



ASX RELEASE – 30 JANUARY 2015

DECEMBER 2014 QUARTERLY ACTIVITIES REPORT

- NJV successfully ramped back up to its 6Mtpa run-rate during November 2014
- 1.38M wmt of *Bonnie Fines* shipped (BC Iron share 1.20M wmt)
- Average realised CFR price of US\$60/dmt, from average CFR 62% Fe price of US\$74/dmt
- Sustainable cash cost savings of A\$2-3/wmt have reduced guidance for the remainder of FY15 to A\$47-51/wmt (FOB) for C1 cash costs and A\$54-61/wmt (FOB) for all-in cash costs¹
- Acquisition of Iron Ore Holdings completed
- Iron Valley agreement with Mineral Resources varied to facilitate project improvement initiatives and ensure ongoing earnings to BC Iron through the evaluation period
- Haulage and shipping of iron ore commenced at Iron Valley
- BC Iron to exit from Brazil exploration alliance
- Solid balance sheet position with cash of A\$110.1M

BC Iron Limited (ASX: BCI) ('BC Iron' or the 'Company') presents shareholders with its quarterly activities report for the period ended 31 December 2014.

The Nullagine Joint Venture ('NJV') continued to ramp-up production following the operational slow-down in the September quarter, and successfully achieved a 6Mtpa run-rate during November and December 2014. During the quarter, 1.38M wet metric tonnes ('wmt') of *Bonnie Fines* was shipped, with BC Iron's share at 1.20M wmt (or 87% of the NJV total). The average realised CFR price for BC Iron's share of *Bonnie Fines* was US\$60/dmt (after prior period adjustments).

BC Iron retained a strong cost focus during the quarter and identified sustainable C1 cash cost savings of \$2-3/wmt. As a result, guidance for the remainder of FY15 (December 2014 to June 2015) was revised down to \$47-51/wmt (FOB) for C1 cash costs and \$54-61/wmt (FOB) for all-in cash costs. In line with this guidance, C1 cash costs of \$49/wmt (FOB) and all-in cash costs of \$57/wmt (FOB) were achieved for the final two months of the quarter (post ramp-up to 6Mtpa). BC Iron continues to work on additional cost saving initiatives, and is also benefiting from declining oil prices reducing diesel fuel costs and sea freight.

The acquisition of Iron Ore Holdings Limited ('IOH') was completed during the quarter. BC Iron has successfully integrated IOH and commenced work on its assets. At Iron Valley, the agreement with Mineral Resources Limited ('MIN') was varied to facilitate MIN evaluating and implementing initiatives aimed at improving the long term viability of the project. The variation also ensures BC Iron continues to generate earnings through this period, notwithstanding the soft iron ore market.

Managing Director, Morgan Ball said, *"It was pleasing to see the NJV return to the 6Mtpa run-rate during November, and achieve sales of 1.38Mt for the quarter at reduced costs. We will continue to focus on operational performance, productivity and costs and, with approximately \$70 million in net cash, we are well placed to manage the business through the iron ore cycle."*

¹ All-in cash costs include C1 cash costs plus royalties, marketing and corporate costs.

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1. NULLAGINE JOINT VENTURE ('NJV')

BC Iron Nullagine Pty Ltd, a wholly owned subsidiary of BC Iron, is the operator and manager of the NJV, a 75:25 unincorporated joint venture with Fortescue Metals Group Limited ('Fortescue'). The project is located approximately 140km north of Newman in the East Pilbara region of Western Australia.

Operations

Key operational statistics for the quarter were as follows (Tables 1 and 2):

TABLE 1: ORE PRODUCTION, HAULAGE & SHIPPING

	Dec Quarter 2014 (Mt)	Sep Quarter 2014 (Mt)	Variance Q-o-Q (%)	Dec Quarter 2013 (Mt)	Variance Y-o-Y (%)
Ore Mined (dry)	1.69	0.89	90%	1.36	25%
Produced (wet)	1.42	0.78	83%	1.37	4%
Hauled (wet)	1.43	0.75	90%	1.61	(11)%
Railed (wet)	1.37	0.75	81%	1.58	(13)%
Shipped (wet)	1.38	0.95	46%	1.52	(9)%

TABLE 2: STOCKPILE INVENTORY

	Dec Quarter 2014 (kt wet)	Sep Quarter 2014 (kt wet)
ROM ¹	253	186
MOC Product ² (<i>Site</i>)	256	91
RLF Product ³ (<i>Christmas Creek</i>)	63	53
Port	64	74
Low-grade Stocks (<i>Site</i>)	8,185	7,134

- Notes:
1. Run of Mine ('ROM').
 2. MOC Product – material treated and stockpiled ready for road haulage at Mine Operations Centre.
 3. RLF Product – material ready for rail haulage at the Christmas Creek Rail Loadout Facility ('RLF').



The NJV operation was successfully ramped-up back to a 6Mtpa run rate during November 2014.

BC Iron mined 1.69M dry metric tonnes ('dmt') of DSO during the quarter, as mining continued to transition into areas with lower occurrences of the clays that impacted the September quarter. Waste to ore ratios also declined during the quarter to average 1.1 (September quarter 3.7). Included in this 'waste' was a total of 0.87M dmt of low-grade ore that was mined and hauled to stockpiles for later processing and/or blending.

During the quarter, 1.42M wmt of *Bonnie Fines* was produced at the NJV's two crushing & screening hubs. Product yield increased throughout the quarter to approximately 90%, as the occurrence of problematic clays declined, reducing the need to remove ultra-fines.

Road haulage takes place via a private 60km bitumen haul road from the NJV mine site to Fortescue's Christmas Creek RLF. During the quarter, 1.43M wmt was hauled.

The Pilbara Infrastructure, a wholly owned subsidiary of Fortescue, provides contract rail haulage and port services to the NJV. During the quarter, 1.37M wmt was railed from the Christmas Creek RLF to the Herb Elliott Port in Port Hedland.

The NJV shipped 1.38M wmt of *Bonnie Fines* product during the quarter on eight capesize vessels. BC Iron's share of tonnes shipped for the quarter was 1.20M wmt or 87% of the NJV total, due to a realignment of BC Iron's share of sales with its 75% NJV interest. BC Iron's share of sales for the first half of FY15 was 79% which brings its overall share of sales to 75.1% since increasing its NJV interest to 75% in January 2013.

Marketing

The Platts 62% Fe, CFR North China price ('Platts Price') continued to decline during the quarter and reached a five year low of approximately US\$66/dmt in late December. The Platts Price averaged US\$74/dmt for the quarter, down from US\$90/dmt in the September quarter.

The average CFR sales price achieved for BC Iron's share of *Bonnie Fines* was US\$61/dmt, which was adjusted to US\$60/dmt after recognising pricing adjustments from shipments delivered in the previous quarter.

