

6 May 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 Chief Financial Officer Chris Hunt at the Macquarie Australia Conference in Sydney on 7 May 2014.

Yours faithfully



ANTHEA BIRD
COMPANY SECRETARY



Macquarie Conference Presentation

Chris Hunt – Chief Financial Officer

ASX:BCI
7 May '14





Optimising the NJV | Paying dividends | Considering growth



ATTRACTIVE INVESTMENT PROPOSITION



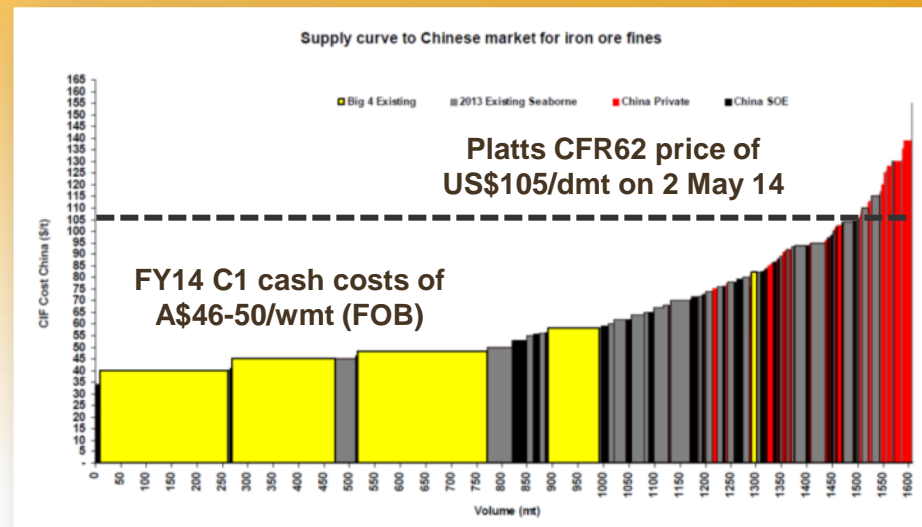
- ✓ **Scale & liquidity:** Market cap and liquidity significantly enhanced post Dec-12. Now an ASX200 member
- ✓ **TSR focus:** Outperformed peers on TSR basis since Jul-12
- ✓ **Capital management:** Robust balance sheet, conservative gearing, ongoing dividends
- ✓ **At target production:** 6Mtpa (BCI share 4.5Mtpa) for FY14
- ✓ **No significant development risk:** Current market value underpinned by existing production and Reserves
- ✓ **Low cost:** FY14 C1 cash costs at upper end of A\$46-50/wmt range. 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



MARCH 2014 QUARTER REVIEW



- NJV sales of 1.22Mt
 - ❖ Exceeded wet season guidance of 1.13Mt
- BCI share of sales of 0.76Mt (62% of NJV total)
 - ❖ Short term variances from 75% arise due to logistics planning and offtake commitments
 - ❖ BCI share of sales for FY14 to date is 74%
- Mining (0.95Mt, NJV basis) and crushing (1.05Mt, NJV basis) impacted by very wet January and flow-on effects
- Project inventory continues to progress
 - ❖ Completion of low grade beneficiation trial
 - ❖ 30,000t of beneficiated product blended with Bonnie Fines and sold (at Bonnie Fines spec)
 - ❖ Detailed trial evaluation underway
- Alliance with Cleveland commenced drilling in Brazil
- Cash as at 31-Mar-14 of \$149M. Down by \$48M due to:
 - ❖ Payment of 75% of costs despite receiving 62% of sales (balances out over entire financial year)
 - ❖ Revenue of \$23M wasn't yet received for two ships
 - ❖ Dividend payment of \$21M



Source: Macquarie

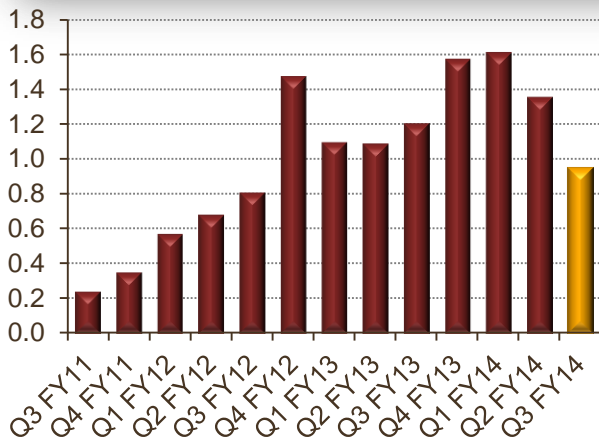
FY14 guidance:

- NJV sales guidance of 5.8-6.2Mt maintained
 - ❖ BCI share 4.4-4.6Mt
- NJV C1 cash costs at upper end of A\$46-50/wmt (FOB) range
 - ❖ BCI C1 cash costs at upper end of A\$40-44/wmt (FOB) range (lower due to prepayment)
- BCI capex reduced from A\$20M to A\$15M

