

3 March 2014

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

BC Iron Limited (ASX:BCI)

Following is a presentation on BC Iron Limited's 2014 half-year results which will be given by Managing Director Morgan Ball at investor briefings in Melbourne and Sydney on 4-6 March 2014.

Yours faithfully



ANTHEA BIRD
COMPANY SECRETARY



BC IRON
LIMITED

FY2014 Half-Year Results

Morgan Ball – Managing Director



ASX:BCI
3 Mar '14



Optimising the NJV | Paying dividends | Considering growth



ATTRACTIVE INVESTMENT PROPOSITION



- ✓ **Scale & liquidity:** Market cap and liquidity significantly enhanced post Dec-12. Now an ASX200 member
- ✓ **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



Operational

- Record half-year operational results at the NJV
 - ❖ Ore mined of 2.97Mt (BCI share 2.23Mt)
 - ❖ Ore crushed of 3.03Mt (BCI share 2.27Mt)
 - ❖ Sales of 3.14Mt (BCI share 2.46Mt)
- Surpassed NJV export milestone of 10Mt, 2.5 years after FOOS;
- Commenced beneficiation trial to assess low grade
- BC Iron / Cleveland agreed to earn up to 80% in three greenfields exploration projects in Brazil, and commenced exploration work

Corporate

- Included in S&P/ASX 200 Index in December 2013
- Strengthened Board and management team
 - ❖ Peter Wilshaw appointed as NED
 - ❖ Chris Hunt appointed as CFO
- Cons Min sale of 23.1% interest in BC Iron to high quality domestic institutional investors
 - ❖ Increased free-float and liquidity

Financial

- Record half-year results for revenue (\$301M), operating cash flow (\$147M), EBITDA (\$120M) and NPAT (\$70M)
- Strong balance sheet as at 31 Dec 2013, with cash of \$196.7M and debt of \$65.6M
- Declared interim dividend of 17 cents per share fully franked in respect of H1 FY14



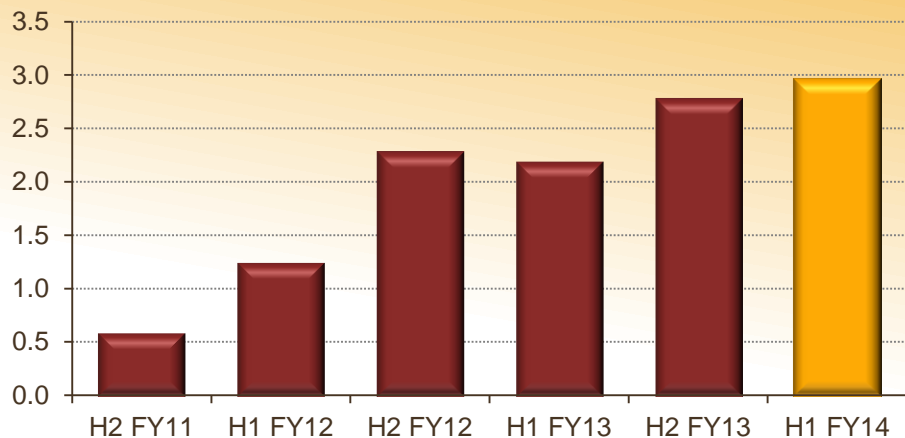
KEY METRICS

Item	Six months ended 31-Dec-13	Six months ended 31-Dec-12	Variance
NJV Sales (M wmt)	3.14	2.28	38%
BCI Share of Sales (M wmt)	2.46	1.14	116%
BCI Average Realised CFR Price (\$US/dmt)	119	100	19%
Average exchange rate (AUD/USD)	0.925	1.015	(9%)
BCI C1 Cash Operating Costs (\$/wmt)	37	52	(29%)
Revenue (\$M)	301.0	105.2	186%
EBITDA (\$M)	120.3	19.7	510%
NPAT (\$M)	70.3	7.7	808%
Underlying NPAT (\$M)	68.5	13.2	419%
Net Operating Cash Flow – Incl. Prepayment Impact (\$M)	146.7	(44.7)	n.a.
Cash Balance (\$M)	196.7	58.3	237%
Debt Outstanding (\$M)	65.6	136.0	(52%)
Dividend per Share (cps)	17	5	
Dividend Payout Ratio* (%)	30%	80%	
Earnings per Share - Six Monthly* (cps)	56.7	6.5	
Return on Equity – Six Monthly* (%)	27.9%	4.5%	

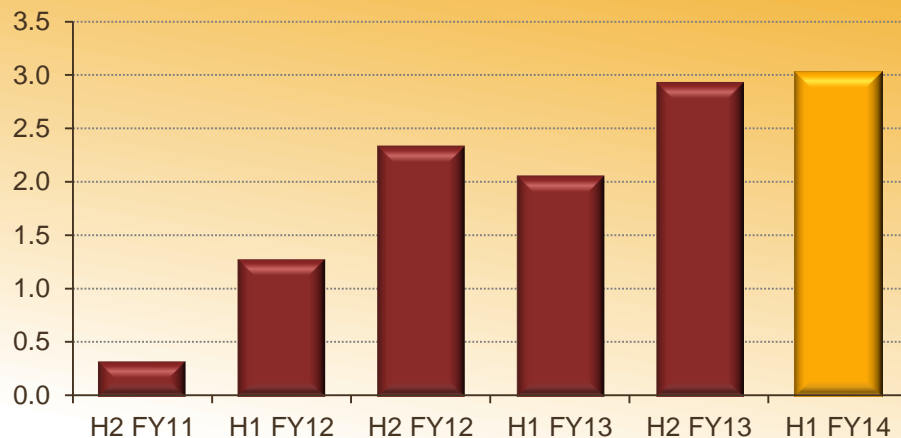
Note: * means calculated on statutory NPAT. 1H FY13 dividend payout ratio previous reported based on underlying NPAT (46% payout ratio).

OPERATIONAL PERFORMANCE

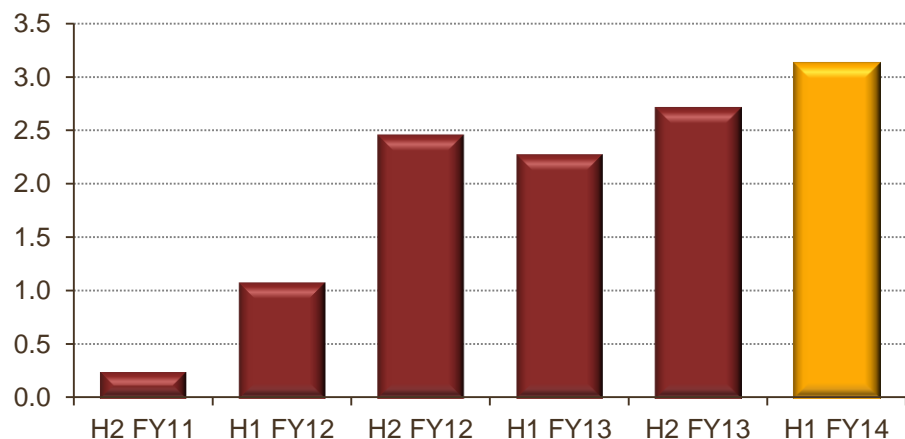
NJV Ore Mined (dmt)



