APPENDIX 4E
For the year ended 30 June 2015

BC IRON LIMITED

This information should be read in conjunction with BC Iron Limited's Financial Report for the full-year ended 30 June 2015.

Name of entity	**ABN**
BC Iron Limited	21 120 646 924

Results for announcement to the market

Full-year ended 30 June	**2014 ($000's)**	**2015 ($000's)**	**Variance %**
Revenue from ordinary activities	down from $471,382	to $281,211	(40%)
Profit/(loss) from ordinary activities after tax attributable to members	down from profit of $71,811	to loss of ($158,499)	N/A
Net profit/(loss) attributable to members	down from profit of $71,905	to loss of ($159,528)	N/A

Dividends
No dividends have been declared for the full-year ended 30 June 2015. For the previous corresponding period, a fully franked interim dividend of 17 cents per share was paid on 25 March 2014, and a fully franked final dividend of 15 cents per share was paid on 25 September 2014.

Acquisitions
BC Iron Limited acquired 100% of Iron Ore Holdings Limited ("IOH") and all its subsidiaries on 20 November 2014. Detailed information is contained in the financial report that accompanies this announcement.

Net tangible asset backing
Net tangible asset backing per ordinary share: $0.68 (2014: $1.83).

Previous corresponding period
The previous corresponding period is the full-year ended 30 June 2014.

Joint ventures
BC Iron Limited, through its 100% owned subsidiary BC Iron Nullagine Pty Ltd, holds a 75% interest in the Nullagine Iron Ore Joint Venture ("NJV"). Prior to 18 December 2012, BC Iron Limited held 50% of the NJV.

Audit
This report is based on financial statements which have been audited.

Commentary on results for the period
Revenue from ordinary activities and operating loss for the full-year ended 30 June 2015 has been impacted by clay-related operational challenges in the first half of the year and declining Australian dollar iron ore prices, particularly in the second half of the year. This was partly offset by the significant cost savings achieved at the Nullagine Joint Venture and by profit before tax of $3.4M from Iron Valley, which commenced operations during the year after being acquired through the Iron Ore Holdings takeover. The full-year was also impacted by substantial asset impairments of $121.8M after tax due to the current outlook for iron ore prices. Detailed commentary on the results for the full-year is contained in the press release and the financial report that accompany this announcement.

BC IRON
LIMITED

ANNUAL REPORT 2015

OUR COMPANY

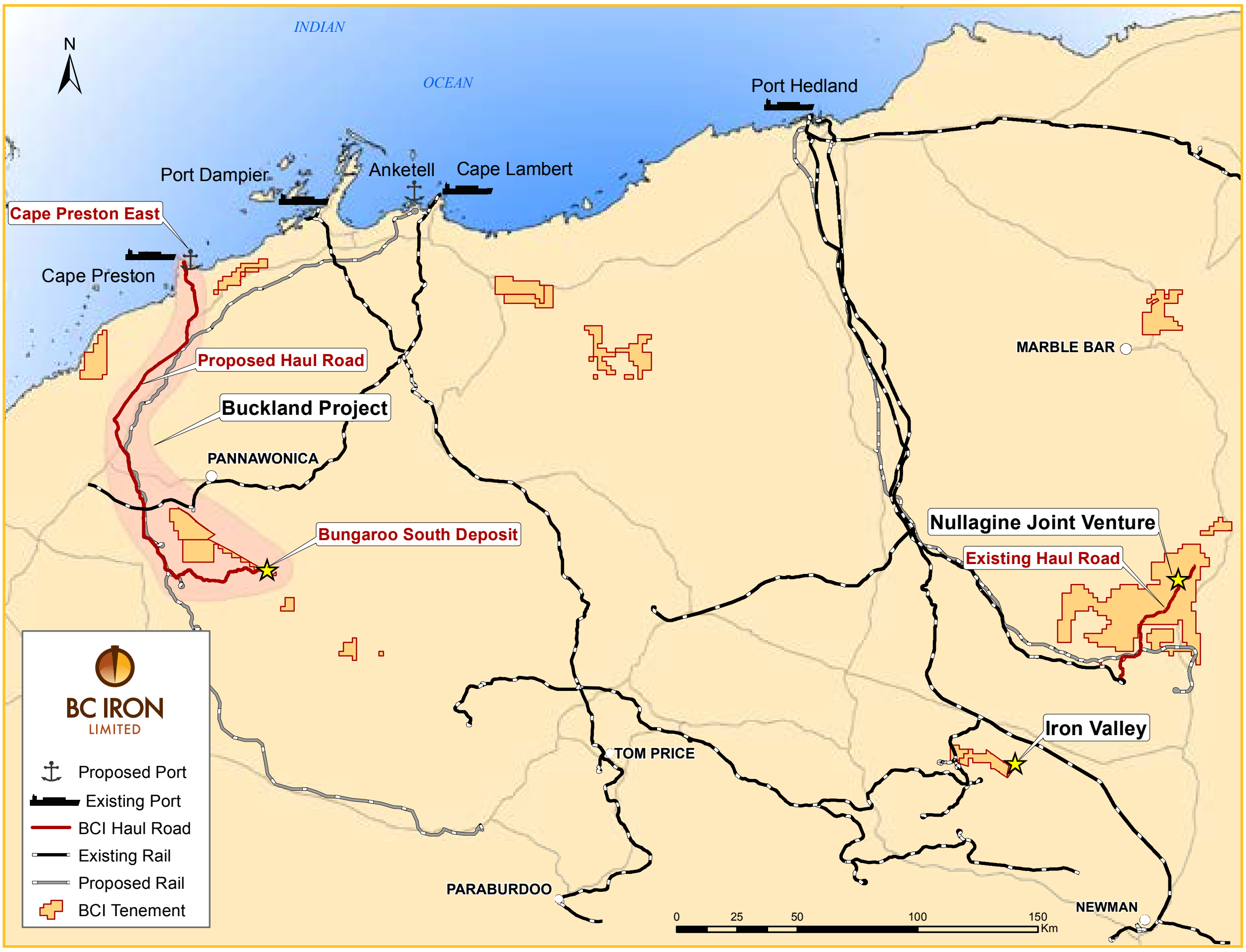
BC Iron Limited ("BC Iron" or the "Company") is an ASX-listed iron ore mining and development company with assets in the Pilbara region of Western Australia. The Company's key projects include the Nullagine Joint Venture ("NJV"), Iron Valley and Buckland.

The NJV is an unincorporated 75:25 joint venture with Fortescue Metals Group Limited ("Fortescue"), 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 its Bonnie Fines direct shipping ore ("DSO") to Port Hedland from where it is shipped to customers overseas.

Iron Valley is being operated by Mineral Resources Limited ("MIN") under an iron ore sale agreement. MIN operates the mine at its cost and purchases Iron Valley product from BC Iron at a price linked to MIN's realised sale price. MIN is currently evaluating a range of initiatives that have the potential to improve the long term viability of Iron Valley and its value to both parties.

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

BC Iron also has an interest in a number of other exploration stage projects in the Pilbara and potential royalties over the Koodaideri South and North Marillana tenements.



N
INDIAN
OCEAN
Port Hedland
Port Dampier
Anketell
Cape Lambert
Cape Preston East
Cape Preston
Proposed Haul Road
Buckland Project
PANNAWONICA
Bungaroo South Deposit
MARBLE BAR
Nullagine Joint Venture
Existing Haul Road
Iron Valley
TOM PRICE
PARABURDOO
NEWMAN
0 25 50 100 150 Km
BC IRON LIMITED
Proposed Port
Existing Port
BCI Haul Road
Existing Rail
Proposed Rail
BCI Tenement

FY2015 KEY POINTS

SUCCESSFUL ACQUISITION OF IRON ORE HOLDINGS

- Expands BC Iron's Pilbara asset portfolio to include Iron Valley, Buckland and other exploration stage projects and potential iron ore royalties
- Supportive new major shareholder Wroxby Pty Ltd, a subsidiary of Australian Capital Equity Pty Ltd

STRONG NJV OPERATING PERFORMANCE IN 2H FY2015

- Following clay-related operational challenges in 1H FY2015, the NJV successfully ramped back up to a 6Mtpa run-rate for the Dec-14 to Jun-15 period
- NJV sales of 3.62M wmt at C1 cash costs of A$47/wmt (FOB) over this seven month period
- Full year sales of 5.26M wmt at C1 cash costs of A$54/wmt (FOB)

SIGNIFICANT COST SAVINGS ACHIEVED AT THE NJV

- C1 cash costs of A$47/wmt (FOB) for the Dec-14 to Jun-15 period represent a material reduction compared to A$52/ wmt (FOB) for FY2014
- C1 cash cost guidance for FY2016 lower again at A$42-45/wmt (FOB), which equates to annual cost savings of up to A$50M (100% NJV basis) compared to FY2014

IRON VALLEY COMMENCED OPERATIONS

- Mineral Resources achieved first exports of Iron Valley product in Oct-14
- 2.83M dmt shipped for FY2015, which generated revenue of A$18.8M and EBITDA of A$4.1M

RENEGOTIATED IRON VALLEY AGREEMENT WITH MINERAL RESOURCES

- Supports ongoing operation of the mine in a challenging iron ore market
- Facilitates evaluation of beneficiation and alternative logistics solutions, which offer upside potential to both parties

PRE-DEVELOPMENT ACTIVITIES AT BUCKLAND PROGRESSED

- Commenced evaluation of development and financing options for the project
- Secured additional approvals for the proposed Cape Preston East transhipment port

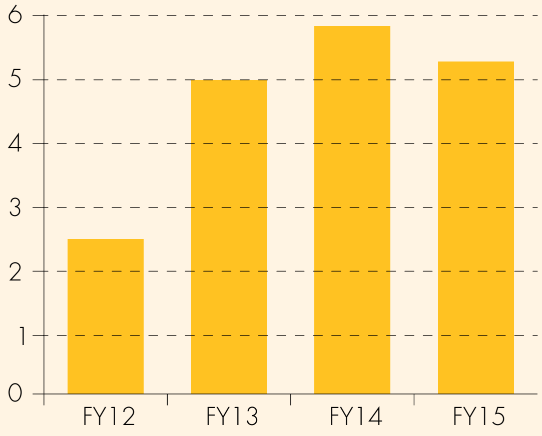
IRON ORE PRICE DECLINE AND NJV OPERATIONAL CHALLENGES MATERIALLY AFFECTED FY2015 FINANCIAL RESULTS

- CFR 62% Fe price averaged US$72/dmt for the year, compared to US$123/dmt for FY2014
- EBITDA of A$0.1M, compared to A$149.9M for FY2014
- Total asset impairments of A$170.9M (pre-tax) due to lower iron ore price outlook
- Notwithstanding the lower iron ore price environment, results for the Dec-14 to Jun-15 period were improved with EBITDA of A$9.0M and operating cash flow of A$11.4M (both before IOH transaction costs)

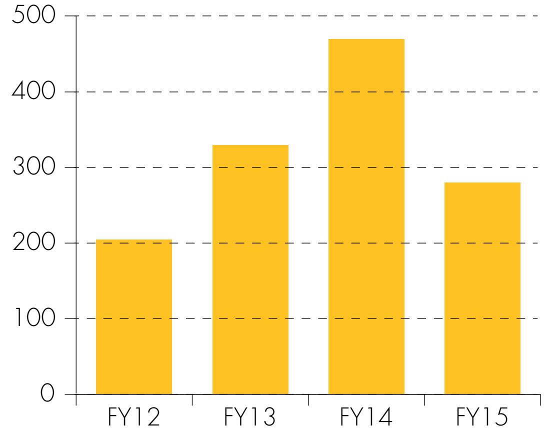
BALANCE SHEET DE-RISKED IN CHALLENGING MARKET

- US$45.4M in debt repaid during the year, including full repayment of the term loan facility ahead of schedule
- Only remaining debt is a US$5M interest-free and security-free facility with iron ore offtake partner, Henghou
- Cash position of A$67.7M as at 30-Jun-15

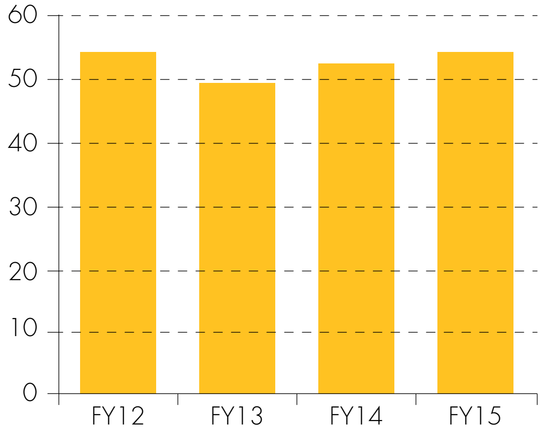
NJV ORE SHIPPED (M wmt)



REVENUE (A$M)

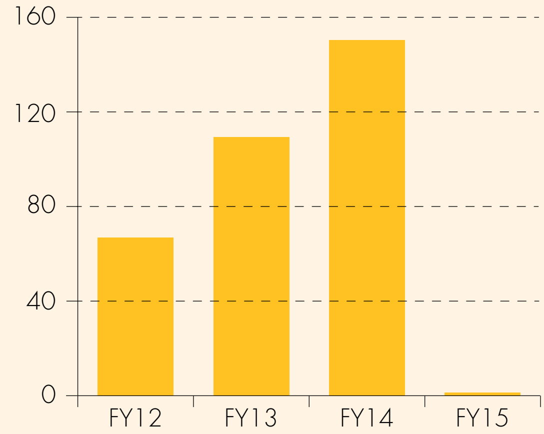


NJV C1 CASH COSTS (A$/wmt, FOB)

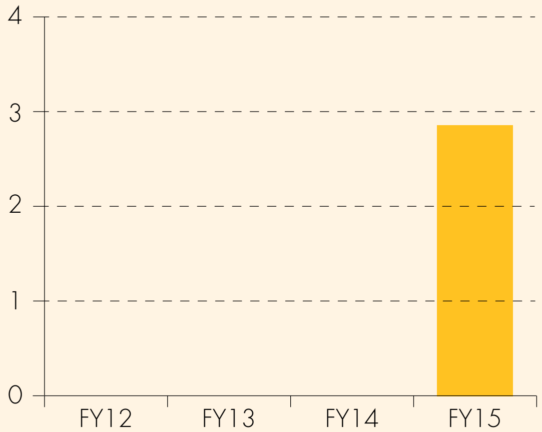


Note: C1 cash costs exclude royalties, marketing and corporate costs.

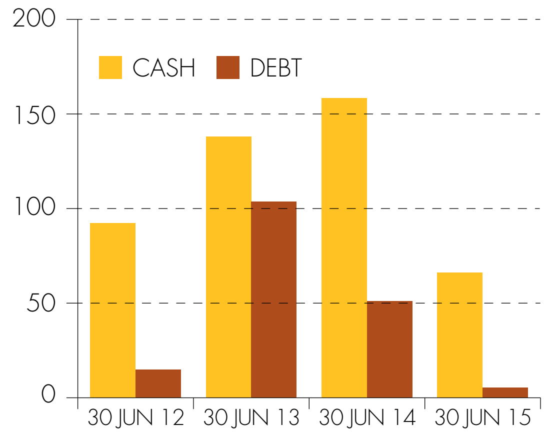
EBITDA (A$M)



IRON VALLEY ORE SHIPPED (M dmt)



CASH AND DEBT (A$M)



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CHAIRMAN'S REPORT

Dear Shareholders

The 2015 financial year saw dramatic changes in the iron ore market that adversely impacted BC Iron's results for the year. This is exemplified by looking at the price received for our product: in FY2014 the average price received was US$106/dmt and in FY2015 it was US$57/dmt. This of course flowed through to our financial results, which saw an appreciable drop.

As miners we are price takers, unable to effectively influence the price we receive. Irrespective of our views as to the reasons for such a dramatic fall in the prices for iron ore, the stark reality is that we need a cost structure that reflects current pricing. This is fully appreciated by the Board and management and considerable and sustained effort has gone into reducing our cost base whilst maximising the benefits of our existing assets.

Full year production figures for the Nullagine Joint Venture were within revised guidance at 5.26Mt as a result of a broad range of initiatives undertaken to ramp production back up after the operational slowdown in the August to October period. Further streamlining of the operation occurred throughout the year resulting in substantial cost reductions.

Our balance sheet, notwithstanding the difficult market, is relatively healthy. We carry virtually no debt and continue to be in a net cash position. Our strategy of running a conservative balance sheet from the outset, by bringing forward debt repayments and maintaining strong cash reserves, has proven particularly prudent given the past year's rapidly deteriorating macroeconomic conditions. We did report a level of asset impairments as a result of these changing conditions, although this will improve profitability going forward through reduced depreciation and amortisation expenses.

We also diversified our resource and asset base with the successful acquisition of Iron Ore Holdings, expanding beyond a single mine operation into a multi-asset Company. The addition of Iron Valley, Buckland and the potential port at Cape Preston East provide considerable corporate optionality in a volatile marketplace.

The acquisition of Iron Ore Holdings gave us not only an increase in our resource base, but we retained the services of some highly skilled people who've been instrumental in the continued and pragmatic development of Buckland and the potential port at Cape Preston East.

Iron Valley has made a net contribution to BC Iron's revenues with the mine's operator Mineral Resources to be commended for their efforts in a difficult market.

I would like to acknowledge the Palyku People who are the traditional owners of the land at Nullagine where we mine and also acknowledge our NJV partner and rail and port provider, Fortescue Metals Group for their ongoing commitment to the operation.

We appreciate the Western Australian State Government's deferral of 50% of royalties announced during the year, providing assistance in light of the changing nature of operations facing smaller iron ore miners.

Both the management team and Board have faced challenges this past year and have worked closely together on refining strategy with our enlarged asset base in a low price environment. Together our executives and non-executives are pro-active, flexible and decisive with changing conditions. I would like to express my thanks for the efforts they've made and in particular to our Managing Director, Morgan Ball, and senior staff both on site and in the Perth office.

On behalf of the Board, I would like to thank the entire BC Iron team of staff, contractors and suppliers. We continue to operate in an extraordinary period of volatility and the outlook for the coming year is difficult to reasonably predict. However, you can be reassured that it remains the Board's firm intention to protect and create shareholder value and we will continue to make decisions based on the long term interests of our shareholders.

Tony Kiernan
Chairman

MANAGING DIRECTOR'S REPORT

Dear Fellow Shareholders

Welcome to our 2015 Annual Report for shareholders and thank you for your continued support of our Company.

The 2015 financial year was dominated by challenging macroeconomic conditions across much of the resources industry. In particular, the iron ore price experienced a significant decline during the year with the softening of the Chinese economy, raising questions around future steel production and requirements.

Being well aware of the cyclical nature of our industry and focusing on those areas that we can control, BC Iron has always run a tight operation, with prudent cost management embedded in our culture. Nevertheless, the extent and speed of the price declines have necessitated rigorous implementation of cost savings measures, particularly at our Nullagine Joint Venture ("NJV"). Operational issues due to the presence of some clays in the product lowered shipped tonnes and increased costs during the first half of the financial year. However, cash costs for the second half of the year materially reduced from previous levels, falling within the Company's revised guidance. Pleasingly, annual sales for the full year were also within revised guidance at 5.26 million wet metric tonnes.

As part of the ongoing cost focus at the NJV, we changed our mining, crushing and screening contractor in the final quarter of the financial year. This initiative has helped bring our costs down further and will contribute to meeting the reduced cost guidance for the 2016 financial year. All of our major contracts are now predominantly variable cost contracts, which increase our operational flexibility whilst reducing our fixed costs.

Notwithstanding the challenges of the iron ore market, BC Iron concluded a corporate transaction with Iron Ore Holdings during the year. Although the transaction was initiated and agreed prior to the current price volatility, we are comfortable that this strategic acquisition was in the best interests of shareholders as we have increased mine life, expanded our asset base and provided optionality for when the iron ore price strengthens. Following completion of this transaction, BC Iron now receives a 'royalty like' revenue stream from Mineral Resources, the operators of the Iron Valley project. In addition, we have a very prospective iron ore development opportunity in the Buckland Project, which includes a potential mine with an identified transport and low capital intensity port solution. The Buckland Project is located in the West Pilbara region of Western Australia, an area that is the ongoing focus of further iron ore project development by a number of major iron ore and infrastructure companies.

During the year we have been pleased to work proactively with Mineral Resources, in relation to project improvement initiatives at Iron Valley, including beneficiation to improve product quality as well as the potential for an innovative monorail transport system. If it proceeds, this Bulk Ore Transport System has the potential to significantly increase the value of Iron Valley to BC Iron and could also provide a very interesting alternative transport solution for the Buckland Project. We look forward to continuing our relationship with Mineral Resources on the Iron Valley initiatives as well as working through options for Buckland.

In light of the current conditions, BC Iron took the strategic decision during the year to exit from our alliance with Cleveland in Brazil and focus on optimising operations in the Pilbara.

Significantly in this environment, we fully repaid all cash interest-bearing debt throughout the year, ahead of schedule. Not only has this provided corporate costs savings, but it also leaves BC Iron with a 'clean balance sheet' holding A$68 million cash at the end of June 2015 with minimal debt.

Staff commitment has been tremendous throughout this turbulent period and I thank everyone involved with BC Iron for their ongoing commitment and hard work. My thanks are also extended to the Board whose support has been strong and appropriate. We welcome new Directors Brian O'Donnell and Martin Bryant and thank outgoing Directors Mike Young, Peter Wilshaw, Terry Ransted and Malcolm McComas for their many contributions during the life of the Company. I would particularly like to acknowledge the contribution of Mike Young to BC Iron. Mike was the Company's founding Managing Director and his ongoing interest in and support for BC Iron continues to be appreciated.

The macroeconomic outlook for the 2016 financial year remains challenging and we will continue managing our operations to reflect this operating environment. Whilst demand for the NJV's Bonnie Fines product remains strong, ongoing supply increases coupled with potential softening demand will necessitate that we continue to focus on costs and run our business as efficiently and productively as we can. Our guidance recently issued for the 2016 financial year acknowledges these challenges with a reduced production target aimed at reducing capital expenditure, maintaining profitability and potentially extending the life of mine at the NJV through astute exploration and appropriate mine development.

As we have continually demonstrated, in this challenging environment, the Board and Management of BC Iron will not hesitate to make these pragmatic, strategic decisions in order to preserve and enhance future value for shareholders.

We remain dedicated to achieving the best results from our assets, focusing on optimising all the aspects of our operations that we can control. We understand the volatile environment we operate in and our conservative balance sheet approach reflects the long term view we have taken to weather these difficult conditions going forward.

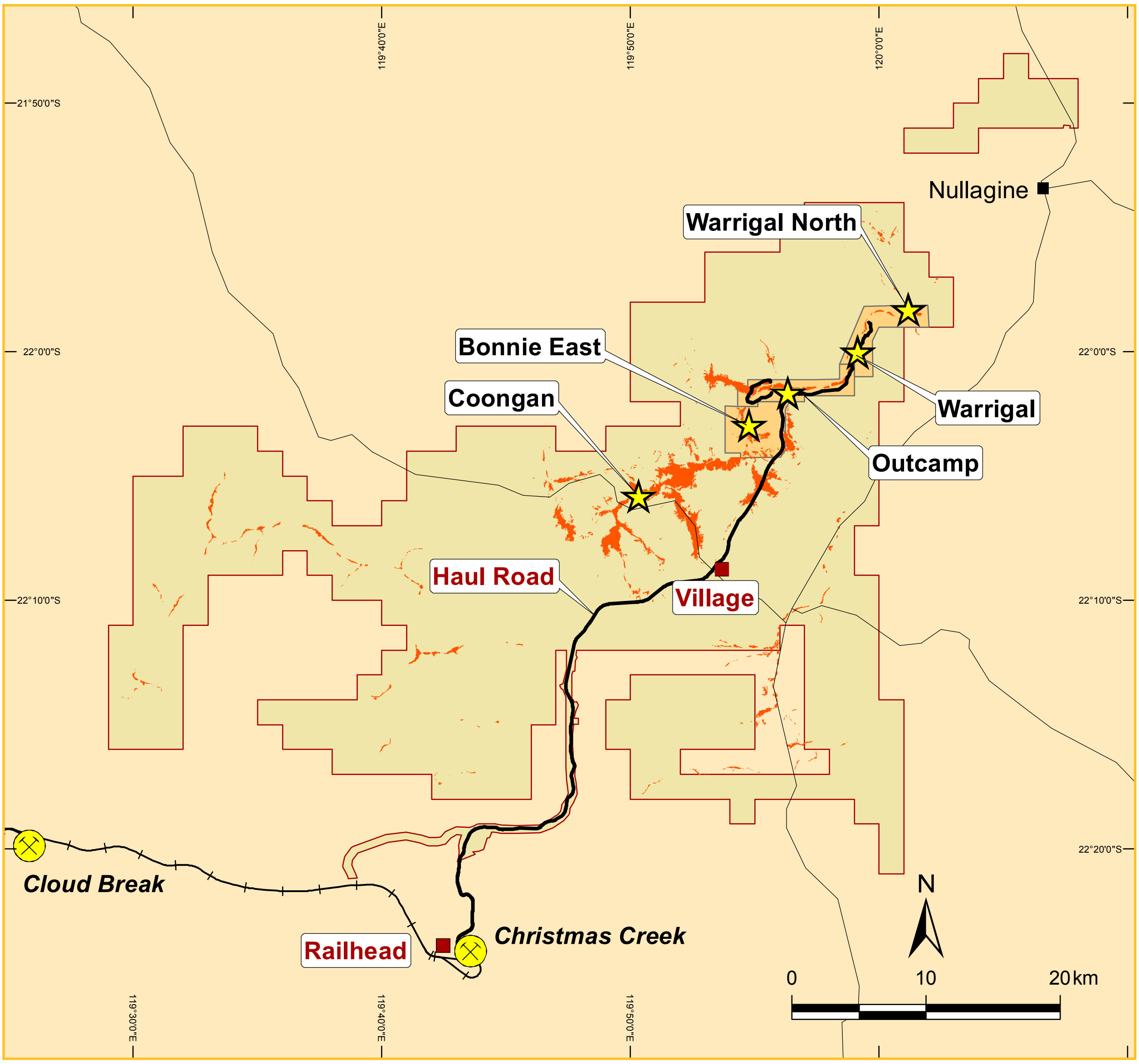
Morgan Ball,
Managing Director


BC IRON
SCOTT
BC IRON

NULLAGINE JOINT VENTURE

The NJV is an unincorporated 75:25 joint venture between BC Iron and Fortescue, which is located approximately 140km north of Newman in the Pilbara region of Western Australia. The NJV is a producing iron ore mine with the capacity to export up to 6Mtpa of product. BC Iron is the operator and manager of the joint venture and Fortescue facilitates the export of iron ore via its rail and port infrastructure, and the provision of marketing services.