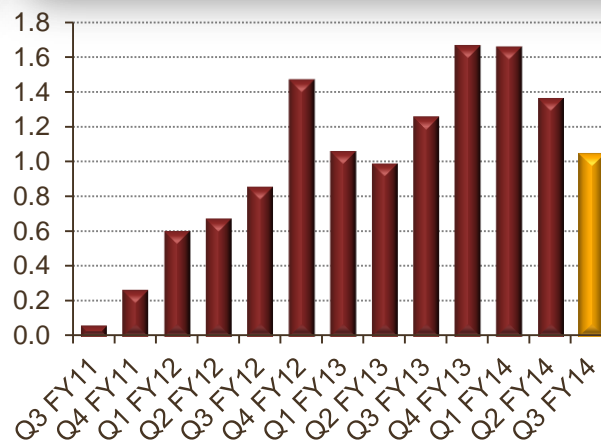
Note: C1 cash costs exclude royalties, marketing, head office costs and loan interest payments

NJV OPERATIONAL PERFORMANCE

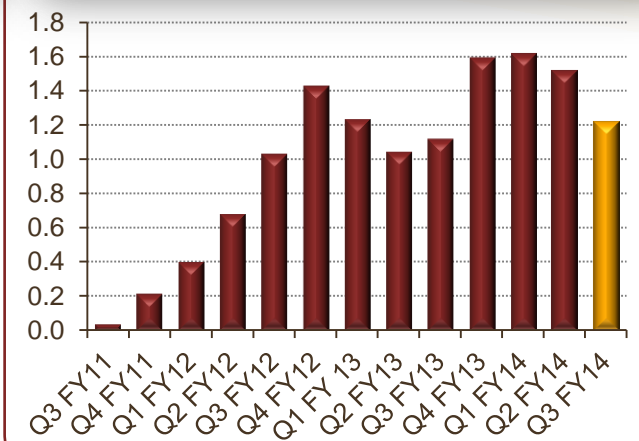
Ore Mined (dmt)



Ore Processed (wmt)



Ore Shipped (wmt)



The NJV budgets for reduced production during the March quarter (Q3) due to the Pilbara wet season

CORPORATE OVERVIEW



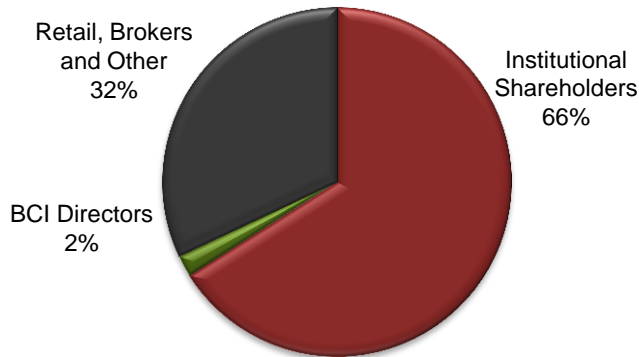
Capital Structure

Ordinary Shares	124.0m
Share Price (at 5-May-14)	\$4.20
Market Capitalisation	\$521m
Cash (at 31-Mar-14)	\$149m
Debt (at 31-Mar-14)	\$65m
Enterprise Value	\$437m
Options / Performance Rights	1.0m

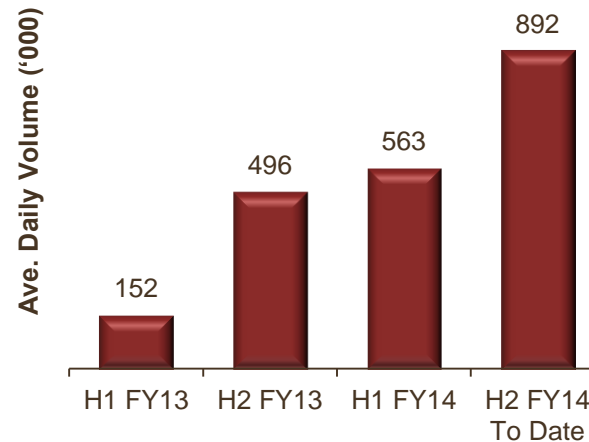
Share Price and Volume



Shareholder Breakdown (as at 31-Mar-14)



Enhanced Liquidity (excl. block trades)

