

11 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 which will be given by Managing Director Morgan Ball at the AJM Global Iron Ore & Steel Conference in Perth on 12 March 2014.

Yours faithfully



ANTHEA BIRD
COMPANY SECRETARY



BC IRON
LIMITED

BC Iron – A Resources Yield Play?

Morgan Ball – Managing Director



ASX:BCI
12 Mar '14



Optimising the NJV | Paying dividends | Considering growth



CORPORATE OVERVIEW



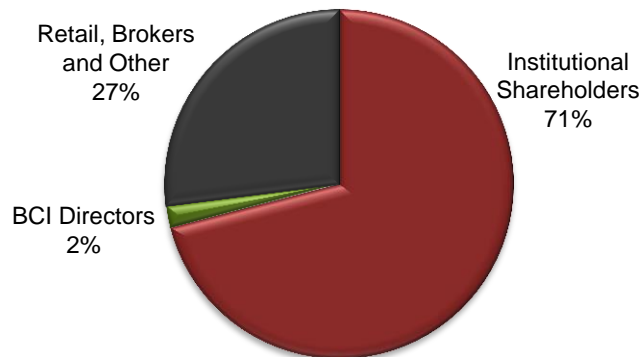
Capital Structure

Ordinary Shares	124.0m
Share Price (at 10-Mar-14)	\$4.60
Market Capitalisation	\$570m
Cash (at 31-Dec-13)	\$197m
Debt (at 31-Dec-13)	\$66m
Enterprise Value	\$439m
Options / Performance Rights	1.0m

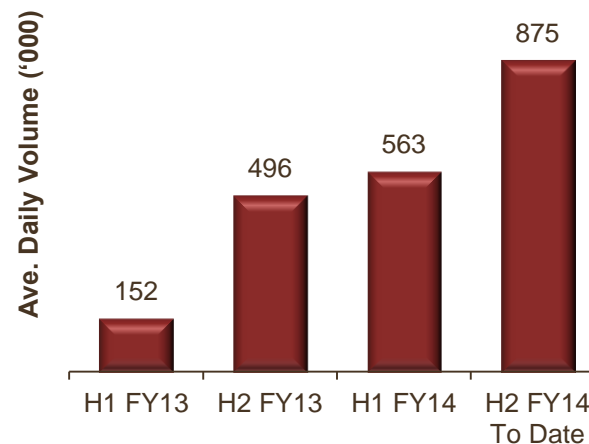
Share Price and Volume



Shareholder Breakdown (as at 31-Jan-14)



Enhanced Liquidity (excl. block trades)



Research Coverage



DIVIDENDS



AND

GROWTH



We seek to provide both

BC Iron's strategy

- Consider growth in a measured fashion, with a focus on shareholder value
- Continue to repay debt ahead of schedule
- Continue to reward shareholders with strong dividends
- If appropriate opportunity is identified, seek support from capital markets (raise debt / equity)