Iron mineralisation occurs in channel iron deposits, which present as flat-top hills or 'mesas'. The NJV contains an extensive number of mesas, shown in orange below. The NJV mine plan currently includes mesas in four mining areas; Outcamp, Warrigal, Bonnie East and Coongan.



Operations

During FY2015, a total of 5.84M dry metric tonnes ("dmt") of ore was mined and 5.19M wet metric tonnes ("wmt") of Bonnie Fines was produced.

Mining continued at the Outcamp and Warrigal mining areas throughout the year. During August to October 2014, additional clays were encountered in discrete areas of Outcamp 2 and Warrigal 3 which impacted production and costs in that period. BC Iron implemented a range of initiatives to better manage the clays and the NJV achieved a run rate in excess of 6Mtpa for the December 2014 to June 2015 period. The Company now has a good understanding of their expected occurrence and a clear strategy to manage them.

Mining was completed at Warrigal 3 and 4 and a new operational hub was established to support Warrigal 1 and 2, which commenced operations in the second half of FY2015. These mesas are expected to have low strip ratios, attractive chemistry and limited occurrences of problematic clays.

Viento Group was awarded a mining, crushing and screening contract for the Warrigal hub in March 2015 and is also currently operating at Outcamp following the early termination of the previous mining, crushing and screening service provider. These contractor changes were effected as part of BC Iron's ongoing cost reduction strategy.

The Bonnie Fines product is transported approximately 60km from the NJV mine site to Fortescue's Christmas Creek rail loadout facility via a private bitumen haul road. During FY2015, a total of 5.19M wmt was hauled to Christmas Creek.

The Pilbara Infrastructure Pty Ltd ("TPI"), a wholly-owned subsidiary of Fortescue, provides rail haulage and port services to the NJV. At Christmas Creek, product is loaded onto trains and transported approximately 300km to Fortescue's Herb Elliot Port at Port Hedland. During FY2015, 5.00M wmt of NJV ore was hauled to Port Hedland.

At Port Hedland, the Bonnie Fines product is loaded onto cape size vessels and exported to customers overseas. During FY2015, the NJV exported 5.26M wmt of ore, of which BC Iron's share was 4.00M wmt. Exports were impacted by the clay-related production issues noted above, but were within BC Iron's revised guidance range of 5.2-5.6M wmt.

Marketing

The NJVs product, Bonnie Fines, is a sought after DSO sinter feed with an iron grade of 56-57% Fe and low impurities. Bonnie Fines also has a high loss on ignition of approximately 12%, which delivers a high calcined iron grade.

Fortescue provides marketing services to the NJV, allowing BC Iron to leverage Fortescue's customer base and marketing expertise.

BC Iron has an offtake agreement with Hong Kong-based industrial and trading company, Henghou Industries, to sell 1.3Mtpa of Bonnie Fines at a pre-agreed discount to the Platts 62% Fe Index until the end of 2018. Fortescue has an equivalent agreement with Henghou Industries for 1.3Mtpa of its share of product. The NJV's uncommitted production is sold on a short term basis at a market-based discount to the Platts 62% Fe Index.

Iron ore prices declined materially throughout the year due to a weakening outlook for steel demand in China, an increase in iron ore supply from major producers and expectations for further supply increases in FY2016. The CFR China 62% Fe price declined from nearly US$100 per dmt in July 2014 to a low point of US$47.5 per dmt in April 2015. The average price for FY2015 was US$72 per dmt, compared to US$123 per dmt for FY2014.

BC Iron's average realised CFR price for its share of sales was US$57 per dmt (FY2014: US$106 per dmt). Price realisation against the annual average of the CFR China 62% Fe price was slightly lower in FY2015 because of the reduced shipments due to operational issues in the first half of the year when iron ore prices were higher. Discounts for uncommitted sales increased in the first quarter of FY2015 due to increased supply of similar grade iron ore from other Pilbara producers, but then declined in the second half of the year.

BC Iron's interactions with offtake partner, Henghou Industries, and key end-users of Bonnie Fines continue to highlight the strong demand for Bonnie Fines.

Operating Costs

In light of declining iron ore prices, BC Iron has focused significant effort towards reducing costs at the NJV.

The Company's contracting strategy was a key cost saving initiative, which resulted in the termination of a number of NJV contracts during the year and also a move to direct ownership of some equipment including the operation's surface miners. The NJV currently leases one and owns two Vermeer 1655 surface miners, which are being operated by the new mining, crushing and screening contractor, Viento Group.

BC Iron also achieved additional cost savings through proactive assessment of the NJV's mine plan, prudent management of all contractors and consultants, elimination of discretionary spend and redundancies both at site and at head office.

NJV free-on-board ("FOB") C1 cash costs for FY2015 were A$54 per wmt, which was slightly higher than the A$52 per wmt achieved for FY2014. However, full year costs were impacted by the clay-related operational issues in the first half and do not reflect the full benefit of the cost savings achieved in the second half.

For the December 2014 to June 2015 period, C1 cash costs were A$47 per wmt (FOB), which was at the lower end of guidance for that period. BC Iron all-in cash costs for that period were also within guidance at A$56 per wmt (note: BC Iron all-in cash costs include NJV C1 cash costs plus royalties, marketing, exploration and evaluation expenses and corporate costs).

FY2016 Outlook

BC Iron expects NJV sales for FY2016 will be 4.9-5.3M wmt (BC Iron share: 3.7-4.0M wmt). The Warrigal hub is expected to contribute the majority of production and slightly lower production rates will facilitate deferral of capital expenditure associated with accessing the Bonnie East and Coongan mesas. It will also provide additional time for evaluation of other Warrigal and Warrigal North mesas which have the potential to be superior development opportunities. During the year, the NJV's key contracts were transitioned to predominantly variable cost contracts, as opposed to fixed and variable cost contracts, such that production can be varied with less impact on the overall cost profile of the operation.

NJV C1 cash costs are expected to be in the range of A$42-45/wmt (FOB) and BC Iron's all-in cash costs are expected to be A$48-54/wmt (FOB), which represents a material reduction to the costs achieved in the second half of FY2015 and reflects BC Iron's ongoing focus on reducing costs and optimising the NJV. This also represents total C1 cash cost savings of A$7-10/wmt or up to A$50M (100% NJV) on an annual basis compared to FY2014.

NJV capital expenditure for FY2016 is forecast to be A$16-19M (BC Iron share: A$12-14M) and includes:

- Sustaining capital expenditure of A$3-4M, including a scheduled rebuild for each of the NJV's two Vermeer 1655 surface miners;
- Approximately A$6M to purchase equipment from Watpac, including a Vermeer 1655 surface miner, a 2Mtpa mobile crushing and screening plant and four Haulmax trucks; and
- Development capital expenditure of A$7-9M, which is primarily costs associated with approvals, grade control drilling and development of mesas near the existing Warrigal hub.

Non-NJV capital expenditure and exploration and evaluation expenditure is expected to be A$4-6M and includes further studies and approvals at the Buckland Project as well as approvals at Iron Valley to facilitate below water table mining by MIN.

IRON VALLEY

Iron Valley is located in the Central Pilbara and is adjacent to land held by Fortescue, Rio Tinto and BHP Billiton. It was acquired by BC Iron through the acquisition of Iron Ore Holdings Limited ("IOH") and was subject to a pre-existing agreement with MIN.

In accordance with the agreement, MIN developed Iron Valley during the year at its cost. MIN is currently operating the mine as a DSO truck haulage operation and purchasing Iron Valley product from BC Iron at a price linked to MIN's realised sale price.

In December 2014, BC Iron and MIN renegotiated the terms of the agreement to facilitate the ongoing operation of Iron Valley in a lower iron ore price environment and assessment of a range of value-enhancing initiatives. These initiatives include beneficiation of Iron Valley product and an innovative bulk ore transport system ("BOTS"). The initiatives have the potential to improve the economics for both BC Iron and MIN.

For FY2015, MIN shipped 2.83M dmt of Iron Valley product, which generated revenue of A$18.8M and EBITDA of A$4.1M.

Iron Valley is expected to continue being operated as a DSO truck haulage operation throughout FY2016 while MIN progresses the beneficiation and BOTS initiatives. BC Iron expects FY2016 EBITDA from Iron Valley of A$5-14M, based on a range of production rates and AUD FOB received iron ore prices for Iron Valley ore.[1]

[1] *Low case based on production of 3Mtpa, CFR 62% Fe price of US$45/dmt, freight rate of US$8/wmt and AUD:USD rate of 0.80. High case based on production of 5Mtpa, CFR 62% Fe price of US$65/dmt, freight rate of US$5/wmt and AUD:USD rate of 0.70.*

BUCKLAND

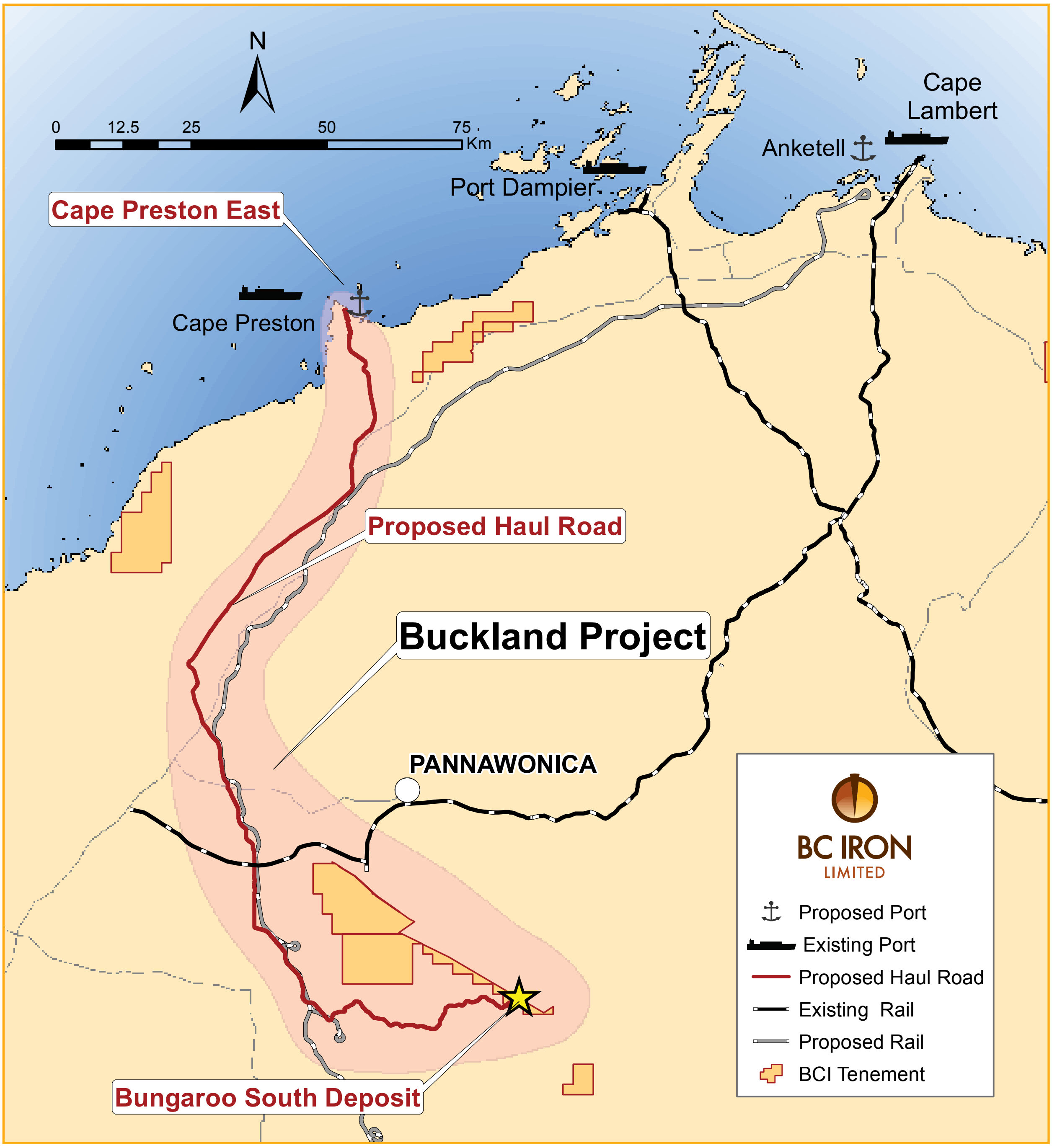
Buckland is an iron ore development project located in the West Pilbara region that was acquired by BC Iron through the acquisition of IOH. It consists of a proposed mine at Bungaroo South and an independent infrastructure solution comprising a private haul road and transhipment port at Cape Preston East. A feasibility study has been completed and all primary tenure and approvals have been secured.

During FY2015, BC Iron commenced evaluation of a range of development and financing strategies for Buckland to determine the optimal way forward for the project.

As part of this process, BC Iron and API Management Pty Ltd (manager of the Australian Premium Iron Joint Venture ("API") between Aquila Steel Pty Ltd and AMCI (IO) Pty Ltd) initiated a joint study to assess the potential for co-operation around mining of the parties' contiguous Bungaroo South and Buckland Hills deposits. This includes options to maximise mineable inventory and possible synergies in extracting the ore.

BC Iron continued to advance the approvals process for Cape Preston East. All Development Applications were submitted and approved during the year and Construction Applications have commenced.

BC Iron is also monitoring the progress of potential alternative infrastructure solutions, including Aurizon Holdings Limited's proposed new railway to a new deep water port at Anketell for API and MIN's progress with BOTS.



OTHER ASSETS

BC Iron acquired a number of other earlier stage projects in the Pilbara and potential royalties over the Koodaideri South and North Marillana tenements via its acquisition of IOH. Limited work was undertaken on these assets during the year due to the iron ore price environment.

BC Iron resolved to exit its Brazilian exploration alliance with Cleveland Mining Company Limited due to prevailing iron ore market conditions and preliminary exploration results, which were less encouraging than expected.

SAFETY

'Embrace safety in everything we do'. BC Iron has a positive and open safety culture and places a high priority on facilitating a safe working environment for all staff and contractors.

During FY2015, a number of positive safety initiatives were implemented at the NJV, with a focus on improving communication, reporting and risk management. BC Iron also restructured the NJV's Occupational Health and Safety ("OHS") team at the site, bringing management of all OHS matters in house.

Three lost time injuries were recorded at the NJV during the year and as at 30 June 2015, the 12 month rolling lost time injury frequency rate was 3.0 (FY2014: 3.9).

MIN is responsible for OHS matters at Iron Valley and therefore BC Iron does not report LTIs or the LTIFR.

No LTIs were recorded at BC Iron's other projects and as at 30 June 2015, the LTIFR was zero (2014: zero).

SUSTAINABILITY

Environmental

BC Iron maintains a systematic and proactive approach to environmental management. During the year, the Company continued to maintain compliance with existing approvals and also worked towards new approvals to support optimisation of operations and future development at both the NJV and Iron Valley.

BC Iron continued to support conservation of the environmental values associated with the NJV and Iron Valley, through continued implementation of State and Federal endorsed environmental management plans and sponsorship of the northern quoll and olive python exhibits at the Perth Zoo.

Native Title and Heritage

BC Iron's key assets lay in the claim areas for the following aboriginal groups; Palyku (NJV), Nyiyaparli (NJV and Iron Valley), Kuruma Marthudunera (Buckland) and Yaburara Mardudhunera (Buckland). BC Iron has strong relationships and agreements in place with these groups. BC Iron works closely with them to minimise impacts to cultural heritage values associated with the lands where the Company conducts its business and provide opportunities to benefit from the operations where possible.

During the year, BC Iron worked with the Palyku and Nyiyaparli in relation to additional approvals and surveys to support ongoing operations and future development at both the NJV and Iron Valley and continues to look at ways to increase employment and contracting opportunities at these two operational sites. Five NJV contracts are currently afoot with companies or joint ventures associated with the Palyku or Nyiyaparli.

BC Iron also worked with the Kuruma Marthudunera and Yaburara Mardudhunera to progress project approvals and plan for future opportunities associated with the Buckland project.

Community

BC Iron works closely with the local communities in which it operates to support community initiatives and promote employment and business opportunities.

An employment day was hosted by BC Iron and the NJV's major contractors in the September quarter 2014, which saw strong interest from local community members.

BC Iron continued to work with the students and staff at the local Nullagine Primary School in supporting the school's healthy lifestyle programme and maintaining the vegetable garden.

CORPORATE

Business Development

BC Iron announced a recommended off-market takeover offer for IOH in August 2014. The transaction was successfully completed in October 2014 and resulted in BC Iron acquiring the Iron Valley and Buckland projects, as well as a number of other exploration stage projects and potential royalties in the Pilbara.

As a result of the transaction, Wroxby Pty Ltd, a subsidiary of Australian Capital Equity Pty Ltd, became a 19.0% shareholder in BC Iron.

Board Changes

Following completion of the IOH transaction, Mr Brian O'Donnell joined the Board as Non-executive Director and is the nominee of BC Iron's major shareholder, Wroxby Pty Ltd. Mr O'Donnell has 30 years' experience in the finance and investment industry and is currently Finance and Investments Director for Australian Capital Equity Pty Ltd, the parent company of Wroxby Pty Ltd.

In November 2014, Mr Mike Young, Mr Malcolm McComas and Mr Peter Wilshaw elected to resign as Non-executive Directors to facilitate a reduction in Board size due to iron ore market conditions. The remaining Non-executive Directors also agreed to a 10% reduction in director fees effective 1 January 2015.

In May 2015, inaugural Non-executive Director, Mr Terrence Ransted, resigned to devote more time to his role as Chief Geologist with Alkane Resources Limited.

Also in May, Mr Martin Bryant was appointed as Non-executive Director. Mr Bryant has extensive international business experience with a particular focus on Asia. Most recently, he was Managing Director and Chief Executive Officer of WesTrac China.

The Board currently has five members, comprising four Non-executive Directors (three of whom are deemed to be independent) and one Executive Director (being the Managing Director).

Debt Repayment

During FY2015, BC Iron repaid a total of US$45.4M in debt, including full repayment of the term loan facility ahead of schedule. This materially de-risked the Company's balance sheet and reduced total debt outstanding to A$6.5M, reflecting a US$5M interest-free and security-free facility with offtake partner Henghou which is due for repayment in December 2015. BC Iron's cash position as at 30 June 2015 was A$67.7M.

Impairments

As a result of the decline in iron ore prices, BC Iron recorded non-cash impairments of A$170.9M (pre-tax) during the year, comprising A$161.2M in relation to BC Iron's share of NJV mine property, A$2.0M in relation to NJV inventory, A$7.3M for goodwill arising on the acquisition of IOH and A$0.4M in relation to the Koodaideri South royalty.

Royalty Relief

In December 2014, the Western Australian State Government announced it would provide financial assistance for small iron ore miners, in the form of a deferral of 50% of royalties payable over a 12 month period.

BC Iron worked closely with the State Government and announced it was successful in securing the royalty deferral in April 2015. The deferral applies to BC Iron's NJV royalty payments for the December 2014 to September 2015 quarters, subject to BC Iron's FOB received price being less than A$90/dmt in the quarter. The deferred royalties are then repayable in seven equal quarterly instalments with the first repayment due on 31 March 2016 and the last repayment due on 30 September 2017.

To date, approximately A$7.0M in royalties have been rebated in respect of the December 2014 to June 2015 quarters. BC Iron appreciates the assistance the State Government is providing.

Hedging

BC Iron commenced a hedging programme during FY2015 to protect profitability and its breakeven price. The Company's policy is to hedge both US dollar iron ore prices and AUD:USD exchange rates for up to 50% of its share of NJV tonnes sold no more than three months ahead.

As at 30 June 2015, BC Iron had 0.53M dmt hedged for delivery in relation to the September 2015 quarter at an average CFR 62% Fe Price of approximately A$73.5/dmt.

Dividends

Due to current iron ore market conditions, no dividends were declared in relation to FY2015.

MINERAL RESOURCES & ORE RESERVES

NULLAGINE JOINT VENTURE

Mineral Resource and Ore Reserve estimates for the NJV as at 30 June 2015 are set out in the tables below, with a comparison to 30 June 2014 figures.

Compared to the 30 June 2014 estimates, CID and DSO Mineral Resources at Outcamp 2 and 3 and Warrigal 1-4 were depleted based on mining completed to 30 June 2015, with Warrigal 3 and 4 reaching the limits of the pit designs. Mineral Resources were re-estimated at Outcamp 5 and Warrigal 1 and 2 due to a re-interpretation of the mineralised envelopes following further grade control drilling. Otherwise, there was no material change to the methodology or assumptions underlying the estimates as at 30 June 2014.

There were no changes in the application of modifying factors for the DSO and BSO Ore Reserves compared to the 30 June 2014 estimates.

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

Classification	Mt	Fe %	CaFe %	Al_2O_3 %	SiO_2 %	P %	S %	LOI %
Measured	10.2	52.7	60.1	4.5	5.1	0.017	0.012	12.4
Indicated	34.1	54.2	62.0	3.2	4.3	0.017	0.011	12.5
Inferred	47.6	51.9	58.6	5.5	6.7	0.023	0.019	11.4
Total as at 30-Jun-15	**91.9**	**52.8**	**60.0**	**4.5**	**5.6**	**0.020**	**0.015**	**12.0**
Total as at 30-Jun-14	105.9	53.1	60.4	4.2	5.4	0.020	0.015	12.1

NJV DSO Mineral Resource Estimate (75% BC Iron, 25% Fortescue)

Classification	Mt	Fe %	CaFe %	Al_2O_3 %	SiO_2 %	P %	S %	LOI %
Measured	4.2	57.0	64.4	2.7	3.0	0.016	0.013	11.5
Indicated	21.6	57.1	64.8	2.0	3.0	0.016	0.011	12.0
Inferred	5.5	56.9	64.0	2.7	3.9	0.021	0.014	11.1
Total as at 30-Jun-15	**31.3**	**57.0**	**64.6**	**2.2**	**3.1**	**0.017**	**0.012**	**11.8**
Total as at 30-Jun-14	38.8	57.1	64.7	2.2	3.1	0.015	0.012	11.8

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

Classification	Mt	Fe %	CaFe %	Al_2O_3 %	SiO_2 %	P %	S %	LOI %
Proved	1.3	57.9	65.6	2.1	2.2	0.011	0.013	11.7
Probable	19.4	56.9	64.7	2.0	3.1	0.011	0.011	12.1
Total as at 30-Jun-15	**20.7**	**56.9**	**64.7**	**2.0**	**3.0**	**0.011**	**0.011**	**12.1**
Total as at 30-Jun-14	27.7	56.8	64.7	2.0	3.1	0.015	0.011	12.1

NJV BSO Probable Ore Reserve Estimate (75% BC Iron, 25% Fortescue)

	Mt	Fe %	CaFe %	Al_2O_3 %	SiO_2 %	P %	S %	LOI %
BSO Feed	13.5	51.3	59.2	3.6	5.5	0.017	0.011	13.4
BSO Product as at 30-Jun-15	**5.4**	**54.0**	**62.2**	**2.8**	**4.3**	**0.015**	**0.010**	**13.0**
BSO Product as at 30-Jun-14	3.9	54.2	62.1	2.9	4.4	0.016	0.012	12.8

NJV DSO Stockpile Inventory (75% BC Iron, 25% Fortescue)

Classification	Mt	Fe %	Al_2O_3 %	SiO_2 %
ROM	0.32	55.1	2.6	3.1
MOC Product	0.12	55.0	3.0	4.1
RLF Product	0.09	55.1	2.9	4.1
Port Product	0.02	55.3	3.0	4.0
Total as at 30-Jun-15	**0.56**	**55.1**	**2.8**	**3.5**
Total as at 30-Jun-14	0.52	55.6	3.0	4.1

Notes:

- *Tonnages are dry metric tonnes and have been rounded. Small difference in totals may exist due to rounding.*
- *CaFe means "calcined Fe" equals Fe% / (1- LOI%).*
- *CID Mineral Resources are inclusive of DSO Mineral Resources, which are in turn inclusive of DSO Ore Reserves. CID Mineral Resources are also inclusive of a portion of BSO Ore Reserves (Feed) that do not sit within existing low grade stockpiles.*
- *CID means "channel iron deposit", DSO means "direct shipping ore" and BSO means "beneficiated shipping ore".*

IRON VALLEY

Mineral Resource and Ore Reserve estimates for Iron Valley as at 30 June 2015 are set out below, with a comparison to 30 June 2014 figures. The estimates as at 30 June 2015 have been completed by MIN, the operator of the Iron Valley project.

Mineral Resources were re-estimated for part of the deposit due to a re-interpretation of geology and mineralisation following infill drilling, which increased tonnages and upgraded part of the Indicated Mineral Resources to the Measured category. Densities were revised following diamond core test work by MIN, which resulted in reduced tonnages. The Mineral Resource estimate was also depleted by mining completed to date.

