

4 August 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 *Diggers and Dealers* in Kalgoorlie on Wednesday 6 August 2014.

Yours faithfully



ANTHEA BIRD
COMPANY SECRETARY



BC IRON
LIMITED

Diggers and Dealers Presentation

Morgan Ball – Managing Director

ASX:BCI
6 Aug '14





Optimising the NJV | Paying dividends | Considering growth



ATTRACTIVE INVESTMENT PROPOSITION



- ✓ **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
- ✓ **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



CURRENT INDUSTRY OBSERVATIONS

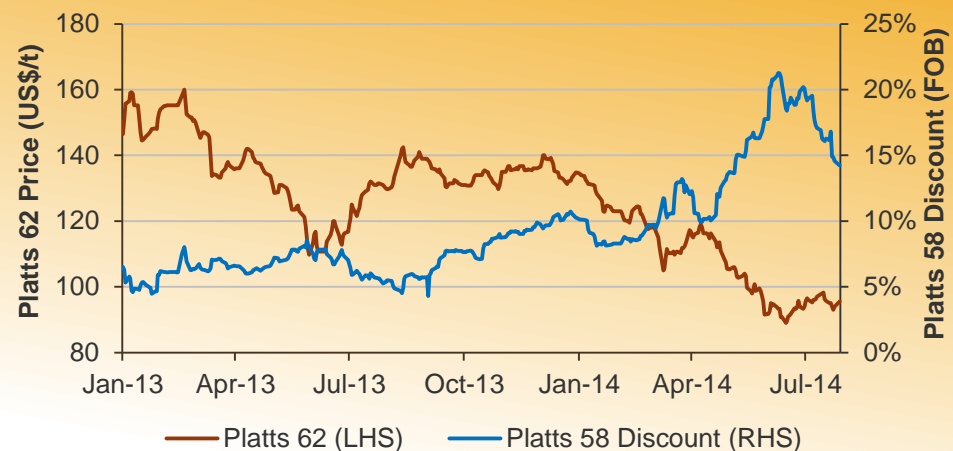
Falling iron ore prices and widening discounts for lower Fe material in 1H 2014...

- Increase in supply of 57-58% Fe ore from Australia
- Demand concerns in China
 - ❖ *Tight credit conditions*
 - ❖ *Weak property sector*
 - ❖ *Heightened environmental standards reducing steel capacity*

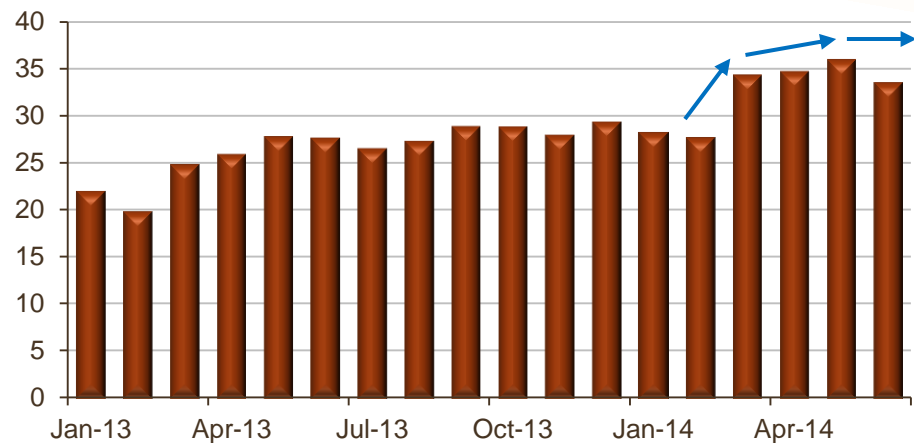
... However, conditions expected to stabilise in 2H 2014 (and may already be doing so)

- Prices trending up and discounts trending down since mid-June
- Current ramp-ups from major Australian producers nearing completion
- Opportunistic seaborne supply and high cost Chinese production starting to exit the market

Iron Ore Price and Discounts



Port Hedland Iron Ore Exports (Mt)