Demand for *Bonnie Fines* continues to be strong and discounts for uncommitted shipments declined during the quarter.

Operating Costs

BC Iron continued its focus on reducing costs and successfully implemented a number of measures to deliver sustainable C1 cash cost savings of \$2-3/wmt. Accordingly, the Company revised the NJV's C1 cash costs for the remainder of FY15 (December to June) to \$47-51/wmt (FOB) and BC Iron's all-in cash costs over the same period to \$54-61/wmt (FOB). All-in cash costs include C1 cash costs plus royalties, marketing and corporate costs.

For the December quarter, NJV C1 cash costs were approximately \$53/wmt (FOB) and BC Iron all-in cash costs were approximately \$60/wmt (FOB). However, costs in the early part of the quarter were impacted by the ramp-up back to 6Mtpa and the gradual implementation of the cost savings measures noted above. For the months of November and December (post ramp-up back to 6Mtpa), C1 cash costs



were approximately \$49/wmt (FOB) and all-in cash costs were approximately \$57/wmt (FOB), which is in line with BC Iron's guidance for the remainder of FY15.

BC Iron is continuing to work on additional cost saving initiatives, and also notes that declining oil prices have materially reduced diesel fuel costs and sea freight (which is not included in FOB costs).

Development and Approvals

Development work at Warrigal 1 and 2 continued to progress during the quarter. The Mining Proposal and Clearing Permit have been granted and construction of the haul road extension, ROM pad and crusher pad commenced during the quarter. Construction was completed in January 2015 and mesa clearing is underway in preparation for mining, which is expected to commence during the March 2015 quarter. A tender process also commenced for a discrete mining contract at Warrigal 1 and 2, with additional cost savings anticipated from this process.

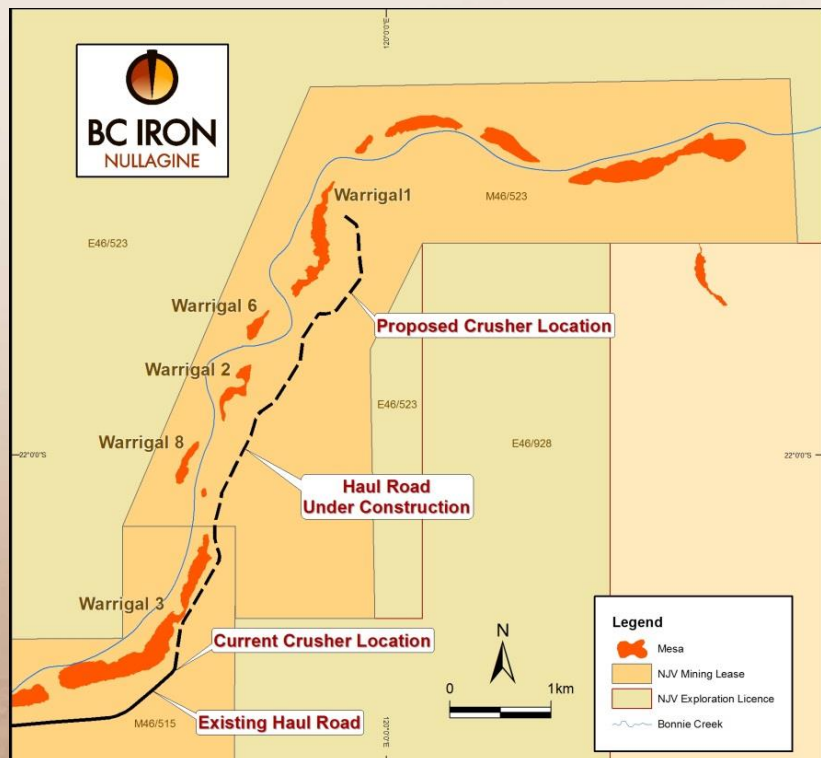
Construction of access roads for Outcamp 4 and 5 was completed during the quarter. The Mining Proposal Amendment and Clearing Permit for Outcamp 4 and 5 are still under review and are expected to be approved during the March 2015 quarter.

Resource Development and Exploration

Resource development continues to focus on grade control drilling and refining Mineral Resource estimates at mesas which are being mined or planned to be mined in the near future. During the quarter, grade control drilling was undertaken at Outcamp 3-4 and Warrigal 1-2 to close the drill spacing to 12.5m by 12.5m (from 25m by 25m) in certain parts of the mesas where geological continuity is not present.

The Warrigal area is the current focus for near-mine exploration given the relatively low strip ratios and attractive ore quality in that region. As noted above, BC Iron is also rapidly progressing development of the Warrigal 1 and 2 mesas, which are expected to start contributing ore in the March 2015 quarter.

Assays were received from RC drilling completed during the September quarter at two previously undrilled mesas, Warrigal 6 and 8. The mesas are located on mining lease M46/523 and in close proximity to existing or planned infrastructure to support operations at Warrigal 1 and 2 (refer to figure).





At Warrigal 6, 21 holes were drilled for a total of 563 metres sampled. Assay results confirmed the presence of significant iron mineralisation with good continuity, and subject to further work, Warrigal 6 has the potential to become an attractive bolt on development.

Significant intercepts are shown in the JORC (2012) Table 1 in the Appendix and include:

- 19 metres at 58.0% Fe from 4 metres in hole BD5067;
- 16 metres at 58.9% Fe from 6 metres in hole BD4762;
- 14 metres at 58.6% Fe from 5 metres in hole BD4763; and
- 13 metres at 58.4% Fe from 6 metres in hole BD4759.

At Warrigal 8, 88 metres were sampled across 6 drill holes, with no significant iron mineralisation intercepted.

BC Iron plans to continue focusing its near-mine exploration efforts on the Warrigal area and planning is underway for further work on underexplored mesas.

For further information, refer to the JORC (2012) Table 1 in the Appendix.

Occupational Health & Safety

No lost time injuries were recorded during the quarter. As at the end of December 2014, the rolling 12 month lost time injury frequency rate was 1.9 (September 2014: 2.9).

2. IRON VALLEY PROJECT

Iron Valley is a new mine that was developed and is being operating by MIN under an iron ore sale agreement ('Iron Valley Agreement').

During the quarter, BC Iron agreed with MIN to vary the terms of the Iron Valley Agreement to facilitate the evaluation and implementation of certain initiatives aimed at reducing costs and improving the saleability and value of the product. These initiatives were not contemplated at the time the original Iron Valley Agreement was entered into with IOH, but are seen as necessary to ensure the long term viability of the operation in a lower iron ore price environment.

Haulage and shipping of Iron Valley ore commenced during the quarter. MIN shipped a total of 0.79M dmt, which generated EBITDA for BC Iron that is towards the lower end of the \$2-24M guidance range, on an annualised basis.