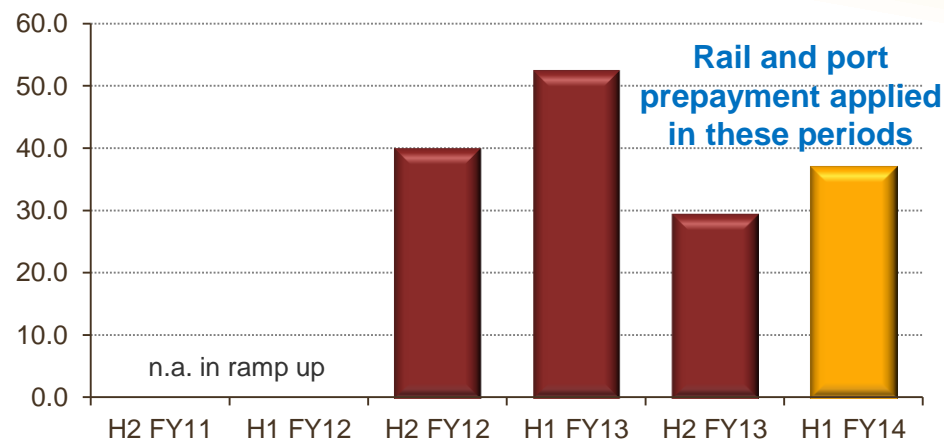
NJV Ore Processed (wmt)



NJV Ore Shipped (wmt)



BC Iron C1 Cash Costs (A\$/wmt)

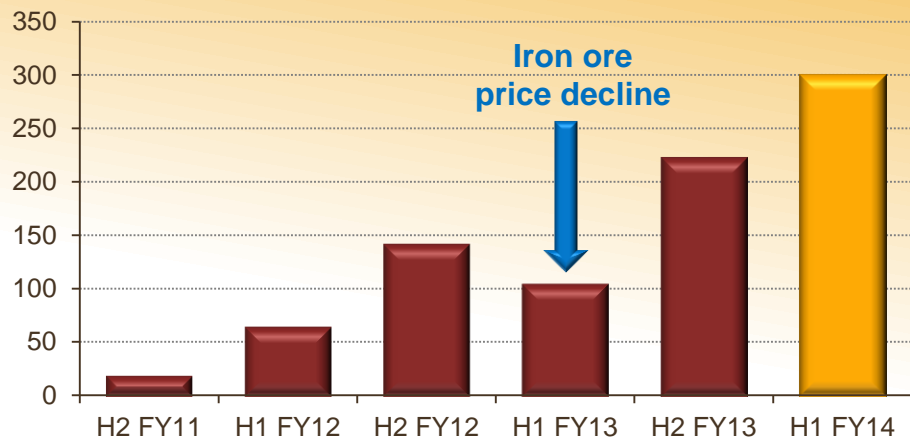


Note: C1 cash costs prior to H2 FY13 have been restated on a per sales tonne basis, rather than being based on unit costs for each individual activity.

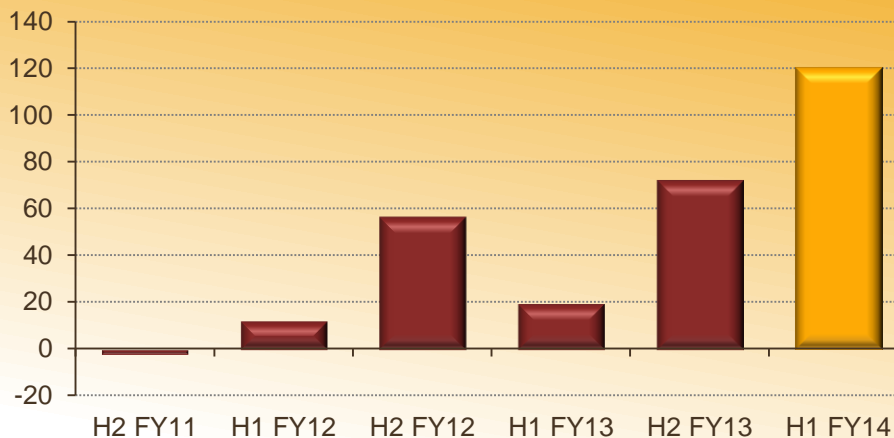
BCI FINANCIAL PERFORMANCE



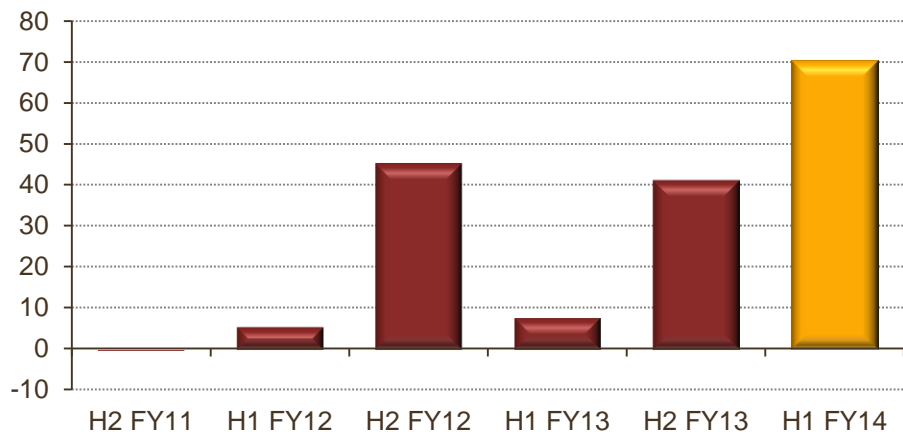
Revenue (A\$m)



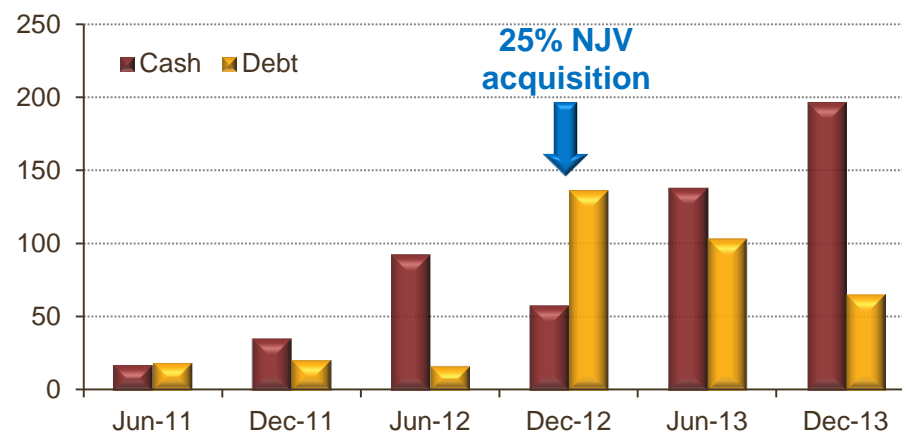
EBITDA (A\$m)