Source: Bloomberg

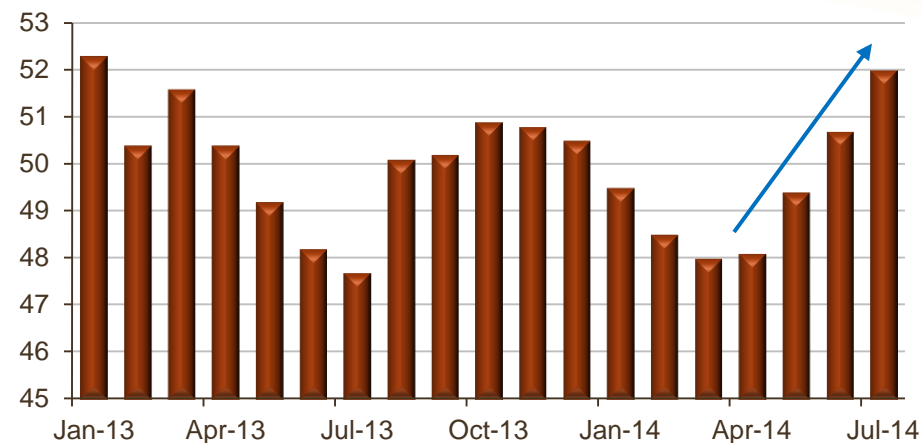
CURRENT INDUSTRY OBSERVATIONS

Conditions in China appear to be improving

- Targeted stimulus/easing announced
 - ❖ Increased 2014 targeted investment in railways to CNY 720b (~USD 120b)
 - ❖ Reduction in reserve ratios for certain banks
- Positive recent economic data
 - ❖ China's July PMI reaches 18 month high
 - ❖ Credit measures for June stronger than expected
 - ❖ Increase in the resource intensive industrial production and fixed asset investment
- Crude steel output up 4.5% (YoY) in June. July to date output increased compared to late June
- However, concerns remain over property sector



HSBC China Manufacturing PMI



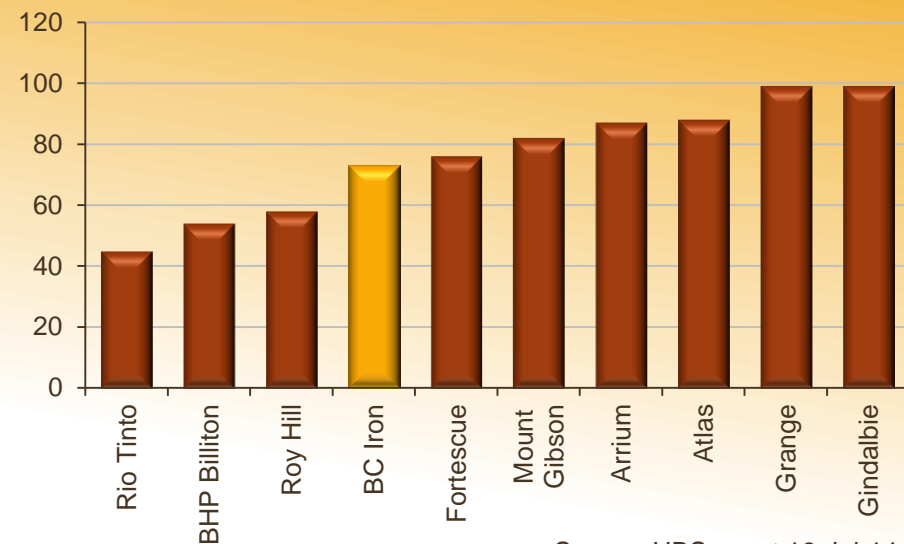
Source: Bloomberg

CURRENT INDUSTRY OBSERVATIONS

BC Iron well insulated in the interim

- Attractive product characteristics – high calcined Fe and low impurities
- Profitable in current pricing environment
- Well placed on the breakeven price curve
- Continue to maintain working capital buffer of at least 3-4 months of operating costs
- Current net cash position in excess of \$100m

Breakeven Price Curve (62% Fe, CFR China Basis)



