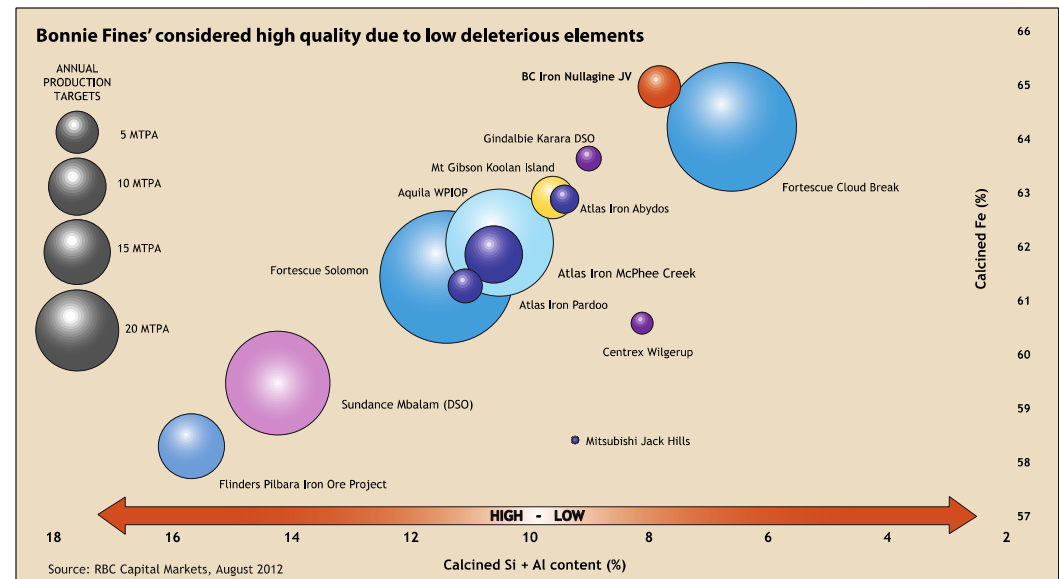
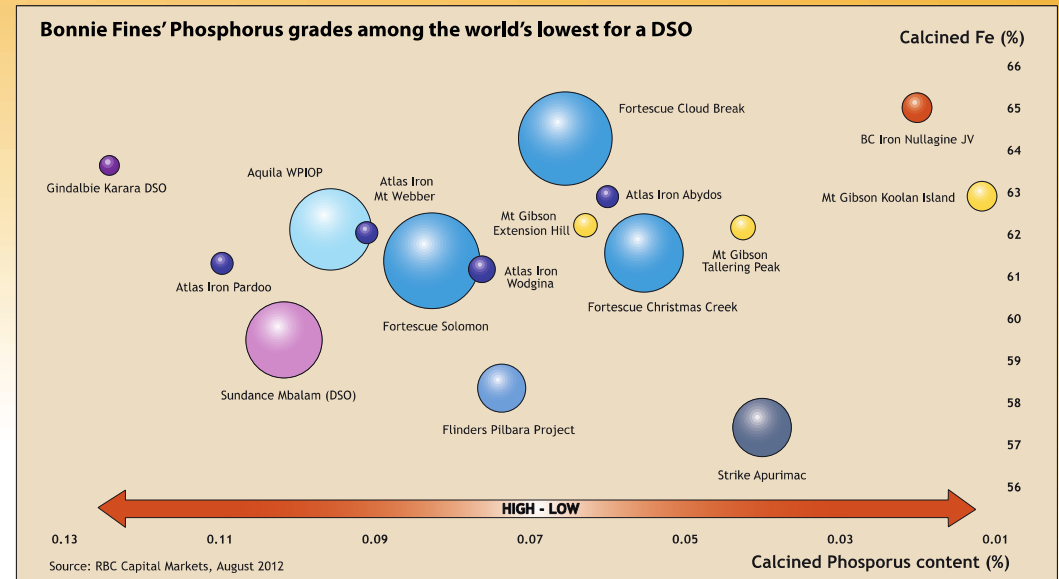


BONNIE FINES OVERVIEW



Bonnies Fines well accepted - consistent demand.

- “Bonnie Fines” pisolite sinter blend improves sintering productivity at the steel mill
- High calcined Fe driven by high Loss On Ignition (LOI)
- Low impurities, low ultra-fines and low moisture
- Low Al and Si a particular advantage in China now, given high gangue ores being sourced from major as well as non-traditional suppliers (e.g. Iran, Indonesia)
- Substitute for BHP Yandi, HIY (Rio Yandi), FMG Special Fines and FMG Super Special Fines
- Can be used at 20-30% level in sinter blends
- FMG provides marketing services to NJV



BONNIE FINES MARKETING & PRICING



BCI Attributable Tonnes



~3.2Mtpa til 2018
~4.5Mtpa thereafter



Uncommitted ore

Sold at prices aligned with Platts CFR62 price (after Fe adjustment) under current market conditions