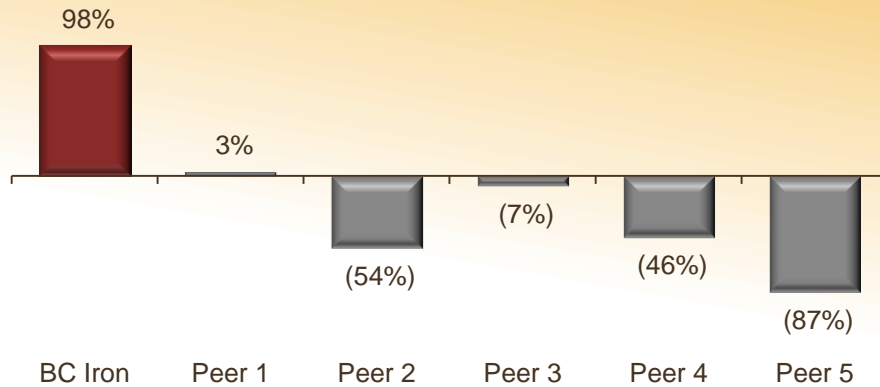


Research Coverage

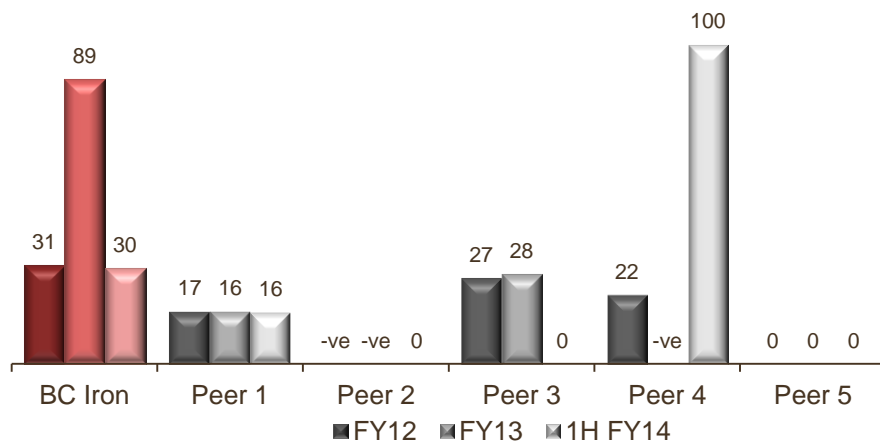


PEER COMPARISON

Total Shareholder Return – 1 Jul 12 to Current



Dividend Payout Ratio (%)



Note: 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.

Why has BC Iron outperformed its peers?

- Quality project with low capital intensity
 - ❖ *Low risk*
- Continued strong operational performance
- 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

DIVIDENDS AND DIVIDEND GUIDANCE



	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

Dividend Guidance

- 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*
- Franked to the maximum extent possible
 - ❖ *If sufficient franking credits are not available, consider unfranked / partially franked dividends or other ways to return funds to shareholders*
- Other considerations
 - ❖ *Maintain 3-4 months of operating costs as working capital buffer*
 - ❖ *Operational performance, cash requirements, growth prospects, etc*

1. The FY12 final dividend was BC Iron's maiden dividend and was a full year dividend. The payout ratios are based on NPAT for the entire FY12.

NULLAGINE JOINT VENTURE (NJV)



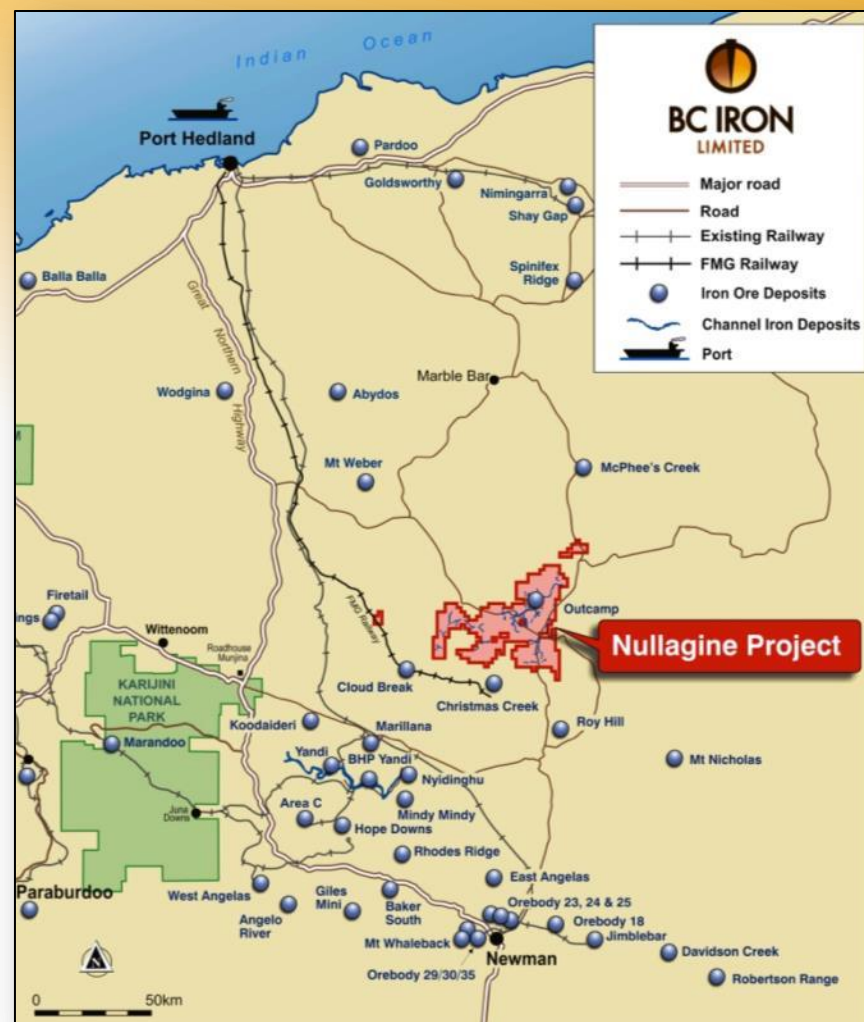
A producing DSO project with access to world-class infrastructure.