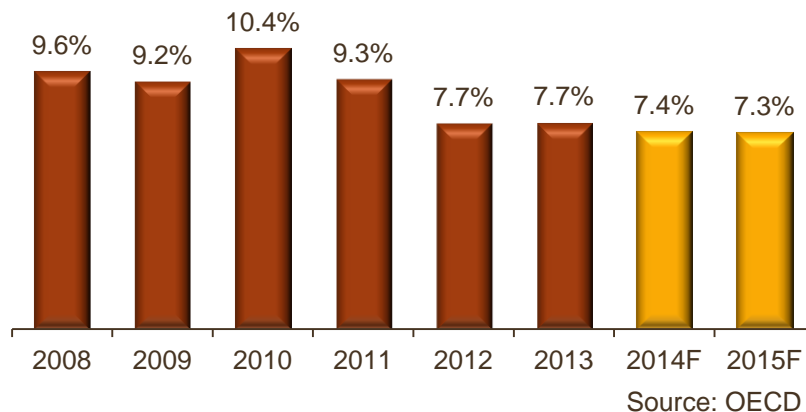
Source: UBS, as at 16-Jul-14



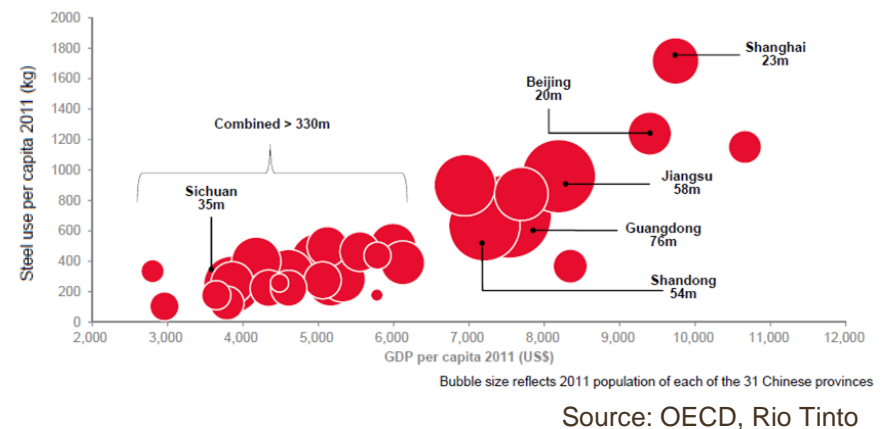
Over the longer term, China fundamentals continue to deliver a robust outlook for iron ore

- 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
- Continued urbanisation in China viewed as critical
 - ❖ *Number of people living in cities to increase from ~700m to ~1bn (or 70% of total population) by 2030 (source: The Economist, World Bank)*
 - ❖ *Significant investment in high speed rail and subway systems*
- Steel intensity is climbing overall, but a number of significant provinces remain low on the curve

China GDP Growth



Chinese Steel Intensity of Use

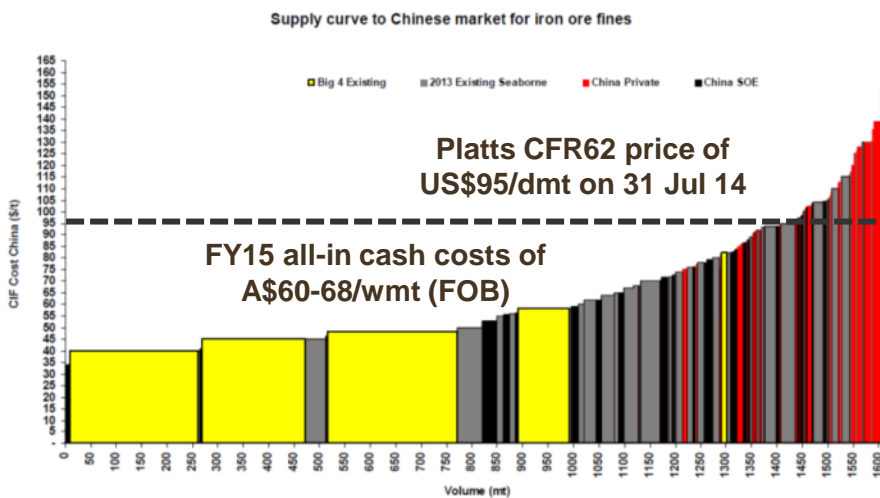


FY14 REVIEW AND FY15 GUIDANCE



FY14 results

- Record sales of 5.8M wmt (BCI share of 4.3M wmt)
- NJV C1 cash costs of \$52/wmt (FOB)
- BCI C1 cash costs of \$44/wmt (FOB) – lower due to prepayment for rail and port charges
- BCI Revenue of \$467M (unaudited) and EBITDA of \$152M (unaudited)
- Net cash position of \$105M (unaudited)



Source: Macquarie

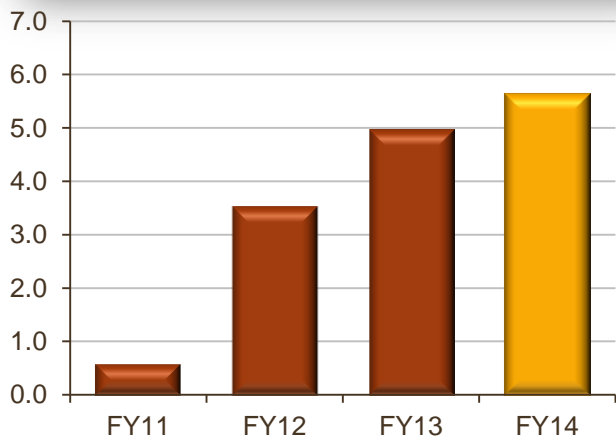
FY15 guidance

- NJV sales guidance of 5.8-6.2Mt
- NJV C1 cash costs of \$49-53/wmt (FOB)
- BCI total cash costs of \$60-68/wmt (FOB)
- NJV capex of \$30-35M (BCI share of \$23-26M)

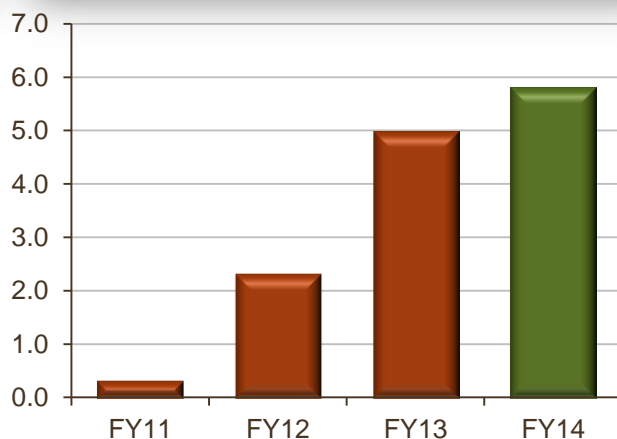
Note: Total cash costs are C1 cash costs plus royalties, marketing, corporate costs and interest payments.