3. BUCKLAND PROJECT

Buckland is an iron ore development project located in the West Pilbara region, with a proposed independent infrastructure solution comprising a haul road and transshipment port at Cape Preston East. A feasibility study has been completed and all primary tenure and approvals have been secured. BC Iron is currently evaluating the development and financing strategy for the Buckland Project to determine the optimal way forward for the project.

As the new owner of the asset, BC Iron commenced its engagement with key stakeholders during the quarter. A plan was developed to ensure the Company continues to meet its obligations in relation to existing approvals and agreements, while the Buckland Project's development and financing strategy is evaluated. BC Iron also continued to advance the development and construction approvals for Cape Preston East with the Pilbara Ports Authority.

4. BRAZIL EXPLORATION PROJECTS

A 50:50 Alliance between BC Iron and Cleveland Mining Company Ltd (ASX: CDG) ('Cleveland') is earning up to an 80% interest in the Bahia and Minas Novas projects in Brazil.

In light of current market conditions and preliminary exploration results, BC Iron has resolved to exit the Alliance and is working with Cleveland to achieve this.

5. CORPORATE

Business Development

BC Iron's off-market takeover for Iron Ore Holdings Limited ('IOH') closed on 14 October 2014, with the Company achieving acceptances in respect of 93.4% of IOH's shares on issue. Compulsory acquisition was completed in late November 2014 and integration of IOH with BC Iron has largely been completed.

An extensive review of IOH's assets is underway. Further information on the key assets (Iron Valley and Buckland) is provided above.

Impairment

BC Iron is conducting a review of the carrying value of its assets as at 31 December 2014 as part of normal period-end reporting obligations. This work is ongoing and the Company will update the market as required.

Cash and Debt Position

BC Iron's cash balance was \$110.1M as at 31 December 2014.

Total debt outstanding was \$42.9M, comprising US\$5M outstanding for the Henghou Facility and approximately US\$31M for the Term Loan Facility with maturity scheduled for December 2016.



Cash Flows

BC Iron's cash position increased to \$110.1M from \$92.1M, an increase of \$18.0M during the quarter.

The Company generated an operating cash flow of \$12.8M (pre-tax, unaudited). Key factors which impacted the operating cash flow included:

- Improved operational performance at the NJV;
- BC Iron's share of sales for shipments received during the quarter was 87%, whereas the Company's share of operating costs was 75%; and
- The Company paid \$3.5M in one-off transaction costs associated with the IOH acquisition.

As a result of the IOH transaction, BC Iron's cash increased by \$24.3M, comprising \$40.5M of existing IOH cash acquired less \$16.1M paid in cash consideration to IOH shareholders.

Other material cash movements during the quarter included:

- Repayment of borrowings of \$17.9M in December relating to both the Term Loan Facility and Henghou Facility;
- Capital expenditure of \$4.5M for construction of Outcamp 4 and 5 access roads and an accommodation camp upgrade; and
- An increase of \$2.1M on cash held in US dollars, due to depreciation of the Australian dollar.

Hedging

BC Iron has commenced a hedging programme and as at 31 December 2014, the Company had 80,000dmt hedged at A\$84.75/dmt (CFR) for delivery in January 2015.

Royalty Deferral

In December 2014, the Western Australian State Government announced that it would provide financial assistance for small iron ore miners. Successful applicants will be entitled to a deferral of 50% of royalties payable over a 12 month period, subject to that company's FOB received price averaging less than A\$90/dmt in the relevant quarter.

BC Iron has submitted its application for assistance and appreciates the State Government's support for the industry.

Board Changes

On 7 October 2014, Mr Alwyn Vorster was appointed Executive Director (which reverted to Non-Executive Director following conclusion of his employment contract with IOH on 17 October 2014) and Mr Brian O'Donnell was appointed Non-Executive Director. Mr Vorster and Mr O'Donnell, respectively, were nominees of IOH and IOH's major shareholder, Wroxby Pty Ltd.

On 22 October 2014, Mr Vorster resigned from the Board of BC Iron due to his appointment as General Manager of Iron Ore at Baosteel's Aquila Resources.



On 26 November 2014, Non-Executive Directors Mr Mike Young, Mr Malcolm McComas and Mr Peter Wilshaw agreed to resign from the Board and the Board also resolved to reduce the fees of remaining Non-Executive Directors by 10%, effective 1 January 2015. The changes reflected the need for responsible management of the Company's cost base from the Board down.

Following these changes, BC Iron's Board comprises five members; the Non-Executive Chairman, the Managing Director and three Non-Executive Directors.

Annual General Meeting

BC Iron's Annual General Meeting was held on 19 November 2014, with strong attendance from shareholders and the financial community. All seven resolutions considered at the meeting were passed. The resolution relating to the election of Mr Alwyn Vorster was withdrawn due to Mr Vorster's resignation from the Board.

- ENDS -

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Forward-looking Statements

Forward-looking statements can be identified by the use of terminology such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue' or similar words. These statements discuss future expectations concerning the results of operations or financial condition, or provide other forward looking statements. They are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this ASX update. Readers are cautioned not to put undue reliance on forward looking statements.

Competent Person's Statement

The information in this report that relates to Exploration Results at Warrigal 6 is based on, and fairly represents, information which has been compiled by Mr Robert Williams, who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of BC Iron Limited. 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 of the matters based on his information in the form and context in which they appear.



Appendix 1: JORC Code, 2012 Edition – Table 1 Report for Warrigal 6

Section 1 – Sampling Techniques and Data

(Criteria in this section apply to all following sections.)

Criteria	JORC Code Explanation	Commentary
Sampling Techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Reverse circulation ("RC") drilling was undertaken to obtain 1m samples that were collected in pre-numbered calico bags beneath a cone splitter attached to the rig. Each sample was taken after brief lift-off from bottom to allow the material to reach surface and be representative of the metre. A sample mass of ~3kg is sent to the lab. A total of 21 holes have been drilled for 563m.
Drilling Techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> RC drilling within the resource areas comprises 5.5 inch diameter face sampling hammer drilling. All holes are vertical.
Drill Sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> Sample examined visually for recovery, moisture and contamination. Water injection used to minimise fine dust fraction escaping the sample stream. No relationship exists between sample recovery and grade.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> A qualified and trained BC Iron geologist logs both qualitative and quantitative information, including lithology, geotechnical properties, mineral types and estimated quantities. Drill chips are kept in chip trays for future examination. All drilling is logged.