In addition to the changes in Mineral Resource noted above, there were a number of changes in the application of modifying factors compared to the previous Ore Reserve estimate. As a result of beneficiation test work undertaken by MIN, the processing method and associated assumptions have been changed from dry crushing and screening only to include beneficiation. Iron ore price and foreign exchange rate assumptions have been updated. Cost assumptions have also been updated to reflect actual operating costs adjusted for planned reductions, including in relation to beneficiation and BOTS. The cut-off grade for the Ore Reserve has increased from 53% to 54%.

Iron Valley Mineral Resource Estimate (100% BC Iron, subject to iron ore sale agreement with MIN)

Classification	Cut-off % Fe	Mt	Fe %	CaFe %	Al_2O_3 %	SiO_2 %	P %	LOI %
Measured	50	34.9	59.4	63.8	2.8	4.7	0.17	6.9
Indicated	50	172.8	58.4	63.0	3.1	5.0	0.18	7.4
Inferred	50	39.1	57.8	61.0	3.9	7.0	0.15	5.3
Total as at 30-Jun-15	**50**	**246.8**	**58.4**	**62.8**	**3.2**	**5.2**	**0.17**	**7.0**
Total as at 30-Jun-14	50	259.1	58.3	63.0	2.8	5.5	0.17	7.9

Iron Valley Ore Reserve Estimate (100% BC Iron, subject to iron ore sale agreement with MIN)

Classification	Cut-off % Fe	Mt	Fe %	CaFe %	Al_2O_3 %	SiO_2 %	P %	LOI %
In-situ Proved	54	25.9	59.9	64.2	2.5	4.4	0.17	6.7
In-situ Probable	54	100.5	58.7	63.3	3.1	4.8	0.18	7.2
Stockpiles Proved	54	3.5	56.5	60.3	2.8	9.2	0.11	6.3
Total as at 30-Jun-15	**54**	**129.9**	**58.9**	**63.4**	**3.0**	**4.8**	**0.17**	**7.1**
Total as at 30-Jun-14	53	134.7	57.6	62.6	2.4	6.5	0.15	8.0

Notes:

- *Tonnages are dry metric tonnes and have been rounded. Small difference in totals may exist due to rounding.*
- *CaFe means "calcined Fe" and equals Fe% / (1- LOI%).*
- *The Ore Reserve estimate is based on beneficiable (upgradable) ore.*
- *Ore Reserve stockpiles have been converted to dry metric tonnes based on a 5.5% moisture content. Stockpiles include 1.25Mt of post-process lump and fines products.*

BUCKLAND

Mineral Resource and Ore Reserve estimates for Buckland as at 30 June 2015 are set out on the following page, with a comparison to 30 June 2014 figures.

BC Iron is currently evaluating a range of development and financing strategies for Buckland to determine the optimal way forward for the project. As this process in ongoing and no further drilling was undertaken, there were no changes to the Mineral Resource and Ore Reserve estimates.

Buckland Mineral Resource Estimate (100% BC Iron)

Deposit	Classification	Cut-off % Fe	Mt	Fe %	CaFe %	Al_2O_3 %	SiO_2 %	P %	LOI %
Bungaroo South	Measured	50	30.9	57.4	62.1	3.0	6.7	0.15	7.6
	Indicated	50	214.9	56.6	61.6	2.4	7.8	0.15	8.1
Dragon	Indicated	50	9.1	55.8	60.9	3.1	8.1	0.14	8.3
	Inferred	50	3.4	54.7	59.4	3.0	10.2	0.13	7.9
Rabbit	Indicated	50	5.9	55.0	58.9	3.4	10.3	0.13	6.6
	Inferred	50	1.3	53.7	58.1	3.3	11.2	0.08	7.5
Rooster	Indicated	50	5.2	55.8	60.2	4.6	7.2	0.08	7.3
	Inferred	50	5.4	52.1	56.8	6.3	9.6	0.06	8.3
Snake	Inferred	50	7.1	57.0	62.6	2.8	5.8	0.15	9.0
Sub-total	Measured	50	30.9	57.4	62.1	3.0	6.7	0.15	7.6
	Indicated	50	235.1	56.5	61.5	2.5	7.9	0.14	8.1
	Inferred	50	17.2	54.8	59.8	4.0	8.3	0.11	8.4
Total as at 30-Jun-15		**50**	**283.3**	**56.5**	**61.4**	**2.7**	**7.8**	**0.14**	**8.1**
Total as at 30-Jun-14		50	283.3	56.5	61.4	2.7	7.8	0.14	8.1

Buckland Ore Reserve Estimate (100% BC Iron)

Deposit	Classification	Cut-off % Fe	Mt	Fe %	CaFe %	Al_2O_3 %	SiO_2 %	P %	LOI %
Bungaroo South	Proved	54	23.2	58.3	62.9	2.9	5.8	0.15	7.4
	Probable	54	106.7	57.5	62.6	2.3	6.6	0.15	8.1
Dragon	Proved	54	-	-	-	-	-	-	-
	Probable	54	4.4	57.1	62.3	2.8	6.5	0.14	8.4
Sub-total	Proved	54	23.2	58.3	62.9	2.9	5.8	0.15	7.4
	Probable	54	111.1	57.5	62.6	2.3	6.6	0.15	8.1
Total as at 30-Jun-15		**54**	**134.3**	**57.6**	**62.6**	**2.4**	**6.5**	**0.15**	**8.0**
Total as at 30-Jun-14		54	134.3	57.6	62.6	2.4	6.5	0.15	8.0

Notes:
- *Tonnages are dry metric tonnes and have been rounded. Small difference in totals may exist due to rounding.*
- *CaFe means "calcined Fe" and equals Fe% / (1- LOI%).*

MAITLAND RIVER

The Mineral Resource estimate for Maitland River as at 30 June 2015 is set out below, with a comparison to 30 June 2014 figures. No drilling was undertaken during the year and therefore the estimate has not changed.

Maitland River Mineral Resource Estimate (100% BC Iron)

Classification	Cut-off % Fe	Mt	Fe %	CaFe %	Al_2O_3 %	SiO_2 %	P %	LOI %
Measured	-	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-	-
Inferred	26	1,106.0	30.4	30.8	2.3	44.0	0.06	1.2
Total as at 30-Jun-15	**26**	**1,106.0**	**30.4**	**30.8**	**2.3**	**44.0**	**0.06**	**1.2**
Total as at 30-Jun-14	26	1,106.0	30.4	30.8	2.3	44.0	0.06	1.2

Notes:
- *Tonnages are dry metric tonnes and have been rounded. Small difference in totals may exist due to rounding.*
- *CaFe means "calcined Fe" and equals Fe% / (1- LOI%).*
- *The Mineral Resource estimate is for beneficiable feed ore, which requires beneficiation (upgrading).*
- *Indicative Davis Tube Recovery (grind size, P80 25μ) test work produced a beneficiated magnetite concentrate with weight yields ranging from 13-28%.*

MINERAL RESOURCES AND ORE RESERVES GOVERNANCE

BC Iron's Mineral Resources and Ore Reserves as at 30 June 2015 are reported in accordance with JORC (2012) guidelines except for the Maitland River Mineral Resource estimate, which is reported in accordance with JORC (2004) guidelines on the basis that the information has not materially changed.

In relation to the NJV, Buckland and Maitland River, the Mineral Resource and Ore Reserve estimates are completed by or under the guidance of a suitably qualified BC Iron or independent Competent Person. The estimates are based on industry standard techniques and standard company practices for public reporting.

In relation to Iron Valley, the Mineral Resource and Ore Reserve estimates are completed by or under the guidance of a suitably qualified MIN or independent Competent Person. BC Iron is satisfied with the procedures MIN has advised it has in place for Mineral Resource and Ore Reserve estimation. Suitably qualified BC Iron personnel have also reviewed the documentation and are comfortable with the methodologies used by MIN.

The Mineral Resources and Ore Reserves statement included in the Annual Report is reviewed and approved by a suitably qualified BC Iron Competent Person prior to its inclusion.

COMPETENT PERSONS STATEMENTS

The Mineral Resources and Ore Reserves statement in this report has been approved by Mr Blair Duncan who is an employee of BC Iron and a Member of the Australasian Institute of Mining and Metallurgy. Mr Duncan consents to the inclusion in this report of the Mineral Resources and Ore Reserves statement in the form and context in which it appears.

The information in this report that relates to the Mineral Resource estimate at the NJV is based on, and fairly represents, information which has been compiled by and under the guidance of Mr Rob Williams, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of BC Iron. 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 in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Ore Reserve estimate at the NJV is based on, and fairly represents, information which has been compiled under the guidance of Mr Blair Duncan, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of BC Iron. Mr Duncan 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 Duncan consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Mineral Resource estimates at Iron Valley and Buckland is based on, and fairly represents, information which has been compiled by Mr Lynn Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Widenbar and Associates. Mr Widenbar 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 Widenbar consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Ore Reserve estimate at Iron Valley is based on, and fairly represents, information which has been compiled by Mr Ross Jaine, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Mineral Resources Limited. Mr Jaine 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 Jaine consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Ore Reserve estimate at Buckland is based on, and fairly represents, information which has been compiled by Mr Alan G. Cooper, who is a Member of the Australasian Institute of Mining and Metallurgy and was a full time employee of Snowden Mining Industry Consultants Pty Ltd at the time the estimate was completed. Mr Cooper 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 Cooper consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Mineral Resource estimate at Maitland River is based on, and fairly represents, information which has been compiled by Mr Lynn Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Widenbar and Associates. Mr Widenbar 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context in which they appear. It has been not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

DIRECTORS' REPORT

The Directors present their report on the results of the consolidated entity (referred to hereafter as the Company) consisting of BC Iron Limited and the entities it controlled at the end of, or during the year ended 30 June 2015.

PRINCIPAL ACTIVITY

The principal activities of the Company during the course of the financial year were the operation, development and exploration of mineral projects, focusing primarily on iron ore deposits in the Pilbara region of Western Australia.

There has been no significant change in the nature of the Company's activities during the financial year. However, the Company's asset portfolio expanded during the year with the successful acquisition of Iron Ore Holdings Limited ("IOH").

DIRECTORS

The names of directors of the Company in office during the financial year and up to the date of this report are:

Anthony W Kiernan	Chairman *(Non-Executive)*
Morgan S Ball	Managing Director *(Executive)*
Martin Bryant	Director *(Non-Executive)* appointed 19 May 2015
Andrew M Haslam	Director *(Non-Executive)*
Brian F O'Donnell	Director *(Non-Executive)* appointed 7 October 2014
Malcolm J McComas	Director *(Non-Executive)* resigned 26 November 2014
Terrence W Ransted	Director *(Non-Executive)* resigned 12 May 2015
Alwyn P Vorster	Director *(Executive)* appointed 7 October 2014 resigned 22 October 2014
Peter J Wilshaw	Director *(Non-Executive)* resigned 26 November 2014
Michael C Young	Director *(Non-Executive)* resigned 26 November 2014

DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Mr Anthony (Tony) William Kiernan
LL B

Chairman (Non-Executive) appointed October 2006
Period of office at August 2015 - 8 years and 10 months

Mr Kiernan, formerly a solicitor, has extensive experience in the management and operation of listed public companies. He is a director of the following entities, which are listed on the Australian Securities Exchange:

- Chalice Gold Mines Limited (since 2007) - Chairman;
- Danakali Limited (since 2013); and
- Venturex Resources Limited (since 2010) - Chairman.

Mr Kiernan was a director of Uranium Equities Limited from 2003 to 2013, and Liontown Resources Limited from 2006 to 2013. He has not been a director of any other ASX listed companies during the past three years. Mr Kiernan is Chairman of the Fiona Wood Foundation which focuses on research into burn injuries.

Mr Kiernan is a member of the Audit and Risk Committee and Remuneration Committee. Prior to the amalgamation of the separate Audit and Risk Management Committees in January 2015, Mr Kiernan was a member of both committees.

Mr Morgan Scott Ball
B Com, CA, FFin

Managing Director appointed May 2013, previously Finance Director appointed December 2011
Period of office at August 2015 – 3 years and 8 months

Mr Ball is a Chartered Accountant with over 20 years of Australian and international experience in the resources, logistics and finance industries. He has held various senior management roles in a number of significant public companies. Mr Ball was appointed as Managing Director and CEO of BC Iron Limited in May 2013 and prior to this was Finance Director of the Company.

Previously, Mr Ball was CFO and Company Secretary of Indago Resources – an ASX listed company developing the Nyanzaga gold deposit in northern Tanzania. Mr Ball has also held senior commercial roles with WMC Resources, Brambles and P&O. Mr Ball has not been a director of any other ASX listed companies during the past three years.

Mr Ball is a member of Council at Presbyterian Ladies College in Perth and Chairman of its Finance Sub-committee. He also sits on the Council of the Association of Mining & Exploration Companies ("AMEC"). Mr Ball attends committee meetings by invitation.

Mr Andrew (Andy) Malcolm Haslam
Grad Dip. Min (Ballarat), GAICD

Director (Non-Executive) appointed September 2011
Period of office at August 2015 – 3 years and 11 months

Mr Haslam is a mining professional with 30 years of operational and executive experience in the Australian mining industry. He currently works for HSE Group (100% owned by Swire) which is a large mining contractor with operations in the Queensland Bowen Basin. Mr Haslam was Executive General Manager Iron Ore Operations of Mineral Resources Limited from 2012 to May 2014. He was previously Managing Director of ASX listed Territory Resources Limited and was responsible for managing an iron ore operation exporting 2 million tonnes per annum of DSO Lump and Fines in the Northern Territory to Chinese customers. Prior to this role he held a number of key operational roles in the mining contracting industry in Australia. Mr Haslam was also Managing Director of Vital Metals from 2008-2009.

Mr Haslam has not been a director of any other ASX listed companies during the past three years. Mr Haslam is Chairman of the Remuneration Committee, and became a member of the amalgamated Audit and Risk Committee in January 2015.

Mr Brian Francis O'Donnell
B Com, FCA, MAICD

Director (Non-Executive) appointed October 2014
Period of office at August 2015 – 10 months

Mr O'Donnell has 30 years' experience in the finance and investment industry. He joined Australian Capital Equity ("ACE") as Group Treasurer in 1996, and was appointed to the Board in 2001. As Finance and Investments Director for the ACE Group, Mr O'Donnell has overall responsibility for all finance facilities and lender relationships for the ACE Group, in addition to responsibility for investment assessment, execution and management. Prior to joining ACE, Mr O'Donnell was employed by the Deutsche Bank Group (1991-1996), Challenge Bank (1988-1991) and Arthur Andersen (1985-1988).

Mr O'Donnell graduated with a Bachelor of Commerce Degree from the University of Western Australia in 1985, and qualified as a Chartered Accountant in 1987. He has served on the Boards of several listed and unlisted public and private companies. Among other directorships, Brian is currently Non-Executive Chairman of the Landfill Gas & Power Holdings Pty Ltd Group and @www Pty Ltd, and a Non-Executive Director of Coates Group Holdings Limited and Fremantle Football Club. Mr O'Donnell was a Non-Executive Director of Iron Ore Holdings Ltd from 2008 until 2014 following the completion of the off-market takeover of Iron Ore Holdings Ltd by BC Iron Limited. Mr O'Donnell has not been a director of any other ASX listed companies during the past three years.

Mr O'Donnell was appointed Chairman of the amalgamated Audit and Risk Committee in January 2015.

Mr Martin Bryant
B Bus

Director (Non-Executive) appointed May 2015
Period of office at August 2015 – 3 months

Mr Bryant has extensive international business experience with a particular focus on Asia, having worked in various senior management roles in China, Vietnam and the Philippines over the last 20 years.

From 2007 to 2015, Mr Bryant was Managing Director and Chief Executive Officer of WesTrac China, a Caterpillar equipment dealer servicing China's Northern Provinces, which account for more than 60% of China's mining activity. During his tenure, Mr Bryant had direct exposure to China's domestic iron ore and steel industries. He led a significant expansion of the business and managed a major restructure to manage through the economic downturn.

Prior to this, Mr Bryant held senior management positions with other equipment companies. He was Finance Director and Company Secretary for Vietnam-based V-TRAC Holdings from 1994 to 1996. From 1997 to 2003 he was Chief Operating Officer and then President for Philippines-based Monark Equipment, before rejoining V-TRAC Holdings as General Director from 2004 to 2006.

Mr Bryant is a director of Sime Darby Industrial Sdn Bhd, a division of the Kuala Lumpur stock exchange listed Sime Darby group. Mr Bryant has not been a director of any other ASX listed companies during the past three years.

Mr Bryant graduated from Curtin University in 1985 with a Bachelor of Business. Mr Bryant is a member of the Remuneration Committee.

COMPANY SECRETARIES

The following individuals have acted as Company Secretary during the year:

Ms Anthea Bird
B Com, CPA, MBA, GAICD

Company Secretary appointed May 2013

Ms Bird is a Certified Practising Accountant with over 20 years' experience working for large listed companies in Australia and the United Kingdom. In addition to being Company Secretary, she is also General Manager – Finance for the Company. Ms Bird is a member of the Human Research Ethics Committee at Murdoch University and Treasurer of Friends of The Festival (Perth International Arts Festival).

Ms Linda Edge
B Com

Company Secretary appointed December 2011, resigned November 2014

Ms Edge is an accountant who has held a number of financial roles in the resources industry. In addition to being Company Secretary, she was also the Project Accountant for the Company.

Mrs Hayley McNamara
LL B (Hons), B A

Company Secretary appointed November 2014

Ms McNamara was appointed General Counsel and Company Secretary of BC Iron in November 2014. Ms McNamara is a corporate lawyer with a diverse range of energy and resources experience, having advised industry participants for over 14 years. Prior to joining BC Iron, Ms McNamara was a senior associate of a leading Australian law firm. Ms McNamara is admitted to practice as a lawyer in Western Australia.

MEETINGS OF DIRECTORS

The number of meetings held during the year and the number of meetings attended by each director was as follows:

	Board		Audit Committee		Risk Committee		Audit and Risk Committee		Remuneration Committee		Nomination Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
A W Kiernan	19	20	1	1	-	-	4	4	1	1	-	-
M S Ball	20	20	1	1	2	2	4	4	-	-	-	-
M Bryant	2	2	-	-	-	-	-	-	-	-	-	-
A M Haslam	18	20	-	-	-	-	3	4	1	1	-	-
B F O'Donnell	15	15	-	-	-	-	4	4	-	-	-	-
M J McComas	7	9	1	1	-	-	-	-	-	-	-	-
T W Ransted	18	18	-	-	2	2	-	-	1	1	-	-
P J Wilshaw	7	9	1	1	2	2	-	-	-	-	-	-
A P Vorster	-	-	-	-	-	-	-	-	-	-	-	-
M C Young	4	9	-	-	1	2	-	-	-	-	-	-

A – Meetings attended
B – Meetings held whilst a director/committee member

CORPORATE GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the Directors of BC Iron Limited support and have adhered to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Company's detailed corporate governance policy statement can be found in the Annual Report or viewed on the Company's web site at www.bciron.com.au.

DIRECTORS' INTERESTS AND BENEFITS

The relevant interest of each director in the shares, performance rights and options over shares issued by the Company at the date of this report is as follows:

	Ordinary shares		Performance rights	
Director	Direct	Indirect	Direct	Indirect
A W Kiernan	229,515	488,839	-	-
M S Ball	-	190,990	69,988	-
M Bryant	-	-	-	-
A M Haslam	30,000	-	-	-
B F O'Donnell	-	25,999	-	-
Total	259,515	705,828	69,988	-

DIVIDENDS

No dividends have been declared in relation to the year ended 30 June 2015.

In August 2014, the Directors resolved to pay a final fully franked dividend for the year ended 30 June 2014 of 15 cents per share. Combined with the interim fully franked dividend of 17 cents per share paid in March 2014, the Company in total declared fully franked dividends for the year ended 30 June 2014 of 32 cents per share.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

REVIEW OF RESULTS AND OPERATIONS

The operations and results of the Company for the financial year are reviewed below. This review includes information on the financial position of the Company, and its business strategies and prospects for future financial years.

a) Review of Operations

BC Iron is an iron ore mining and development company with assets in the Pilbara region of Western Australia. The Company's key projects include the Nullagine Joint Venture ("NJV"), Iron Valley and Buckland.

During FY2015, the NJV shipped 5.26M wet metric tonnes ("wmt") of Bonnie Fines, of which BC Iron's share was 4.00M wmt. Operations were affected by the presence of additional clays in the ore during August to October 2014 which lowered production and increased costs in that period. The NJV successfully ramped back up to a 6Mtpa run-rate and achieved sales of 3.62M wmt at C1 cash costs of A$47/wmt (FOB) for the December 2014 to June 2015 period. Demand for Bonnie Fines remains strong, however, BC Iron's received price was impacted by an overall decline in iron ore prices and averaged US$57/dmt (CFR) for the year.

BC Iron expects NJV sales of 4.9-5.3M wmt for FY2016 at C1 cash costs of A$42-45/wmt (FOB). This represents savings of A$7-10/wmt compared to FY2014 C1 cash costs, or up to A$50M (100% NJV) on an annual basis.

Iron Valley was acquired by BC Iron through the acquisition of IOH and was subject to a pre-existing agreement with Mineral Resources Limited ("MIN"). Iron Valley commenced operations during the year and MIN shipped 2.83M dry metric tonnes ("dmt"). In December 2014, BC Iron and MIN renegotiated the agreement between the parties to facilitate the ongoing operation of Iron Valley in a lower iron ore price environment and assessment of a range of value-enhancing initiatives. MIN continues to evaluate these initiatives, which include potential beneficiation of Iron Valley product and an innovative bulk ore transport system ("BOTS").

Buckland was also acquired through the IOH transaction. BC Iron commenced a review of the existing feasibility study and a range of alternative development and financing strategies. This review will continue with a view to determining the optimal way forward for the project. BC Iron also advanced the approvals process for its proposed transhipment port at Cape Preston East.

Selected performance indicators are summarised in the table below. In line with NJV operating performance, financial results for the December 2014 to June 2015 period improved compared to the first five months of the year, despite the lower iron ore price environment.

NJV	Jul-14 to Nov-14	Dec-14 to Jun-15	2015	2014	2013	2012	2011
Tonnes sold (M wmt) - NJV	1.64	3.62	5.26	5.79	5.00	3.55	0.25
Tonnes sold (M wmt) - BC Iron share	1.29	2.71	4.00	4.30	3.14	1.78	0.13
Average CFR price realised (US$/dmt)	66	52	57	106	112	124	161
Iron Valley							
Tonnes sold (M dmt)	0.43	2.40	2.83	N/A	N/A	N/A	N/A
Financial							
Revenue (A$M)	92.5	188.7	281.2	471.4	328.3	204.5	19.1
EBITDA (A$M)	(5.5)	5.6	0.1	149.9	108.4	66.5	(2.3)
Net (loss)/profit after tax (A$M)	Not reported	Not reported	(158.5)	71.8	46.5	49.0	0.4

b) Safety performance

BC Iron places a high priority on facilitating a safe working environment for all staff and contractors. A number of positive safety initiatives were implemented at the NJV during the year, with a focus on improving communication, reporting and risk management. BC Iron also restructured the NJV's Occupational Health and Safety ("OHS") team at the site, bringing management of all OHS matters in-house.

During FY2015, three lost time injuries ("LTIs") were recorded at the NJV and as at 30 June 2015, the lost time injury frequency rate ("LTIFR") was 3.0 (2014: 3.9).

MIN is responsible for OHS matters at Iron Valley and therefore BC Iron does not report LTIs or the LTIFR.

No LTIs were recorded at BC Iron's other projects and as at 30 June 2015, the LTIFR was zero (2014: zero).

c) Loss after income tax from continuing operations

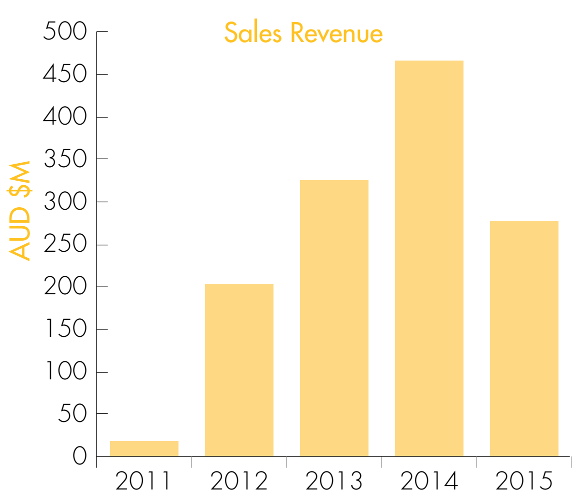
The Company's loss after income tax from continuing operations for the year ended 30 June 2015 was A$158.5M (2014: profit A$71.8M). This was primarily due to declining iron ore prices, reduced production from the NJV during the August to October period following the identification of additional clays in certain ore bodies, and asset impairments.

The Company's underlying loss after income tax for the year ended 30 June 2015 was A$43.1M (2014: profit A$77.4M). The following table reconciles underlying profit/(loss) after income tax to statutory profit/(loss) after income tax:

	30 June 2015 A$M	30 June 2014 A$M
Underlying (loss)/profit after income tax	(43.1)	77.4
Adjust for:		
IOH transaction costs	(4.5)	-
Tax losses not recognised	11.5	-
Impairment of assets	(121.8)	-
Unrealised foreign exchange gain/(loss)	(0.6)	1.2
MRRT (reversal of deferred tax asset)	-	(9.8)
FMG price participation write-back	-	3.0
Statutory (loss)/profit after income tax	(158.5)	71.8

Revenue

Revenue from continuing operations decreased this year by 44%. This was mainly due to a 46% reduction in the average realised US$ iron ore price for the NJV, and a 7% reduction in sales tonnes for the NJV. This was partly offset by revenue from Iron Valley which was acquired in October 2014 as part of the IOH transaction.