NJV OPERATIONAL PERFORMANCE

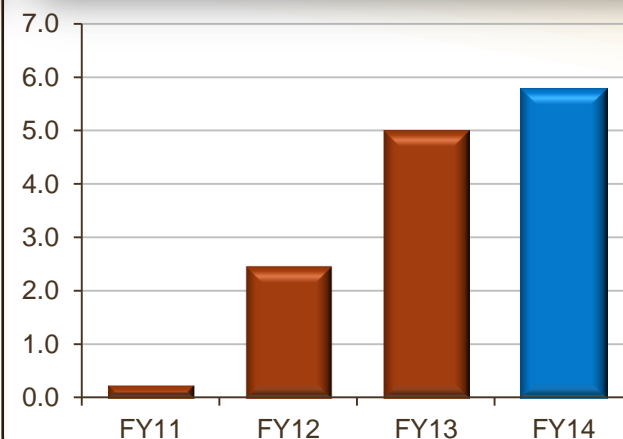
Ore Mined (dmt)



Ore Processed (wmt)



Ore Shipped (wmt)



Project Inventory

- Seeking to extend NJV mine life via beneficiation of low grade ore
- Beneficiation trial completed, initial evaluation of Reserves and mine life underway



Overburden Removal



- Dozer ripping trial for Outcamp 3 overburden removal successful – time and cost benefits vs surface miners
- Consider for larger overburden removal campaigns at Bonnie East and Coongan

Crushing Hubs

- 3 year, 2Mtpa crushing contract awarded for Warrigal ore
- Located at Warrigal – optimise haulage distances/costs
- Potential for additional crushing hubs as operations move to Bonnie East and Coongan



Other



- Fifth trailer added to Powertrans Pit Haulers – increases payload from 360t to 405t
- Leveraging off supportive stakeholder relationships

CORPORATE OVERVIEW



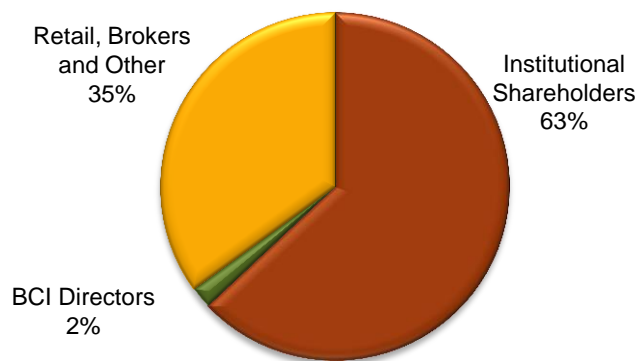
Capital Structure

Ordinary Shares	124.3m
Share Price (at 1-Aug-14)	\$3.32
Market Capitalisation	\$413m
Cash (at 30-Jun-14)	\$159m
Debt (at 30-Jun-14)	\$54m
Enterprise Value	\$308m
Options / Performance Rights	0.7m

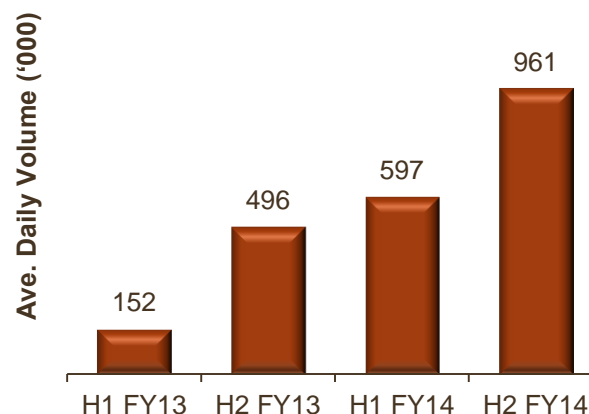
Share Price and Volume



Shareholder Breakdown (as at 30-Jun-14)



Enhanced Liquidity (excl. block trades)