~1.3Mtpa til 2018
Nil thereafter

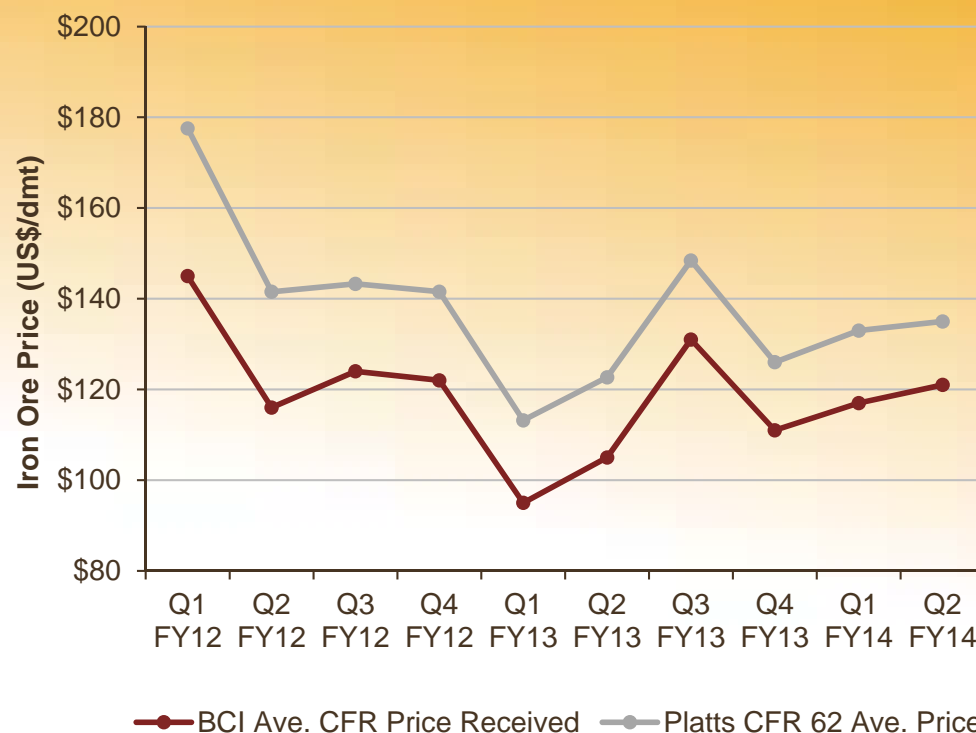


Henghou commitment

Sold at discount to Platts CFR62 price (after Fe adjustment)

- Henghou is a strong supporter of NJV – also a buyer of uncommitted shipments
- FMG transaction increased BC Iron's share of attractively priced uncommitted ore
 - ❖ *Henghou commitment remained ~1.3mtpa, but equity production increased to 4.5mtpa*

BCI CFR Received Price vs. Platts CFR62 Price



- Price participation arrangement with FMG
 - ❖ *BCI pays 50% of the difference between Platts CFR62 price and US\$120/dmt, multiplied by 158,300 dmt, each month*
 - ❖ *Payable between Apr 13 to Sep 14*

Goals

- ✓ Retain and enhance ability to pay dividends
- ✓ Generate value for shareholders (risk adjusted) via organic and inorganic opportunities

Three Priorities

- Priority 1 – extend life of NJV (Project Inventory)
 - Priority 2 – rest of Pilbara region
 - Priority 3 – other iron ore jurisdictions



Brazilian Exploration Projects

- BC Iron / Cleveland alliance staged earn-in to 3 exploration projects
- No upfront payments and appropriately staged expenditure provides optionality and upside
- Drilling to commence this quarter





APPENDICES

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 of Chalice Gold Ltd, Uranium Equities Ltd and South Boulder Mines Limited.



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 in the Northern Territory.



Morgan Ball, MD and CEO – former Finance Director of BC Iron. 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.



Malcolm McComas, Non-exec Director - experienced company director and investment banker. Mr McComas is a NED of Consolidated Minerals, Fitzroy River Corp, Saunders International and Pharmaxis.



Mike Young, Non-exec Director – founding MD of BC Iron, a geologist with extensive experience in resource definition and feasibility studies. Chairman of Cassini Resources Ltd and Energy and Minerals Australia Ltd and Co-Patron of St Bartholomew's Foundation.



Peter Wilshaw, Non-exec Director - resources executive with over 30 years experience in mining, refining, smelting and port and rail operations, both internationally and locally. NED of Dampier Port Authority and previously NED of Port Hedland Port Authority.



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.