NPAT (A\$m)



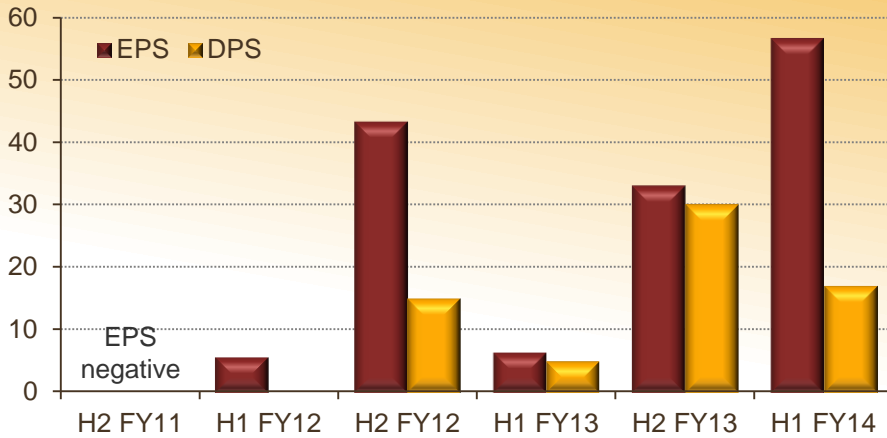
Cash and Debt (A\$m)



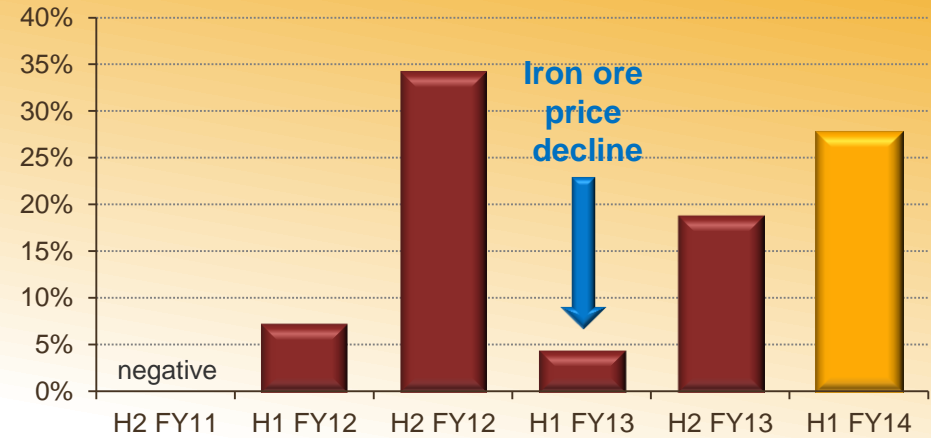
BCI FINANCIAL PERFORMANCE



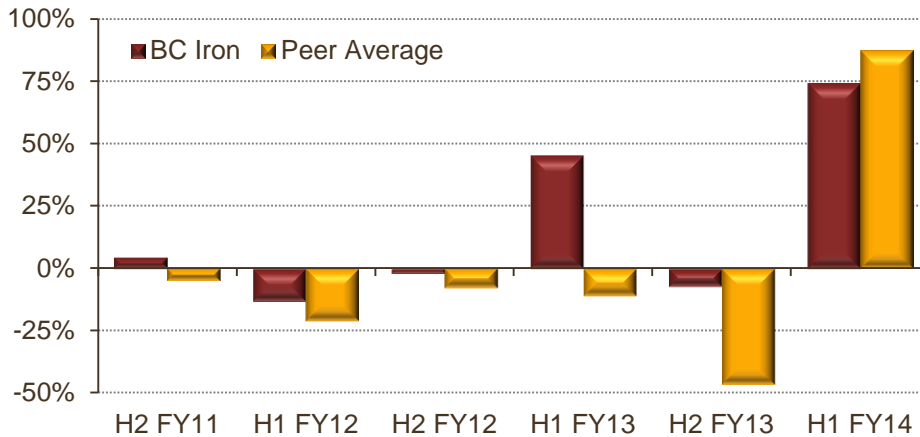
Earnings and Dividends per Share (cps)



Return on Equity (%)

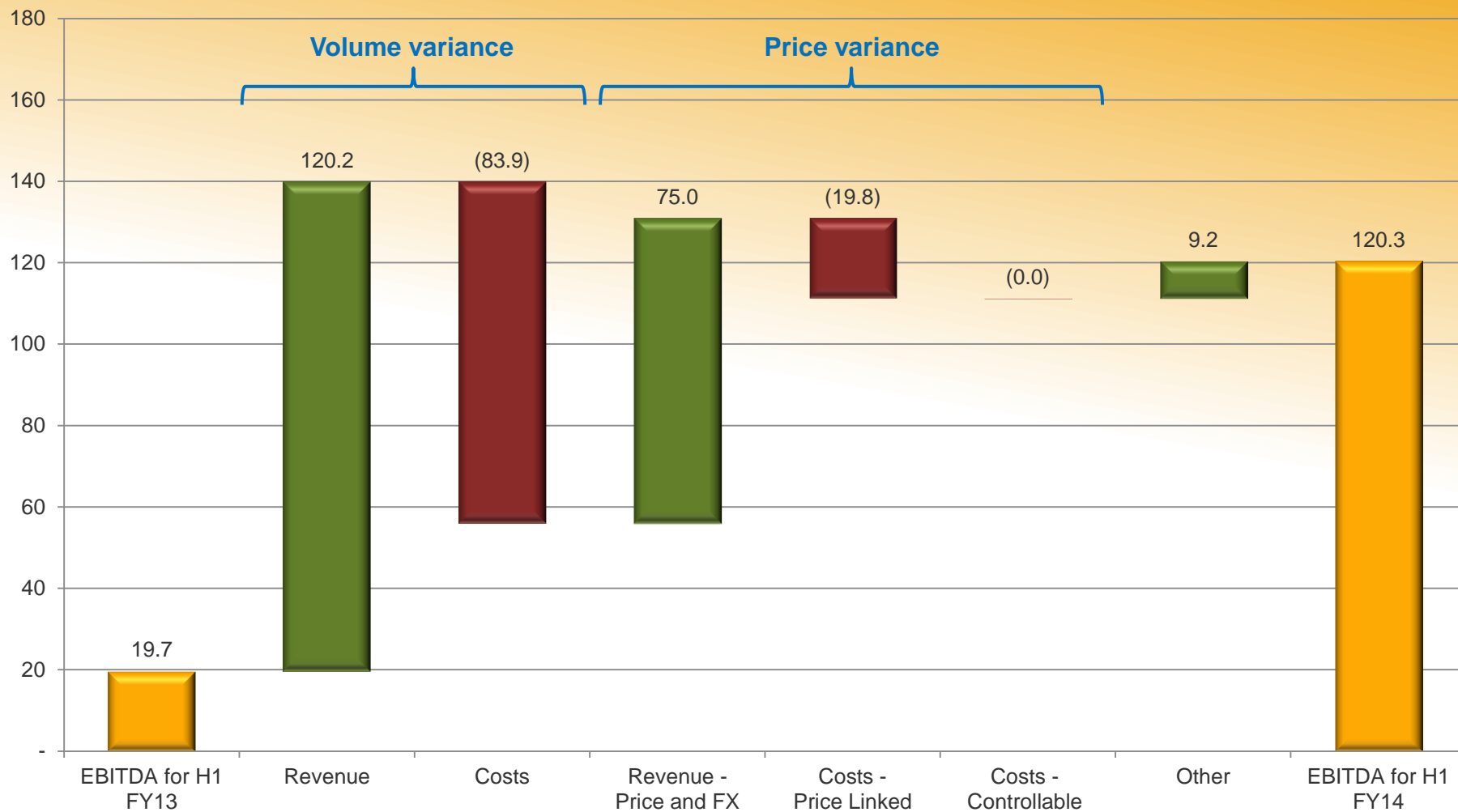


Total Shareholder Return (%)