Criteria	JORC Code Explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • All samples are collected beneath a cone splitter, fed by the sample hose. All samples are dry. • Cone and sample hose flushed clean at each rod change. • The sample preparation followed standard industry practice, involving crushing to minus 3mm and pulverisation of the entire sample to achieve 90% passing 105 micron size. • Excess pulp retained and stored. • Field duplicate samples were taken every 50th sample from the duplicate aperture on the cone splitter. • The sample size is considered appropriate for CID mineralisation.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> • Pulverised samples are fused with lithium borate flux and cast into disks using semi or fully automated technology. • Samples were assayed by SGS using Xray fluorescence spectroscopy ("XRF"), with multi point LOI determined by Thermo Gravimetric Analysis ("TGA") at 425, 650, 1000 degrees Celsius. This is considered the industry standard method for analysis of iron ore samples. • No assays in the database have been determined through handheld XRF devices or any geophysical tool. • Certified Reference Material was inserted every 50th sample to assess the pulverisation stage of the sample preparation. Pulp standards are submitted to assess the analytical accuracy. Repeat analyses are completed by the laboratory in every assay job. • The results of the QAQC processes have indicated the data is fit for use in estimation.
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • Project geologist, database administrator and exploration manager examine and verify significant results. • There are no twinned holes in the deposit. • Data is validated prior to entry into the database. Validation includes review of the total assay calculation, and a review of standards and duplicates. • Database housed in specialist proprietary software "DataShed". • Database administrator a fulltime employee of BC Iron. • There have been no adjustments to the assay data.



Criteria	JORC Code Explanation	Commentary
<i>Location of data points</i>	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> • All collar locations recorded by a licensed surveyor using RTK GPS with expected relative accuracy of 0.05m E, N, & RL. • Due to the orientation of the deposit, all holes are vertical and are not surveyed below ground level due to relatively shallow depth (average of 27m). • Grid system: MGA_GDA94, zone 50. • Topography determined by LiDAR using a Leica ALS System capturing 2 points/m², flying height 1350m AGL, swath width of 992m and field of view of 39°.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied. 	<ul style="list-style-type: none"> • Holes have been drilled on sections spaced at approximately 25m. Within section, holes are spaced at 25m on well drilled sections, while on other sections a single hole has been drilled. Further drilling is required to close the spacing into 25m by 25m (refer to Figure 3 in Appendix 2). • Sample compositing has not been applied. • A resource has not been estimated at this time and BC Iron plans to do further drilling prior to a resource being estimated.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> • Drill holes spatially arranged across the deposit. • Deposits are flat lying and the vertical orientation of the drilling is designed to give an orthogonal intersection of the deposit. This is considered not to have introduced a sampling bias.
<i>Sample security</i>	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<ul style="list-style-type: none"> • No hole or depth information is recorded on samples. • Samples are transported to laboratory by a third party freight company. • The laboratory reconciles the samples received with the site submission note, and notifies BC Iron of any discrepancies.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> • Sampling and data entry consistent with industry standard and reviewed internally.



Section 2 – Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code Explanation	Commentary
General tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> The Warrigal 6 deposit is located on the Mining lease M46/523. The registered owner of the lease is BC Iron Nullagine Pty Ltd, a wholly owned subsidiary of BC Iron (refer to Figures 1 and 2 in Appendix 2). The tenement forms part of the Nullagine Iron Ore Joint Venture ("NJV"), 75:25 joint venture between BC Iron and Fortescue Metals Group Limited. The tenement was granted in January 2014, and is granted until 29 January 2035. A mining agreement has been entered into with the Palyku people and an infrastructure agreement has been entered into with the Nyiaparli people.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Prior to exploration for iron ore, Alkane Resources had explored for alluvial diamonds over the ground in tenements E46/522, E46/523 and E46/524. Alkane drilled 57 holes from 1992 to 1997.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Mineralisation is contained within Tertiary aged paleo-drainage channels which have formed the Channel Iron Deposits ("CID") and present as topographic highs or "mesas". The deposits are situated within the Hamersley Province on the eastern fringe of the Pilbara craton.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> A summary of the drill hole details are shown in Table 1 in Appendix 2. Note that the Northing, Easting and elevation co-ordinates have been rounded to the nearest 0.1m. All holes are vertical.



Criteria	JORC Code Explanation	Commentary
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> All samples are of 1m length, and no high grades cuts have been applied. The reported intersections in Table 1 in Appendix 2 are calculated from lengths of the drill holes that are included inside an interpreted mineralised envelope. The interpretation was generated using a 55% Fe cut-off, and generally included a maximum of 2m of internal waste. Metal equivalence has not been used.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Vertical holes have been drilled to intersect the flat lying mineralisation in an orthogonal manner. Intersection lengths are greater on the eastern side of the mesa which suggests the remnant mesa would have been part of the western flank of the paleochannel.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Refer to Figures 3, 5, 6 and 7 in Appendix 2.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> The intersection details have been reported for all holes. Refer to Table 1 in Appendix 2.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> The Warrigal 6 mesa is situated along strike of the Warrigal 3 mining area and between the Warrigal 1 and Warrigal 2 mesas, where recent grade control drilling has been completed prior to mining.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Drilling will be closed into 25m by 25m once all relevant approvals have been obtained.