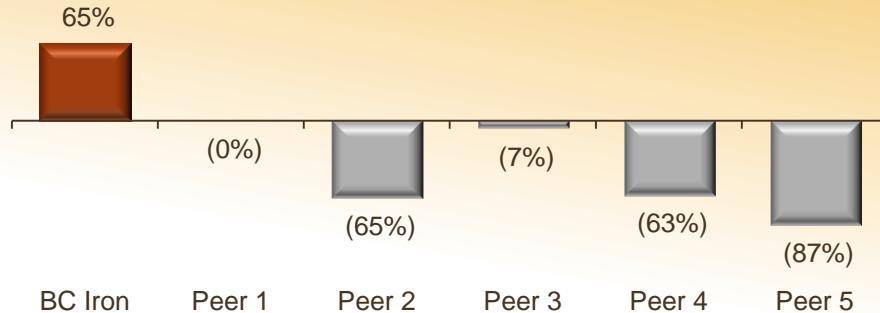


Research Coverage

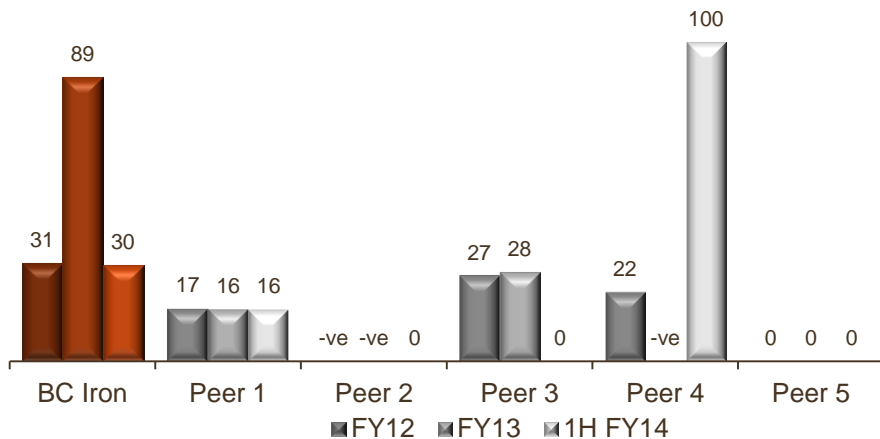


PEER COMPARISON

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

BC IRON VIDEO



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

NULLAGINE JOINT VENTURE (NJV)



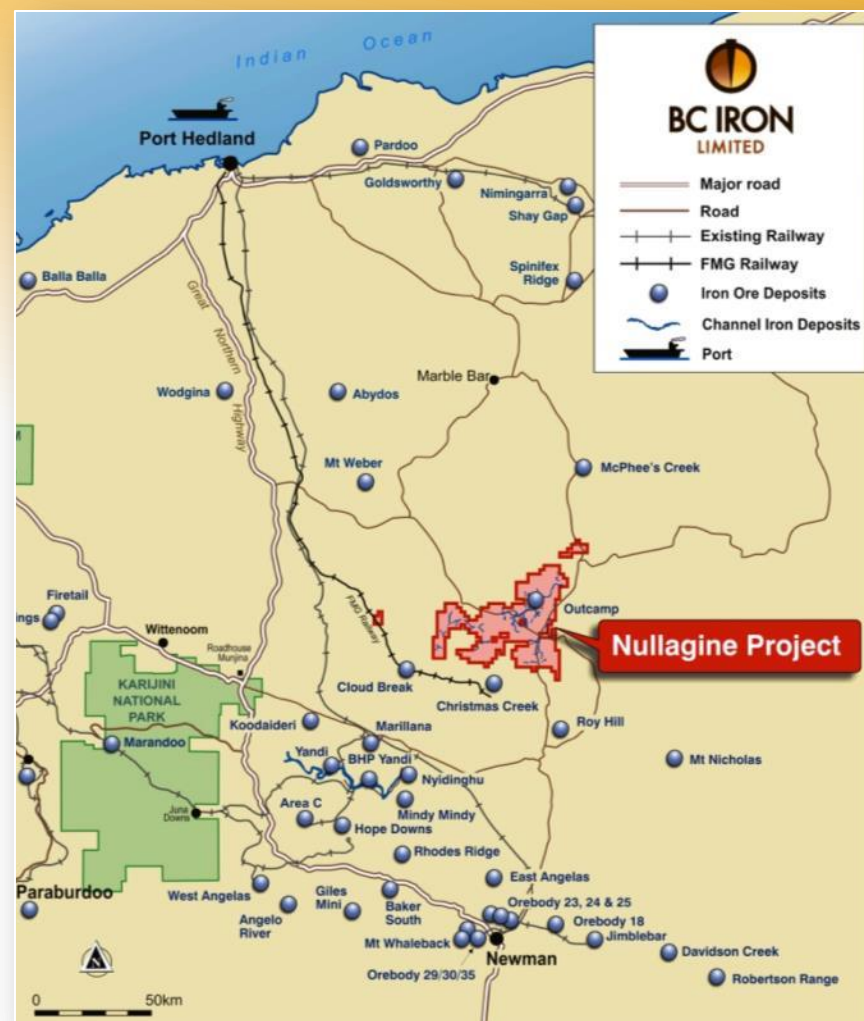
A producing DSO project with access to world-class infrastructure.