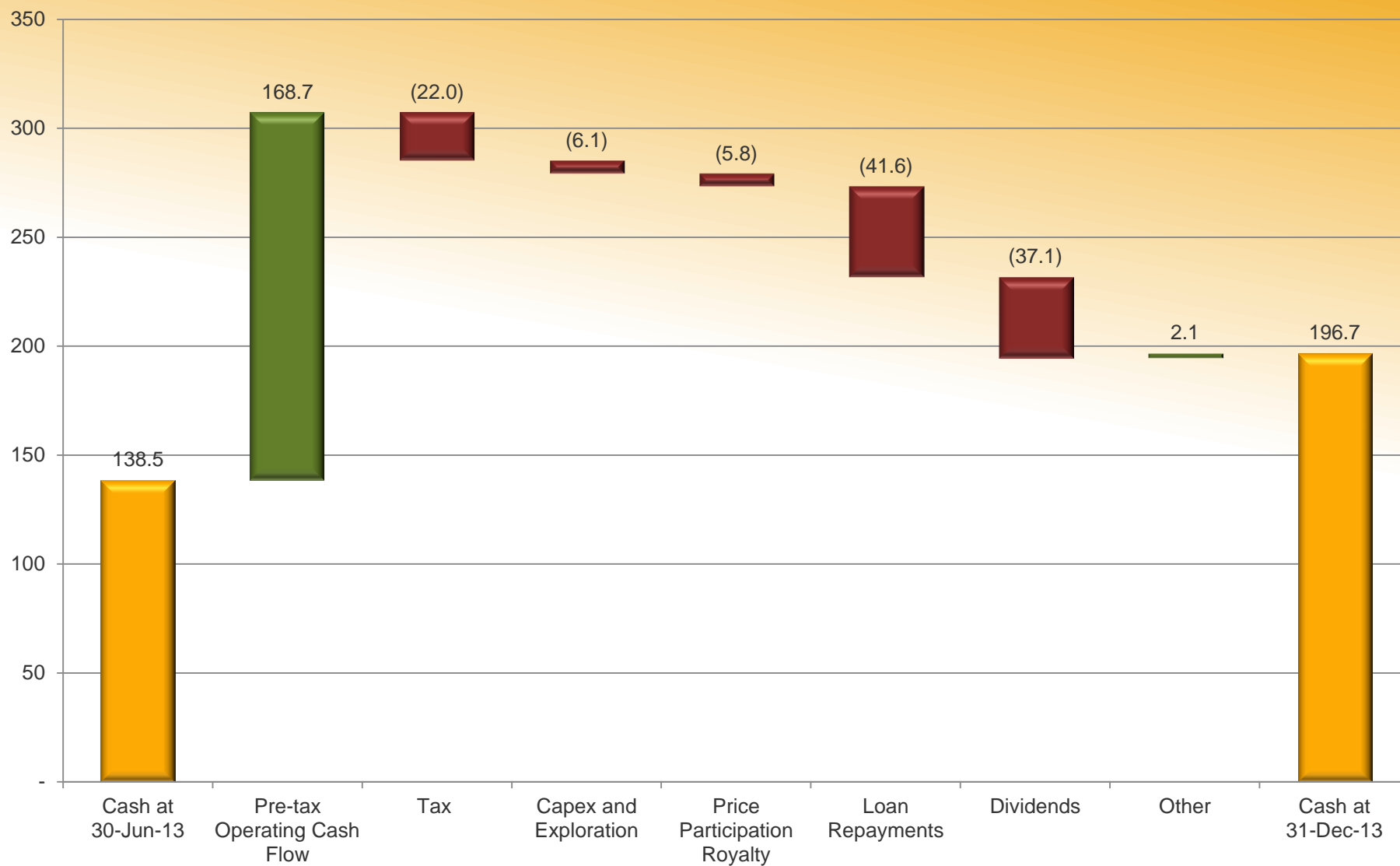
Note: Return on equity calculated as statutory NPAT for the period divided by shareholders' equity at end of period. EPS calculated as statutory NPAT for the period divided by shares outstanding at end of period. Total shareholder return includes dividends grossed up for franking credits. Peer average is simple average of Fortescue, Mount Gibson, Atlas and Grange.

EBITDA VARIANCE



Note: "Costs - Price Linked" include the price effect of royalties, marketing and freight. "Costs - Controllable" include the price effect of operating costs and overheads. Other includes FX gain / (loss), impairment of available for sale assets and transaction fees associated with the Fortescue transaction.

CASH BALANCE MOVEMENT

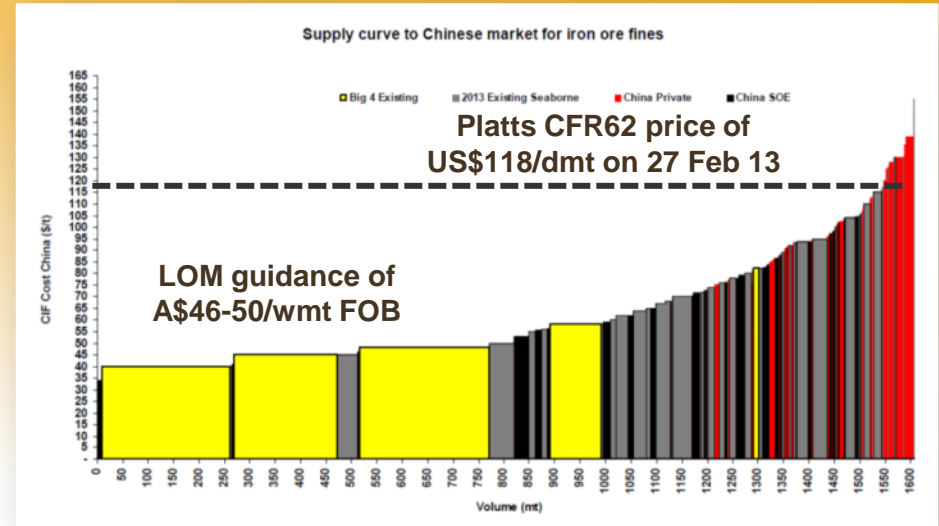


FY14 GUIDANCE

FY14 guidance:

- NJV sales of 5.8-6.2Mt
 - ❖ *NJV plans to operate at 6.5Mtpa for 9 months of the year and 4.5Mtpa for the 3 months during the January to March wet season*
 - ❖ *BCI share of sales of 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 of A\$20M
 - ❖ *BCI share of NJV capex (grade control drilling at Bonnie East and Warrigal 1 & 2, pre-strip waste mining, mining lease approval, exploration and haul road improvements)*
 - ❖ *Exploration costs in Brazil*

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



Source: Macquarie



CORPORATE OVERVIEW



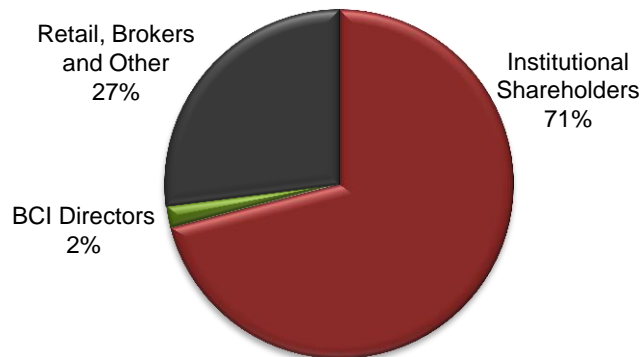
Capital Structure

Ordinary Shares	124.0m
Share Price (at 28-Feb-14)	\$4.98
Market Capitalisation	\$618m
Cash (at 31-Dec-13)	\$197m
Debt (at 31-Dec-13)	\$66m
Enterprise Value	\$487m
Options / Performance Rights	1.0m

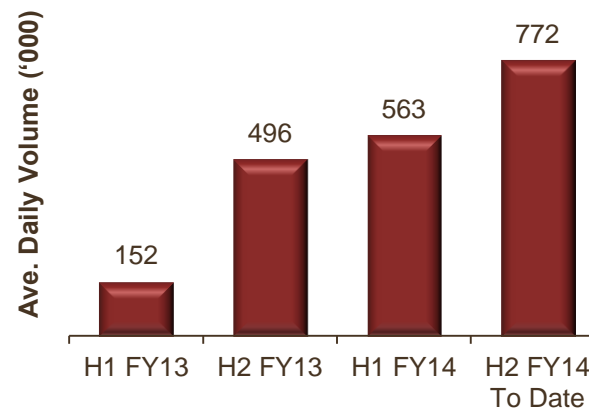
Share Price and Volume



Shareholder Breakdown (as at 31-Jan-14)



Enhanced Liquidity (excl. block trades)

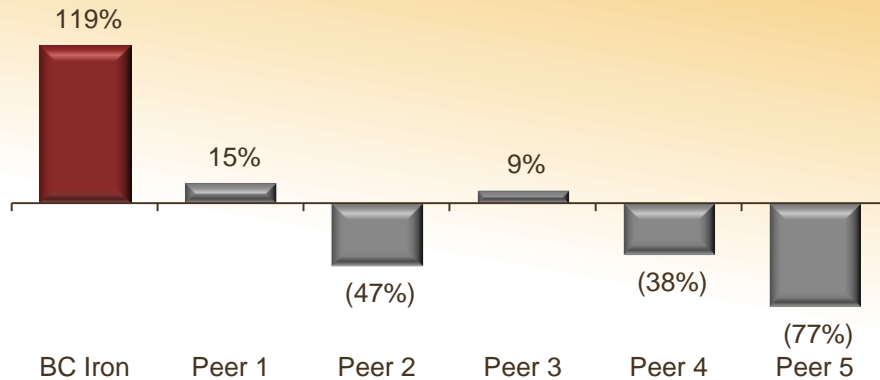


Research Coverage

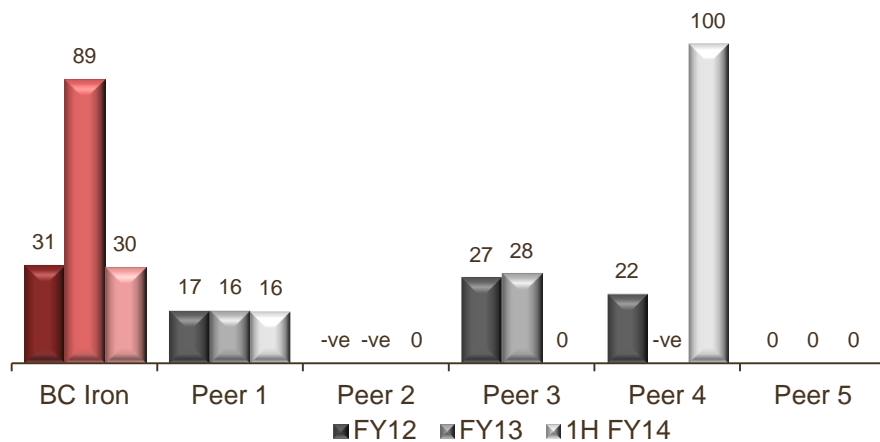


PEER COMPARISON

Total Shareholder Return – 1 Jul 12 to Current



Dividend Payout Ratio (%)



Note: Based on statutory NPAT. “-ve” denotes a dividend paid when statutory NPAT was negative. Dividends are converted into reporting currency at ex-dividend date if applicable.

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

NULLAGINE JOINT VENTURE (NJV)



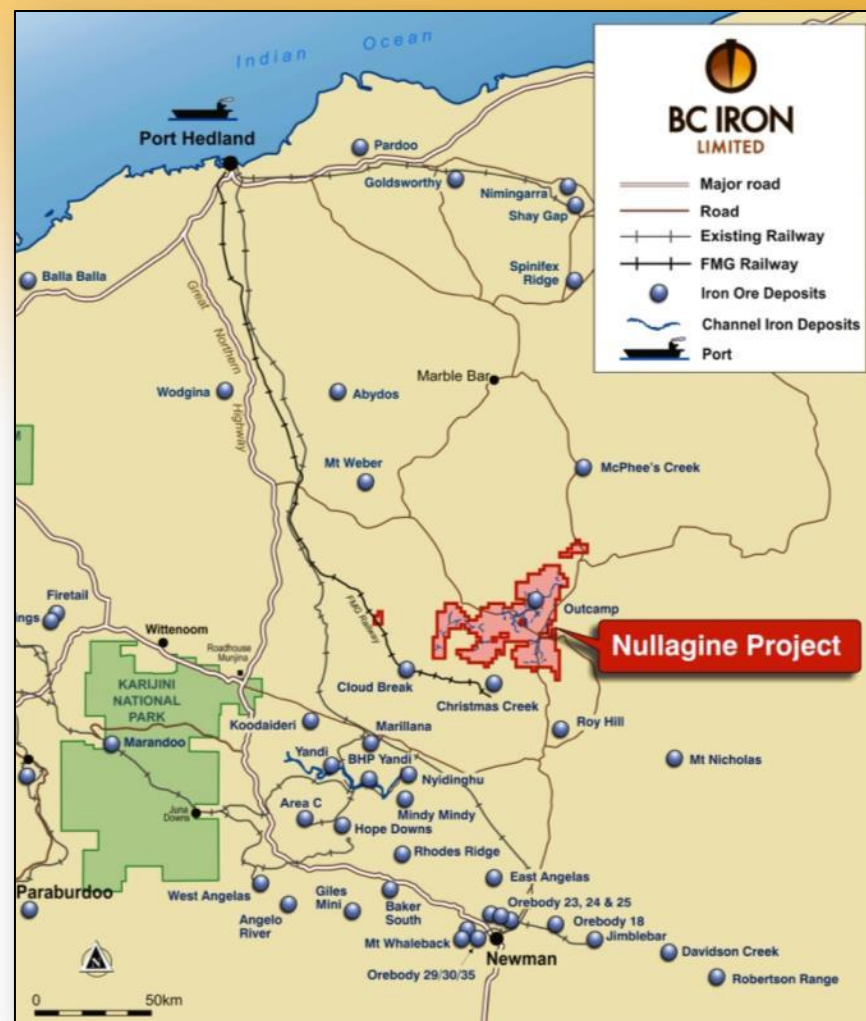
A producing DSO project with access to world-class infrastructure.