FY2013 – PERFORMANCE



Full Year ended 30 June 2013	2013	2012	Variance	Variance
NJV				
NJV Tonnes Shipped (M wmt)	5.00	3.55	1.45	41%
BCI Tonnes Shipped (M wmt)	3.15	1.77	1.38	78%
BCI Average CFR Price Realised (\$US/dmt)	\$112	\$124	(\$12)	(10%)
BCI C1 Operating Cash Cost (\$/wmt)	\$38	\$55	(\$17)	(40%)
BC IRON				
Revenue (\$M)	325.3	204.5	120.8	59%
EBITDA (\$M)	115.3	70.6	44.7	63%
Statutory Net Profit after Tax (\$M)	48.8	50.6	(1.8)	(4%)
Underlying Net Profit after Tax (\$M)	71.4	50.6	20.8	41%
Operating Cash Flow – after Prepayment (\$M)	87.2	89.9	(2.7)	(3%)
Cash Balance (\$M)	138.5	92.8	45.7	49%
Dividend per Share – Interim + Final (cps)	35.0	15.0	20.0	133%
Earnings per Share* (cps)	57.9	48.7		
Return on Shareholders Funds* (%)	32.9%	38.4%		
Dividend Payout Ratio* (%)	60%	31%		

Note: * means calculated on underlying net profit after tax

ORE RESERVES & MINERAL RESOURCES - 30 JUN '13



Ore Reserve Estimate NJV (BC Iron 75%, FMG 25%)

Classification	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Proved	18.9	57.3	65.0	1.8	3.0	0.015	0.012	11.8
Probable	18.3	56.9	64.8	2.0	3.0	0.014	0.011	12.2
Total	37.2	57.1	64.9	1.9	3.0	0.015	0.012	12.0

DSO Mineral Resource Estimate NJV (BC Iron 75%, FMG 25%)

Classification	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Measured	21.8	57.2	64.8	2.0	3.1	0.016	0.012	11.8
Indicated	20.2	57.0	64.9	2.0	2.9	0.014	0.011	12.1
Inferred	6.8	57.0	64.1	2.6	3.9	0.023	0.014	11.1
Total DSO	48.8	57.1	64.7	2.1	3.1	0.016	0.012	11.8

CID Mineral Resource Estimate NJV (BC Iron 75%, FMG 25%)

Classification	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Measured	31.1	54.7	62.4	2.8	4.1	0.017	0.013	12.4
Indicated	40.0	53.8	61.6	3.3	4.5	0.017	0.012	12.8
Inferred	46.6	52.1	58.8	5.4	6.6	0.024	0.018	11.3
Total CID	117.7	53.4	60.7	4.0	5.2	0.020	0.015	12.1

Notes:

The Mineral Resources and Ore Reserves have been estimated using mined surfaces as of 30 June 2013 and does not account for mined material since then.

The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves. The CID Mineral Resource is inclusive of the DSO Mineral Resource. The CID Mineral Resource is reported using a 45% Fe cut-off grade. The DSO Mineral Resource is reported using cut-off grades between 52% and 56% Fe, which were selected to achieve a 57% Fe specification grade.

Calcined Fe (CaFe) = Fe / (100-LOI) * 100. Loss of Ignition (LOI) measured at 1000° C.

JORC DISCLOSURES



JORC Competent Persons Statement

The information in this report that relates to the Mineral Resource Estimate at Outcamp, Bonnie East, Coongan, Dandy and Warrigal is based on, and fairly represents, information which has been compiled by Mr Rob Williams who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of BC Iron. Mr Williams has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Williams consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Mineral Resource Estimate at Warrigal North, Ornamental, Roys, Trig, Soda and Shaw River is based on, and fairly represents, information which 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. Mr Hogan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hogan consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Ore Reserve is based on, and fairly represents, information which has been compiled by Mr Blair Duncan who is an employee of BC Iron 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 is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Duncan consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

2004 JORC Code Cautionary Statement

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IMPORTANT NOTICE



This document has been prepared by BC Iron Limited (“BC Iron” or “Company”) to provide an update of BC Iron to investors and potential new shareholders.

Past performance

Past performance information given in this document is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Forward-looking statements

This document contains “forward-looking” statements or projections based on current expectations. Forward looking words such as, “expect”, “anticipate”, “should”, “could”, “may”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target” and other similar expressions are intended to identify forward-looking statements within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Forward-looking statements include, among other things, statements regarding targets, estimates and assumptions in respect of iron production and prices, operating costs and results, capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery rates. Forward-looking statements, opinions and estimates provided in this document are based on estimates and assumptions related to future business, economic, market, political, social and other conditions that, while considered reasonable by BC Iron, are inherently subject to significant uncertainties and contingencies. Many known and unknown factors could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such factors include, but are not limited to: operating and development risks, counterparty risks, iron ore price risk and a number of other risks and also include unanticipated and unusual events, many of which are beyond BC Iron’s ability to control or predict.

The forward-looking statements only speak as at the date of this document and, other than as required by law and the ASX Listing Rules, BC Iron disclaims any duty to update forward looking statements to reflect new developments.

Not financial product advice

This document is for information purposes only and is not financial product or investment advice nor a recommendation to acquire BC Iron shares. It has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. BC Iron is not licensed to provide financial product advice in respect of BC Iron shares. Cooling off rights do not apply to the acquisition of BC Iron shares.



BC IRON
LIMITED

ASX:BCI

Level 1, 15 Rheola Street
West Perth, WA, Australia
Phone : +61 8 6311 3400
email : info@bciron.com.au
www.bciron.com.au