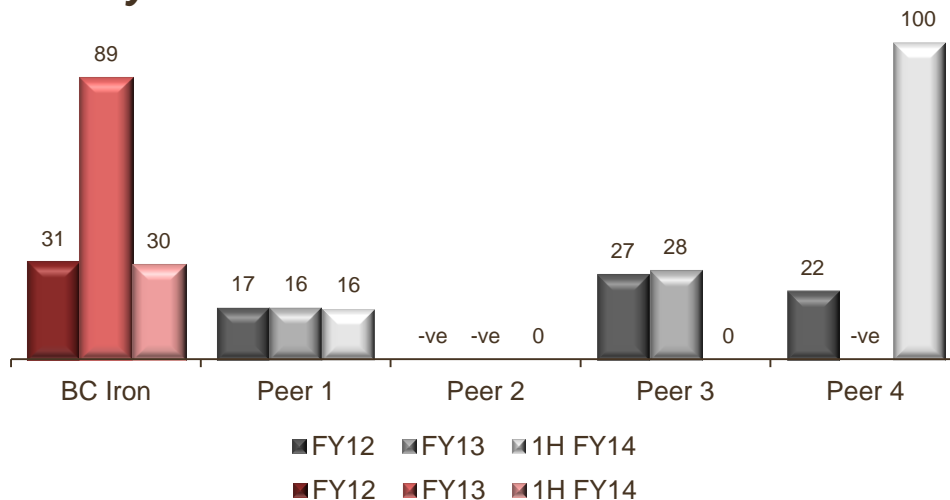
DIVIDENDS DECLARED TO DATE



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	FY14 Interim Dividend	FY13 Final Dividend	FY13 Interim Dividend	FY12 Full Year Dividend ¹
Dividend (cps)	17	30	5	15
Franking	Fully franked	Fully franked	Fully franked	Fully franked
Total Dividend (\$M)	21.1	37.1	6.2	15.6
Payout Ratio (% Statutory NPAT)	30%	90%	80%	31% ¹
Payout Ratio (% Underlying NPAT)	31%	64%	47%	31% ¹

Peer Payout Ratios²



Notes:

1. The FY12 final dividend was BC Iron's maiden dividend and was considered a full year dividend. NPAT and payout ratio above are in respect of the entire FY12.
2. Payout ratios are based on statutory NPAT. "-ve" denotes a dividend paid when statutory NPAT was negative. Reporting periods are normalised to a June year end. Dividends are converted into reporting currency at ex-dividend date if applicable.



DIVIDEND GUIDANCE



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- Intend to pay interim and final dividend each year
- Target payout ratio of 30-50% of NPAT
 - ❖ *Annual target, rather than a target for both interim and final*
 - ❖ *All else equal, final dividend expected to be larger than interim*
- Franked to the maximum extent possible
 - ❖ *If sufficient franking credits are not available, consider unfranked or partially franked dividends or other ways to return funds to shareholders*
- Other considerations
 - ❖ *Always maintain 3-4 months of operating costs as working capital buffer*
 - ❖ *Operational performance, cash requirements, growth prospects, etc*



MARKET COMMENTARY ON DIVIDENDS



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“In a market that now favours tried and true cashflow over grand visions of growth at any cost, BC Iron has found its sweet spot.”

Paul Garvey, The Australian, 2-Dec-13

“Analysts argue that other miners are likely to follow their (BC Iron, Fortescue and Woodside’s) example as a spate of projects come on stream”

Karen Maley, Financial Review, 1-Dec-13

“It’s one of the few resources companies that actually provides a decent yield, while at the same time giving you exposure to the upside of higher commodity prices”

Jason Chesters, Patersons Asset Management, 29-Aug-13

“These four stocks (BC Iron, Ausdrill, Myer and Metcash) have good, well-funded dividend payments that make international stocks look bad”

“Perhaps the best of these dividends goes to BC Iron”

Owen Raskiewicz, The Motley Fool, 4-Oct-13



DIVIDEND YIELDS



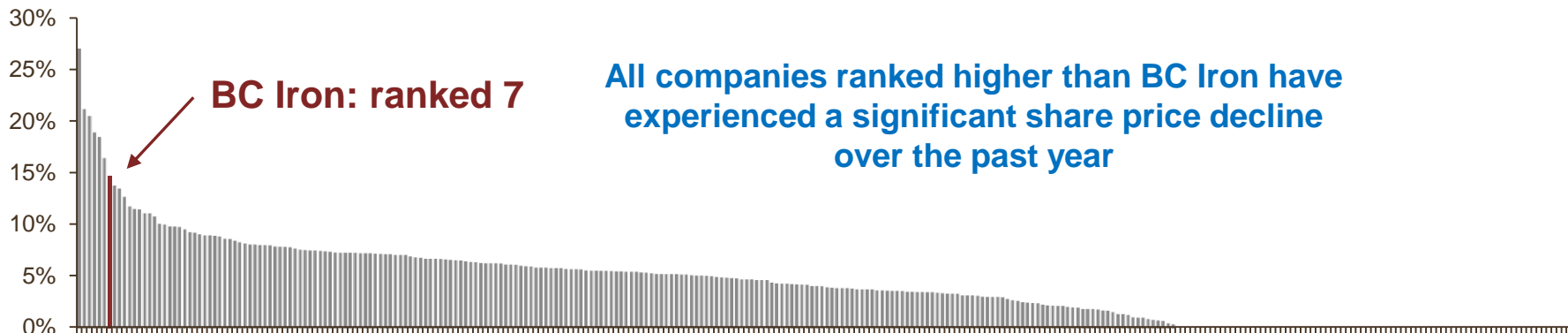
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BC Iron is one of the highest yielding ASX 300 companies and the highest yielding in the Metals and Mining sub-index.