- 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 31 December 2013

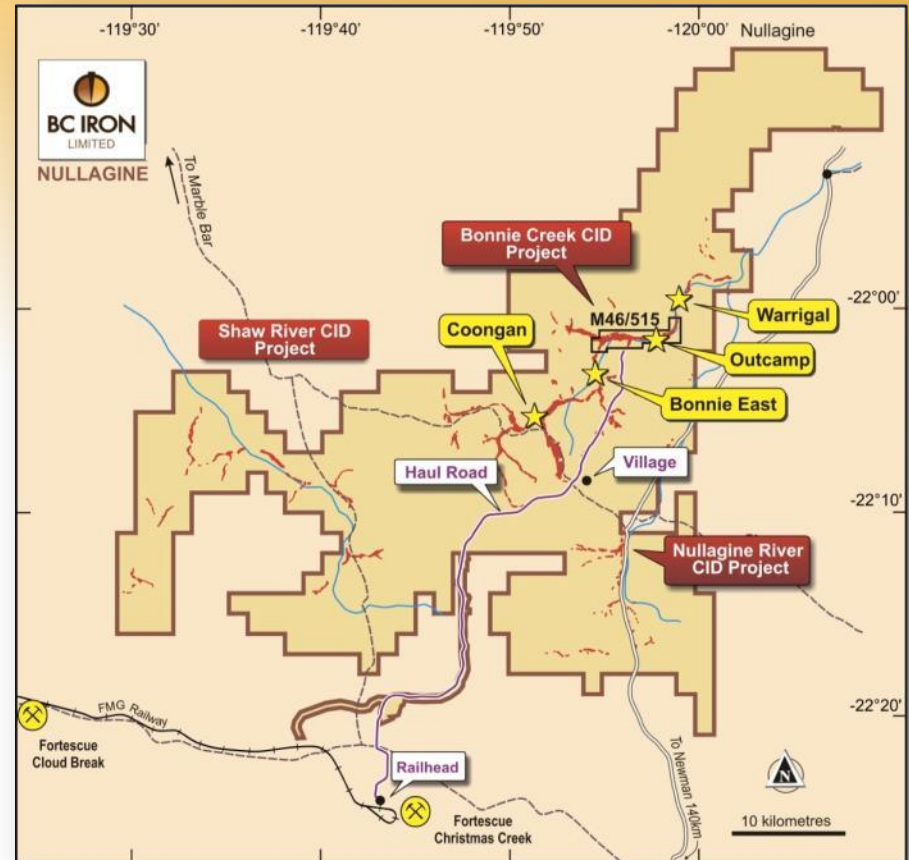
	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Total Reserves	33.3	57.1	64.9	1.9	3.0	0.014	0.011	12.0
Total DSO Resource	44.6	57.1	64.7	2.1	3.1	0.016	0.012	11.9
Total CID Resource	112.2	53.3	60.6	4.1	5.3	0.020	0.015	12.1

Note: refer to NJV Ore Reserves and Mineral Resources announcement on ASX dated 3 March 2014.

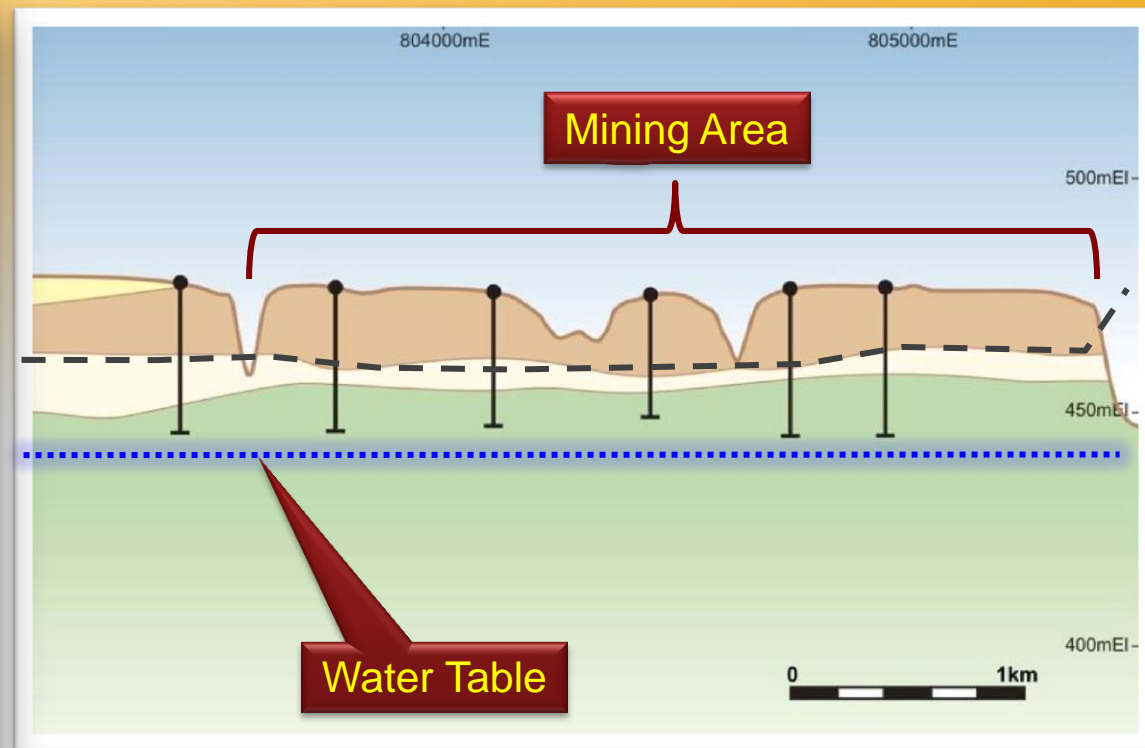


A fully contracted operation with low capital intensity.