Expenses

Total cost of sales (inclusive of C1 costs, royalties, inventory movement and depreciation and amortisation) for the year decreased by 10%, primarily due to the allocation of costs to low-grade inventory. The NJV has now returned to a single contractor model and on-site costs will be lower going forward. The Company is continuing to focus on achieving further cost reductions across the business.

Mining expenses increased primarily due to a materially higher waste to ore strip ratio and additional rehandling for a period during the financial year, both of which were attributable to the additional clays identified in discrete areas of certain ore bodies in the September 2014 quarter. Haulage costs were lower due to the reduction in sales tonnes. Lower iron ore prices contributed to a decrease in State royalties and selling and marketing expenses for the NJV.

Excluding IOH acquisition costs, administration expenses increased by 10%. This one-off increase was mainly due to redundancies paid to both BCI and IOH employees.

Impairment

Due to the current outlook for iron ore prices, impairments of A$163.2M were recognised in relation to BCI's 75% share of the NJV mine property assets and inventory. In addition, goodwill of A$7.3M arising on the acquisition of IOH has been fully impaired.

Finance costs

Finance costs have decreased by 19% due to the reduced balance payable on the US$ term loan facility. This facility was fully repaid ahead of schedule on 29 June 2015, which will reduce interest costs for FY2016.

d) Statement of cash flows

Cash and cash equivalents as at 30 June 2015 decreased by 57% to A$67.7M (2014: A$158.9M).

Operating cash flows

Net cash outflow from operating activities for the year was A$32.8M (2014: A$145.0M inflow). Receipts from customers decreased by A$222.2M due to decreased realised sales prices and lower tonnes sold due to the production impact from additional clays identified in discrete areas of certain ore bodies at the NJV in the first half FY2015. In the seven month period following these clay-related operational challenges, BC Iron recorded a positive net cash flow from operating activities of A$11.4M (before IOH transaction costs) despite lower iron ore prices.

Investing cash flows

Cash inflow from investing activities for the year was A$13.4M (2014: Outflow A$14.9M). This was due to A$24.3M net cash acquired through the acquisition of IOH, partly offset by A$11.0M of expenditure on mine property.

Financing cash flows

Cash outflow from financing activities for the year was A$77.9M (2014: Outflow: A$109.8M). This included loan repayments of A$58.2M for full repayment of the US$ term loan ahead of schedule, and dividends paid of A$18.7M in relation to FY2014.

e) Statement of financial position

Current assets

Current assets decreased by 44% to A$102.4M (2014: A$183.8M). Cash and cash equivalents decreased 57% to A$67.7M (2014: A$158.9M) mainly due to decreased realised sales price and debt repayments.

Trade receivables increased by 392% to A$24.4M (2014: A$5.0M) due to the payment for two shipments being outstanding at 30 June 2015 and subsequently receipted in July 2015 (no shipments outstanding at 30 June 2014), combined with Iron Valley revenue for the final quarter of the financial year.

Non-current assets

Non-current assets decreased by 19% to A$154.9M (2014: A$191.1M). The impairment of mine properties for the NJV has been offset by new assets recognised as part of the IOH acquisition. In addition, A$30.5M (2014: Nil) of low-grade inventory at the NJV has been recognised as a non-current asset.

Current liabilities

Current liabilities decreased by 17% to A$78.3M (2014: A$94.5M). Trade and other payables increased by 14% to A$70.9M (2014: A$62.0M) mainly due to the recognition of NJV royalty relief payments provided by the Western Australian State Government, and Iron Valley royalties. Loans and borrowings decreased by A$17.8M due to the early repayment of the term-loan facility outlined below.

Non-current liabilities

Non-current liabilities decreased by A$34.3M to A$19.7M (2014: A$54.0M). Loans and borrowings decreased A$28.1M due to repayments on two facilities outlined below. Provisions increased by A$5.2M mainly due to the recognition of future rehabilitation expenses for Iron Valley on acquisition of IOH. The rehabilitation provision for Iron Valley is off-set by a receivable from Mineral Resources Limited recognising the contractual requirement to rehabilitate the site.

Debt position

The Company's gross debt position at 30 June 2015 was A$6.3M (2014: A$52.2M). At 30 June 2015, cash and cash equivalents exceeded debt by A$61.4M.

In December 2012, the Company's wholly owned subsidiary BC Iron Nullagine Pty Ltd entered into a US$130M amortising term loan facility with Commonwealth Bank of Australia and Australia and New Zealand Banking Group as part of the funding of the 25% acquisition of the NJV. A scheduled principal payment of US$9.6M was made by the Company on 29 December 2014. The balance of the loan of US$30.8M was paid in full on 29 June 2015 ahead of the scheduled finalisation in December 2016, which materially de-risked the Company's balance sheet and will reduce finance costs.

In December 2014 the Company paid its fourth US$5M annual instalment of the US$25M project finance facility in place with Henghou Industries (Hong Kong) Limited ("Henghou"), leaving a balance of US$5M. The facility is interest and security free and is due for repayment in December 2015.

f) Dividends

The following dividends have been paid or declared by the Directors since the commencement of the financial year ended 30 June 2015:

	2015	2014
a) out of the profits for the year ended 30 June 2014 and retained earnings on fully paid ordinary shares, fully-franked final dividend of 15 cents per share (2013: 30 cents) paid on 25 September 2014.	A$18.7M	A$37.1M
b) out of profits for the year ended 30 June 2015 and retained earnings on fully paid ordinary shares.	Nil	A$39.8M

g) Corporate

BC Iron announced an off-market takeover for ASX listed IOH on 8 August 2014. The transaction, which was completed in November 2014, provided BC Iron with an attractive and complementary portfolio of iron ore assets in the Pilbara region with growth options beyond the existing life of the NJV. BC Iron has successfully integrated IOH and its assets into the Company.

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 was a nominee of IOH, and Mr O'Donnell was a nominee of IOH's major shareholder, Wroxby Pty Ltd. Mr Vorster subsequently resigned from the Board of BC Iron on 22 October 2014 due to his appointment as General Manager of Iron Ore at Aquila Resources.

On 26 November 2014, Non-Executive Directors Mr Mike Young, Mr Malcolm McComas and Mr Peter Wilshaw resigned 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, due to the iron ore price environment.

On 12 May 2015, inaugural director Mr Terrence Ransted resigned from the Board to devote more time to his role as Chief Geologist with Alkane Resources Ltd. Mr Martin Bryant was appointed to the Board as a Non-

Executive Director on 19 May 2015. BC Iron's Board now comprises five members; the Non-Executive Chairman, the Managing Director and three Non-Executive Directors.

In April 2015, BC Iron secured a royalty deferral for its share of NJV royalty payments from the Western Australian State Government. The deferral is in relation to the December 2014 to September 2015 quarters and is subject to BC Iron's FOB received price being less than A$90/dmt in the relevant quarter. The deferred royalties are then repayable in seven equal quarterly instalments with the first repayment due on 31 March 2016 and the last repayment due on 30 September 2017.

As part of its prudent financial management BC Iron commenced a hedging programme during FY2015 and as at 30 June 2015, the Company had 770,000 dmt hedged at A$74/dmt (CFR) for delivery from July to October 2015.

h) Financial year 2016 outlook and guidance

The Company has provided the following guidance to the market in relation to FY2016:

- NJV sales of 4.9 to 5.1M wmt (BC Iron share of 3.7 to 4.0M wmt).
- NJV C1 cash costs of between A$42 and A$45 per wmt (FOB).
- BC Iron all-in cash costs of A$48 to A$54 per wmt (FOB).
- BC Iron share of NJV capital expenditure of A$12 to A$14M.
- Non-NJV capital, exploration and evaluation expenditure of A$4 to A$6M.
- Iron Valley EBITDA to BC Iron of between A$5 and A$14M.

C1 cash costs and all-in cash costs are reported on an FOB basis. All-in cash costs include C1 cash costs plus royalties, marketing, exploration and evaluation expenses and corporate costs.

i) Other considerations

Iron ore marketing and sales

BC Iron's share of Bonnie Fines product is marketed by the Company's marketing agent, Fortescue. This relationship gives the Company access to Fortescue's large customer base. Bonnie Fines is currently sold to customers in China. Demand remains strong due to its low impurities and excellent sintering properties.

Iron Valley product is marketed by the project's operator, MIN, who acquires the product from BC Iron for a price linked to MIN's achieved FOB price.

Iron ore price and AUD:USD exchange rate

The iron ore price declined during the 2015 financial year. The table below sets out the average headline iron ore price in recent years. The Company expects that iron ore pricing will continue to exhibit volatility on a short term basis.

	2015 US$/dmt	2014 US$/dmt	2013 US$/dmt	2012 US$/dmt	2011 US$/dmt
Platts Average CFR 62%	72	123	127	151	163

Source: www.platts.com

The following table summarises the AUD:USD exchange rate over the last five years.

	2015 $	2014 $	2013 $	2012 $	2011 $
AUD:USD (average)	0.8371	0.9179	1.0269	1.0323	0.9899
AUD:USD (closing)	0.7672	0.9419	0.9133	1.0159	1.0595

Source: Bloomberg, www.oanda.com

The Company sells approximately 1.3Mtpa of its share of Bonnie Fines under an off-take agreement with Henghou, at an agreed discount to the Platts CFR 62% Fe price (after Fe adjustment) until the end of 2018. The balance is sold on a short-term basis at a discount to the Platts CFR 62% Fe price (after Fe adjustment) which varies subject to market conditions.

The Company is exposed to fluctuations in the AUD:USD exchange rate as it sells Bonnie Fines in US dollars and then converts the sales receipts to Australian dollars as appropriate. The Company also has US dollar denominated debt and a portion of US dollar expenses for which it holds US dollars, and this provides a partial natural hedge.

BC Iron is also exposed to fluctuations in the iron ore price and the AUD:USD exchange rate at Iron Valley, where MIN purchases product from the Company at a price based on MIN's realised sale price.

Business development

During the year, BC Iron announced and completed a recommended off-market takeover offer for IOH. As a result of the transaction, BC Iron acquired the Iron Valley and Buckland projects, as well as a number of other exploration stage projects in the Pilbara and potential royalties over the Koodaideri South and North Marillana tenements.

The Company resolved to exit its 50:50 Brazil exploration alliance with Cleveland Mining Company Limited due to prevailing iron ore market conditions and preliminary exploration results.

Environmental regulation

BC Iron is focused on sustainable development across all aspects of its business and continues to work closely with regulatory and community stakeholders to achieve this outcome.

During the year, the Company received further Federal and State approvals for the continued sustainable development of the NJV. In particular, expanded mining areas at Warrigal received full approval and mining operations commenced in Q2 2015.

In addition, the Company has now successfully integrated the newly acquired Iron Ore Holdings assets into the monitoring and compliance processes utilised by BC Iron. This has ensured that all of the development projects continue to be compliant with their regulatory approvals and associated conditions.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year the Company acquired Iron Ore Holdings Limited, through an off-market takeover, for a combination of BC Iron shares and cash. Further details of the business combination are provided in note 23 to the financial statements. There were no other significant changes in the Company's state of affairs other than that referred to in the financial statements or notes thereto.

MATTERS SUBSEQUENT TO THE REPORTING DATE

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial periods subsequent to the financial year ended 30 June 2015.

SHARE OPTIONS AND PERFORMANCE RIGHTS

As at the date of this report, there were no options over ordinary shares and 279,252 performance rights on issue (302,726 performance rights at the reporting date). Refer to the Remuneration Report for further details of performance rights outstanding.

Date performance rights granted	Expiry date	Fair value at grant date	Number
1 September 2014	1 September 2021	$1.20	279,252
Total			279,252

No performance rights holder has any right to be provided with any other share issue of the Company by virtue of their performance rights holding. None of the performance rights are listed on the ASX.

Shares issued as a result of the exercise of options

During or since the end of the financial year, the Company issued no ordinary shares as a result of the exercise of options.

Shares issued as a result of conversion of performance rights

During or since the end of the financial year, the Company issued ordinary shares as a result of the conversion of performance rights:

Date performance rights granted	Date performance rights converted	Number converted	Number of shares issued
31 August 2012	1 July 2014	247,603	247,603
20 November 2012	1 July 2014	69,206	69,206
Total		316,809	316,809

AUDIT INDEPENDENCE AND NON-AUDIT SERVICES

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001 (Cth)* is attached to the independent auditors report and forms part of the Directors' Report.

Non-audit services

The Board has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001 (Cth)*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001 (Cth)* for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

For the year ended 30 June 2015, BDO provided non-audit services to the Company in the form of royalty return assurance procedures to the value of $3,773 (2014: nil).

AUDITED REMUNERATION REPORT

The Remuneration Report outlines remuneration information for key management personnel which includes the non-executive directors, the executive directors and executive managers who have authority and responsibility for planning, directing and controlling the activities of the Company. This report forms part of the Directors' Report and has been audited in accordance with section 308 (3c) of the *Corporations Act 2001 (Cth)*. All amounts are in Australian dollars unless otherwise stated.

The report covers the following key management personnel:

Non-executive directors	
A W Kiernan	Chairman
M Bryant	(appointed 19 May 2015)
A M Haslam	
B F O'Donnell	(appointed 7 October 2014)
M J McComas	(resigned 26 November 2014)
T W Ransted	(resigned 12 May 2015)
A P Vorster	(appointed 7 October 2014, resigned 22 October 2014)
P J Wilshaw	(resigned 26 November 2014)
M C Young	(resigned 26 November 2014)
Executive directors	
M S Ball	Managing Director
Executive managers	
B L Duncan	Chief Operations Officer
C J Hunt	Chief Financial Officer

EXECUTIVE REMUNERATION POLICY

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic and operational objectives and the creation of value for shareholders.

The Board ensures that executive reward satisfies the following key criteria in line with appropriate corporate governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage/alignment of executive compensation;
- Transparency; and
- Prudent capital management.

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy for the organisation.

Role of Remuneration Committee

The Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- Remuneration levels of executive directors and other key management personnel;
- The executive remuneration framework and operation of any incentive plans;
- Key performance indicators and performance hurdles for the executive team; and
- Non-executive director fees.

The objective is to ensure that remuneration policies and structures are fair and competitive, and aligned with the long-term interests of the Company. In doing this, the Remuneration Committee seeks advice from independent remuneration consultants when necessary.

The Corporate Governance statement found in the annual report provides further information on the role of the Committee.

Use of remuneration consultants

The Board and Remuneration Committee reviews executive remuneration annually, including assessment of:

- Advice from independent external remuneration consultants;
- Individual and business performance measurement against both internal targets and appropriate external comparatives; and
- General remuneration advice from both internal and independent external sources.

McDonald & Company (Australasia) Pty Ltd provided industry focused remuneration reports during the year and were paid $5,225 (2014: $5,225). These reports were used to understand market conditions in order to make recommendations for any changes to base salaries in relation to key management personnel.

Share trading policy

The trading of shares by all employees is subject to, and conditional upon, compliance with the Company's share trading policy which is available on the Company's website: www.bciron.com.au.

The Company encourages directors and employees to adopt a long-term attitude to their investment in the Company's securities. Consequently, directors and employees may not engage in short-term or speculative trading of the Company's securities. Designated officers are prohibited from trading in financial products issued or created over, or in respect of the Company's securities during a non-trading period.

Voting and comments made at the Company's 2014 Annual General Meeting

The Company received 91% of 'yes' votes cast on its remuneration report for the 2014 financial year.

EXECUTIVE REMUNERATION FRAMEWORK

Under the executive remuneration policy, the remuneration of executives may comprise of the following:

- Competitive fixed remuneration that is based on criticality of role, market and individual skills and experience;
- Short term performance bonus designed to reward actual achievement by the individual of performance objectives and Company performance;
- Longer term performance bonus designed to reward overall Company performance and retain critical talent on a peer comparative basis that may include deferred cash payments and/or participation in equity based schemes; and
- Statutory superannuation.

Short term incentives

The Board is responsible for assessing short term incentives ("STI") for key management personnel if predefined targets are achieved. Service agreements may establish STIs against key performance indicators ("KPIs") which are assessed by the Board. These KPIs will typically be aligned to specific operating and corporate objectives in relation to each financial year. The Managing Director and key management personnel have a target STI opportunity of 30% of base remuneration. All targets are reviewed annually.

These cash incentives are determined based on financial years and are payable in the following financial year after the relevant year's financial results have been audited.

STI awards for the executive team in relation to the 2014 financial year, paid during the 2015 financial year, were based on operational performance, safety and leadership. These targets were set by the Remuneration Committee and align to the Company's strategic and business objectives. The Remuneration Committee is responsible for assessing whether the KPIs are met. To assist in this assessment, the Committee receives detailed reports on performance from management. This is not verified by any external consultants. The Committee has the discretion to adjust STIs in light of unexpected or unintended circumstances.

Long term incentives

Long-term incentives in the form of deferred cash and equities are provided to certain employees at the discretion of the Board. Equities are provided via the Company's Employee Performance Rights Plan ("PR plan"), which was approved by shareholders at the 2010 general meeting, and renewed at the 2013 general meeting. The PR plan is designed to provide incentives for executives to deliver long-term shareholder returns.

The Company established the PR plan to provide its executives with long term incentives which create a link between the delivery of value to shareholders, financial performance, and rewarding and retaining executives.

A performance right is, in effect, a contractual right to be issued with a fully paid ordinary share in the Company on the satisfaction of certain conditions. The performance rights issued will not vest (and the underlying shares will not be issued) unless certain performance conditions have been satisfied. The grant of performance rights is designed to reward long term sustainable business performance measured by relative total shareholder return ("TSR") performance conditions over a two year period. This period was extended to three years in relation to performance rights issued from 1 July 2015.

The performance conditions for rights issued prior to 1 July 2015 are measured by comparing the Company's TSR with that of an appropriate comparator group of companies as determined by the Remuneration Committee over the period from the grant of the performance rights, to the end of the financial year that is 2 years after that date (vesting date). The performance rights will vest depending on the Company's percentile ranking within the comparator group on the relevant vesting date as follows:

BC Iron TSR rank	Performance rights vesting
Below 50th percentile	0%
At 50th percentile	50%
Between 51st and 100th percentile	Between 51% and 100% on a straight line basis

The performance conditions for rights issued after 1 July 2015 will be measured by comparing the Company's TSR with that of an appropriate comparator group of companies as determined by the Remuneration Committee over the period from the grant of the performance rights, to the end of the financial year that is 3 years after that date (vesting date). The performance rights will vest depending on the Company's percentile ranking within the comparator group on the relevant vesting date as follows:

BC Iron TSR rank	Performance rights vesting
Below 50th percentile	0%
Between 50th and 75th percentile	Pro-rate 50 to 100%
At or above 75th percentile	100%

Company performance

The table below shows key financial measures of company performance over the past five years.

		2015	2014	2013	2012	2011
Revenue from continuing operations	$M	281.2	471.4	328.3	204.5	19.1
Net profit/(loss) after tax	$M	(158.5)	71.8	46.5	49.0	0.4
Basic earnings/(loss) per share	Cents	(90.7)	58.0	42.9	51.1	1.1
Dividends paid per share*	Cents	15.0	47.0	20.0	-	-
Share price (last trade day of financial year)	$	0.29	3.20	3.23	2.60	3.05

**2015 dividend payments consist of a full year dividend of 15 cps in relation to financial year 2014 paid in September 2014.*

EXECUTIVE REMUNERATION FOR FINANCIAL YEAR

The remuneration table below sets out the remuneration information for the executive directors and executive managers who are considered to be key management personnel of the Company.

	Short-term benefits			Long-term benefits	Post-employment benefits	Share-based payments			
	Cash salary	Short-term incentive[(a)]	Other benefits [(b)]	Deferred cash benefit [(c)]	Superannuation	Value of performance rights [(d)]	Termination benefits	Total	Percentage performance related [(e)]
Executive directors									
M S Ball (Managing Director)									
2015	**686,749**	**58,684**	**25,973**	**113,576**	**30,574**	**83,986**	**-**	**999,542**	**26%**
2014	572,823	78,750	45,969	86,175	17,775	197,433	-	998,925	36%
M C Young (Managing Director resigned 10 May 2013)									
2014	-	-	-	50,625	1,481	-	39,520	91,626	N/A
Executive managers									
B L Duncan (Chief Operations Officer)									
2015	**436,590**	**44,153**	**96,485**	**94,532**	**32,978**	**63,190**	**-**	**767,928**	**26%**
2014	419,570	59,250	103,467	84,797	24,996	148,545	-	840,625	35%
C J Hunt (Chief Financial Officer appointed 9 September 2013)									
2015	**384,125**	**36,329**	**15,272**	**-**	**29,952**	**51,991**	**-**	**517,669**	**17%**
2014	269,299	-	11,463	-	24,910	-	-	305,672	N/A

a. Relates to performance in financial year ended 30 June 2014. Please refer to section on short-term incentive payments below.

b. Other benefits include vehicles, fuel, parking, travel and insurances.

c. Relates to performance in financial years ended 30 June 2013 and 30 June 2014. Please refer to section on long-term incentive payments below.

d. Share-based payments referred to above comprise performance rights over ordinary shares in the Company. The performance rights have been valued using a Monte Carlo simulation.

e. Percentage performance related is the sum of short-term incentives, deferred cash benefits and share based payments divided by total remuneration, reflecting the actual percentage of remuneration at risk for the year. Note that short-term incentives and deferred cash benefits are reported in the year in which they are actually paid, but relate to performance in previous reporting periods.

Short-term incentive payments

For each short term incentive benefit, the percentage of the available bonus that was paid, or that vested, in the current financial year, and the percentage that was forfeited because the service and performance criteria were not met, is set out in the following table. No part of the incentive is payable in future years.

	2015 (relates to FY2014 performance)			2014 (relates to FY2013 performance)		
	Maximum possible incentive award	Percentage of incentive awarded	Amount of award in cash	Maximum possible incentive award	Percentage of incentive awarded	Amount of award in cash
Executive directors						
M S Ball	**$163,012**	**36%**	**$58,684**	$157,500	50%	$78,750
Executive managers						
B L Duncan	**$122,647**	**36%**	**$44,153**	$118,500	50%	$59,250
C J Hunt	**$100,912**	**36%**	**$36,329**	N/A	N/A	N/A

Long-term incentive payments

The long-term incentive plan ("LTIP") is subject to Company performance and consists of two components:

1. Performance rights which may convert to shares in BC Iron; and
2. Deferred cash.

Under the LTIP, an employee's position determines the target percentage of the total fixed remuneration (salary plus superannuation). For executive directors and key management personnel, LTIP is made up of:

- Performance rights – 40% of total fixed remuneration; and
- Deferred cash – 30% of total fixed remuneration.

The deferred cash component is determined by measuring the Company's actual sales volumes and earnings per share against budget on an annual basis. The deferred cash component is calculated based on the Company's performance for the year ending 30 June, with 50% of the calculated cash component payable on 30 June the following year, and the balance payable on or about the following 30 June (i.e. 2 years after the relevant calculation date). Payment of deferred cash is based on continuing employment at the scheduled date of payment.

The performance criteria for the 2013 financial year were partially met, and deferred cash was awarded as indicated in the following table for payment on 30 June 2014 and 30 June 2015.

Performance year FY2013	Maximum possible incentive award	Percentage of incentive awarded	Amount of award in cash	Paid 30 June 2014	Paid 30 June 2015
Executive directors					
M S Ball	$130,800	75%	$98,100	$49,050	**$49,050**
Executive managers					
B L Duncan	$122,625	75%	$91,968	$45,984	**$45,984**

The performance criteria for financial year 2014 were partially met, and deferred cash was awarded as indicated in the following table for payment on 30 June 2015 and 30 June 2016.

Performance year FY2014	Maximum possible incentive award	Percentage of incentive awarded	Amount of award in cash	Paid 30 June 2015	Payable 30 June 2016
Executive directors					
M S Ball	$172,069	75%	$129,052	**$64,526**	$64,526
Executive managers					
B L Duncan	$129,461	75%	$97,096	**$48,548**	$48,548

Performance rights

The Employee Performance Rights Plan ("PR Plan") was approved at a shareholder's annual general meeting on 19 November 2010. Approval of the PR Plan was renewed at the 2013 annual general meeting. Under the terms of the PR Plan, these long-term incentives are provided to certain employees at the discretion of the Board and linked to long-term shareholder returns.

a. Performance rights issued in financial year 2015

The terms and conditions of performance rights granted to key management personnel during the year ended 30 June 2015 affecting remuneration in the current or future reporting periods are set out in the following table.

	Grant date*	Date to vest	Expiry date	Value per right at grant date	Number granted during the year	Value at grant date	Number vested during the year
Executive directors							
M S Ball	01/09/2014	30/06/2016	01/09/2021	$1.20	69,988	$83,986	-
Executive managers							
B L Duncan	01/09/2014	30/06/2016	01/09/2021	$1.20	52,658	$63,190	-
C J Hunt	01/09/2014	30/06/2016	01/09/2021	$1.20	43,326	$51,991	-

Performance and valuation period commenced on 1 July 2014.

A Monte Carlo simulation was used to value the performance rights. The Monte Carlo simulates the returns of the Company in relation to the peer group and arrives at a value based on the number of rights that are likely to vest. The risk free rate of the performance rights on the date granted was 2.54%.

b. Performance rights issued in financial year 2014

Performance rights issued immediately after 30 June 2013 in the 2014 financial year did not vest on 30 June 2015. The performance conditions for these rights were measured by comparing the Company's TSR with that of a comparator group of companies based on the Argonaut Junior Iron Ore Index over the period from the grant of the performance rights to the end of the financial year that is 2 years after that date (vesting date), being 30 June 2015. The companies included in the index may change periodically as determined by Argonaut, but are determined when the performance rights are issued.