- 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

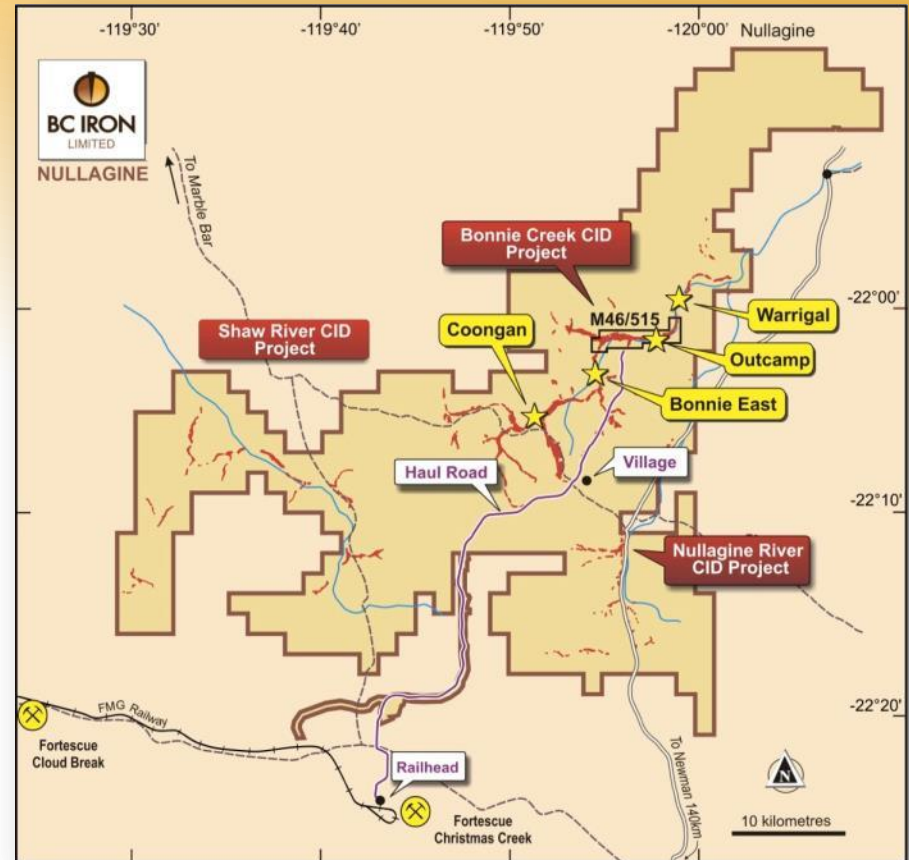
	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Total Reserves	33.3	57.1	64.9	1.9	3.0	0.014	0.011	12.0
Total DSO Resource	44.6	57.1	64.7	2.1	3.1	0.016	0.012	11.9
Total CID Resource	112.2	53.3	60.6	4.1	5.3	0.020	0.015	12.1