- Contract mining by WATPAC, utilising Vermeer and Wirtgen 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 ~6 years
 - ❖ *History of Reserve replacement*
 - ❖ *Assessing extensions to LOM*

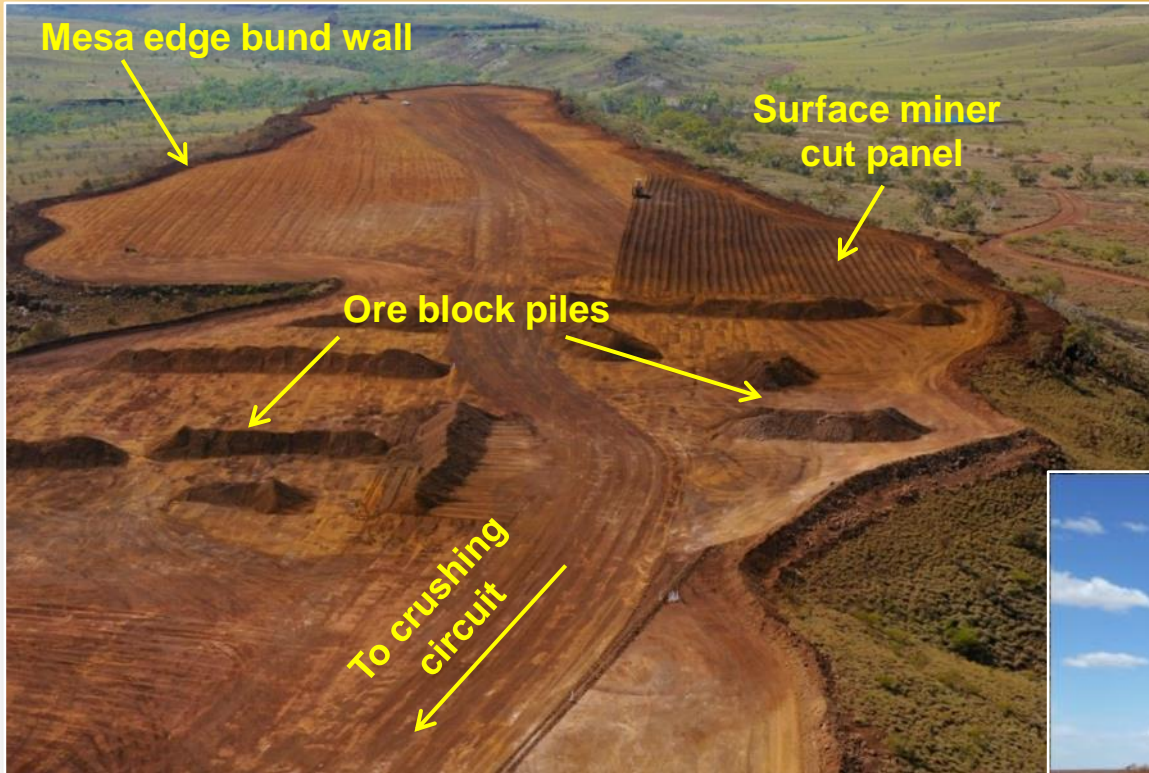


MINING – OVERVIEW



- Low Fe CID
- DSO
- Channel Clays
- Fortescue Group Basalt

- **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

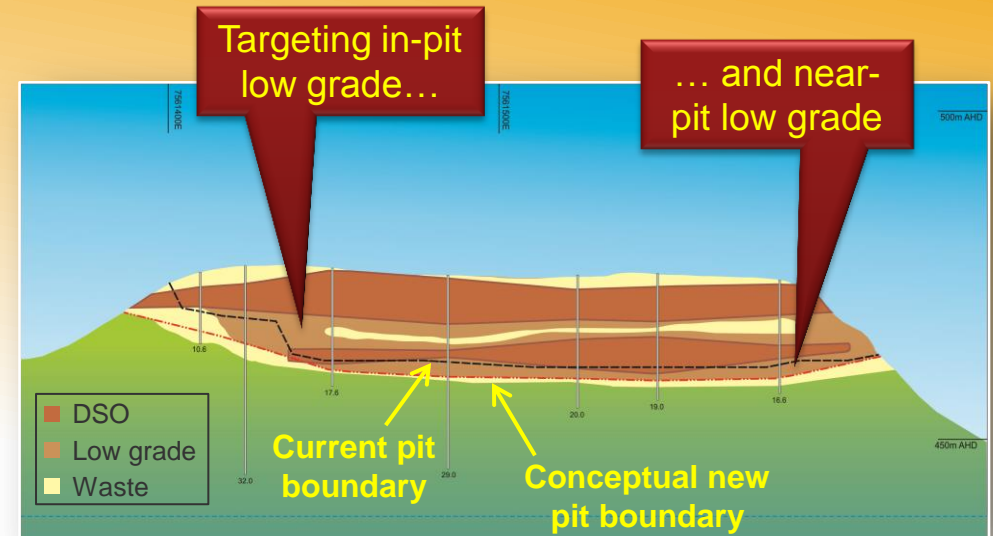
Rail and Port Services (FMG/TPI)



- 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 now completed
 - ❖ *Simple dry crush and screen process*
 - ❖ *Trialled different plant configurations and different low grade types from stockpiles and current mining areas*
- Next steps to include trial sale of BBSO/DSO blend, analysis of trial outcomes, re-evaluation of Reserves and mine plan