For the relevant two year period, BC Iron was the eighth ranked Company in the comparator group with a TSR of (71.8%), which was below the 50th percentile, and accordingly, the performance rights expired on 30 June 2015.

The companies included in the Argonaut Junior Iron Ore Index and their TSR for the assessment period were:

Atlas Iron Limited	(ASX: AGO)	(86.8%)	Centrex Metals Limited	(ASX: CXM)	(3.1%)
Flinders Mines Limited	(ASX: FMS)	(44.8%)	Gindalbie Metals Limited	(ASX: GBG)	(81.8%)
Grange Resources Limited	(ASX: GRR)	0.00%	Iron Ore Holdings Limited	(ASX: IOH)	1.1%
Ironclad Mining Limited	(ASX: IFE)	(78.7%)	Iron Road Limited	(ASX: IRD)	(61.8%)
Mount Gibson Iron Limited	(ASX: MGX)	(44.1%)	Pluton Resources Limited	(ASX: PLU)	(100.0%)
Red Hill Iron Limited	(ASX: RHI)	0.00%	Royal Resources Limited	(ASX: ROY)	(68.6%)

The table below summarises performance rights issued immediately after 30 June 2013, in financial year 2014 that expired on 30 June 2015.

	Grant date*	Date to vest	Value per right at grant date	Number granted during the year	Value at grant date	Number vested 30 June 2015	Number expired 30 June 2015^
Executive directors							
M S Ball	04/10/2013	30/06/2015	$2.68	73,614	$197,433	0	73,614
Executive managers							
B L Duncan	04/10/2013	30/06/2015	$2.68	55,386	$148,545	0	55,386

Performance and valuation period commenced on 1 July 2013.

^Performance rights which have vested based on performance conditions are converted to shares on the next business day after 30 June. Performance rights which have not vested based on performance conditions are cancelled on the next business day after 30 June.

c. Performance rights issued in financial year 2013

Performance rights issued immediately after 30 June 2012 in the 2013 financial year vested at 100% on 30 June 2014. The performance conditions for these rights were measured by comparing the Company's TSR with that of a comparator group of companies based on the Argonaut Junior Iron Ore Index over the period from the grant of the performance rights to the end of the financial year that is 2 years after that date (vesting date), being 30 June 2014. The companies included in the index may change periodically as determined by Argonaut, but are determined when the performance rights are issued.

For the relevant two year period, BC Iron was the best performing Company in the comparator group with a TSR of 48.8%, which was above the 75th percentile, and accordingly, the performance rights were converted to shares on 1 July 2014.

The companies included in the Argonaut Junior Iron Ore Index and their TSR for the assessment period were:

Atlas Iron Limited	(ASX: AGO)	(65.8%)	Centrex Metals Limited	(ASX: CXM)	5.6%
Flinders Mines Limited	(ASX: FMS)	(84.6%)	Gindalbie Metals Limited	(ASX: GBG)	(88.2%)
Grange Resources Limited	(ASX: GRR)	(59.6%)	Iron Ore Holdings Limited	(ASX: IOH)	1.1%
Ironclad Mining Limited	(ASX: IFE)	(85.2%)	Iron Road Limited	(ASX: IRD)	(1.6%)
Mount Gibson Iron Limited	(ASX: MGX)	(12.8%)	Pluton Resources Limited	(ASX: PLU)	(80.0%)
Red Hill Iron Limited	(ASX: RHI)	(13.2%)	Royal Resources Limited	(ASX: ROY)	(73.3%)

The table below summarises performance rights issued immediately after 30 June 2012, in financial year 2013 that vested on 30 June 2014.

	Grant date*	Date to vest	Value per right at grant date	Number granted during the year	Value at grant date	Number vested 30 June 2014	Number expired 30 June 2014
Executive directors							
M S Ball	20/11/2012	30/06/2014	$1.80	69,206	$124,571	69,206	-
M C Young	31/08/2012	30/06/2014	$1.42	86,508	$122,841	-	86,508^
Executive managers							
B L Duncan	31/08/2012	30/06/2014	$1.42	64,881	$92,131	64,881	-

**Performance and valuation period commenced on 1 July 2012.*

^Mr Young's performance rights lapsed on his resignation as Managing Director on 10 May 2013.

Options

There were no options issued to key management personnel during the period and no options were converted by key management personnel. There are currently no options on issue to key management personnel.

SERVICE AGREEMENTS

The remuneration and other terms of employment for executive directors and key management personnel are covered in formal employment contracts.

Name	Terms/Notice periods/Termination payment
M S Ball (Managing Director)	Base salary inclusive of superannuation of $711,750 reviewed annually on 31 December (or such other times as agreed), for a fixed term of 3 years. Six months notice by Mr Ball. Twelve months by Company. Termination payment to reflect appropriate notice except in case of summary dismissal.
B L Duncan (Chief Operations Officer)	Base salary inclusive of superannuation $465,375 reviewed annually on 31 December (or such other times as agreed). One months notice by Mr Duncan. Three months by Company. Termination payment to reflect appropriate notice except in case of summary dismissal.
C J Hunt (Chief Financial Officer)	Base salary inclusive of superannuation $410,625 reviewed annually on 31 December (or such other times as agreed). Three months notice by Mr Hunt. Three months by Company. Termination payment to reflect appropriate notice except in case of summary dismissal.

Note that due to market conditions, no salary increases were granted at the annual review on 31 December 2014.

NON-EXECUTIVE DIRECTOR REMUNERATION

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $900,000 in aggregate and was approved by shareholders at the annual general meeting of 19 November 2014. This amount is separate from any specific tasks the directors or their related entities may take on for the Company. The table below provides details of Board and committee fees for the 2014 and 2015 financial years.

On 1 July 2014, directors' fees were increased to reflect the Company's promotion to the ASX 200. In November 2014, the Board resolved to reduce directors' fees by 10% effective 1 January 2015.

Main board	1 January 2015 to 30 June 2015	1 July 2014 to 31 December 2014	30 June 2014
	$	$	$
Chairman – A W Kiernan*	157,500	175,000	130,000
Members	76,500	85,000	75,000
Audit Committee#			
Chairman	9,000	10,000	5,000
Members	4,500	5,000	5,000
Risk Committee#			
Chairman	9,000	10,000	5,000
Members	4,500	5,000	5,000
Audit and Risk Committee#			
Chairman	9,000	N/A	N/A
Members	4,500	N/A	N/A
Remuneration Committee			
Chairman	9,000	10,000	5,000
Members	4,500	5,000	5,000

**Mr Kiernan does not receive any additional fees as a member of committees.*

 # On 29 January 2015, the Board resolved to amalgamate the separate Audit and Risk Committees into one committee.

Committee membership for the year is outlined below.

Board member	Committee	Membership dates
A W Kiernan	Audit Committee - member Audit and Risk Committee – member Remuneration Committee – member	1 July 2014 - 29 January 2015 29 January 2015 - current 1 July 2014 - current
M Bryant	Remuneration Committee – member	28 May 2015 - current
A M Haslam	Audit Committee – member Audit and Risk Committee – member Remuneration Committee – Chairman	1 July 2014 - 29 January 2015 29 January 2015 - current 1 July 2014 - current
B F O'Donnell	Audit and Risk Committee - Chairman	29 January 2015 - current
M J McComas	Audit Committee – Chairman	1 July 2014 - 26 November 2014
T W Ransted	Risk Committee – Chairman Remuneration Committee – member	1 July 2014 - 29 January 2015 1 July 2014 - 12 May 2015
P J Wilshaw	Audit Committee – member Risk Committee – member	1 July 2014 - 26 November 2014 1 July 2014 - 26 November 2014
M C Young	Risk Committee – member	1 July 2014 - 26 November 2014

The fees paid or payable to the non-executive directors in relation to the 2015 financial year are set out below. The Company has no specific performance based remuneration component for non-executive director remuneration.

	Short-term employment benefits		Post-employment benefits	
	Salary and fees	Non-monetary benefits[a]	Superannuation	Total
	$	$	$	$
A W Kiernan (Chairman)				
2015	166,250	10,022	-	176,272
2014	137,500	8,246	-	145,746
M Bryant (Non-executive director appointed 19 May 2015)				
2015	9,407	1,153	-	10,560
2014	-	-	-	-
A M Haslam (Non-executive director)[b]				
2015	92,500	10,022	-	102,522
2014	84,034	8,246	-	92,280
B F O'Donnell (Non-executive director appointed 7 October 2014)				
2015	52,858	7,304	5,021	65,183
2014	-	-	-	-
M J McComas (Non-executive director resigned 26 November 2014) [c]				
2015	47,500	4,064	-	51,564
2014	77,500	8,246	-	85,746
T W Ransted (Non-executive director resigned 12 May 2015) [d]				
2015	79,565	8,649	-	88,214
2014	82,500	8,246	-	90,746
P J Wilshaw (Non-executive director resigned 26 November 2014)				
2015	43,379	4,064	4,121	51,564
2014	49,605	5,648	4,588	59,841
M C Young (Non-executive director resigned 26 November 2014) [e]				
2015	45,000	4,064	-	49,064
2014	75,258	8,246	-	83,504
TOTAL				
2015	536,459	49,342	9,142	594,943
2014	506,397	46,878	4,588	557,863

a. Non-monetary benefits includes the cost of directors and officer insurance.
b. A M Haslam's fees are paid to Hasbar Pty Ltd.
c. M J McComas' fees were paid to McComas Capital Pty Ltd.
d. T W Ransted's fees were paid to Kyim Pty Ltd.
e. M C Young's fees were paid to Jocelyn Young Management Consulting.

EQUITY INSTRUMENT DISCLOSURES

The interests of key management personnel and directors in shares at the end of the financial year are as follows.

FY2015	Balance at 1 July 2014	Acquired during year	Performance rights converted during year	Disposed during the year	Owned on commencement of employment	Balance at 30 June 2015
Non-executive directors						
A W Kiernan	693,354	25,000	-	-	-	718,354
M Bryant	-	-	-	-	-	-
A M Haslam	-	30,000	-	-	-	30,000
B F O'Donnell*	-	25,999	-	-	-	25,999
Executive directors						
M S Ball	181,784	-	69,206	(60,000)	-	190,990
Executive managers						
B L Duncan	30,000	-	64,881	(94,881)	-	-
C J Hunt	2,000	-	-	-	-	2,000
Total	907,138	80,999	134,087	(154,881)	-	967,343

**Mr O'Donnell's shares were acquired on conversion of his Iron Ore Holdings Ltd shares.*

FY2014	Balance at 1 July 2013	Acquired during year	Performance rights converted during year	Disposed during the year	Owned on commencement of employment	Balance at 30 June 2014
Non-executive directors						
A W Kiernan	693,354	-	-	-	-	693,354
A M Haslam	-	-	-	-	-	-
M J McComas	33,891	-	-	-	-	33,891
T W Ransted	626,492	-	-	-	-	626,492
P J Wilshaw	-	-	-	-	-	-
M C Young	661,564	-	-	(300,000)	-	361,564
Executive directors						
M S Ball	136,423	-	45,361	-	-	181,784
Executive managers						
B L Duncan	1,000	-	47,423	(18,423)	-	30,000
C J Hunt	-	-	-	-	2,000	2,000
Total	2,152,724	-	92,784	(318,423)	2,000	1,929,085

The interests of key management personnel and directors in performance rights at the end of the financial year are as follows.

FY2015	Balance at 1 July 2014	Granted as compensation	Converted to shares	Rights lapsed/ cancelled*	Balance at 30 June 2015	Vested at 30 June 2015	Unvested at 30 June 2015*
Executive directors							
M S Ball	142,820	69,988	(69,206)	-	143,602	-	143,602
Executive managers							
B L Duncan	120,267	52,658	(64,881)	-	108,044	-	108,044
C J Hunt	-	43,326	-	-	43,326	-	43,326
Total	263,087	165,972	(134,087)	-	294,972	-	294,972

FY2014	Balance at 1 July 2013	Granted as compensation	Converted to shares	Rights lapsed/ cancelled*	Balance at 30 June 2014	Vested at 30 June 2014	Unvested at 30 June 2014*
Executive directors							
M S Ball	114,567	73,614	(45,361)	-	142,820	69,206	73,614
Executive managers							
B L Duncan	112,304	55,386	(47,423)	-	120,267	64,881	55,386
Total	226,871	129,000	(92,784)	-	263,087	134,087	129,000

**Performance rights which have vested based on performance conditions are converted to shares on the next business day after 30 June. Performance rights which have not vested based on performance conditions are cancelled on the next business day after 30 June.*

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND DIRECTORS

The following transactions occurred with related parties. Transactions between related parties are on normal commercial terms no more favourable than those available to other parties unless otherwise stated.

AW Kiernan (Non-executive director)	2015	2014
Professional fees paid to A W Kiernan for services in excess of normal director duties.	-	15,000
Amount outstanding at the reporting date.	-	15,000

OTHER INFORMATION

Insurance of officers

During the financial period, the Company incurred premiums of $99,633 (2014: $100,863) to insure the directors, company secretaries and officers of the Company. The liability insured is the indemnification of the Company against any legal liability to third parties arising out of any directors or officers duties in their capacity as a director or officer other than indemnification not permitted by law.

No liability has arisen under this indemnity as at the date of this report.

The Company has entered into indemnity deeds with each director and officer. Under the deeds, the Company indemnifies each director and officer to the maximum extent permitted by law against legal proceedings or claims made against or incurred by the directors or officers in connection with being a director or officer of the Company, or breach by the Company of its obligations under the deed.

INDEPENDENT AUDIT OF REMUNERATION REPORT

The Remuneration Report has been audited by BDO. Please see page 80 of this report for BDO's report on the Remuneration Report.

Signed in accordance with a resolution by the Directors.

Anthony Kiernan
Chairman
Perth, Western Australia
25 August 2015

Morgan Ball
Managing Director
Perth, Western Australia
25 August 2015

DIRECTORS' DECLARATION

In the opinion of the Directors of BC Iron Limited:

a. the financial statements comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001 (Cth)* including:
   i. giving a true and fair view of the financial position of the Company as at 30 June 2015 and of its performance for the financial year ended 30 June 2015; and
   ii. complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements.

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

c. the Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001 (Cth)*.

This declaration is made in accordance with a resolution of the Directors and is signed on their behalf by:

Anthony Kiernan
Chairman
Perth, Western Australia
25 August 2015

BC IRON
LIMITED

ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

FINANCIAL STATEMENTS CONTENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

BC Iron Limited and its controlled entities for the year ended 30 June 2015

	Notes	2015 $000's	2014 $000's
Revenue from continuing operations			
Sale of goods		277,775	466,175
Other revenue	1	3,436	5,207
Total revenue from continuing operations		281,211	471,382
Foreign exchange (loss)/gain		(2,935)	1,591
Cost of sales	2	(249,396)	(277,922)
Selling and marketing	2	(39,382)	(63,256)
Administration expenses	2	(14,708)	(7,550)
Exploration and evaluation expenditure		(3,815)	(2,437)
Impairment of mine property and other assets	3	(170,881)	-
(Loss)/profit before finance cost and income tax		(199,906)	121,808
Finance costs	2	(3,505)	(4,340)
(Loss)/profit before income tax		(203,411)	117,468
Income tax benefit/(expense)	4	44,912	(45,657)
(Loss)/profit after income tax from continuing operations		(158,499)	71,811
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	16	2,706	-
Items that may not be reclassified to profit or loss			
Changes in the fair value of financial assets	16	(3,735)	94
(Loss)/profit for the year attributable to owners of BC Iron Limited		(159,528)	71,905
Basic (loss)/earnings per share (cents per share)	19	(90.66)	58.00
Diluted (loss)/earnings per share (cents per share)	19	(90.66)	58.00

The above consolidated statement of profit and other comprehensive income should be read in conjunction with the accompanying notes. The statement of profit for the year ended 30 June 2014 reflects the retrospective application of a change to the accounting policy for exploration and evaluation costs. Refer to note 9 for further information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

BC Iron Limited and its controlled entities as at 30 June 2015

	Notes	2015 $000's	2014 $000's	2013 $000's
Current assets				
Cash and cash equivalents	5	**67,671**	158,917	138,488
Trade and other receivables	6	**24,427**	4,964	52,907
Inventory	7	**9,886**	19,894	11,253
Derivative financial instruments	21	**390**	-	-
Total current assets		**102,374**	183,775	202,648
Non-current assets				
Receivables	6	**2,294**	-	-
Inventory	7	**30,495**	-	-
Property, plant and equipment	8	**64,172**	189,267	204,010
Exploration and evaluation assets	9	**4,100**	-	-
Intangibles	10	**26,132**	-	-
Financial assets at fair value through other comprehensive income	11	**-**	1,791	1,658
Deferred tax assets	4	**27,711**	-	6,324
Total non-current assets		**154,904**	191,058	211,992
Total assets		**257,278**	374,833	414,640
Current liabilities				
Trade and other payables	12	**70,947**	61,976	75,291
Provisions	13	**1,109**	1,899	2,042
Loans and borrowings	20	**6,275**	24,077	35,922
Tax payable	4	**-**	6,520	20,825
Total current liabilities		**78,331**	94,472	134,080
Non-current liabilities				
Other payables	12	**-**	-	157
Provisions	13	**19,664**	14,428	2,836
Loans and borrowings	20	**-**	28,132	67,417
Deferred tax liabilities	4	**-**	11,407	-
Total non-current liabilities		**19,664**	53,967	70,410
Total liabilities		**97,995**	148,439	204,490
Net assets		**159,283**	226,394	210,150
Shareholders' equity				
Contributed equity	15	**242,467**	131,339	129,300
Reserves	16	**7,536**	8,624	8,057
Retained earnings	17	**(90,720)**	86,431	72,793
Total shareholders' equity		**159,283**	226,394	210,150

The above consolidated statement of financial position should be read in conjunction with the accompanying notes. The balance sheets at 30 June 2014 and 1 July 2013 reflect the retrospective application of a change to the accounting policy for exploration and evaluation costs and the adoption of AASB9 *Financial Instruments* in respect of financial assets. Refer to notes 9 and 11 respectively for further information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

BC Iron Limited and its controlled entities for the year ended 30 June 2015

	Notes	Contributed equity $000's	Retained earnings $000's	Reserves $000's	Total $000's
Balance at 1 July 2013 (previously stated)		129,300	74,367	13,425	217,092
Adjustment on change of accounting policy (net of tax)	9, 11	-	(1,574)	(5,368)	(6,942)
Restated total equity at 1 July 2013		129,300	72,793	8,057	210,150
Profit for the period as reported in the 2014 financial statements		-	73,648	-	73,648
Adjustment on change of accounting policy (net of tax)	9	-	(1,837)	-	(1,837)
Restated profit for the year		-	71,811	-	71,811
Other comprehensive income		-	-	94	94
Total comprehensive income		-	71,811	94	71,905
Transactions with equity holders in their capacity as equity holders					
Performance rights converted		274	-	(274)	-
Options exercised		1,765	-	-	1,765
Share based payments		-	-	747	747
Dividends paid		-	(58,173)	-	(58,173)
Balance at 30 June 2014		**131,339**	**86,431**	**8,624**	**226,394**
Loss for the year		-	(158,499)	-	(158,499)
Other comprehensive income/(expense)		-	-	(1,029)	(1,029)
Total comprehensive income/(expense)		-	(158,499)	(1,029)	(159,528)
Transactions with equity holders in their capacity as equity holders					
Shares issued net of transaction costs		110,652	-	-	110,652
Performance rights converted		476	-	(476)	-
Share based payments		-	-	417	417
Dividends paid		-	(18,652)	-	(18,652)
Balance at 30 June 2015		**242,467**	**(90,720)**	**7,536**	**159,283**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes. Equity and reserves at 30 June 2014 and 1 July 2013 reflect the retrospective application of a change to the accounting policy for exploration and evaluation costs and the adoption of AASB9 *Financial Instruments* in respect of financial assets. Refer to notes 9 and 11 respectively for further information.

CONSOLIDATED STATEMENT OF CASH FLOWS

BC Iron Limited and its controlled entities for the year ended 30 June 2015

	Note	2015 $000's	2014 $000's
Cash flows from operating activities			
Receipts from customers		258,543	480,762
Payments to suppliers and employees		(290,245)	(297,771)
Management fees received		791	807
Interest received		2,418	3,684
Income tax paid		(4,281)	(42,446)
Net cash flows from operating activities	5	(32,774)	145,036
Cash flows from investing activities			
Payments for mine property and development expenditure		(10,984)	(13,959)
Payments for plant and equipment		(319)	(971)
Divestment of financial assets		316	-
Net cash receipt on acquisition of subsidiary	23	24,338	-
Net cash flows from investing activities		13,351	(14,930)
Cash flows from financing activities			
Proceeds from issue of shares net of costs		-	1,978
Repayment of borrowings		(58,169)	(51,821)
Interest and finance costs paid		(1,120)	(1,781)
Dividends paid		(18,652)	(58,173)
Net cash flows from financing activities		(77,941)	(109,797)
Net increase/(decrease) in cash and cash equivalents		(97,364)	20,309
Cash and cash equivalents at beginning of year		158,917	138,488
Effect of exchange rate changes on cash and cash equivalents		6,118	120
Cash and cash equivalents at end of year	5	67,671	158,917

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes. The cash flow for the year ended 30 June 2014 reflects the retrospective application of a change to the accounting policy for exploration and evaluation costs. Refer to note 9 for further information.

PREFACE TO THE NOTES

The notes include information which is required to understand the financial statements and is material and relevant to the operations and the financial position and performance of the Company. Information is considered relevant and material if:

- The amount is significant due to its size or nature;
- The amount is important in understanding the results of the Company;
- It helps to explain the impact of significant changes in the Company's business; or
- It relates to an aspect of the Company's operations that is important to its future performance.

The notes are organised into the following sections:

- Basis of preparation;
- Key numbers;
- Capital;
- Risk management;
- Group structure;
- Unrecognised items; and
- Other notes.

Basis of preparation

Corporate information

The financial statements for BC Iron Limited for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 25 August 2015. BC Iron Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. BC Iron Limited and its subsidiaries together are referred to in these financial statements as the 'Company' or the 'consolidated entity'.

The principal activities of the Company during the course of the financial year were the operation, development and exploration of mineral projects, focusing primarily on iron ore deposits in the Pilbara region of Western Australia.

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out in the notes to the accounts. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB"), and the *Corporations Act 2001 (Cth)*. BC Iron Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000's) unless otherwise stated, under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

Compliance with IFRS

The consolidated financial statements of BC Iron Limited comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and cash flow hedges at fair value through other comprehensive income.

New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2014:

- AASB 9 *Financial Instruments*; and
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.*

Refer to note 33 for information on the impact of adopting the above standards and amendments.

Changes in accounting policy, estimates disclosures, standards and interpretations

The accounting policies adopted and estimates made are consistent with those of the previous financial year except as outlined below.

- Exploration and evaluation - recognition (refer to note 9 for information)
- Equity investments - classification (refer to note 11 for information)

Foreign currency

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

Comparatives

Where applicable, comparatives have been adjusted to conform with current year presentation.

Key estimates and judgements

In the process of applying the Company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

Note 3: Impairment of non-financial assets
Note 4: Income taxes
Note 7: Inventory
Note 8: Property, plant and equipment
Note 9: Exploration and evaluation
Note 13: Provisions
Note 23: Business combination
Note 32: Share based payments

KEY NUMBERS

NOTE 1 – REVENUE

	2015 $000's	2014 $000's
Other revenue:		
Management fees	791	805
Interest revenue	2,617	4,402
Other income	28	-
Total	3,436	5,207

Accounting policy

Revenue is measured at the fair value of the gross consideration received or receivable. Revenue is recognised if it meets the criteria outlined below.

Sale of goods

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of risks and rewards to the customer, no further work or processing is required by the Company, the quantity and quality of the goods has been determined with reasonable accuracy, the price can be reasonably estimated, and collectability is reasonably assured.

The Company recognises revenue when the risks and rewards transfer to the buyer which is typically the bill of lading date. The sale agreements allow for an adjustment to the sales price based on a survey of the goods by the customer, therefore the recognition of the sales revenue is based on the most recently determined estimate of product specifications.

Additionally, the sales price is determined on a provisional basis at the date of sale and adjustments to the sale price may subsequently occur depending on movements in quoted market or contractual iron ore prices to the date of final pricing. The date of final pricing is typically when a notice of readiness is received which is when the vessel has arrived at its final destination. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable.

Traded freight

Revenue from freight services is recognised on the bill of lading date of the customer.

Interest revenue

Interest revenue is recognised on a time proportionate basis using the effective interest method.

Management fee

Management fee income from the Nullagine Joint Venture has been recognised, on an accruals basis, based on an agreed percentage of operating expenditure.

NOTE 2 – EXPENSES

	2015 $000's	2014 $000's
Mining and ore dressing	91,470	85,888
Haulage	99,105	114,827
Site administration	20,805	23,093
Depreciation of plant and equipment	2,589	916
Amortisation of mine properties	24,925	32,140
Royalties	32,597	29,500
Inventory movement	(22,095)	(8,442)
Operating expenses	249,396	277,922
Shipping, marketing and demurrage	39,382	63,256
Acquisition-related costs	6,389	-
Employee benefits expense	3,139	1,635
Depreciation and amortisation	1,322	991
Share based payments	1,225	747
Non-executive directors' fees	545	493
Occupancy related expenses	498	329
Consultant and legal fees	435	1,561
Other	1,155	1,794
Administration expenses	14,708	7,550
Interest expense on project finance	664	1,044
Interest expense on loan facilities	1,087	1,814
Amortisation of facility fees	527	545
Provisions: unwinding of discount	647	-
Other	580	937
Finance costs	3,505	4,340

Accounting policy

Finance costs are recognised as an expense when incurred, with the exception of interest charges attributable to major projects with substantial development and construction phases which are capitalised.

Finance costs include interest on loans and borrowings (short and long term), loan facility establishment fees, interest on finance leases and unwinding of discount on provisions.