S&P ASX300 Metals and Mining Index



S&P ASX300 Index



Source: Bloomberg as at 10-Mar-2014.

Note: Based on previous 12 months dividends (grossed up for franking credits), divided by current share price.

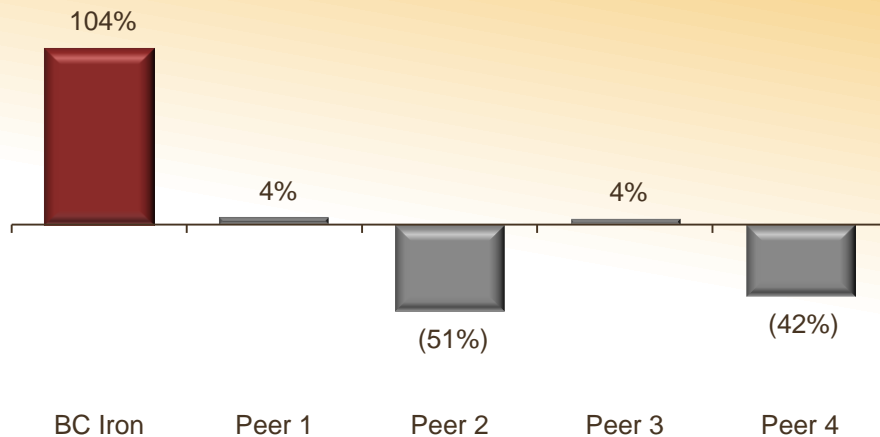


TOTAL SHAREHOLDER RETURN



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Total Shareholder Return – Since 1-Jul-12



Note: Total shareholder return includes dividends grossed up for franking credits.

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



BUSINESS DEVELOPMENT



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Goals

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

Business Development Priorities

Priority 1

Extend life of the NJV
(Project Inventory)