Beneficiation Trial Product



Beneficiation Trial Waste

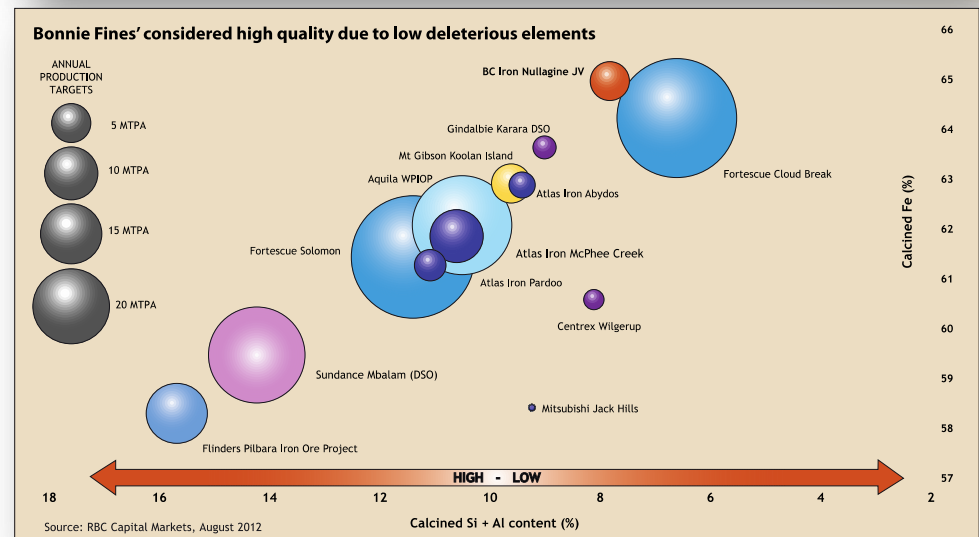
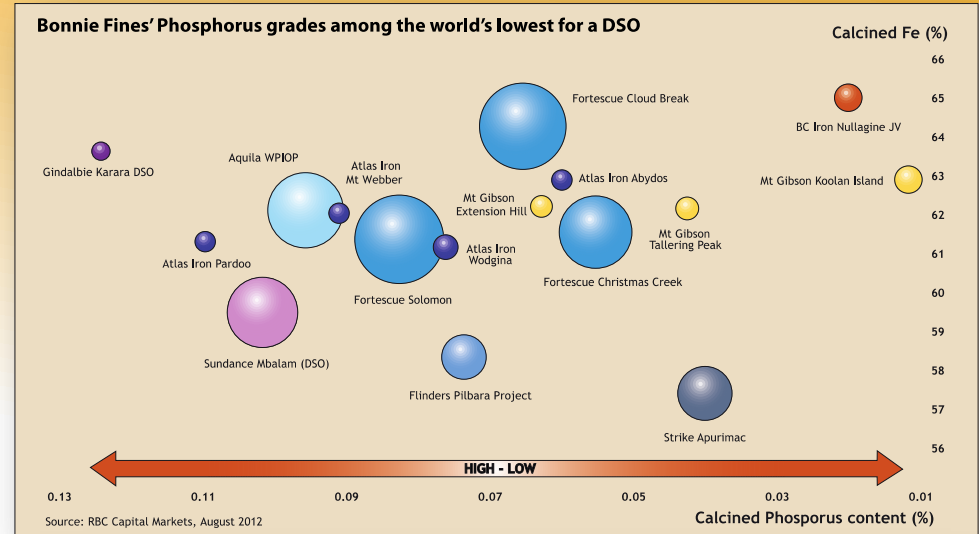


BONNIE FINES OVERVIEW



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

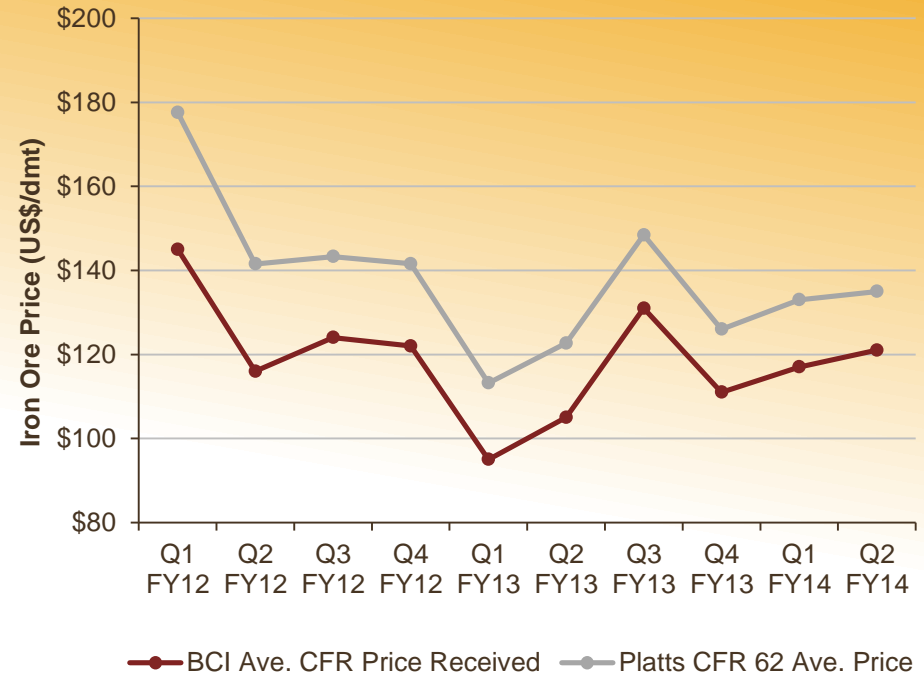
~1.3Mtpa til 2018
Nil thereafter

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*

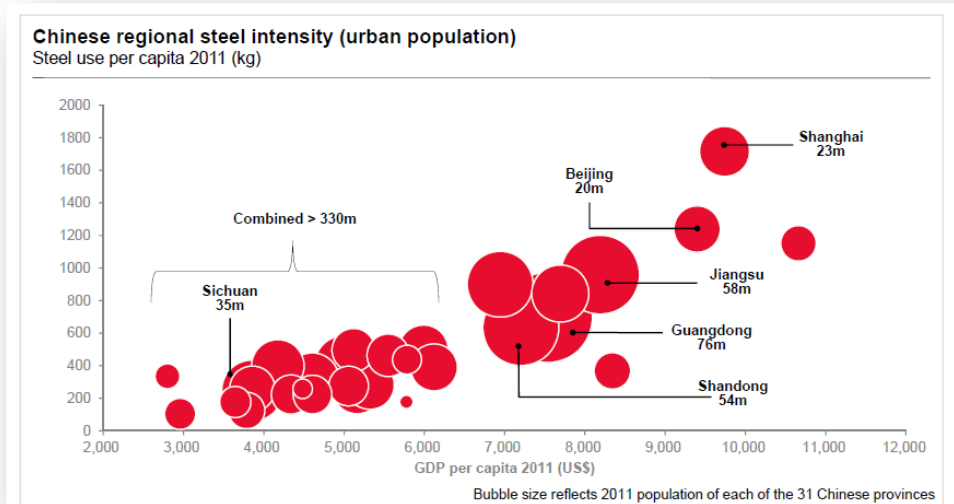
BCI CFR Received Price vs. Platts CFR62 Price



- 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*

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*



Source: OECD, Rio Tinto

BUSINESS DEVELOPMENT



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



BC IRON
LIMITED

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. MD of Energy and Minerals Australia Ltd, Chairman of Cassini Resources 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.

ORE RESERVES & MINERAL RESOURCES - 31 DEC '13



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

Classification	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Proved	15.0	57.3	65.0	1.8	2.9	0.014	0.012	11.9
Probable	18.3	56.9	64.8	2.0	3.0	0.014	0.011	12.2
Total	33.3	57.1	64.9	1.9	3.0	0.014	0.011	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	17.6	57.2	64.8	2.0	3.0	0.015	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	44.6	57.1	64.7	2.1	3.1	0.016	0.012	11.9

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

Classification	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Measured	25.6	54.6	62.3	3.0	4.1	0.016	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	112.2	53.3	60.6	4.1	5.3	0.020	0.015	12.1

Notes:

Ore Reserves are a subset of DSO Mineral Resources. DSO Mineral Resources are a subset of CID Mineral Resources.

This information is extracted from the ASX announcement entitled NJV Ore Reserves and Mineral Resources dated 3 March 2014 and is available to view on <http://www.bciron.com.au/investors/asx-announcements/2014.html>. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcement.

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

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Optimising the NJV | Paying dividends | Considering growth





ASX:BCI

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