- Located ~55km north of FMG's Christmas Creek
- Unincorporated joint venture – 75% BCI, 25% FMG
 - ❖ *BC Iron is the Operator and Manager of the NJV*
 - ❖ *FMG provides rail & port services (through TPI) and marketing services*
- Operating at steady-state rate of 6Mtpa
- Fully contracted operation with low capital intensity

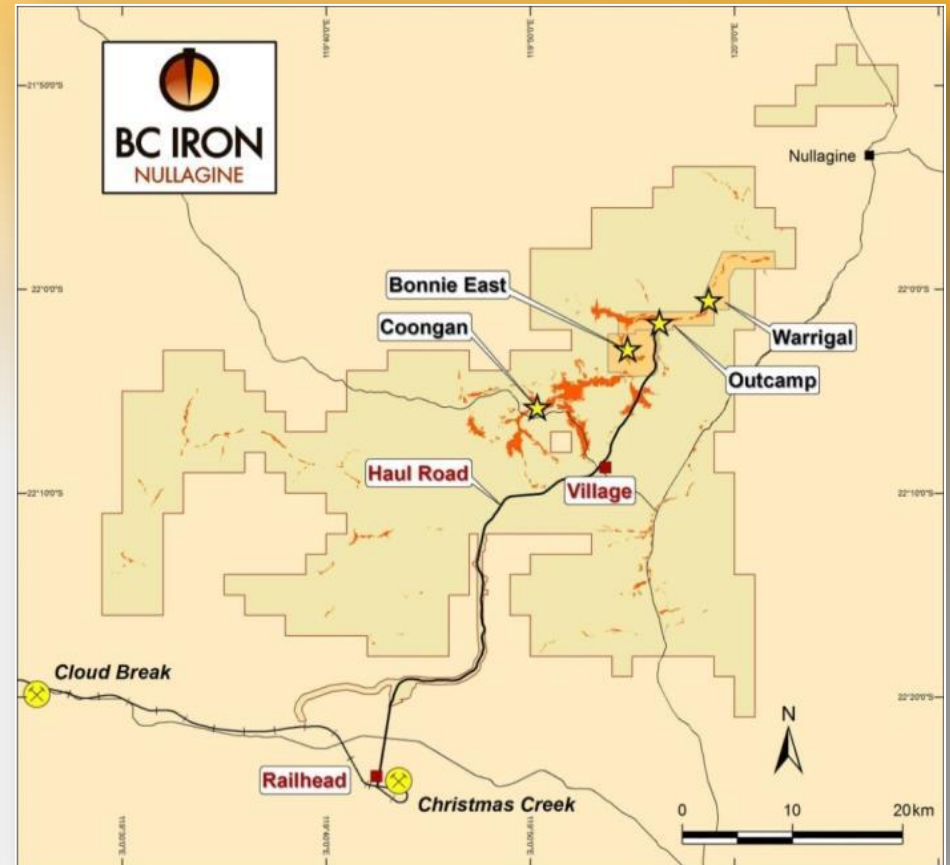
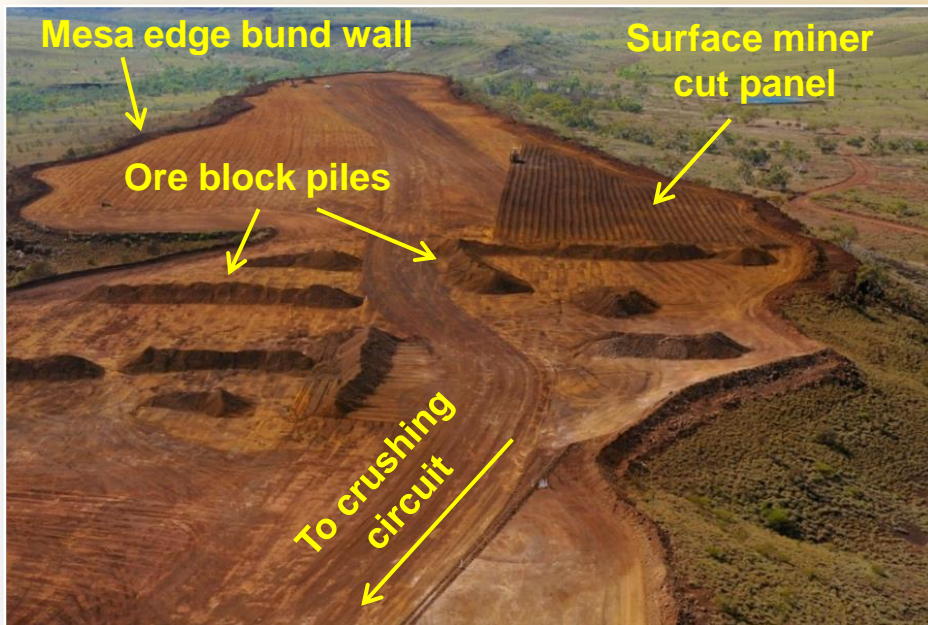
As at 31 December 2013

	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Reserves	33.3	57.1	64.9	1.9	3.0	0.014	0.011	12.0
DSO Resource	44.6	57.1	64.7	2.1	3.1	0.016	0.012	11.9
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.