Provisions and other payables are discounted to their present value when the time value of money is material. The carrying amount of a provision increases in each period to reflect the passage of time. The increase is recognised as a discount adjustment in finance costs.

Refer to note 20 for further information on borrowings.

NOTE 3 – IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment of mine property	161,167	-
Impairment of goodwill	7,317	-
Impairment of other intangibles	400	-
Impairment of inventory	1,997	-
Total	170,881	-

Accounting policy

Assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal ("FVLCD") and value in use ("VIU"). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units).

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. Non-financial assets other than goodwill that have been impaired are reviewed for possible reversal of impairment at each reporting period.

Impairment indicators

Due to the sustained fall in iron ore prices and the market capitalisation of the Company being below its net asset position, the Company has reviewed its assets for impairment and considered impairment of the following assets to be necessary.

(i) Mine property, plant and equipment

The recoverable amount of mine property, plant and equipment related to the Nullagine Joint Venture ("NJV") cash generating unit ("CGU") has been estimated based on the FVLCD of the CGU. The estimated recoverable amount of $14.4M was below the carrying value of the CGU and an impairment of $161.2M has been recorded. FVLCD was determined using an income approach based on the net present value of future cash flows projected over the current mine plan covering approximately 4 years. The nominal post-tax discount rate applied to the cash-flows is 10.8% (2014: 12.10%). The valuation is categorised within level 3 of the fair value hierarchy due to the unobservable nature of some of the inputs used, refer to note 33 for more information on the fair value hierarchy categorisation.

Key estimates used in determining the recoverable amount including revenue assumptions are detailed below. Future changes in assumptions upon which these estimates are based may give rise to material adjustments, including further impairments or possible impairment reversals. For example a 10% decrease in the average forecast iron ore price, while holding other factors constant, would result in a further impairment charge of $14.4M.

(ii) Intangible assets - Royalty

The intangible asset relating to the Koodaideri South royalty has been tested for impairment. The recoverable amount of the royalty was estimated based on its FVLCD. The estimated recoverable amount of $16.1M was below the carrying value of the asset and an impairment of $0.4M has been recorded. FVLCD was determined using an income approach based on the net present value of future cash flows projected over the estimated mine life of 32 years. The valuation is categorised within level 3 of the fair value hierarchy due to the unobservable nature of some of the inputs used. The post-tax nominal discount rate used in determining FVLCD was 8.8%.

Key estimates used in determining the recoverable amount including revenue assumptions are detailed below. Future changes in assumptions upon which these estimates are based may give rise to material adjustments, including further impairments or possible impairment reversals. For example a 10% decrease in the average forecast iron ore price, while holding other factors constant, would result in a further impairment charge of $1.6M.

(iii) Goodwill

Goodwill arising on the acquisition of Iron Ore Holdings Limited has been tested for impairment. Management have internally assessed the accounting goodwill generated from the acquisition and have not identified any separate material future benefits that are additional to the values ascribed through the purchase price allocation (refer to note 23 for further details). Accordingly, the goodwill amount is unable to be carried as an asset and was impaired at the acquisition date.

(iv) Inventory

An impairment assessment of inventory was undertaken as at 30 June 2015. An impairment has been recorded to write inventory down to the lower of cost and net realisable value. The net realisable value has been calculated using estimates for the prevailing price at the point of selling the inventory.

Key estimates and judgements

The recoverable amount of mine property, plant and equipment and intangible assets is estimated on the basis of the discounted value of future cash flows. The estimates of future cash flows are based on significant assumptions including:

- estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction and the timing of access to these reserves and resources;
- future iron ore prices and exchange rates based on forecasts by a range of recognised economic forecasters as well as recent spot prices and rates;
- production rates, production costs and capital expenditure based on approved budgets and projections including inflation factors; and
- the asset specific discount rate applicable to the cash generating unit.

NOTE 3 Continued

Cash flow projections used to estimate recoverable amounts of mine property, plant and equipment and intangible assets include assumptions on revenue. The assumptions used for revenue in impairment testing are summarised below.

	2015	2014
CFR 62% Fe iron ore price (US$/dmt, nominal)		
Years 1-5	**60-69**	104-113
Years 6-10	**71-81**	97-105
Years 11-20	**81-93**	-
Foreign exchange rate (AUD:USD, nominal)		
Years 1-5	**0.74-0.78**	0.84-0.90
Years 6-10	**0.78**	0.83
Years 11-20	**0.78**	-
Inflation (% per annum)		
A$ inflation rate	**2.0%**	2.6%
US$ inflation rate	**1.5%**	2.1%

NOTE 4 – INCOME TAXES

	2015 $000's	2014 $000's
Current tax expense/(benefit)		
Current period	-	27,797
Adjustments for prior periods	**(2,475)**	123
	(2,475)	27,920
Deferred tax expense/(benefit)		
Temporary differences	**(44,733)**	7,934
Mining resources rent tax	-	9,813
Adjustments for prior periods	**2,296**	(10)
	(42,437)	17,737
Income tax expense/(benefit) reported in the income statement	**(44,912)**	45,657
Reconciliation of effective tax rate		
(Loss)/profit before tax	**(203,411)**	117,468
Income tax at the statutory rate of 30 per cent (2013: 30 per cent)	**(61,023)**	35,240
Non-deductible expenses	**4,821**	611
Tax losses not recognised	**11,524**	-
Mining resources rent tax temporary difference	-	9,813
Recognised directly in equity	-	211
(Under)/over provided in prior periods	**(234)**	(218)
Income tax expense/(benefit) reported in statement of profit or loss and other comprehensive income	**(44,912)**	45,657

Accounting policy

The income tax expense on income for the financial year is the tax payable on the current financial period's taxable income based on the income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date, and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

For information on the tax consolidated group refer to note 33.

Significant judgement

The Company is subject to income taxes in Australia. Significant judgement is required in determining the provisions for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may be subject to change. The Company estimates its tax liabilities based on the Company's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Company recognises deferred tax assets relating to carried forward tax losses to the extent they can be utilised. The utilisation of the tax losses depends on the ability of the entities to generate sufficient future taxable profits. At 30 June 2015 the Company had unrecognised deferred tax assets of $24.6M (2014: Nil) relating to tax losses. The Company also has an R&D tax off-set available of $5.7M.

	Assets		Liabilities		Net	
Deferred tax assets and liabilities $000's	2015	2014	2015	2014	2015	2014
Amounts recognised in Profit or Loss:						
Inventory	-	-	(68)	(122)	(68)	(122)
Mine property, plant and equipment	23,026	-	-	(20,818)	23,026	(20,818)
Provisions	4,760	4,898	-	-	4,760	4,898
Intangibles	-	-	(2,409)	-	(2,409)	-
Other items	2,331	1,946	(186)	-	2,145	1,946
Amounts recognised directly in equity:						
Financial assets	-	2,260	-	-	-	2,260
Share issue costs in equity	257	429	-	-	257	429
Tax assets/(liabilities)	30,374	9,533	(2,663)	(20,940)	27,711	(11,407)
Deferred tax assets/(liabilities) expected to be recovered/(settled):						
within 12 months	2,331	2,080	(254)	(122)	2,077	1,958
after more than 12 months	28,043	7,453	(2,409)	(20,818)	25,634	(13,365)

Movement in deferred tax assets	Financial assets $000's	Provisions $000's	Share issue costs $000's	MRRT $000's	Mine property $000's	Other $000's	Total $000's
At 1 July 2013	2,300	1,463	640	9,812	-	4,464	18,679
(Charged)/credited							
- to profit or loss	-	3,435	-	(9,812)	-	(2,518)	(8,895)
- directly to equity	(40)	-	(211)	-	-	-	(251)
At 30 June 2014	2,260	4,898	429	-	-	1,946	9,533
(Charged)/credited							
- to profit or loss	**-**	**(138)**	**-**	**-**	**25,324**	**519**	**25,705**
- to (under)/over prior period	**-**	**-**	**-**	**-**	**(2,298)**	**-**	**(2,298)**
- directly to equity	**(2,260)**	**-**	**(172)**	**-**	**-**	**(624)**	**(3,056)**
Acquisition of subsidiary	**-**	**-**	**-**	**-**	**-**	**490**	**490**
At 30 June 2015	**-**	**4,760**	**257**	**-**	**23,026**	**2,331**	**30,374**

NOTE 4 Continued

Movement in deferred tax liabilities	Inventory $000's	Mine property $000's	Intangibles $000's	Other $000's	Total $000's
At 1 July 2013	(62)	(12,131)		(161)	(12,354)
(Charged)/credited					
- to profit or loss	(60)	(8,687)	-	161	(8,586)
- directly to equity	-	-	-	-	-
At 30 June 2014	(122)	(20,818)	-	-	(20,940)
(Charged)/credited					
- to profit or loss	55	20,818	-	(187)	20,686
- directly to equity	-	-	-	-	-
Acquisition of subsidiary	-	-	(2,409)	-	(2,409)
At 30 June 2015	(67)	-	(2,409)	(187)	(2,663)

The deferred tax liabilities for the year ending 30 June 2014 reflect the retrospective application of a change to the accounting policy for exploration costs. Refer to note 9 for further information.

NOTE 5 – CASH AND CASH EQUIVALENTS

	2015 $000's	2014 $000's
Cash at bank	57,671	117,917
Cash on deposit	10,000	41,000
Total	67,671	158,917
Reconciliation of loss after income tax to net cash flows from operating activities		
Net (loss)/profit	(158,499)	71,811
Depreciation and amortisation	28,836	34,047
Share based payments	1,225	747
Impairment of non-financial assets	170,881	-
Finance costs	3,505	4,340
(Gains)/losses on derivatives	2,294	-
Foreign exchange (gains)/losses	4,464	(447)
Other	(1,065)	788
(Increase)/decrease in assets		
Trade and other receivables	(19,463)	47,550
Inventories	(20,487)	(8,641)
Deferred tax assets	(30,414)	9,146
Increase/(decrease) in liabilities		
Trade and other payables	6,903	(8,722)
Current tax payable	(6,520)	(13,908)
Deferred tax liabilities	(13,326)	8,586
Provisions	(1,108)	9
Net cash inflows/(outflows) by operating activities	(32,774)	145,306

Cash on deposit relates to term deposits held with financial institutions due to mature on or before 10 July 2015.

Accounting policy

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTE 6 – TRADE AND OTHER RECEIVABLES

	2015 $000's	2014 $000's
Current		
Trade receivables and prepayments	23,409	1,262
Interest receivable	113	293
Receivables due from the NJV	418	710
Other receivables	487	2,699
Total current	24,427	4,964
Non-current		
Security deposits	50	-
Other receivables	2,244	-
Total non-current	2,294	-
Total trade and other receivables	26,721	4,964

Due to the short-term nature of current receivables, their carrying amount is assumed to approximate their fair value.

As at 30 June 2015 no receivables were past due or impaired (2014: Nil).

Other current receivables include $0.4M for GST receivable (2014: $2.2M). Other non-current receivables includes an estimate of the amount payable by the operator of the Iron Valley operation for fulfilment of rehabilitation obligations at the end of operations.

Refer to note 21 for information on the risk management policy of the Company.

Accounting policy

Receivables from the sale of iron ore are recognised initially at fair value and, where the sales receivable is subject to final pricing during a quotation period in the future, are subsequently measured at the estimated fair value of the total consideration receivable. Other receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less allowance for impairment. Trade receivables are due for settlement within 7 days for provisional sales invoices and for the final sale invoice adjustment within 60 days. Other receivables are due for settlement no more than 30 days from the date of invoice. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. The Company's practice is to secure sales under letters of credit and the historical loss rate is nil. Consequently a general provision for 12-month expected credit loss has not been recognised.

NOTE 7 – INVENTORY

	2015 $000's	2014 $000's
Current		
Raw materials	675	408
Iron ore stockpiles	9,211	19,486
Total current	9,886	19,894
Non-current		
Iron ore stockpiles	30,495	-
Total non-current	30,495	-
Total inventory	40,381	19,894

The amount of inventories recognised as an expense for the year was $216.2M (2014: $247.0M). The amount of inventories carried at net realisable value is $9.2M (2014: nil). Refer to note 3 for details of the inventory impairment expense.

Accounting policy

Inventories are valued at the lower of cost and net realisable value. Cost is determined primarily on the basis of weighted average costs. Cost for raw materials and stores is the purchase price, and for partly processed and saleable products cost is derived on an absorption costing basis. For this purpose the costs of production include:

- labour costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- the amortisation of mine property expenditure and depreciation of plant and equipment used in the extraction and processing of ore; and
- production overheads, including attributable mining overheads.

Stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence (e.g. because it exceeds the mine's cut-off grade), it is valued at the lower of cost and net realisable value. If the ore will not be processed within 12 months of the statement of financial position date, it is included in non-current assets. Quantities are assessed primarily through surveys and volume conversions.

Change in estimate

After completion of beneficiation trials in the prior year, the Company has stockpiled low grade ore mined in the current period that is capable of beneficiation in the future. Completion of these trials has allowed the net realisable value of the low grade ore to be estimated and hence the value of the stockpile has been recognised at the lower of cost and net realisable value. The ore will not be processed within 12 months of the balance sheet date and is included in non-current assets.

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

	Notes	Mine Properties $000's	Plant and equipment $000's	Office furniture, equipment and IT equipment $000's	Total $000's
Year ended 30 June 2014					
Opening net book value		130,153	73,201	656	204,010
Additions		18,887	382	514	19,783
Reclassifications of assets between categories		66,316	(67,725)	1,409	-
Reclassified to profit and loss		(369)	(110)	-	(479)
Depreciation and amortisation expense		(32,140)	(988)	(919)	(34,047)
Closing net book value		182,847	4,760	1,660	189,267
At 30 June 2014					
Cost		246,154	7,237	4,676	258,067
Accumulated depreciation and amortisation		(63,307)	(2,477)	(3,016)	(68,800)
Net carrying amount		182,847	4,760	1,660	189,267
Year ended 30 June 2015					
Opening net book value		**182,847**	**4,760**	**1,660**	**189,267**
Additions		**12,372**	**1,644**	**205**	**14,221**
Acquisition of subsidiary	23	**50,900**	**169**	**28**	**51,097**
Disposals		**(217)**	**(48)**	**(9)**	**(274)**
Reclassification of assets		**288**	**(288)**	**-**	**-**
Reclassification to profit and loss		**(135)**	**-**	**-**	**(135)**
Depreciation and amortisation expense		**(26,899)**	**(1,118)**	**(820)**	**(28,837)**
Impairment		**(161,167)**	**-**	**-**	**(161,167)**
Closing net book value		**57,989**	**5,119**	**1,064**	**64,172**
At 30 June 2015					
Cost		**119,877**	**10,567**	**5,201**	**135,645**
Accumulated depreciation and amortisation		**(61,888)**	**(5,448)**	**(4,137)**	**(71,473)**
Net carrying amount		**57,989**	**5,119**	**1,064**	**64,172**

Accounting policy

Mine Properties

Once a mining project has been established as commercially viable and technically feasible, expenditure other than that on land, buildings, plant and equipment is transferred and capitalised as mine property. Mine property costs include past capitalised exploration and evaluation costs, pre-production development costs, development excavation, development studies and other subsurface and permanent installation expenditure pertaining to that area of interest.

Mine property costs are accumulated in respect of each separate area of interest. Costs associated with commissioning new assets in the period before they are capable of operating in the manner intended by management, are capitalised. Mine property costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit.

When an area of interest is abandoned or the Directors decide that it is not commercial or technically feasible, any accumulated cost in respect of that area is written off in the financial period the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs written off to the profit and loss to the extent that they will not be recoverable in the future.

Amortisation of mine property costs is charged on a unit of production basis over the life of economically recoverable reserves once production commences.

Mine property assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, mine property is allocated to cash-generating units to which the development activity relates. The cash generating unit shall not be larger than the area of interest.

NOTE 8 Continued

Development stripping

Overburden and other mine waste materials are often removed during the initial development of a mine in order to access the mineral deposit. This activity is referred to as development stripping.

The directly attributable costs are capitalised as development costs. Capitalisation of development stripping costs ceases and amortisation of those capitalised costs commences upon extraction of ore. Amortisation of capitalised development stripping costs is determined on a unit of production basis for each separate area of interest.

Capitalised development and production stripping costs are classified as 'Development Expenditure'. Development stripping costs are considered in combination with other assets of an operation for the purpose of undertaking impairment assessments.

Removal of waste material normally continues throughout the life of a mine. This activity is referred to as production stripping and commences upon extraction of ore.

The NJV area of interest requires minimal stripping during the production phase. Therefore production stripping costs for these mines are not deferred but charged to the profit and loss over the useful life of the component of the ore-body to which they relate, which typically does not exceed one year.

Plant and equipment

Plant and equipment, including mechanical, electrical, field and computer equipment as well as furniture, fixtures and fittings, is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over either its expected useful life of 2.5 to 5 years for furniture, computers and equipment, or the life of the mine for plant and equipment.

Spare parts, stand-by equipment and servicing equipment is classified as property, plant and equipment if they are expected to be used during more than one period. Otherwise they are classified as inventory.

Impairment

Assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Refer to note 3 for details of the impairment indicators identified and the impairment accounting policy. Assets assessed for impairment included the following:

i) Nullagine Joint Venture

As a result of this assessment, an impairment of mine property associated with the NJV was deemed necessary. Refer to note 3 for further details.

ii) Iron Valley

The Iron Valley mine property asset was tested for impairment. The recoverable amount has been assessed based on its FVLCD in line with the impairment policy (refer to note 3) and classified as level 3 under the fair value hierarchy. FVLCD was determined by estimating cash flows until the end of the life of mine plan, including anticipated expansions, of approximately 10 years. The discount rate used in determining FVLCD was 9.8%. Forecast iron ore price, foreign exchange and inflation assumptions used in the calculation of FVLCD are summarised in note 3.

The recoverable amount was determined to be significantly in excess of carrying value, and there are no reasonably possible changes in key assumptions that would cause the asset to be impaired.

Other assets were assessed and based on their recoverable amount, no impairment was deemed necessary.

Key judgement - Mine properties expenditure

Development activities commence after commercial viability and technical feasibility of the project is established. Judgement is applied by management in determining when a project is commercially viable and technically feasible.

Key estimate - Iron ore reserves

Iron ore reserves are estimates of the amount of product that can be economically and legally extracted from the Company's current mining tenements. In order to calculate ore reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Estimating the quantity and grade of ore reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This requires complex and difficult geological judgements and calculations to interpret the data.

As economic assumptions used to estimate reserves change, and as additional geological data is generated during the course of operations, estimates of reserves may vary from period to period. Changes in reported reserves may affect the Company's financial results and financial position in a number of ways, including the following:

- asset carrying values may be affected due to changes in estimated future cash flows;
- depreciation and amortisation charges in profit and loss may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change; and
- the carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of tax benefits.

NOTE 9 – EXPLORATION AND EVALUATION

	Notes	2015 $000's	2014 $000's
Opening balance		-	-
Acquisition of subsidiary	23	4,100	-
Net carrying amount		4,100	-

Change in accounting policy

The Company previously accounted for acquisition, exploration and evaluation expenditure relating to an area of interest by carrying forward that expenditure where rights to tenure of the area of interest are current.

The Company has assessed its choice of accounting policy for exploration and evaluation activities and has determined that a change in accounting policy is appropriate.

The Company now accounts for exploration and evaluation activities as follows:

- Acquisitions

Exploration and evaluation costs arising from acquisitions are carried forward where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment of economically recoverable reserves.

- Exploration and evaluation costs

Costs arising from on-going exploration and evaluation activities are expensed as incurred.

It is considered that the new accounting policy is more reflective of the Company's exploration and evaluation activities and allows better comparison with peer mining companies, while still complying with the requirements of accounting standards.

The change in accounting policy has been applied retrospectively. As a consequence, adjustments were recognised in the balance sheet of 1 July 2013 and comparative figures have been restated accordingly.

	Prior year restatement		
Income statement (extract)	2014 (previously stated) $000's	Profit increase/(decrease) $000's	**2014 (restated) $000's**
Exploration and evaluation expenditure	-	(2,437)	**(2,437)**
Income tax expense	(46,257)	600	**(45,657)**
Profit after income tax	73,648	(1,837)	**71,811**
Statement of cash flows (extract)		Cash inflow/(outflow)	
Cash flows from operating activities			
Payments to suppliers and employees	(295,259)	(2,512)	**(297,771)**
Cash flows from financing activities			
Payments for exploration expenditure	(2,512)	2,512	**-**
Net increase in cash and cash equivalents	20,309	-	**20,309**

	Prior year restatement					
Balance sheet (extract)	June 2014 (previously stated) $000's	Increase/ (decrease) $000's	**June 2014 (restated) $000's**	June 2013 (previously stated) $000's	Increase/ (decrease) $000's	**June 2013 (restated) $000's**
Non-current assets						
Exploration and evaluation	12,356	(12,356)	**-**	9,918	(9,918)	**-**
Non-current liabilities						
Deferred tax assets/(liabilities)	(14,983)	3,576	**(11,407)**	3,348	2,976	**6,324**
Net assets	235,174	(8,780)	**226,394**	217,092	(6,942)	**210,150**
Shareholders' equity						
Retained earnings	89,843	(8,780)	**81,063**	74,367	(6,942)	**67,425**
Total shareholders' equity	235,174	(8,780)	**226,394**	217,092	(6,942)	**210,150**

NOTE 9 Continued

Key judgement - Capitalisation of exploration and evaluation expenditure

The Company has capitalised acquired exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped. The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental rehabilitation obligations) and changes to commodity prices.

NOTE 10 – INTANGIBLES

	Notes	2015 $000's	2014 $000's
Opening balance		-	-
Additions through acquisition:			
Royalties	23	18,502	-
Port access rights	23	8,030	-
Goodwill	23	7,317	-
Impairment charge	3	(7,717)	-
Net carrying amount		26,132	-

Intangible assets acquired through Iron Ore Holdings Limited have been included in additions as follows.

Royalties

The Company holds royalties over the Koodaideri South and North Marillana Extension tenements. The assets have a finite life reflecting the underlying resource and will be amortised as the resource is depleted. Production has not commenced at either Koodaideri South or North Marillana and hence the assets remain unamortised. Refer to note 3 for details of the impairment assessment undertaken on royalties.

Port access rights

The Company holds rights in respect of the Cape Preston East Port under an agreement with the Pilbara Port Authority and through the purchase price allocation a value has been ascribed to the intellectual property associated with developing this port. The port is yet to be developed and the intangible asset will be amortised once the port is operational. The Company has tested the asset for impairment with the recoverable amount assessed by reference to the FVLCD of the Buckland project, in line with the policy in note 3 and classified as level 3 under the fair value hierarchy. FVLCD for the Buckland project including mineral assets and the port access rights was determined by estimating cash flows over the project life of approximately 22 years. The post-tax nominal discount rate used in determining FVLCD was 10.8%. Forecast iron ore price, foreign exchange and inflation assumptions used in the calculation of FVLCD are summarised in note 3.

The recoverable amount was determined to be in excess of carrying value, and there are no reasonably possible changes in key assumptions that would cause the asset to be impaired. Refer to note 3 for details of the key estimates and judgements applied in determining the recoverable amount.

Goodwill

The Company recognised goodwill on the acquisition of Iron Ore Holdings Limited. Refer to note 23 for details. The Company tested the goodwill for impairment at 1 November 2014 and assessed that the carrying value was fully impaired at that date. Refer to note 3 for details.

Accounting policy

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and method is reviewed at each financial year end.

NOTE 11 – FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2015 $000's	2014 $000's
Opening balance	1,791	1,658
Disposals	(316)	-
Revaluation	(1,475)	133
Closing balance	-	1,791

Financial assets relates to two investments in listed securities on the ASX. During the year one of these investments was divested. At year end the remaining investment had entered voluntary administration and is therefore ascribed nil value.

Change in accounting policy

The Company has adopted AASB9 *Financial Instruments* as issued in December 2010, which resulted in changes in accounting policies and adjustments to classifications in the financial statements. The Company elected to present in other comprehensive income changes in the fair value of its equity investments previously classified as available-for-sale and not held for trading. Fair value gains and losses are not subsequently reclassified to profit or loss. Reserves and retained earnings have been adjusted to reflect the retrospective application of the policy. This resulted in the opening balance of reserves at 1 July 2013 decreasing by $5,368K and retained profits at 1 July 2013 increasing by $5,368K.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership.

NOTE 12 – TRADE AND OTHER PAYABLES

Current		
Trade payables and accruals	70,947	61,976
Total	70,947	61,976

Accounting policy

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at fair value and subsequently at amortised cost.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe (refer to note 21).

Due to the short-term nature of current and non-current payables, their carrying amount is assumed to approximate their fair value.

NOTE 13 – PROVISIONS

	2015 $000's	2014 $000's
Current		
Employee benefits	1,109	1,899
Total current	1,109	1,899
Non-current		
Rehabilitation	19,664	14,110
Employee benefits	-	318
Total non-current	19,664	14,428
Total	20,773	16,327

	Notes	Rehabilitation $000's	Employee benefits $000's	Total $000's
Movement in provisions				
Opening balance		14,110	2,217	16,327
Acquired through business combination	23	2,243	876	3,119
Additional provision capitalised to development		2,664	-	2,664
Charged/(credited) to profit or loss:				
additional provisions recognised		-	831	831
unused amounts reversed		-	(682)	(682)
unwinding of discount		647	-	647
Amounts used during the year		-	(2,133)	(2,133)
Closing balance		19,664	1,109	20,773

Accounting policy

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Employee benefits, salaries and annual leave

Liabilities for salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits – long service leave

The liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Rehabilitation and mine closure

The Company has obligations to dismantle and remove certain items of property, plant and equipment and to restore and rehabilitate the land on which they are situated.