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

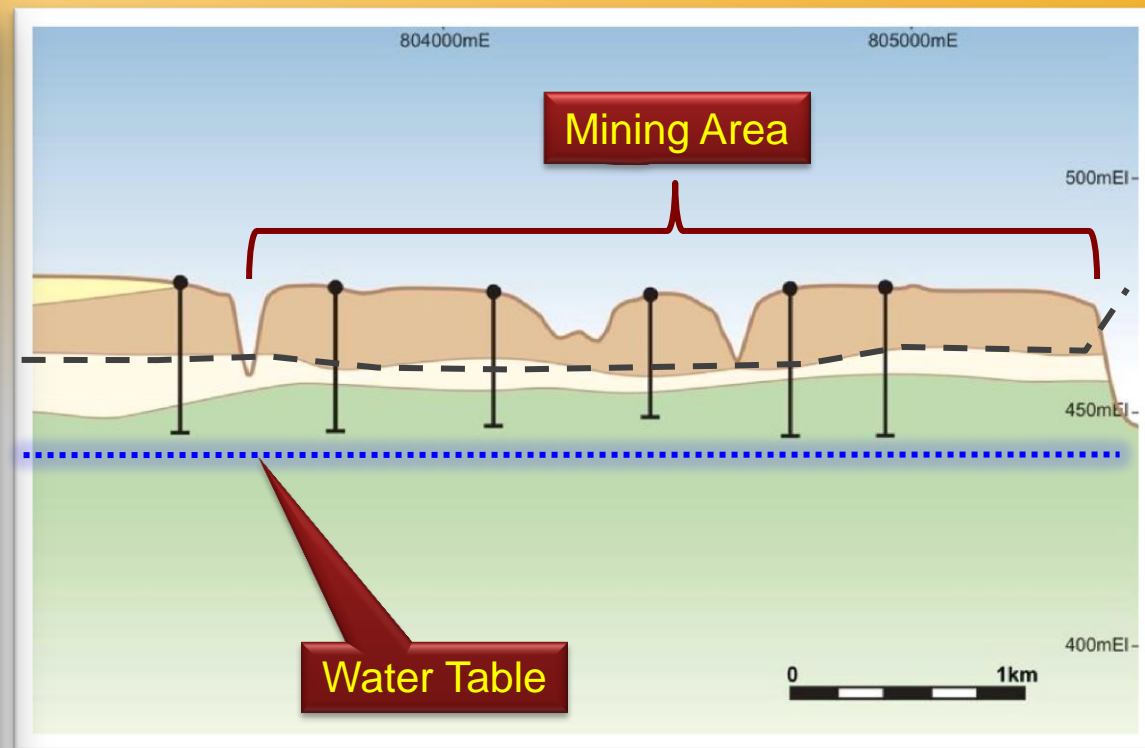


A fully contracted operation with low capital intensity.

- 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*

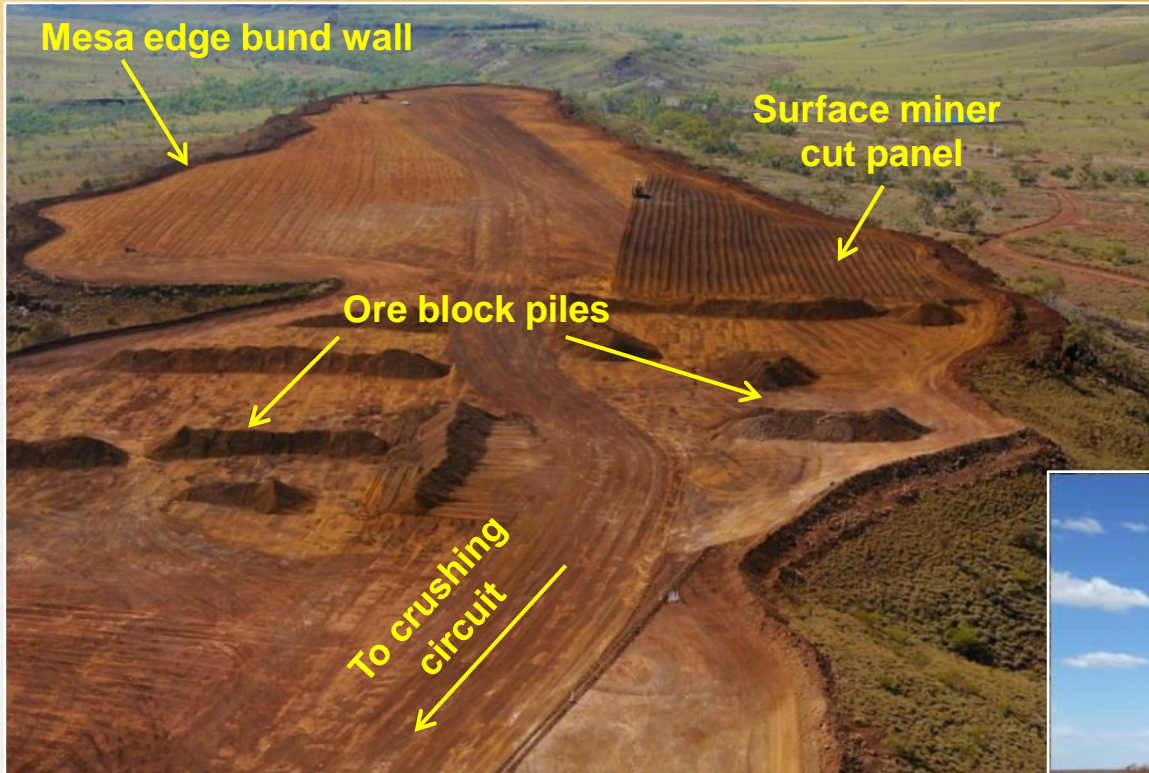


MINING – OVERVIEW



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

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



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



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 (increasing from 360t to 400t)
- Roadtrim – 4 Kenworth prime movers with Howard and Porter trailers (140-175t)
- Nameplate rates ~6.5Mtpa