Priority 2

Growth in the rest of
the Pilbara

Priority 3

Growth in other iron
ore jurisdictions



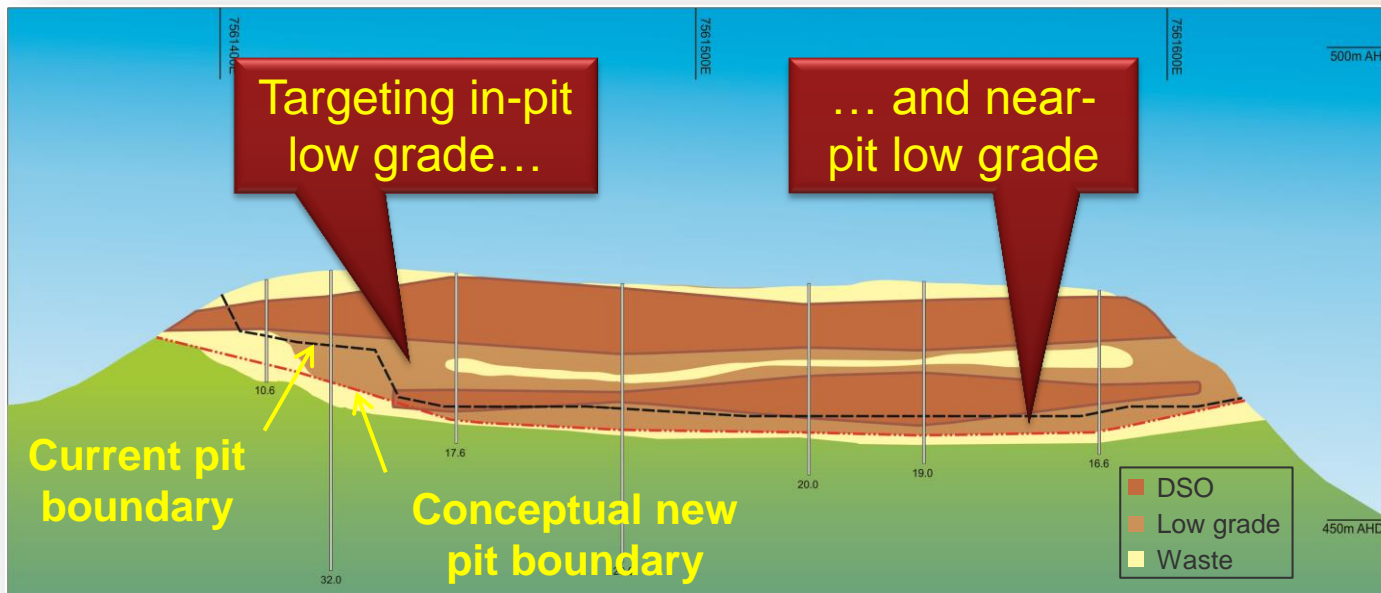


PROJECT INVENTORY



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- Assessing potential for increases in Reserves and mine life
 - ❖ *Targeting a mine life extension of 2 to 5 years*
- 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*





PROJECT INVENTORY



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- Initial low grade beneficiation trial 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



	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:

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.



GROWTH CONSIDERATIONS

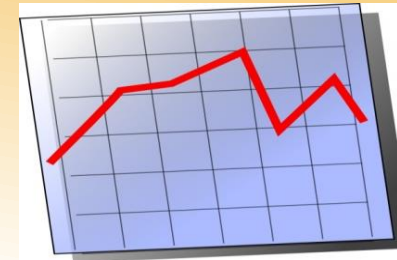


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**Deposit and
infrastructure**