- Contract mining by WATPAC, utilising Vermeer and Wirtgen surface miners
 - ❖ *Reduced mining dilution*
 - ❖ *Provides primary crushing*



- Mine plan comprises four major deposits – currently mining at Outcamp and Warrigal
- LOM strip ratio of 1:1 and above water table
- Current mine life of ~6 years – assessing extensions to LOM through Project Inventory

Processing (WATPAC & Exact)



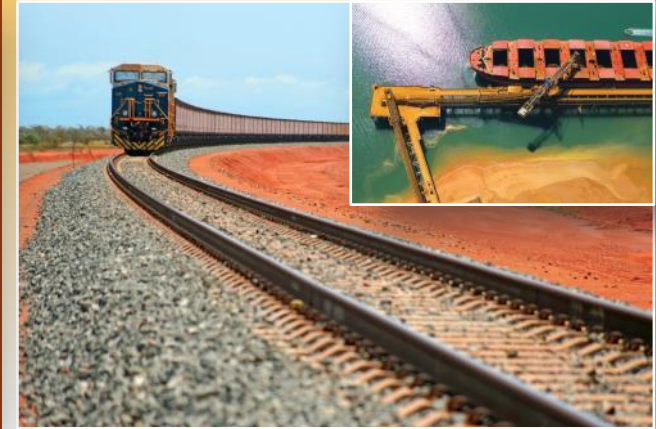
- Simple crushing & screening process
- Two crushing hubs established
 - ❖ MOC (Outcamp)
 - ❖ Warrigal
- Building stockpile 'safety net'

Road Haulage (Toll & Roadtrim)



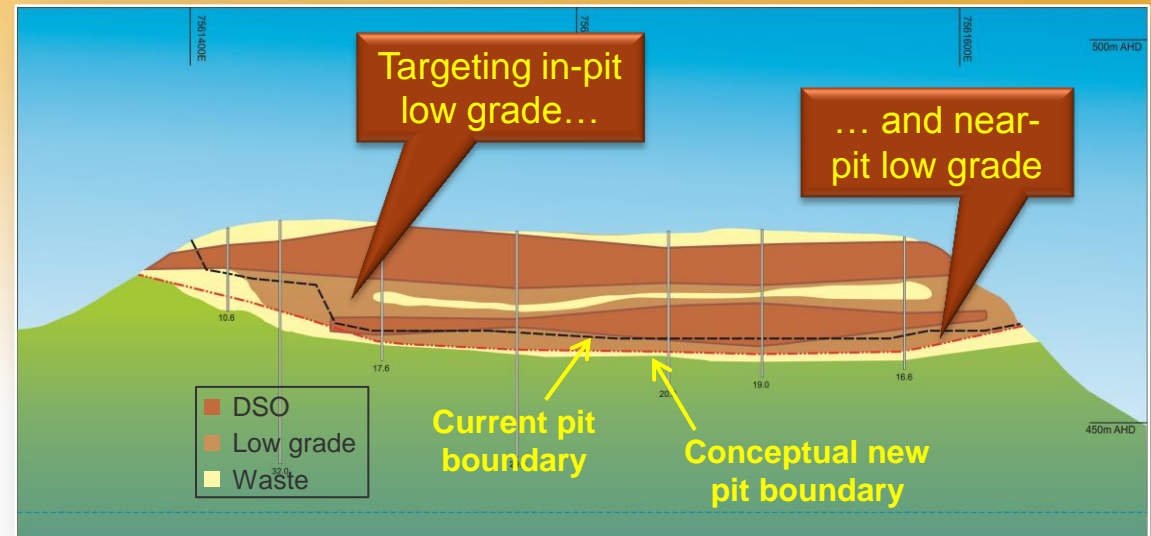
- Ore trucked via private sealed road to dedicated stockyard at Christmas Creek railhead
- Toll – 8 PowerTrans units (now with 5 trailers for 405t payload)
- Roadtrim – 4 Kenworth prime movers with Howard and Porter trailers (140-175t)

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

- Assessing mine life extension through beneficiation of low grade (50-55% Fe)
- Targeting:
 - ❖ Low grade within existing pit designs
 - ❖ Low grade just outside pit boundaries
 - ❖ DSO and low grade at regional mesas assessed as unviable for DSO only
- Beneficiation trial completed
 - ❖ 30,000t produced
 - ❖ Blended with Bonnie Fines and sold (at spec)
- Current evaluating trial outcomes and Reserves
 - ❖ Evaluating mesas in order of mining
 - ❖ Further exploration required to assess regional mesas