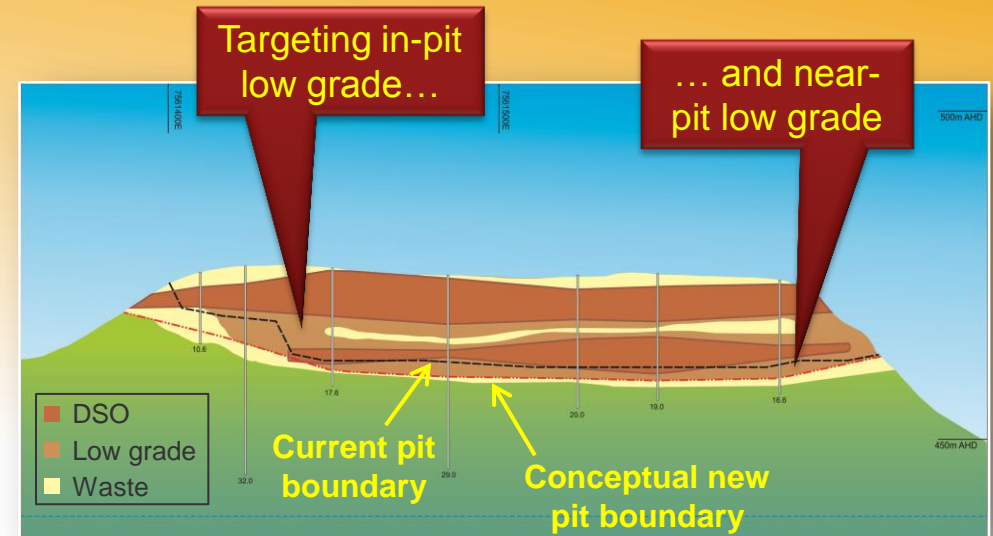
Rail and Port Services (FMG/TPI)



- 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

- 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*
- Beneficiation trial completed – 30,000t produced at similar specs to Bonnie Fines
- Beneficiated product has been blended with Bonnie Fines and sold (at Bonnie Fines spec)
- Next steps to include detailed analysis of trial outcomes, consideration of alternatives and re-evaluation of Reserves and mine plan
 - ❖ *Completion expected mid-2014*



Beneficiation Trial Product

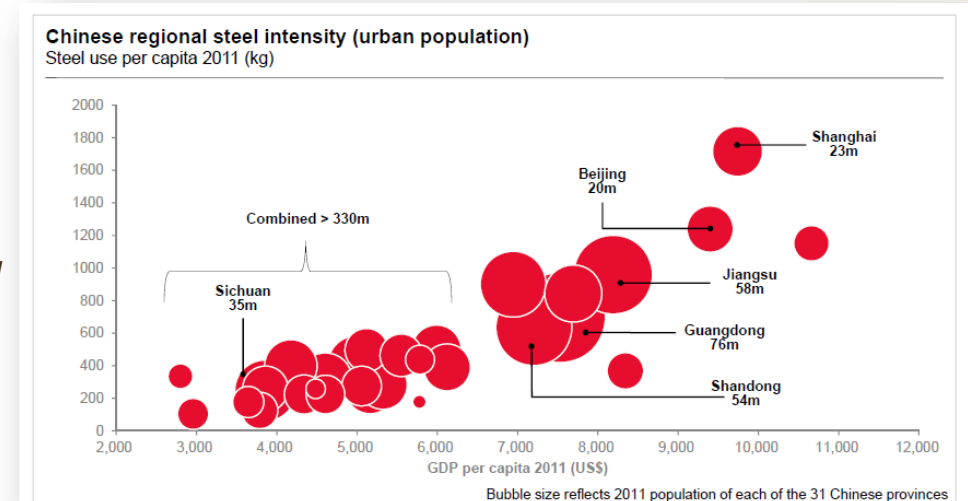


Beneficiation Trial Waste



Short term pricing pressure, but long term fundamentals remain strong.

- Iron ore prices have been volatile in CY14 to date and trending downwards
 - ❖ Demand affected by steel mill profitability, increasing environmental constraints and tightening finance
- But industry dynamics will place pressure on higher cost / lower quality sources of supply
 - ❖ Private domestic production in China is high on cost curve and expected to react rationally to price falls
 - ❖ Preference for higher quality ores, which will impact lower quality sources of supply, e.g. high sulphur ores from Iran, Mexico and Indonesia
- Over the longer term, China fundamentals continue to deliver a robust outlook for iron ore
 - ❖ GDP growth >7% p.a. in the medium term – significant in absolute terms given China is the world's 2nd largest economy
 - ❖ New government positive about growth – significant economic and social reforms pledged
 - ❖ Steel intensity is climbing overall, but a number of significant provinces remain low on the curve