A provision is raised for the estimated cost of settling the rehabilitation and restoration obligations existing at balance date, discounted to present value using an appropriate discount rate. When provisions for rehabilitation are initially recognised, the corresponding cost is capitalised as an asset within mine properties and amortised accordingly.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, costs are charged to the profit and loss in the period in which the work is undertaken.

At each reporting date the rehabilitation liability is re-measured to account for any new disturbance, updated cost estimates, changes to the estimated lives of operations, new regulatory requirements and revisions to discount rates. Changes to the rehabilitation liability are added to or deducted from the related rehabilitation asset and amortised accordingly.

Key estimate - Rehabilitation

The Company's accounting policy for the recognition of rehabilitation provisions requires significant estimates in determining the estimated cost for the rehabilitation of disturbed areas, removal of infrastructure and site closure at a point in the future. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

CAPITAL

NOTE 14 - CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company defines capital as equity and net debt. Net debt is defined as borrowings less cash and cash equivalents, and equity as the sum of share capital, reserves and accumulated losses/retained earnings.

	2015 $000's	2014 $000's
Net debt to equity		
Total debt	6,275	52,209
Less cash and cash equivalents	67,671	158,917
Excess of cash over debt	61,396	106,708
Equity	159,283	226,394

Net debt as percentage of equity - not applicable as cash and cash equivalent exceeds debt.

NOTE 15 – CONTRIBUTED EQUITY

	2015		2014	
	Number	$000's	Number	$000's
Share capital				
Ordinary shares - fully paid	196,196,992	242,467	124,028,630	131,339
Movements in ordinary share capital				
Opening balance	124,028,630	131,339	123,279,384	129,300
Issue of shares on acquisition of subsidiary	71,851,553	110,652	-	-
Issue of shares under employee performance rights plan	316,809	476	174,246	274
Share options exercised	-	-	575,000	1,978
Tax effect of issue costs	-	-	-	(213)
Closing balance	196,196,992	242,467	124,028,630	131,339

Accounting policy

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Shares issued as consideration for the acquisition of Iron Ore Holdings Limited were measured at fair value being the share price of BC Iron on the unconditional offer date.

Terms and conditions of ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any proceeds of liquidations.

NOTE 16 – RESERVES

	2015 $000's	2014 $000's
Share based payments reserve		
Balance as at 1 July	**10,111**	10,222
Share based payments expense	**417**	747
Issue of shares under Employee Performance Rights Plan	**(476)**	(274)
Options transferred to options exercised reserve	**-**	(584)
Balance as at 30 June	**10,052**	10,111
Financial assets at fair value through other comprehensive income		
Balance as at 1 July	**(5,274)**	(5,368)
Gains and losses on financial instruments recognised in equity	**(3,735)**	94
Balance as at 30 June	**(9,009)**	(5,274)
Options exercised reserve		
Balance as at 1 July	**3,787**	3,203
Options transferred from share based payments reserve	**-**	584
Balance as at 30 June	**3,787**	3,787
Hedging reserve		
Balance as at 1 July	**-**	-
Gains and losses on cash flow hedges	**2,706**	-
Balance as at 30 June	**2,706**	-
Total reserves	**7,536**	8,624

Nature and purpose of reserves

The share based payments reserve is used to recognise the fair value of options (not exercised), performance rights and equity-settled benefits issued in settlement of share issue costs.

Changes in the fair value of investments such as equities measured at fair value through other comprehensive income, are recognised in other comprehensive income and accumulated in a separate reserve within equity. On adoption of AASB9 *Financial Instruments* investments in listed shares previously classified as available-for-sale were reclassified as financial assets at fair value through other comprehensive income. Refer to note 11 for details of the impact of the retrospective application of the accounting policy.

The options exercised reserve is used to recognise the fair value of options exercised.

The hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship and has not yet been settled.

NOTE 17 – RETAINED EARNINGS

Balance as at 1 July	**86,431**	72,793
Net profit/(loss)	**(158,499)**	71,811
Dividends paid	**(18,652)**	(58,173)
Balance as at 30 June	**(90,720)**	86,431

Refer to note 11 for details of the impact of the retrospective application of the accounting policy for financial assets at fair value through other comprehensive income under AASB9 *Financial Instruments*.

NOTE 18 – DIVIDENDS

	2015 $000's	2014 $000's
Dividend paid during the financial year (fully franked at 30 per cent)		
Final franked dividend for 2014: $0.15 (2013: $0.30)	**18,652**	37,088
Interim franked dividend for 2015: Nil (2014: $0.17)	-	21,085
Total dividends paid	**18,652**	58,173
Dividend declared not recognised as a liability (fully franked at 30 per cent)		
Final franked dividend for 2015: Nil (2014: $0.15)	-	18,652

NOTE 19 – EARNINGS PER SHARE

Earnings per share from continuing operations		
(Loss)/profit after income tax from continuing operations	**(158,499)**	71,811
(Loss)/profit after income tax used in calculating diluted earnings per share	**(158,499)**	71,811
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**174,827,204**	123,821,718
Adjustments for calculation of diluted earnings per share:		
Vested share options outstanding at year end	-	-
Weighted average number of shares used in calculating diluted earnings per share	**174,827,204**	123,821,718
	Cents	Cents
Earnings per share attributable to the ordinary equity holders of the company		
Basic (loss)/earnings per share	**(90.66)**	58.00
Diluted (loss)/earnings per share	**(90.66)**	58.00

Accounting policy

Basic earnings per share is calculated by dividing net profit after income tax attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the financial year.

Diluted earnings per share is calculated using net profit after income tax attributable to equity holders of the Company adjusted for the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTE 20 – LOANS AND BORROWINGS

	2015 $000's	2014 $000's
Current		
Secured - loan facility	-	18,769
Unsecured - Henghou facility	**6,275**	5,308
Total current	**6,275**	24,077
Non-current		
Secured - loan facility	-	23,621
Unsecured - Henghou facility	-	4,511
Total non-current	-	28,132
Total	**6,275**	52,209

Accounting policy

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the loans and borrowings using the effective interest method.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, in which case they are classified as non-current liabilities.

Unsecured Henghou facility

The NJV secured, via the joint venture participants, US$50 million (interest free) in project finance with Henghou Industries (Hong Kong) Limited. Henghou made a payment of US$15 million on 17 December 2009 (being US$7.5 million to BCIN), a payment of US$15 million on 3 February 2010 (being US$7.5 million to BCIN) and a payment of US$20 million on 2 July 2010 (being US$10 million to BCIN).

The Company repays its share of the facility at the amount of US$5 million annually to Henghou over 5 years from December 2011. The final repayment is due in December 2015. As part of this facility the Company issued 8 million options to Henghou as non-cash consideration. These options were exercised in FY2012.

The total borrowings above do not agree to the total outstanding loan owing by the Company of US$5 million due to foreign exchange differences and discounting of the interest free loan.

Repayment of secured loan facility

On 29 June 2015 the Company repaid the balance of the secured loan facility of US$30.8M.

Compliance with loan covenants

The Company complied with the financial covenants of its borrowing facilities during FY2015 and FY2014.

Fair value

The fair value of the unsecured facility is based on discounted cash flows using the rates disclosed in the table below. It is classified as a level 3 fair value in the fair value hierarchy (note 33) due to the use of unobservable inputs, including own credit risk.

	2015	2014
Unsecured - Henghou facility		
Discount rate	**3.25%**	3.25%
Carrying value	**6,275**	9,819
Fair value	**6,312**	10,121

RISK MANAGEMENT

NOTE 21 – FINANCIAL RISK MANAGEMENT

The Company holds the following financial instruments:

	2015 $000's	2014 $000's
Financial assets		
Cash and cash equivalents	67,671	158,917
Financial assets at fair value through other comprehensive income	-	1,791
Trade and other receivables	26,721	4,964
Derivative financial instruments	390	-
	94,782	165,672
Financial liabilities		
Trade and other payables	70,947	61,977
Loans and borrowings	6,275	52,209
	77,222	114,186

Market (including foreign exchange, commodity price and interest rate risk), credit and liquidity risks arise in the normal course of the Company's business. Primary responsibility for identification and control of financial risk rests with senior management under directives approved by the Board.

a. Market risk

i) Foreign exchange risk

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency in which they are measured. The Company is exposed to foreign exchange risk on cash and cash equivalents, trade receivables and loans and borrowings. The Company's policy is, where possible, to settle foreign liabilities with the cash generated from operations in that currency. The Company's exposure to foreign currency risk at reporting date was as follows:

	Currency	2015 $000's	2014 $000's
Exchange rate at reporting date		0.7672	0.9419
Financial assets			
Cash and cash equivalents	A$	13,499	38,321
	US$	10,357	36,094
Trade receivables	A$	8,433	817
	US$	6,469	770
Derivative financial instruments	A$	716	-
	US$	550	-
Financial liabilities			
Loans and borrowings	A$	(6,275)	(52,712)
	US$	(4,814)	(49,649)

The following table summarises the sensitivity to a reasonably possible change in the AUD:USD rate, with all other variables held constant, of the Company's profit/(loss) before tax and reserves due to changes in the carrying value of financial assets and liabilities at reporting date.

	Effect on profit/(loss) 2015 $000's	Effect on reserves 2015 $000's	Effect on profit/(loss) 2014 $000's	Effect on reserves 2014 $000's
Appreciation of AUD:USD by 5% from 0.7672 to 0.8056 (2014: 0.9419 to 0.9890)	(746)	(34)	646	-
Depreciation of AUD:USD by 5% from 0.7672 to 0.7288 (2014: 0.9419 to 0.8948)	824	38	(714)	-

NOTE 21 Continued

ii) Commodity price risk

The Company's revenue is exposed to commodity price fluctuations, specifically iron ore prices. The Company measures exposure to commodity price risk by monitoring and stress testing the Company's forecast financial position to sustained periods of low iron ore prices on a regular basis.

During the year the Company has entered into cash flow hedges to mitigate the risk arising from fluctuations in commodity prices on revenue. The Company uses a combination of iron ore swaps, forward foreign exchange contracts and purchased foreign exchange call options as hedging instruments to achieve this.

As at 30 June 2015 the Company recognised the following amounts in relation to its cash flow hedges.

	2015 $000's	2014 $000's
Cash flow hedges at fair value		
Iron ore swaps	713	-
Forward foreign exchange contracts	(328)	-
Purchased AUD:USD call options	5	-
Total	390	-

The commodity swaps and forward foreign exchange contracts are classified as level 2 measurements under the fair value hierarchy prescribed by accounting standards.

As at 30 June 2015 all open hedging contracts are due to mature within the next 3 months with settlement of the contracts occurring at maturity. As forecast sales occur within the next 3 months cumulative hedge gains or losses will be reclassified from reserves accordingly. During the year effective hedge losses of $2,002K (2014: nil) were reclassified from hedge reserves to revenue relating to effective hedges. No hedge ineffectiveness was recognised during the year (2014: nil).

The following table summarises the sensitivity to a reasonably possible change in the US$ iron ore price, with all other variables held constant, of the Company's profit/(loss) before tax and reserves due to changes in the carrying value of financial assets and liabilities at reporting date.

	Effect on profit/ (loss) before tax 2015 $000's	Effect on reserves 2015 $000's	Effect on profit/ (loss) before tax 2014 $000's	Effect on reserves 2014 $000's
Appreciation of Iron Ore price by 10% from US$62.33 to US$68.56. (2014:US$92.74 to US$102.01)				
Trade receivables	843	-	82	-
Iron ore swaps	-	(3,659)	-	-
Depreciation of Iron Ore price by 10% from US$62.33 to US$56.09. (2014:US$92.74 to US$84.47)				
Trade receivables	(843)	-	(82)	-
Iron ore swaps	-	3,659	-	-

Accounting policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The Company designates derivatives as hedges of risk associated with the cash flows of highly probable forecast transactions (cash flow hedges). The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment of whether the derivatives that are used in hedging transactions will be effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'. When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

iii) Interest rate risk

The Henghou unsecured loan facility is not subject to interest rate risk. The impact of interest rates on the Company's financial position is reviewed regularly.

b. Credit risk

Credit risk arises from cash and cash equivalents and deposits with financial institutions, and from receivables from customers for iron ore sales. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted in accordance with ratings guidelines of major global credit rating agencies. For customers, credit reference checks are undertaken and letters of credit are required as a means of securing payment. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note. All current receivables at 30 June 2015 were received within one month.

The credit quality of financial assets that are neither past due nor impaired can be summarised as follows:

- Cash and cash equivalents $67,671K (2014: 158,961K) held with banks with minimum external credit ratings of AA-.
- Trade receivables $8,433K (2014: 2,308K) due from existing customers are backed by letters of credit from banks with minimum external credit ratings of AA-. There has been no history of default in the past.
- In the money derivatives $718K (2014: nil) held with banks with minimum external credit ratings of AA-.

c. Liquidity risk

Prudent liquidity management involves the maintenance of sufficient cash and access to capital markets. It is the policy of the Board to ensure that the Company is able to meet its financial obligations and maintain the flexibility to pursue attractive investment opportunities through keeping committed credit lines available where possible, ensuring the Company has sufficient working capital and preserving the 15% share issue limit available to the Company under the ASX Listing Rules.

Financing arrangements

The NJV, via the participants, has a US$50 million financing facility (US$25m Company share) with Henghou Industries (Hong Kong) Limited. Refer to note 20 for further information.

Maturity analysis of financial assets and liabilities

The table below groups undiscounted cash flows from the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities and net and gross settled derivative financial instruments.

	Less than 6 months $000's	6 - 12 months $000's	1-5 years $000's	Greater than 5 years $000's	Contractual cash flows $000's	Carrying amount $000's
Year ended 30 June 2015						
Financial liabilities						
Trade and other payables	70,947	-	-	-	70,947	70,947
Loans and borrowings	6,275	-	-	-	6,516	6,275
Total non-derivatives	77,222	-	-	-	77,463	77,222
Gross settled (forward foreign exchange contracts - cash flow hedges)						
(Inflow)	(44,360)	-	-	-	(44,360)	-
Outflow	44,767	-	-	-	44,767	(328)
Year ended 30 June 2014						
Financial liabilities						
Trade and other payables	61,978	-	-	-	61,978	61,978
Loans and borrowings	5,308	19,004	29,196	-	53,508	52,209
Total non-derivatives	67,286	19,004	29,196	-	115,486	114,187
Gross settled (forward foreign exchange contracts - cash flow hedges)						
(Inflow)	-	-	-	-	-	-
Outflow	-	-	-	-	-	-

GROUP STRUCTURE

NOTE 22 – SUBSIDIARIES

The consolidated financial statements include the financial statements of BC Iron Limited and the subsidiaries listed in the following table.

	Country of incorporation	Functional currency	Beneficial interest	
			2015 %	2014 %
BC Iron Nullagine Pty Ltd	Australia	AUD	100	100
BC Iron (SA) Pty Ltd	Australia	AUD	100	100
BC Iron Finance Pty Ltd (formerly BC Iron (Pilbara) Pty Ltd)	Australia	AUD	100	100
BC Pilbara Iron Ore Pty Ltd (formerly Iron Ore Holdings Limited)	Australia	AUD	100	-
PEL Iron Ore Pty Ltd	Australia	AUD	100	-
Buckland Minerals Transport Pty Ltd	Australia	AUD	100	-
Cape Preston Logistics Pty Ltd	Australia	AUD	100	-
Mardie Minerals Pty Ltd	Australia	AUD	100	-
Iron Valley Pty Ltd	Australia	AUD	100	-
Bungaroo South Pty Ltd	Australia	AUD	100	-
Mal's Ridge Pty Ltd	Australia	AUD	100	-
Maitland River Pty Ltd	Australia	AUD	100	-
Metal Holdings Pty Ltd	Australia	AUD	100	-

Accounting policy

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BC Iron Limited as at 30 June 2015, and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of an asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the consolidated entity.

NOTE 23 – BUSINESS COMBINATION

Between 3 October 2014 and 20 November 2014 the Company acquired 100% of the issued shares in Iron Ore Holdings Limited ("IOH"), a mineral exploration and development company, for total consideration of $126,769K. The acquisition provides the Company with a complementary portfolio of production and development assets in the Pilbara. The recognition of IOH's identifiable assets and liabilities in the balance sheet was based on fair values at the acquisition date determined with the assistance of an independent third party expert. Details of the purchase consideration, net assets acquired, including any adjustments during the measurement period, and the goodwill arising from the acquisition are as follows.

	$000's
Purchase consideration	
Cash paid to IOH shareholders	16,117
BC Iron shares issued to IOH shareholders	110,652
Total purchase consideration	**126,769**

	Notes	Fair value (initial) $000's	Measurement period adjustments $000's	Fair value (final) $000's
Current assets				
Cash and cash equivalents		40,455	-	40,455
Receivables		306	-	306
Prepayments		73	-	73
Non-current assets				
Receivables		7,877	(5,398)	2,479
Plant and equipment	8	197	-	197
Mine property	8	47,430	3,470	50,900
Exploration and evaluation assets	9	19,510	(15,410)	4,100
Intangibles	10	26,830	(298)	26,532
Current liabilities				
Payables		(552)	-	(552)
Provisions	13	(876)	-	(876)
Non-current liabilities				
Deferred tax liability		(2,270)	351	(1,919)
Provisions	13	(7,641)	5,398	(2,243)
Net identifiable assets acquired		**131,339**	**(11,887)**	**119,452**
Add: goodwill	10			7,317
Total purchase consideration				**126,769**
Cash inflow on acquisition				
Cash acquired				40,455
Cash paid to IOH shareholders				(16,117)
Inflow of cash – investing activities				**24,338**

Measurement period adjustments

The Company disclosed amounts in the 31 December 2014 half-year report for acquired mine property, exploration and intangibles based on provisional assessments. In accordance with AASB3 *Business Combinations* the Company has 12 months to finalise its purchase price allocation and accordingly recognised measurement period adjustments to the provisional amounts recorded in the 31 December 2014 half-year report to reflect revisions to valuations and rehabilitation cost estimates. This has resulted in an overall reduction in the value ascribed to net identifiable assets acquired, and consequently the gain on acquisition of $4,570K disclosed in the 31 December 2014 half-year report has been replaced by goodwill of $7,317K.

Goodwill on acquisition

Goodwill from acquisitions can, amongst other things, represent economic value in human capital, established systems and processes, intellectual property and future potential growth. Refer to note 3 for consideration of the impairment of goodwill.

NOTE 23 Continued

Acquisition-related costs

Acquisition-related costs of $6,389K are included in administration expenses in profit and loss.

Revenue and profit contribution

The acquired business contributed revenues of $19,269K and a net profit of $380K to the Company for the period from 3 October 2014 to 30 June 2015. If the acquisition had occurred on 1 July 2014, consolidated revenue and consolidated loss for the year ended 30 June 2015 would have been $278,568K and $164,387K respectively.

Accounting policy

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred and equity interests issued by the Company.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Key estimates and judgements

Estimates and judgements were made in determining the fair value of assets and liabilities acquired, including:

- estimates of the quantities of mineral reserves and ore resources for which there is a high degree of confidence of economic extraction and the timing of access to these reserves and resources;
- future iron ore prices based on consensus forecasts by recognised economic forecasters;
- future foreign exchange rates based on consensus forecasts by recognised economic forecasters;
- production rates, production costs and capital expenditure projections including inflation factors; and
- asset specific discount rates.

NOTE 24 – SEGMENT INFORMATION

Management has determined that the Company has one reportable segment, being mineral exploration, development and production in Western Australia. No operating segments have been aggregated to form the consolidated information presented in the financial statements.

Revenue derived from iron ore sales is derived from customers located in China 93% and Australia 7%. The Company's product sold into China predominantly relates to shipments made to Henghou Industries (Hong Kong) Limited including committed shipments made under the off-take agreement.

Accounting policy

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Company's Board. Internal reporting is provided to the Board on a consolidated basis.

NOTE 25 – INTEREST IN JOINT OPERATION

Jointly controlled operation

On 1 January 2010, the Company and Fortescue Metals Group Ltd ("FMG") commenced a 50:50 Joint Venture to develop the Nullagine Iron Ore Project in the East Pilbara of Western Australia.

The Company announced on 10 December 2012 that it had entered into an agreement with FMG to acquire an additional 25% interest in the NJV. As part of the transaction, the Company increased its participating interest in the NJV from 50% to 75%. The joint venture agreement requires unanimous consent from both parties for all relevant activities. Under the joint venture agreement each participant severally liable, in proportion to its percentage share, for all obligations and liabilities incurred in the course of carrying out joint venture activities.

Accounting policy

The NJV is recognised as a joint operation and the Company recognises its direct right to the assets, liabilities, revenues and expenses of the joint operation and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Profit and loss on transactions with joint operations are eliminated to the extent of the Company's ownership interest.

UNRECOGNISED AMOUNTS

NOTE 26 – COMMITMENTS

	2015 $000's	2014 $000's
Operating leases - buildings		
The Company has non-cancellable operating leases for office and storage buildings.		
Within one year	447	416
Greater than one year but not more than five years	74	659
More than five years	-	-
	521	1,075
Operating leases - vehicles		
The Company has non-cancellable operating leases for vehicles.		
Within one year	80	89
Greater than one year but not more than five years	114	3
More than five years	-	-
	194	92
Capital commitments		
Within one year	4,596	127
Greater than one year but not more than five years	-	-
More than five years	-	-
	4,596	127

Capital commitments within one year include amounts payable to a contractor for purchase of mining plant and equipment upon termination of contract.

NOTE 27 – CONTINGENT LIABILITIES AND ASSETS

Following the decision of the NJV to terminate the mining services contract with Watpac Civil & Mining Pty Ltd ("Watpac") early (see announcement 2 April 2015), Watpac has claimed that it is owed certain amounts from BC Iron Nullagine Pty Ltd (as manager of the NJV) for services previously provided by it over the 57 month term of the contract.

The Company believes that the NJV has paid Watpac all of the money Watpac is contractually due under the terms of the contract. The Company considers that Watpac's claims have no contractual basis or merit. Accordingly, the NJV is vigorously defending each of the claims and no amount has been provided for in the accounts.

NOTE 28 – EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial periods subsequent to the year ended 30 June 2015.

OTHER NOTES

NOTE 29 – PARENT ENTITY

The following details information related to the parent entity, BC Iron Limited, as at 30 June 2015. The information presented here has been prepared using accounting policies consistent with those presented in the notes to the accounts.

	2015 $000's	2014 $000's
Balance sheet		
Current assets	53,264	157,220
Total assets	180,161	174,870
Current liabilities	4,017	8,200
Total liabilities	3,417	8,224
Shareholders' equity		
Issued capital	242,467	131,339
Reserves	4,958	5,017
Retained earnings	(70,681)	30,290
Total shareholders' equity	176,744	166,646
(Loss)/profit for the year	(82,318)	45,754
Total comprehensive (loss)/income for the year	(82,318)	45,754

Parent entity information at 30 June 2014 has been restated to reflect the retrospective change to the exploration accounting policy. Refer to note 9 for further details.

Included in note 26 are commitments incurred by the parent entity relating to the lease of offices.

NOTE 30 – AUDITOR'S REMUNERATION

The auditor of BC Iron Limited is BDO Audit (WA) Pty Ltd.

	2015	2014
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
Audit or review of financial reports for the Company	123,052	92,747
Non audit services – assurance services	3,773	-
Total	126,825	92,747

NOTE 31 – RELATED PARTY TRANSACTIONS

Parent entity

BC Iron Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 22.

Joint operations

Interests in joint operations are set out in note 25.

Key management personnel

Disclosures relating to key management personnel are set out in the Remuneration Report in the Directors' Report.

	2015 $	2014 $
Short-term employee benefits	**1,784,360**	1,560,591
Long-term employee benefits	**208,108**	221,597
Termination payments	**-**	39,520
Share based payments	**199,167**	345,978
Post-employment benefits	**93,504**	69,162
Total	**2,285,139**	2,236,848

Transactions with related parties

Management fee income from joint operation	**790,916**	804,812

Outstanding balances arising from sales/purchases of goods and services

Joint operation		
Receivables	**418,114**	709,938
Payables	**-**	1,899

NOTE 32 – SHARE BASED PAYMENTS

During the 2011-2015 financial years, the Company provided share based payments to employees only, whereas in the 2010 financial year they were also granted to consultants and financers. An employee share option incentive plan was approved at the shareholder's annual general meeting of 16 November 2011. An employee performance rights plan approved at the shareholder's annual general meeting of 19 November 2010, was renewed at the Company's 2013 annual general meeting.

Under the terms of these plans, the Board may offer options and performance rights at no more than nominal consideration to employees or directors (the latter subject to shareholder approval) based on a number of criteria, including contribution to the Company, period of employment, potential contribution to the Company in the future and other factors the Board considers relevant. These long-term incentives are provided to certain employees at the discretion of the Board to deliver long-term shareholder returns. Set out below is a summary of the options and performance rights granted by the Company.