Appendix 2: Supporting Figures and Tables

Figure 1: NJV Location

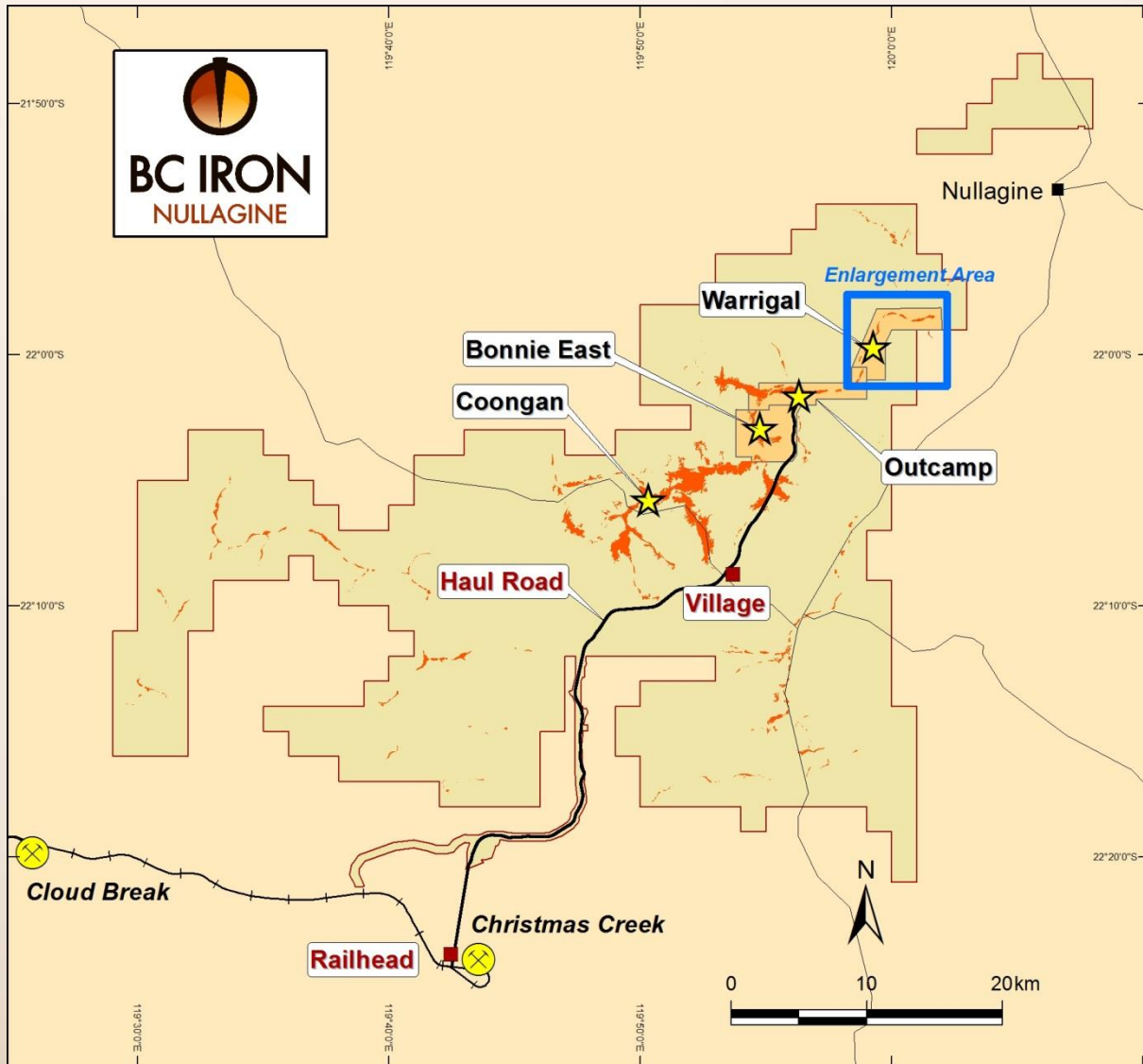




Figure 2: Location of Warrigal 6 and 8 Mesas (Enlargement Area)