**BC Iron view on
commodity price**



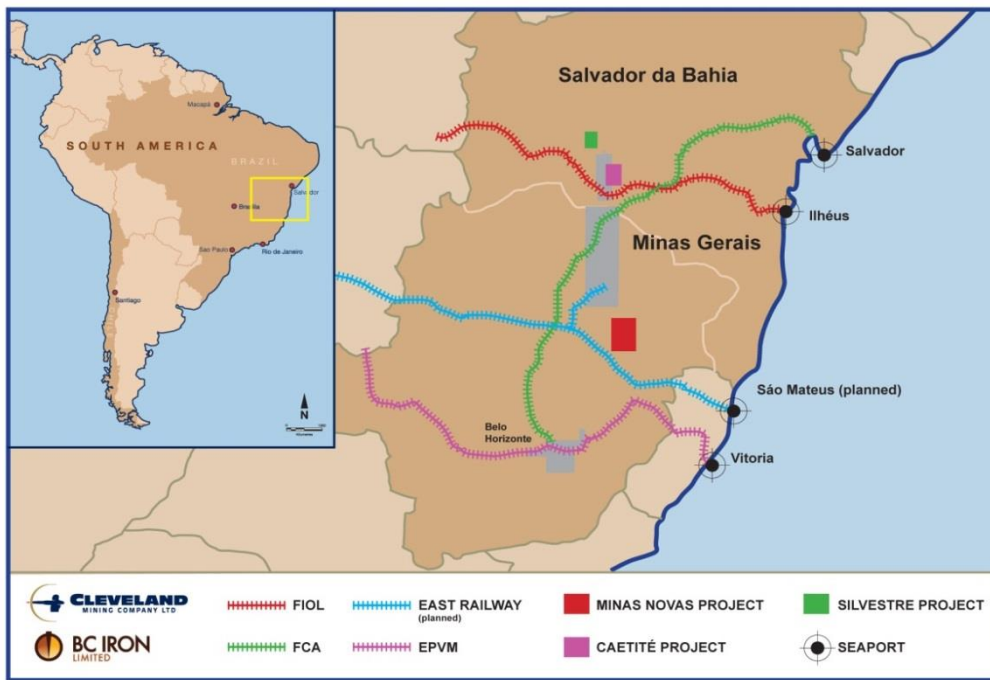
**Specific
circumstances**



BRAZIL EXPLORATION EARN-IN



- BC Iron / Cleveland alliance staged earn-in to 3 exploration projects
- No upfront payments and appropriately staged expenditure and payments provides optionality
- Mapping geophysical interpretation and rock chip sampling completed at the Bahia projects
- Results were encouraging and an initial drilling program is now underway



BC IRON VIDEO



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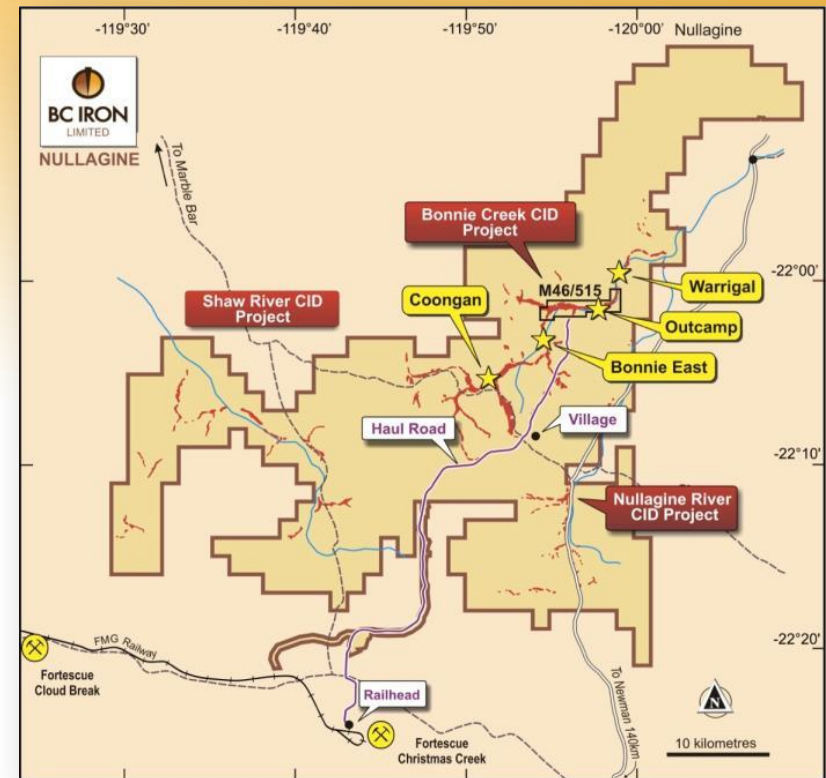
<http://www.bciron.com.au/about-us.html>