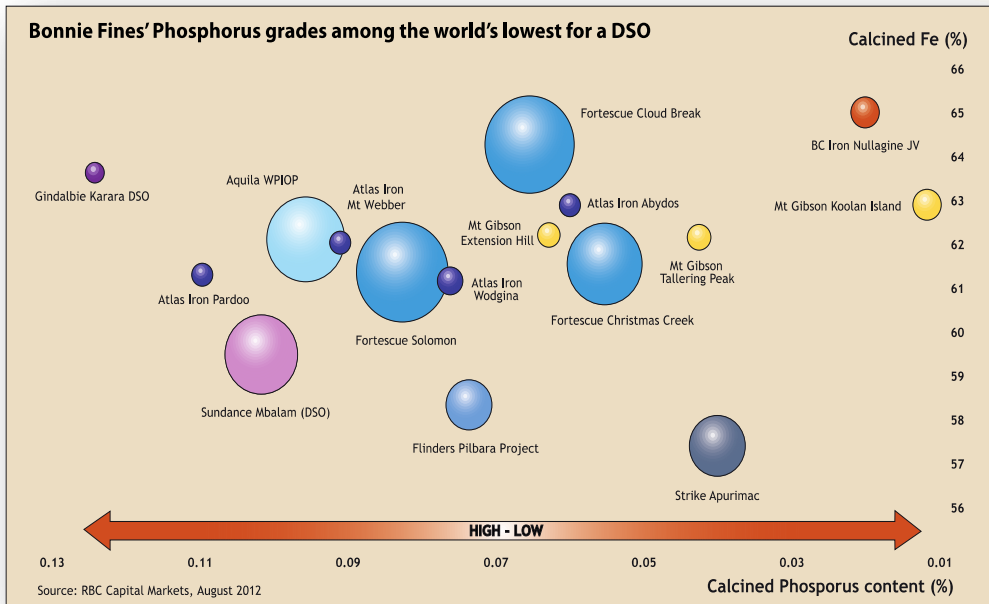
Beneficiation Trial Product



Beneficiation Trial Waste



- Highly sought after pisolite sinter blend
- Improves sintering productivity at the steel mill
- High calcined Fe, due to high loss on ignition
- Low impurities and low moisture
- Used at 20-30% level in some sinter blends



BCI Share of Bonnie Fines

~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)

Goals

- ✓ Retain 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



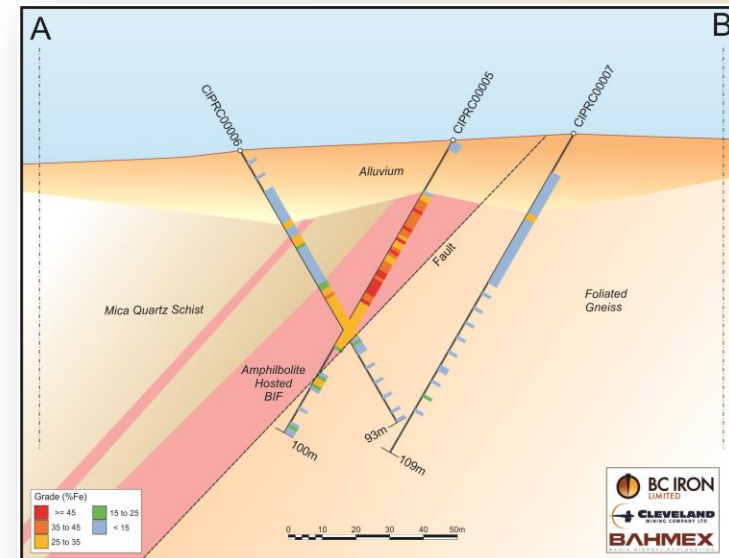
BRAZIL EXPLORATION EARN-IN



- BC Iron / Cleveland alliance staged earn-in to exploration projects in Bahia and Minas Gerais
- No upfront payments and appropriately staged expenditure and vendor payments provides optionality
- Encouraging results from first pass RC drilling and metallurgical testwork at Bahia
 - ❖ Grades up to 55% Fe, with an average of 31% Fe
 - ❖ DTR testwork produced 63-71% Fe concentrate at grind size >100 microns and recoveries up to 38%
 - ❖ Caetite 2, Caetite 3 and Riacho prospects warrant further work
- Further work required to evaluate Minas Novas potential



Caetite 2 Northern Cross Section





Optimising the NJV | Paying dividends | Considering growth



APPENDICES



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APPENDICES

BC IRON LIMITED – BOARD



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 and South Boulder Mines Limited.



Andy Haslam, Non-exec Director – over 30 years of operational and senior executive experience in the Australian mining industry. Previously he was General Manager – Iron Ore Operations of Mineral Resources Ltd and Managing Director of Territory Resources Ltd.



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.bcion.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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