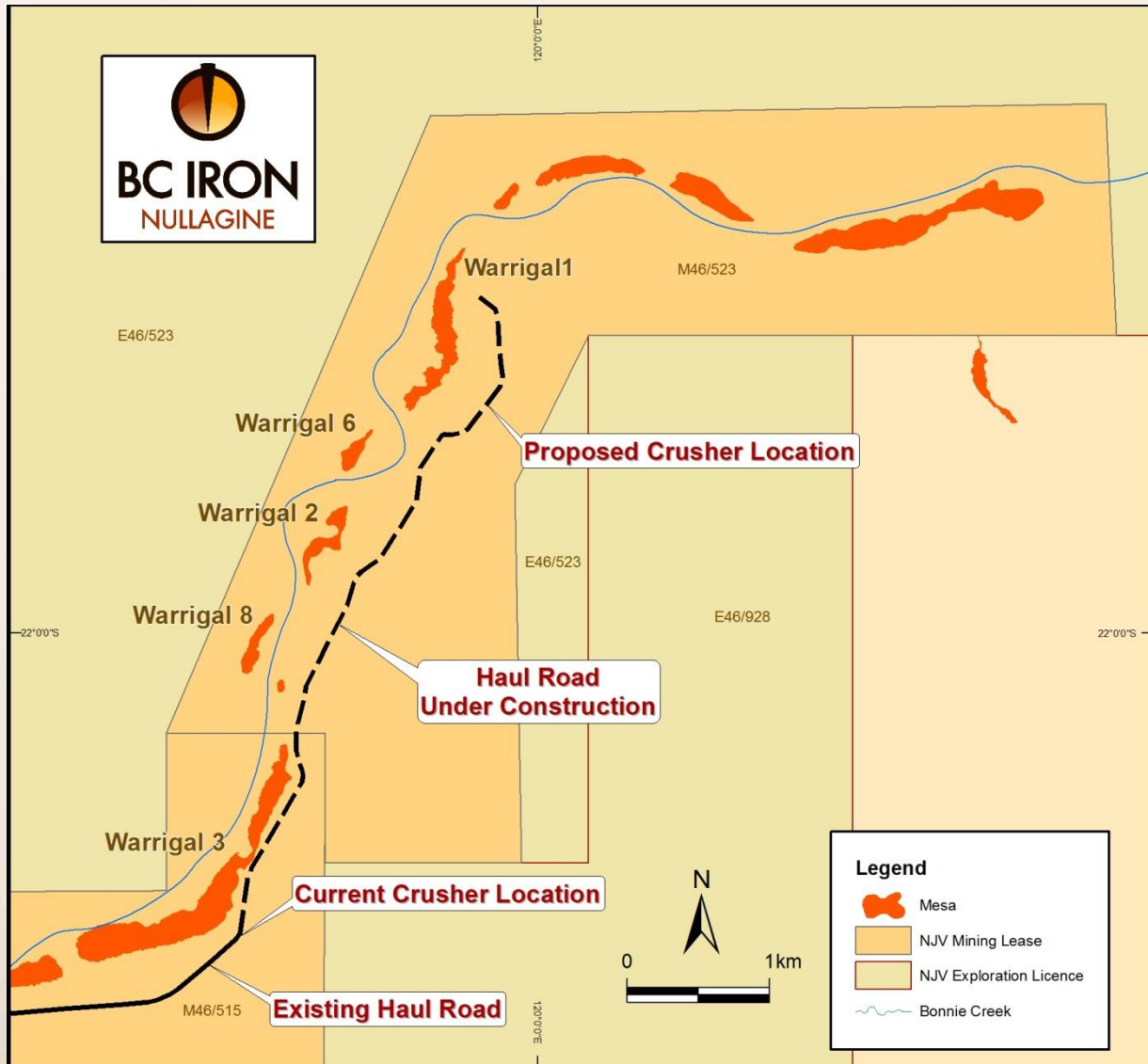




Figure 3: Location of Warrigal 6 Drill Holes

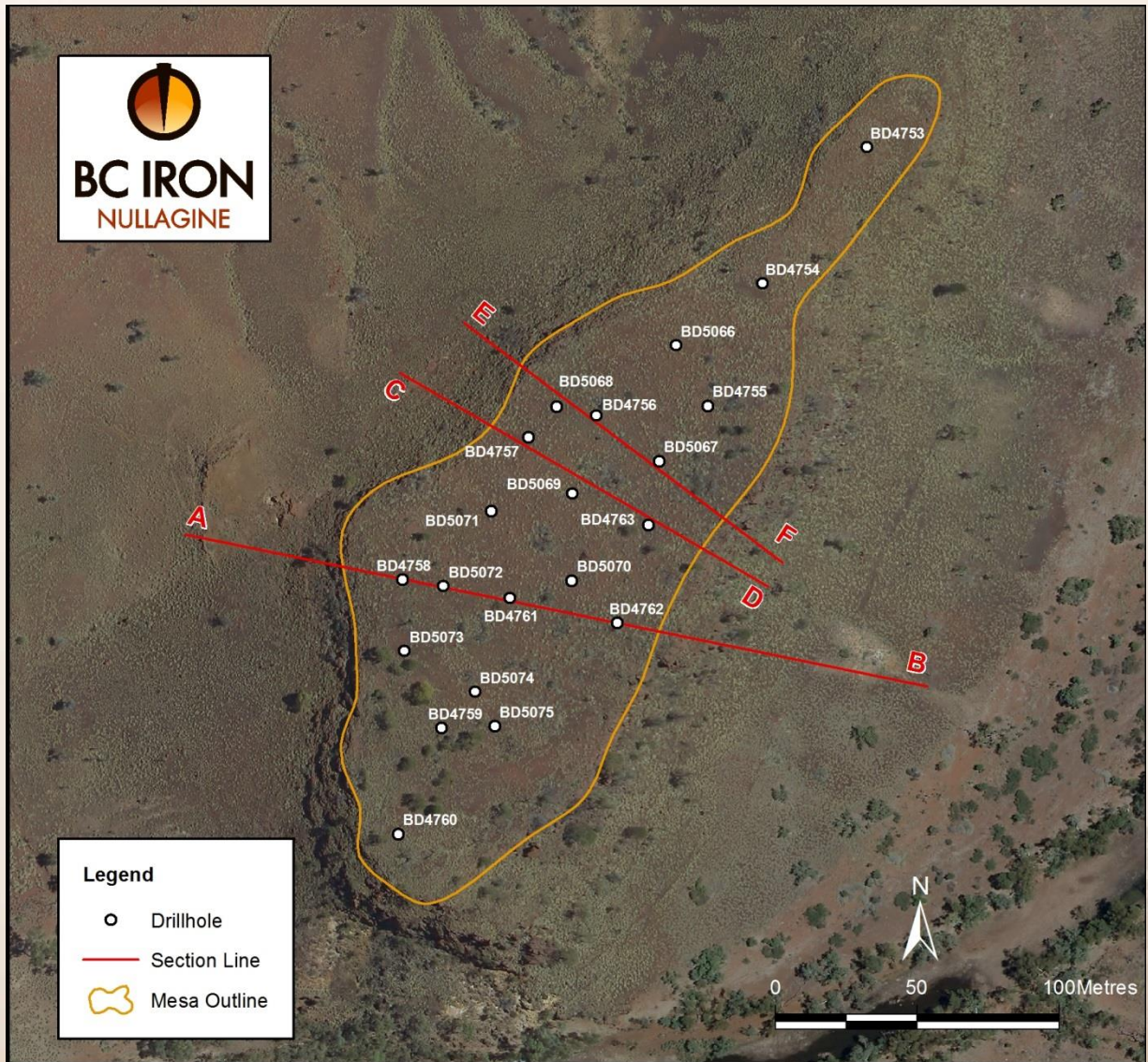




Figure 4: Location of Warrigal 8 Drill Holes

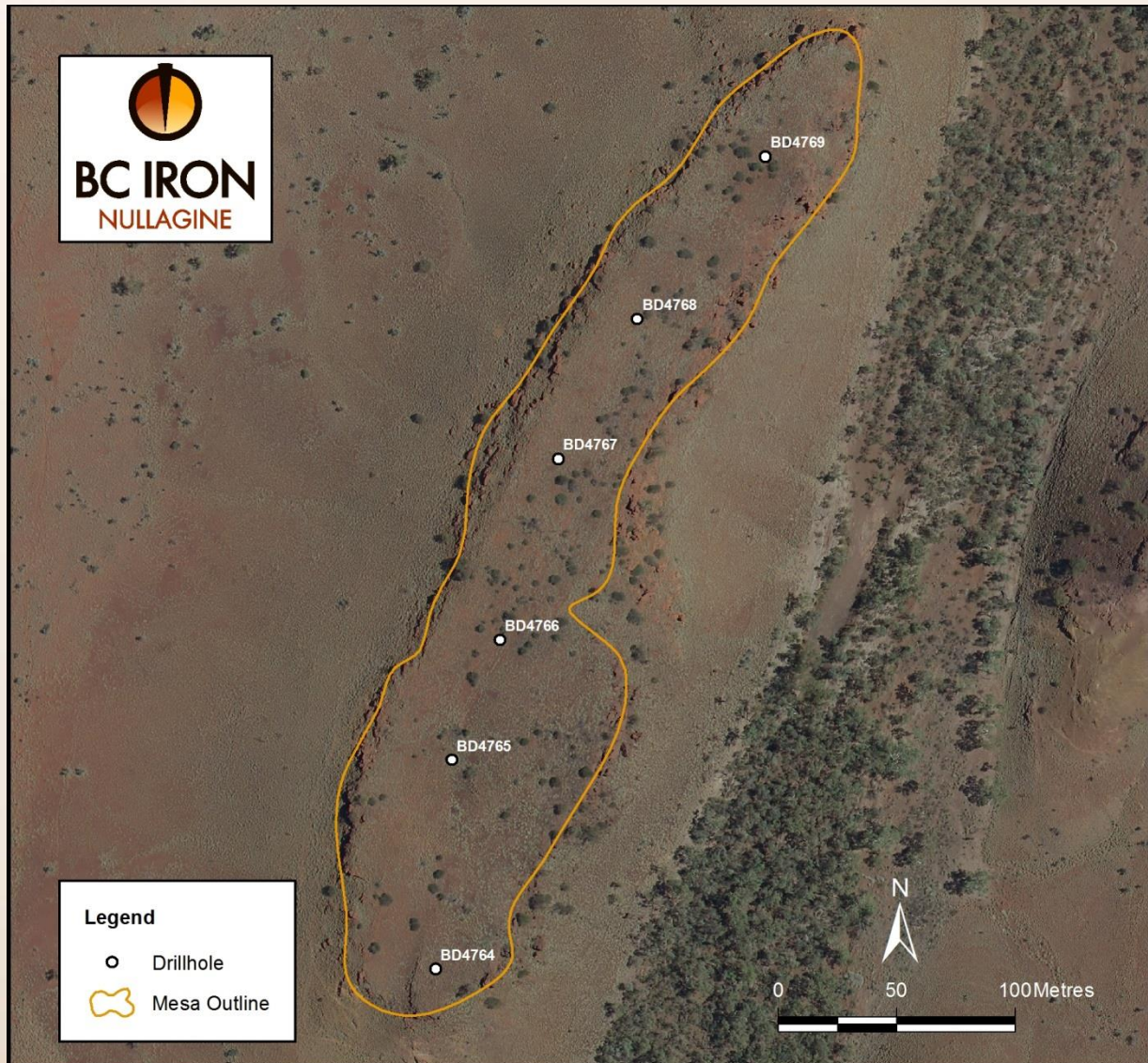




Table 1: Warrigal 6 Drill Hole Results

Hole ID	North	East	Elevation (m)	Depth (m)	From (m.d.h.)	Length (m)	Fe %	Al ₂ O ₃ %	SiO ₂ %
BD4753	7565322.9	808359.1	463.0	33	0	2	56.5	2.8	4.0
					4	5	56.8	0.9	4.4
BD4754	7565274.8	808322.4	462.6	30	No significant intercepts				
BD4755	7565231.7	808303.0	465.7	30	0	3	55.8	3.9	3.7
					9	6	57.9	1.3	3.5
BD4756	7565228.4	808263.7	466.6	31	1	2	56.1	3.2	3.8
					6	12	58.3	1.1	3.4
BD4757	7565220.6	808239.8	467.0	28	0	5	55.9	2.9	4.4
					15	2	57.4	2.3	3.0
BD4758	7565170.5	808195.4	466.8	22	0	2	55.9	3.7	3.7
					7	5	57.4	2.2	3.6
BD4759	7565118.3	808209.1	466.5	23	1	2	56.4	2.1	4.7
					6	13	58.4	1.1	3.6
BD4760	7565080.9	808193.8	465.9	23	0	2	56.7	2.3	4.4
					6	4	58.7	0.8	3.6