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

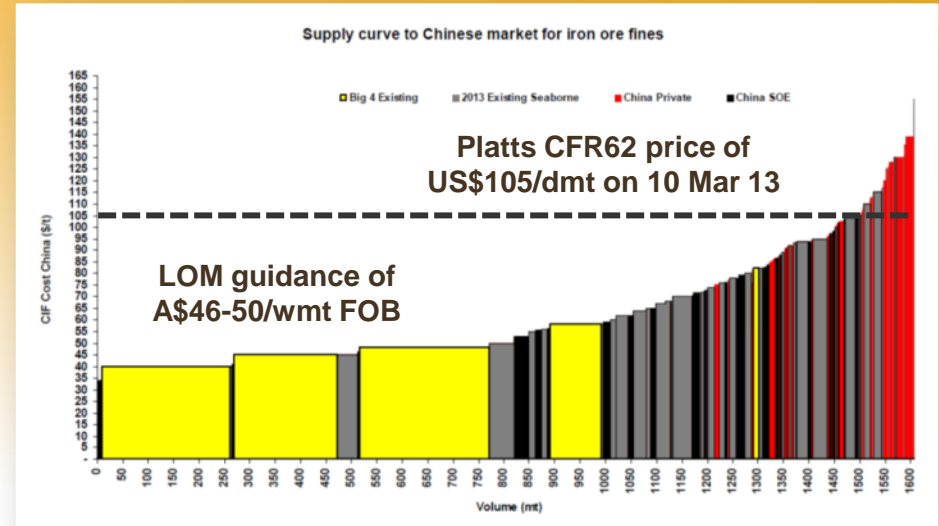


FY14 GUIDANCE

FY14 guidance:

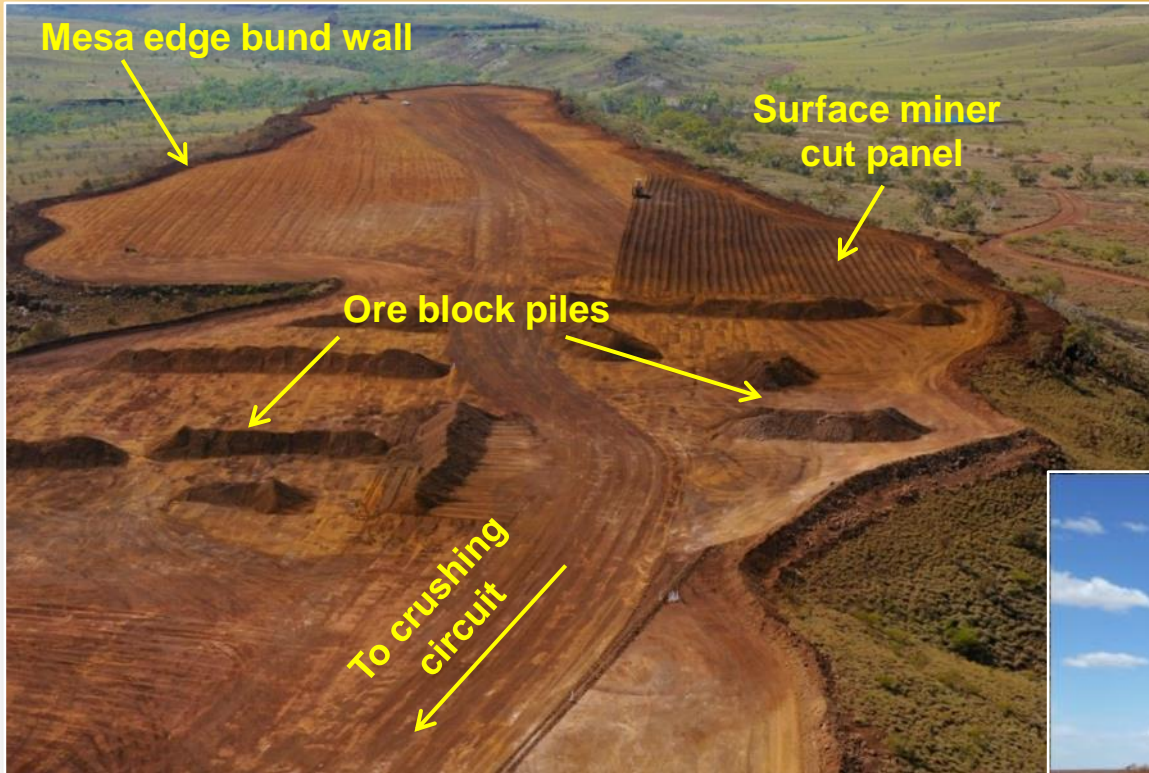
- NJV sales of 5.8-6.2Mt
 - ❖ *NJV plans to operate at 6.5Mtpa for 9 months of the year and 4.5Mtpa for the 3 months during the January to March wet season*
 - ❖ *BCI share of sales of 4.4-4.6Mt*
- NJV C1 cash costs of A\$46-50/wmt (FOB)
 - ❖ *BCI C1 cash costs of A\$40-44/wmt (FOB), reflecting impact 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