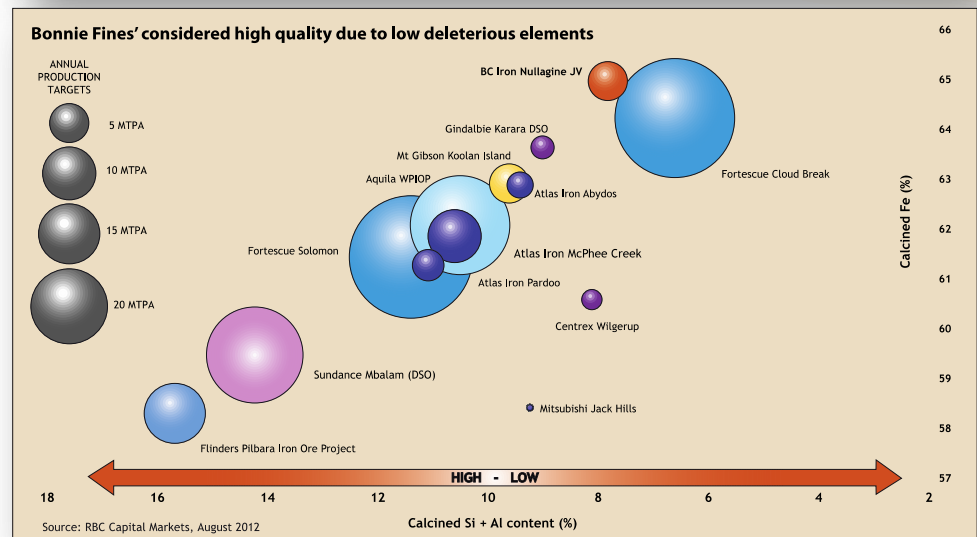
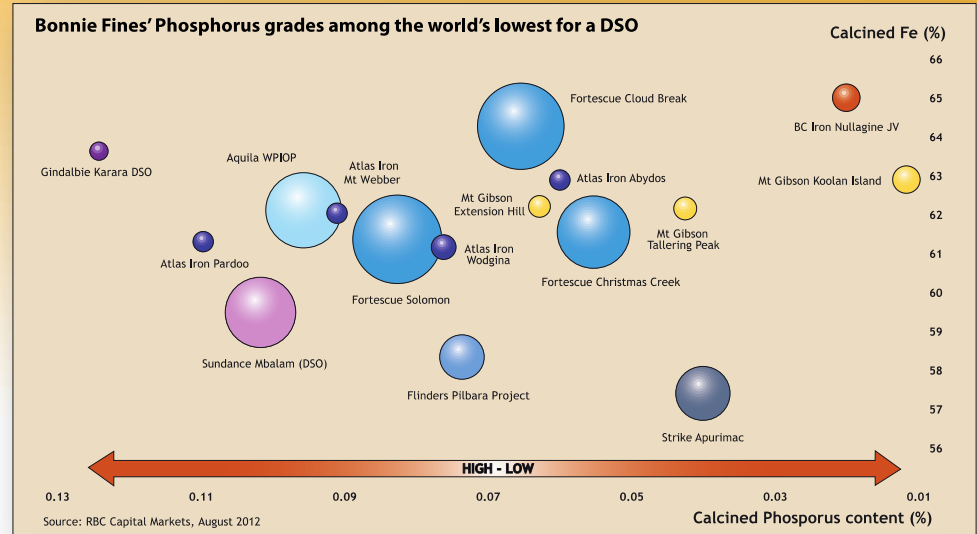


BONNIE FINES OVERVIEW



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 an advantage in China, given high gangue ores being sourced from major as well as non-traditional suppliers (e.g. Iran, Indonesia)
- Low S also an advantage given increasing environmental constraints in China
- 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



BONNIE FINES MARKETING & PRICING

BCI Attributable Tonnes



~3.2Mtpa til 2018
~4.5Mtpa thereafter



Uncommitted ore

Typically sold at prices aligned with Platts CFR62 price (on dmtu basis)

~1.3Mtpa til 2018
Nil thereafter

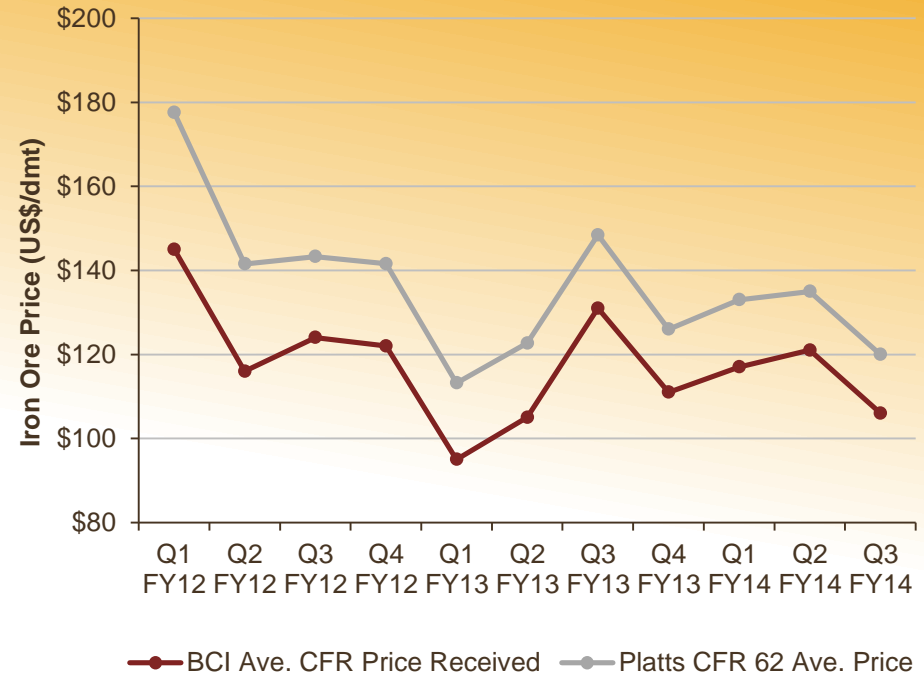


Henghou commitment

Sold at pre-agreed discount to Platts CFR62 price (on dmtu basis)