BD4761	7565163.9	808233.2	466.6	24	0	2	54.5	3.3	5.4
					10	2	56.6	2.8	4.5
BD4762	7565155.2	808271.0	465.4	26	0	2	55.8	2.6	5.1
					6	16	58.9	1.4	3.1
BD4763	7565189.8	808282.2	465.8	22	0	2	55.2	2.6	6.3
					5	14	58.6	0.7	3.9
BD5066	7565253.0	808291.8	465.6	29	No significant intercepts				
BD5067	7565212.3	808285.8	466.2	30	1	2	53.2	3.6	5.3
					4	19	58.0	1.4	3.2
BD5068	7565231.5	808249.6	466.8	27	1	3	55.2	4.0	4.3
					12	2	57.8	1.8	2.8
BD5069	7565200.8	808255.2	466.7	32	1	2	55.3	3.1	4.8
					10	13	58.3	1.7	3.0
BD5070	7565170.2	808255.1	466.3	32	0	6	56.9	2.4	3.8
					7	11	54.9	2.2	5.7
BD5071	7565194.6	808226.5	466.9	24	1	3	54.6	4.2	5.1
					8	2	58.6	0.3	4.1
BD5072	7565168.2	808209.8	466.7	24	0	4	55.7	3.0	4.6
					8	6	55.0	3.5	5.6
BD5073	7565145.3	808196.0	466.6	24	1	3	56.7	2.9	4.3
					10	6	58.4	1.9	3.3
BD5074	7565130.9	808220.9	466.4	25	0	5	55.4	3.7	4.7
					6	15	54.4	3.9	5.6
BD5075	7565118.8	808227.9	466.1	24	0	3	57.4	2.4	3.9
					6	11	59.1	0.8	3.2