Vermeer & Wirtgen 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)



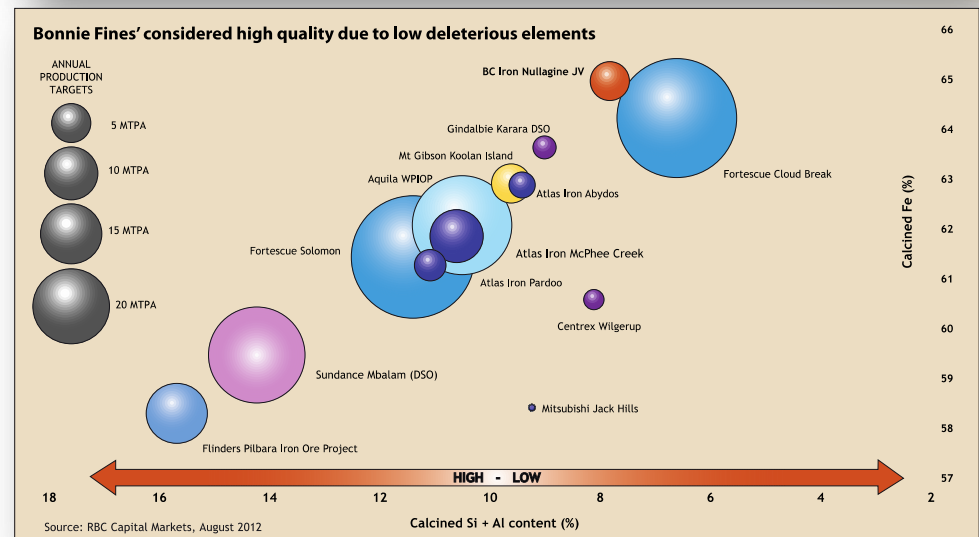
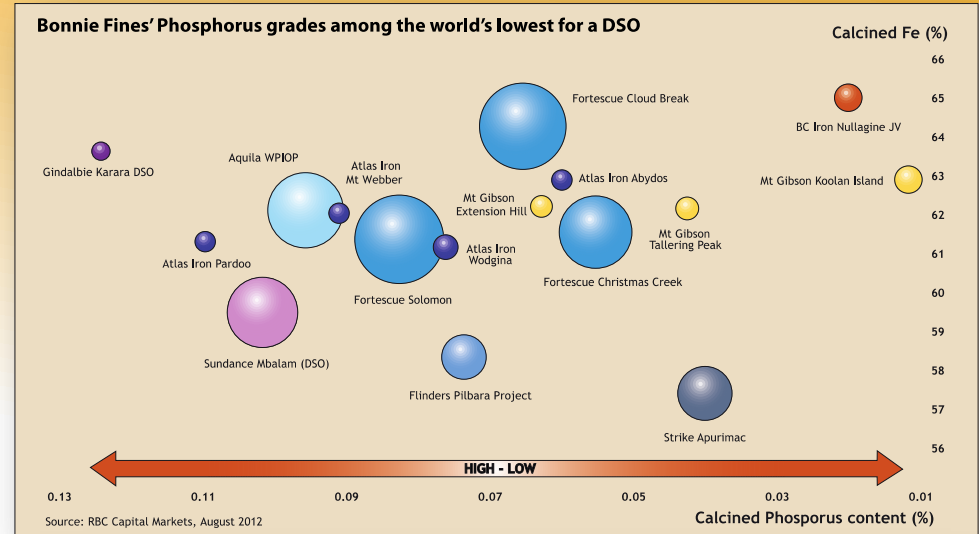
- World class rail and port
- Access to Capesize vessels up to 250,000wmt
- Dedicated NJV stockyards at railhead and port
- NJV capacity of 6Mtpa

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 Kings CID and FMG Super Special Fines
- Can be used at 20-30% level in sinter blends
- FMG provides marketing services to NJV



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.

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Optimising the NJV | Paying dividends | Considering growth





BC IRON
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