- 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

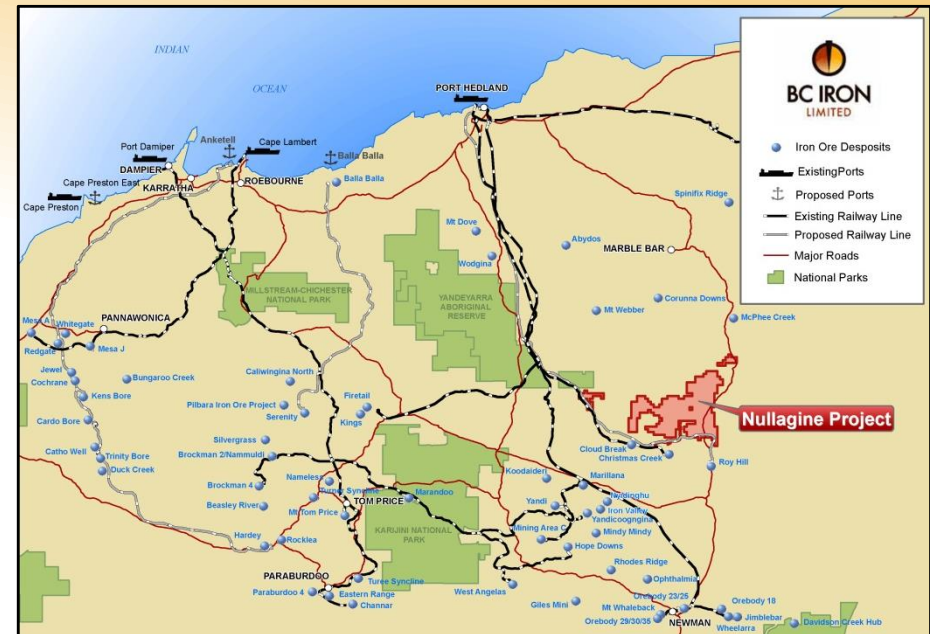
- ✓ Retain and enhance ability to pay dividends
- ✓ Generate value for shareholders (risk adjusted) via organic and inorganic opportunities

Business Development Priorities

Priority 1 Extend life of the NJV (Project Inventory)

Priority 2 Growth in the rest of the Pilbara

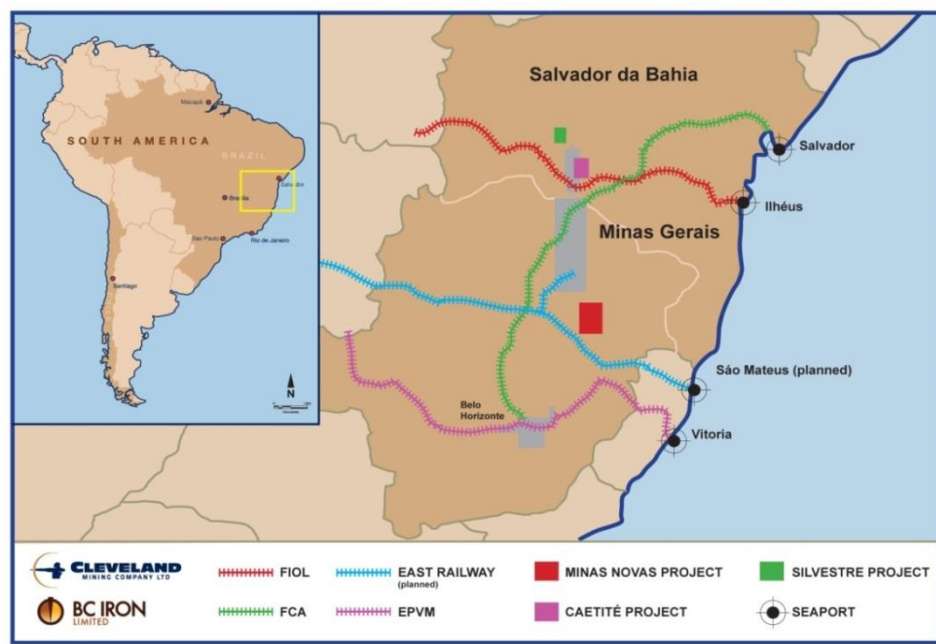
Priority 3 Growth in other iron ore jurisdictions



BRAZIL EXPLORATION EARN-IN



- BC Iron / Cleveland alliance staged earn-in to exploration projects in Bahia and Minas Gerais
- No upfront payments and appropriately staged expenditure and payments provides optionality
- First pass RC drilling completed at 5 prospects in Bahia
- Significant intersections at main prospect (Caetite 2) and encouraging intersections at other prospects
 - ❖ *Assays are currently outstanding*
- Preliminary met test-work is underway, along with planning for further drilling (incl. at Minas Novas)



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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