Figure 5: Warrigal 6 Cross Section A-B

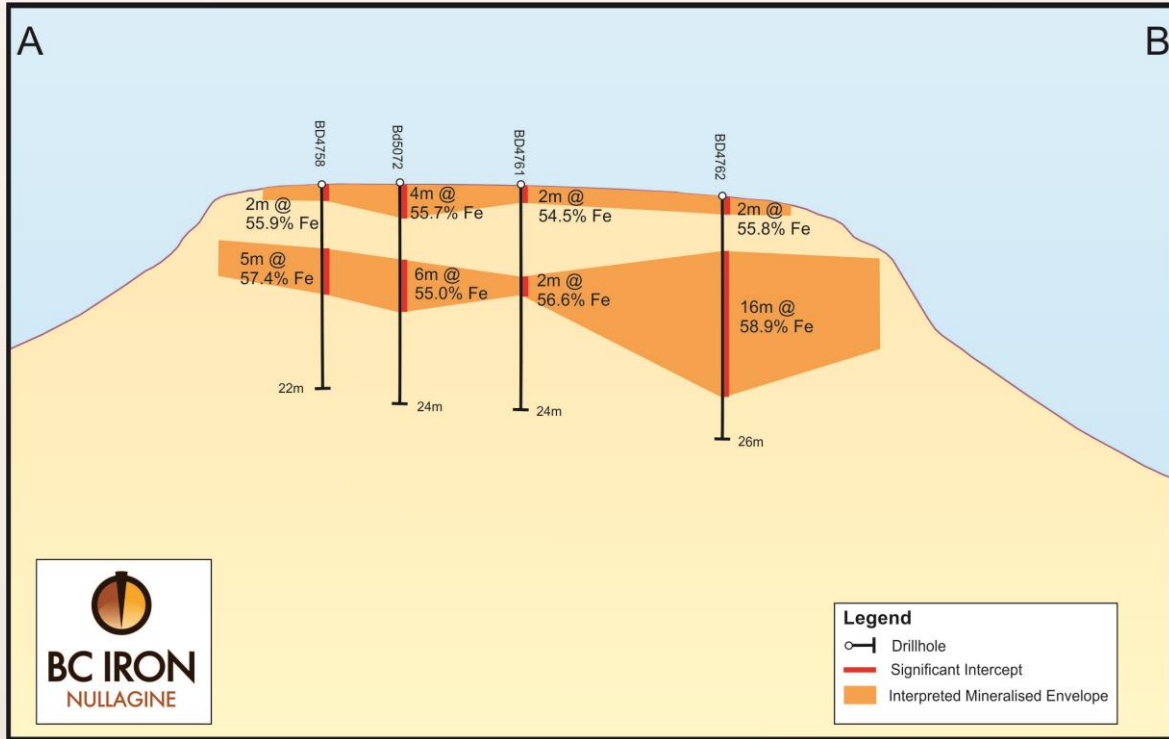


Figure 6: Warrigal 6 Cross Section C-D

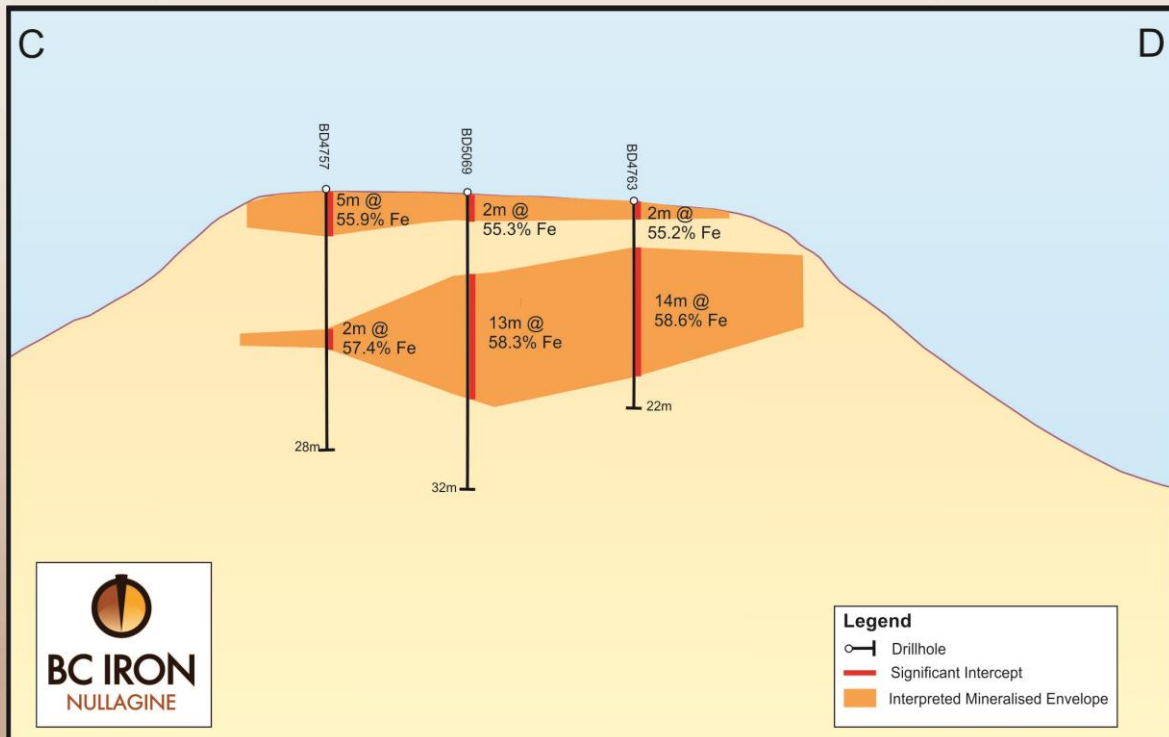
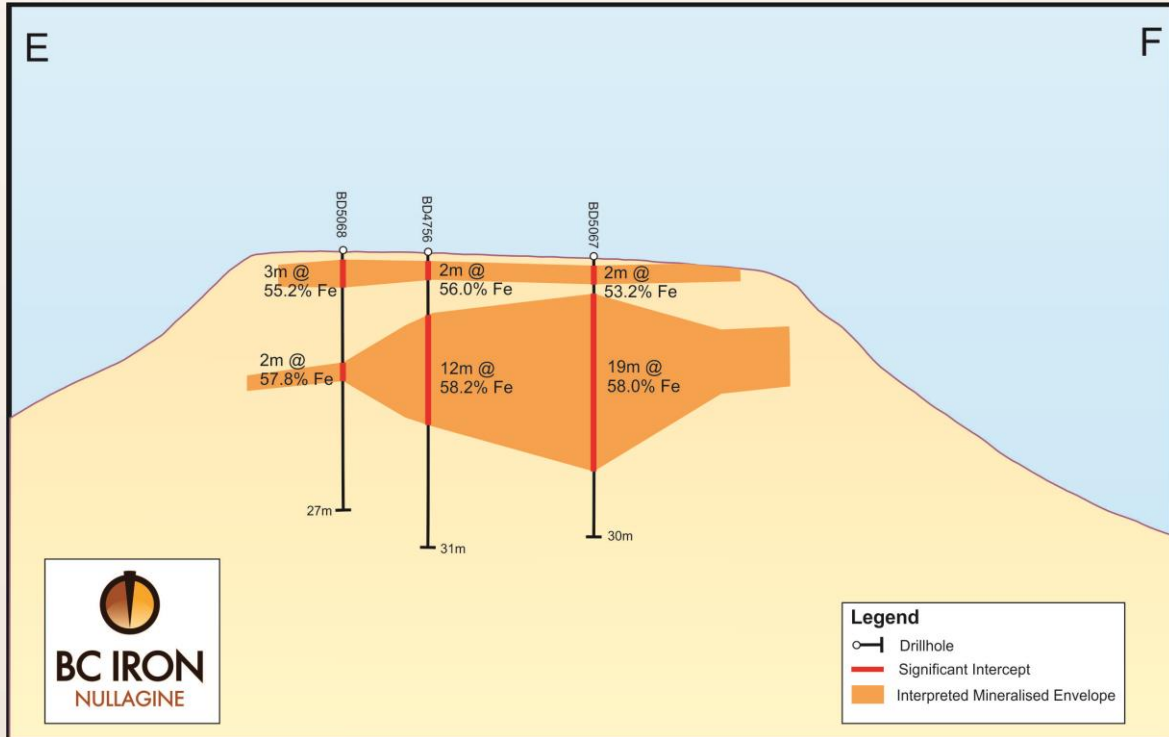




Figure 7: Warrigal 6 Cross Section E-F





ABOUT BC IRON LIMITED

BC Iron is an iron ore mining and development company with key assets in the Pilbara region of Western Australia, including the Nullagine Joint Venture (NJV), Buckland and Iron Valley. BC Iron is listed on the ASX under the code 'BCI' and is a member of the S&P/ASX 200 Index.

The NJV is an unincorporated 75:25 joint venture with Fortescue Metals Group Limited, which commenced exports in February 2011. The NJV utilises Fortescue's infrastructure at Christmas Creek, 50km south of the Nullagine mine, to rail up to 6Mtpa of ore to Port Hedland from where it is shipped directly to customers overseas.

Buckland is a development project located in the West Pilbara region. It has Ore Reserves of 134.3Mt at 57.6% Fe, a completed and announced feasibility study, a proposed independent infrastructure solution comprising a haul road and transshipment port at Cape Preston East, and has all primary tenure and approvals secured. BC Iron is currently evaluating all options to determine the optimal development and financing path for Buckland.

Iron Valley is a mine with Ore Reserves of 134.7Mt at 58.5% Fe that was developed and is being operated by Mineral Resources Limited under an iron ore sale agreement.

BC Iron also has an interest in a number of other earlier stage projects in the Pilbara, royalties over the Koodaideri South and North Marillana tenements, and is earning into two greenfields exploration projects in Brazil via a 50:50 alliance with Cleveland Mining Company Limited.

KEY STATISTICS

Shares on Issue:	196.2 million	
Cash & Equivalents:	\$110.1 million	as at 31 December 2014
Board:	Tony Kiernan	Chairman and Non-Executive Director
	Morgan Ball	Managing Director
	Andy Haslam	Non-Executive Director
	Brian O'Donnell	Non-Executive Director
	Terry Ransted	Non-Executive Director
	Anthea Bird	Company Secretary
	Hayley McNamara	Company Secretary
Major Shareholders:	Wroxby Pty Ltd	19.0%

Website: www.bcion.com.au