2015 - Options

Grant date	Expiry date	Exercise price	Balance at 1 July 2014	Granted during the year	Exercised during the year	Lapsed or forfeited during the year	Balance at 30 June 2015	Vested and exercisable at 30 June 2015
Employee options								
20/01/2012	31/12/2014	$4.05	100,000	-	-	(100,000)	-	-
20/01/2012	31/12/2014	$4.32	100,000	-	-	(100,000)	-	-
22/06/2012	30/06/2015	$4.09	100,000	-	-	(100,000)	-	-
Total			300,000	-	-	(300,000)	-	-
Weighted average exercise price			$4.15	-	-	$4.15	-	-

NOTE 32 Continued

2014 - Options

Grant date	Expiry date	Exercise price	Balance at 1 July 2013	Granted during the year	Exercised during the year	Lapsed or forfeited during the year	Balance at 30 June 2014	Vested and exercisable at 30 June 2014
Employee options								
20/01/2012	31/12/2014	$3.86	50,000	-	(50,000)[1]	-	-	-
20/01/2012	31/12/2014	$4.05	100,000	-	-	-	100,000	100,000
20/01/2012	31/12/2014	$4.32	100,000	-	-	-	100,000	100,000
20/01/2012	31/12/2014	$3.86	50,000	-	(50,000)[2]	-	-	-
20/01/2012	31/12/2014	$4.05	100,000	-	(100,000)[3]	-	-	-
20/01/2012	31/12/2014	$4.32	100,000	-	(100,000)[4]	-	-	-
22/06/2012	30/06/2015	$3.66	50,000	-	(50,000)[5]	-	-	-
22/06/2012	30/06/2015	$3.83	100,000	-	(100,000)[6]	-	-	-
22/06/2012	30/06/2015	$4.09	100,000	-	-	-	100,000	100,000
Others options								
12/04/2010	19/02/2015	$1.50	125,000	-	(125,000)[7]	-	-	-
Total			**875,000**	**-**	**(575,000)**	**-**	**300,000**	**300,000**
Weighted average exercise price			**$3.68**	**-**	**$3.44**	**-**	**$4.15**	**$4.15**

1. Options exercised on 10 December 2013. Weighted average share price on this day was $4.97.
2. Options exercised on 15 October 2013. Weighted average share price on this day was $4.73.
3. Options exercised on 4 November 2013. Weighted average share price on this day was $5.05.
4. Options exercised on 27 February 2014. Weighted average share price on this day was $4.90.
5. Options exercised on 30 August 2013. Weighted average share price on this day was $4.33.
6. Options exercised on 14 and 21 November 2013. Weighted average share price on these days was $5.17 and $5.16 respectively.
7. Options exercised on 29 August 2013. Weighted average share price on this day was $4.33.

The weighted average remaining contractual life of share options outstanding at the end of the financial year was nil (2014: 0.7 years).

Options granted carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

Employee option expense

Share options and performance rights have been granted to provide long-term incentive for senior employees to deliver long-term shareholder returns. Participation in employee share options and performance rights is at the Board's discretion and no individual has a contractual right to participate in a plan or to receive any guaranteed benefits.

Other option expense

Share options were granted to consultants in 2010 for their services as consideration for the provision of services with respect to broker support and capital raising costs. Options were also issued to Henghou Industries (Hong Kong) Limited in 2010, refer to note 20. No options or performance rights were issued to consultants in 2015 (2014: Nil).

Employee performance rights

During the year the Company issued share based payments in the form of performance rights to Directors and employees as per below.

A Monte Carlo simulation has been used to value the performance rights. The Monte Carlo model simulates the returns of the Company in relation to the peer group and arrives at a value based on the number of rights that are likely to vest. The risk free rate of the performance rights on the date granted was 2.54% (2014: 2.52%).

Refer to the Remuneration Report in the Directors' Report for more information.

2015 – Performance rights

Grant date	Expiry date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date	Life of right	Expected dividends
Executive director performance rights							
01/09/2014	01/09/2021	69,988	30/06/2016	$1.20	$2.54	7 years	0%
Employee performance rights							
01/09/2014	01/09/2021	298,248	30/06/2016	$1.20	$2.54	7 years	0%

The fair value per performance right on grant date was determined as follows;

Grant date	1 September 2014
Grant date share price	$2.54
Volatility (per cent)	39.7%
Dividend yield (per cent)	12.6%
Risk free rate	2.54%

2014 – Performance rights

Grant date	Expiry date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date	Life of right	Expected dividends
Executive director performance rights							
4/10/2013	1/10/2020	73,614	30/06/2015^	$2.68	$4.57	7 years	0%
Employee performance rights							
4/10/2013	1/10/2020	320,334	30/06/2015^	$2.68	$4.57	7 years	0%

^ *Performance rights did not vest based on performance conditions and were cancelled on the next business day after 30 June.*

The fair value per performance right on grant date was determined as follows;

Grant date	4 October 2013
Grant date share price	$4.57
Volatility (per cent)	37.7%
Dividend yield (per cent)	7.65%
Risk free rate	2.52%

Summary of performance rights on issue

Vesting date	Opening balance at 1 July 2014	Rights granted during the year	Rights cancelled during the year	Rights converted to shares during the year	Closing balance at 30 June 2015	Rights vested as at 30 June 2015
30/06/2014	316,809	-	-	(316,809)	-	N/A
30/06/2015	393,948	-	(132,326)	-	**261,622**	-
30/06/2016	-	368,236	(65,510)	-	**302,726**	N/A
Total	710,757	393,948	(162,897)	(174,246)	**564,348**	-

Expenses arising from share-based payment transactions

Total expenses arising from share based payments recognised during the financial period as part of employee benefits expense were as follows.

	2015 $	2014 $
Director benefits	**151,634**	161,228
Employee benefits	**265,977**	585,642
Total	**417,611**	746,870

Accounting policy

The fair value of share based payments granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or performance rights.

A Monte Carlo simulation is used to value performance rights. The Monte Carlo calculation simulates the returns of the Company in relation to a peer group and arrives at a value based on the number of rights that are likely to vest.

The employee benefit expense recognised each period takes into account the most recent estimate of the options and performance rights. The impact of revision to original estimates, if any, is recognised in the profit and loss with a corresponding adjustment to equity.

NOTE 32 Continued

Key estimate: Share-based payment costs

The cost of share-based payments to financiers is measured by reference to the difference between the nominal value and net present value of the finance facility provided. The net present value is determined based upon a market comparable discount rate applicable to similar size companies within the mining sector.

A Monte Carlo simulation has been used to value performance rights. The Monte Carlo calculation simulates the returns of the Company in relation to the peer group and arrives at a value based on the number of rights that are likely to vest.

NOTE 33 – OTHER ACCOUNTING POLICIES

New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2014:

- AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and liabilities. Since December 2013, it also sets out new rules for hedge accounting. The standard is not applicable until January 2017 but is available for early adoption.

The Company elected to adopt AASB9 *Financial Instruments* early from 1 July 2014 to benefit from the new hedging rules which align more closely with the Company's risk management practices.

Adoption of the standard has not significantly affected the Company's accounting for its financial assets at fair value through other comprehensive income. AASB9 permits the recognition of fair value gains or losses in other comprehensive income provided the investment is not impaired and if they relate to equity investments that are not held for trading, refer to note 11 for further details. There was no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit and loss and the Company does not have such liabilities.

- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*

The Company has included disclosures relating to the determination of the recoverable amount of impaired assets as required under the amendment.

Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, except where the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within receivables or payables in the statement of financial position.

The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Company. Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the Company uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB13 *Fair value measurement* establishes the following fair value measurement hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating. Payments made under operating leases (net of any incentives received from the lessor) are expensed on a straight-line basis over the period of the lease.

Tax consolidation legislation

BC Iron Limited and its wholly owned Australian controlled entities have entered into the tax consolidation legislation. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, BC Iron Limited.

The entities entered into a tax funding agreement under which the wholly owned entities fully compensate BC Iron Limited for any current tax payable assumed and are compensated by BC Iron Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to BC Iron Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

AASB 15 Revenue from contracts with customers

The standard was issued in December 2014 and will be applicable to the Company from 1 July 2017. Under the standard an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.

Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard but at this stage expects that the impact will be limited.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods.

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INDEPENDENT AUDITOR'S REPORT

To the members of BC Iron Limited

Report on the Financial Report

We have audited the accompanying financial report of BC Iron Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In the basis of preparation preface to the notes, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BC Iron Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of BC Iron Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in the basis of preparation preface to the notes.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of BC Iron Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 25 August 2015

AUDITOR'S DECLARATION OF INDEPENDENCE

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF BC IRON LIMITED

As lead auditor of BC Iron Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of BC Iron Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 25 August 2015

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

BC Iron Limited ("Company") has adopted systems of control and accountability as the basis for the administration of its corporate governance practices. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations 3rd Edition* ("ASX Principles and Recommendations"), the Company has followed each such Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for its corporate governance practices. Where, after due consideration, the Company's corporate governance practices depart from a Recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime. This corporate governance statement sets out the Company's corporate governance policies and practices for the reporting period.

Further information about the Company's corporate governance practices including relevant information on the Company's charters, code of conduct and other policies and procedures is set out on the Company's website at www.bciron.com.au/corporate/corporate-governance.

ASX PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 – A listed entity should disclose:

a) **the respective roles and responsibilities of its board and management; and**

b) **those matters expressly reserved to the board and those delegated to management.**

The Company has established the functions reserved to the Board and senior executives and has set out these functions in its Board Charter, which is available on the Company's website on the Corporate Governance page.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chairman or the lead independent director, as appropriate.

Recommendation 1.2 – A listed entity should:

a) **undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and**

b) **provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.**

The Company undertakes appropriate background and screening checks prior to nominating a director for election by shareholders.

All material information in the Company's possession in relation to directors is disclosed in the annual report, and in explanatory notes accompanying the notice of meeting for directors subject to election or re-election.

Recommendation 1.3 – A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company has written agreements in place with all directors and senior executives. Further information can be found in the Remuneration Report on pages 36-38.

Recommendation 1.4 – The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Details of the Company Secretaries for the reporting period can be found in the Directors' Report on page 24. The appointment and removal of a Company Secretary is a matter for decision by the Board. The Company Secretaries are responsible for ensuring that Board procedures are complied with and that governance matters are addressed. All directors have direct access to the Company Secretaries who are accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Recommendation 1.5 – A listed entity should:

a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

b) disclose that policy or a summary of it; and

c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Company has established a Diversity Policy which embraces a corporate culture supporting equal opportunity and diversity when determining the composition of employees, senior management and the Board. A summary of the Company's diversity policy can be found on the Corporate Governance page of the Company's website.

The Board maintains full transparency of board processes, reviews and appointments and encourages gender diversity.

The Company's measurable objectives for achieving gender diversity and progress towards achieving them include:

Measurable Objectives	Progress towards achievement
Introducing alternative workplace arrangements and improving workplace flexibility.	Flexible workplace arrangements policy is actively implemented.
Providing support for family and personal choices.	Providing a culture which not only supports workplace diversity but also recognises that employees at all levels of the Company may have domestic responsibilities and different family needs. All employees have access to confidential counselling at no cost through the Employee Assistance programme.
Utilisation of professional intermediaries to assess candidates.	Commitment to a corporate environment conducive to the appointment of well qualified employees, senior management and Board candidates so there is appropriate diversity to maximise the achievement of corporate goals. Use of independent professionals as appropriate.

As at 30 June 2015 there were 3 women in senior management positions in the Company, representing 27% of senior management, and 21 women employees across the Company, representing 34% of the whole organisation. There are no women on the Board at this time, nor executive managers as disclosed in the Remuneration Report. The Company is not a "relevant employer" under the Workplace Gender Equality Act.

Recommendation 1.6 – A listed entity should:

a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Chairman is responsible for evaluation of the Board and, when appropriate, Board committees and individual directors. Evaluations are undertaken by way of round-table discussions, Board evaluation questionnaires, and, when appropriate, one-on-one interviews.

No performance evaluation was undertaken during the reporting period.

Recommendation 1.7 – A listed entity should:

a) have and disclose a process for periodically evaluating the performance of its senior executives; and

b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Chairman, in consultation with the other Board members, is responsible for evaluating the Managing Director. The performance of the Managing Director is undertaken by the Chairman in the form of interviews with the Managing Director and other Directors. Other senior executives are evaluated by the Managing Director including consultation and feedback from the Board.

During the reporting period a performance evaluation of the Managing Director and senior executives did occur in accordance with the above disclosed process. Further information can be found in the remuneration report.

ASX PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1 - The Board of a listed entity should:

a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose (3) the charter of the committee; the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

A separate nomination committee has not been formed. The responsibilities of a nomination committee are carried out by the full Board. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee. To assist the Board to fulfil its function as a nomination committee, it has adopted a nomination committee charter which is disclosed in full on the Company's website on the corporate governance page.

Recommendation 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve it in its membership.

The directors on the Board collectively have a combination of skills and experience in the competencies set out in Table 1. These competencies are set out in the skills matrix that the Board uses to assess the skills and experience of each director and the combined capabilities of the Board. The Board considers that collectively the directors have the range of skills, knowledge and experience necessary to direct the Company.

Table 1 – Areas of competence and skills of the directors

Experience and Competencies
Financial acumen
Governance
Strategic leadership
Strategy and risk
Mining
Safety, environment, community, stakeholder engagement
Public policy
Marketing and Asia experience
Capital projects and infrastructure

Professional Qualifications
Business and accounting
Legal
Technical including mining and engineering

Recommendation 2.3 - A listed entity should disclose:

a) the names of the directors considered by the board to be independent directors;

b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Principles and Recommendations but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

c) the length of service of each director.

In considering the independence of directors, the Board refers to the criteria for independence as set out in Box 2.3 of the ASX Principles and Recommendations (Factors relevant to assessing the independence of a director). To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter, which is disclosed in full on the Company's website.

Information on the length of service and independence of Directors of the Company as at 30 June 2015 is outlined in table two below.

Table 2 – Details of directors

Name of director	Term in office	Length of service as at 30 June 2015	Status
A Kiernan (Chairman)	Director and Chairman since October 2006	8 years and 8 months	Independent
M Ball (Managing Director)	Director since December 2011	3 years and 6 months	Not independent as Mr Ball is an executive director.
M Bryant	Director since May 2015	1 month	Independent
A Haslam	Director since September 2011	3 years and 9 months	Independent
B O'Donnell	Director since October 2014	9 months	Not independent. Mr O'Donnell is a director of Australian Capital Equity which is associated with the Company's largest shareholder, Wroxby Pty Ltd.

Recommendation 2.4 - A majority of the Board of a listed entity should be independent directors.

For the reporting period, the Board consisted of a majority of independent directors excluding the one week period from 12 May 2015 to 19 May 2015. As a result of the resignation of Mr Ransted on 12 May 2015, the Board consisted of four directors with two not deemed to be independent. With the appointment of Mr Bryant on 19 May 2015, the Board returned to a majority of independent directors.

Recommendation 2.5 - The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Applying the independence criteria, Mr Kiernan, the Chairman of the Company, is an independent director. The roles of Chairman and Managing Director are carried out by different persons, namely Mr Kiernan and Mr Ball respectively.

Recommendation 2.6 – A listed entity should have a programme for inducting new directors and provide opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

All new non-executive directors are required to sign and return a letter of appointment which sets out the key terms and conditions of their appointment. Executive directors enter into employment agreements which govern the terms of their employment. All new directors are provided with a detailed induction manual.

All directors are expected to maintain the skills required to discharge their obligations to the Company. The Company provides opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

ASX PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1 - Companies should:

a) have a code of conduct for its directors, senior executives and employees; and

b) disclose that code or a summary of it.

The Company has established a code of conduct. A summary is available on the Company's website www.bciron.com.au/corporate/corporate-governance.

The Company also has established policies for whistle-blower protection, anti-bribery and corruption, and trading in the Company's securities by directors, senior executives and employees.

ASX PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendations 4.1 – The board of a listed entity should:

a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors; and (2) is chaired by an independent director who is not chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Audit Committee held one meeting during the reporting period. However in January 2015, the separate Audit and Risk Committees were combined into one committee which held four meetings.

The Directors' Report identifies directors who were members of the Audit Committee, and the combined Audit and Risk Committee during the reporting period, and shows their attendance at committee meetings (refer to page 25 of the Annual Report). Details of each of the director's qualifications are set out in the Directors' Report.

The charter of the Audit and Risk Committee can be found on the corporate governance page of the Company's website.

Notification of departure

The combined Audit and Risk Committee is chaired by Mr O'Donnell. Mr O'Donnell, as detailed above, although a Non-Executive Director of the Company, is not independent under the ASX Principles and Recommendations.

Prior to his resignation as a director on 26 November 2014, Mr McComas was chair of the Audit Committee. Mr McComas was deemed to be independent under the ASX Principles and Recommendations.

Explanation for departure

The Company has established an Audit and Risk Committee made up of three members. Of these members, Mr O'Donnell is the most suitably experienced and qualified director for the role of chair of the Audit and Risk Committee.

The Board considers that Mr O'Donnell is capable of demonstrating independence, consistently making decisions and taking action designed to be in the best interest of the Company.

All members of the Audit and Risk Committee are financially literate and have industry experience.

Recommendation 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Managing Director and Chief Financial Officer have provided declarations to the Board that the financial records of the Company have been properly maintained in accordance with the *Corporations Act 2001 (Cth)*, and the Company's financial statements comply with accounting standards and give a true and fair view of the Company's financial position and performance for the reporting period.

Recommendation 4.3 – A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The Company's external auditor attends the annual general meeting and is available to answer questions from shareholders relevant to the audit.

ASX PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 – A listed entity should;

a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and

b) disclose that policy or a summary of it.

The Company has established a written disclosure policy designed to ensure compliance with ASX Listing Rule disclosure requirements and ensures accountability at a senior executive level for that compliance.

A copy of the Company's disclosure policy is available on the Company's website at www.bciron.com.au/corporate/corporate-governance.

ASX PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.

The Company makes available on its website the following information on a regular and up-to-date basis:

- Information briefings to media and analysts;
- Notice of meetings and explanatory materials;
- Financial information including annual reports; and
- All other Company announcements.

All governance documents for the Company can be found at www.bciron.com.au/corporate/corporate-governance.

Recommendation 6.2 - A listed entity should design and implement an investor relations programme to facilitate effective two-way communication with investors.

The Company has an informal programme for communication with investors which is reviewed on a periodic basis. The Company also has a shareholder communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

A copy of the shareholder communication policy is available on the Company's website at www.bciron.com.au/corporate/corporate-governance.

Recommendation 6.3 - A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company recognises the importance of shareholder participation in general meetings. Shareholders unable to attend meetings are able to vote on resolutions through the appointment of a proxy. Shareholders are also able to register voting instructions electronically.

Shareholders who attend meetings are invited to ask questions on resolutions put to the meeting, and are also able to ask general questions at the conclusion of the formal sections of meetings. All directors of the Company are expected to attend meetings of the Company. The Company's auditor attends the annual general meeting to answer shareholder questions on the audit.

Recommendation 6.4 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company encourages direct electronic contact from shareholders through the Company website. Shareholders are able to submit electronic queries via the "Contact Us" webpage.

The Company's share register manager is Computershare. The option for shareholders to receive communications from, and send communications electronically is provided by Computershare.

ASX PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation 7.1 – A listed entity should:

a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director; and disclose (3) the charter of the committee; (4) the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have a risk committee or committees that satisfy a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Risk Committee held one meeting during the reporting period. In January 2015, the separate Audit and Risk Committees were combined into one committee which held four meetings.

The Directors' Report identifies directors who were members of the Risk Committee, and the combined Audit and Risk Committee during the reporting period, and shows their attendance at committee meetings (refer to page 25 of the Annual Report).

The charter of the Audit and Risk Committee can be found on the corporate governance page of the Company's website.

Notification of departure

The combined Audit and Risk is chaired by Mr O'Donnell. Mr O'Donnell, as detailed above, although a Non-Executive Director of the Company, is deemed to be not independent under the ASX Principles and Recommendations.

Prior to the combining of the Audit and Risk Committees, Mr Ransted was chair of the Risk Committee. Mr Ransted was deemed to be independent under the ASX Principles and Recommendations.

Explanation for departure

The Company has established an Audit and Risk Committee made up of three members. Of these members, Mr O'Donnell is the most suitably experienced and qualified director for the role of chair of the Audit and Risk Committee.

The Board considers that Mr O'Donnell is capable of demonstrating independence, consistently making decisions and taking action designed to be in the best interest of the Company.

Recommendation 7.2 - The board or a committee of the board should:

a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

b) disclose, in relation to each reporting period, whether such a review has taken place.

The Board has adopted an Operational Risk Management Framework, which sets out the Company's risk profile and management. The framework was reviewed during the reporting period and continues to be appropriate for the Company.

Under the framework, the Board, through the Audit and Risk Committee, is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the framework, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In February 2015, the senior management of the Company participated in an independently facilitated risk management workshop. The existing risk register was reviewed, and new risks were identified and assessed with respect to the following categories - description of potential risk, likelihood, consequence, mitigating practices and controls, and control rating.

The risk register is reviewed each quarter by senior management and provided to the full Board as well as the Audit and Risk Committee.

The full Board has received confirmation from the Audit and Risk Committee through quarterly management reviews, as to the effectiveness of the Company's management of its material business risks.

Recommendation 7.3 – A listed entity should disclose:

a) if it has an internal audit function, how the function is structured and what role it performs; or

b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Company does not have an internal audit function. Internal policies and procedures are reviewed on a regular basis to ensure compliance and that they are consistent with changing environments. In addition, the following risk management measures are in place to assist the Board with managing the Company's material business risks:

- an annual budget with variances from budget reported to the Board at regular Board meetings;
- authority limits established for management which must not be exceed unless prior Board approval is obtained;
- a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations;
- quarterly risk reviews;
- appropriately qualified employees; and
- a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

Recommendation 7.4 – A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company's exposure to material economic, environmental and social sustainability risks are discussed in the Directors' Report and financial statements.

ASX PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendations 8.1 - The board of a listed entity should:

a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director; and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Company has established a Remuneration Committee made up of 3 independent directors and chaired by an independent director.

A copy of the Remuneration Committee Charter is available on the Company's website.

Recommendation 8.2 – A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Non-executive directors are remunerated at market rates for time, commitment and responsibilities in consultation with independent professional advice. Remuneration for non-executive directors is not linked to individual performance. There are no termination or retirement benefits for non-executive directors.

Pay and rewards for executive directors and senior executives consists of base pay and benefits (such as superannuation) as well as short-term and long-term incentives. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

Details of director and senior executive remuneration, including the Company's policy on remuneration, are contained in the Remuneration Report which forms a part of the Directors' Report (refer to page 31 of the Annual Report).

Recommendation 8.3 – A listed entity which has an equity-based remuneration scheme should:

a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

b) disclose that policy or a summary of it.

The Company has a policy for trading in the Company's securities which prohibits directors and employees from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity-based remuneration scheme.

The Company's share trading policy for directors and employees is available on the corporate governance page of the Company's website.

SHAREHOLDER INFORMATION
AS AT 19 AUGUST 2015

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as disclosed in substantial notices given to the Company are as follows:

Shareholder	Shares held	% of issued capital
Wroxby Pty Ltd	37,371,845	19.05

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholding	Number of holders	Number of shares	% of issued capital
1-1,000	2,131	1,114,534	0.57
1,001-5,000	3,571	9,998,186	5.10
5,001-10,000	1,409	11,184,654	5.70
10,001-100,000	1,884	54,440,430	27.75
100,001 and over	167	119,459,188	60.88
Total	9,162	196,196,992	100.00

UNMARKETABLE PARCELS

There were 3,056 members holding less than a marketable parcel of shares in the Company at $0.26 per unit.

TWENTY LARGEST SHAREHOLDERS

#	Shareholder	Shares held	% of issued capital
1	Wroxby Pty Ltd	37,371,845	19.05
2	National Nominees Limited	11,044,090	5.63
3	J P Morgan Nominees Australia Limited	10,878,165	5.54
4	Citicorp Nominees Pty Limited	9,026,260	4.60
5	HSBC Custody Nominees (Australia) Limited	4,245,740	2.16
6	3rd Wave Investors Ltd	3,302,289	1.68
7	Glenn Hargraves Investments Pty Ltd	1,672,500	0.85
8	3rd Wave Investors Ltd	1,371,293	0.70
9	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	1,130,729	0.58
10	Mr Matthew James Rimes + Mrs Robin Lyn Rimes <The Revolver Super Fund A/C>	1,120,488	0.57
11	Mr Timothy Francis Buckett	836,400	0.43
12	Perron Investments Pty Ltd	778,800	0.40
13	Australian Executor Trustees Limited < No 1 Account>	719,999	0.37
14	Iron Ore Holdings Ltd <Dissenter A/C>	710,813	0.36
15	Comsec Nominees Pty Limited	664,416	0.34
16	Mr Godfrey Taylor	622,600	0.32
17	Cuzinc 2 Pty Ltd <The Cox Investment A/C>	608,836	0.31
18	Minton Ltd	602,673	0.31
19	Dr Mark Emmerson Barley	600,000	0.31
20	Excalibur Trading Pty Ltd	556,472	0.28
	Total	87,864,408	44.78

VOTING RIGHTS

All issued shares carry voting rights on a one for one basis.

UNLISTED SECURITIES

Security type	Class	Number	Number of holders
Performance rights	1	279,252	9

CORPORATE DIRECTORY

BC IRON LIMITED
ABN 21 120 646 924

Registered office and principle place of business

Level 1, 15 Rheola Street
West Perth, Western Australia 6005, Australia
Telephone: +61 (08) 6311 3400
Facsimile: +61 (08) 6311 3449
Website: www.bciron.com.au
Email: info@bciron.com.au

Postal Address

GPO Box 2811
Perth, Western Australia 6001

Executive directors

Morgan Ball – Managing Director

Non-executive directors

Anthony Kiernan – Chairman
Martin Bryant
Andrew Haslam
Brian O'Donnell

Company Secretaries

Anthea Bird
Hayley McNamara

Share Registry

Investors seeking information about their shareholdings should contact the company's share registry:

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth, Western Australia 6000

Postal address:	GPO Box 2975, Melbourne Victoria 3001
Telephone:	1300 850 505 (within Australia) +61 3 9415 4000 (outside Australia)
Facsimile:	(03) 9473 2500 (within Australia) +61 3 9473 2500 (outside Australia)
Email:	web.queries@computershare.com.au
Website:	www.investorcentre.com/contact

The share registry can assist with queries on share transfers, dividend payments and changes of name, address or bank account details.

For security reasons you will need your Security Reference Number (SRN) or Holder Identification Number (HIN) when communicating with the share registry.

Australian Securities Exchange listing

BC Iron Limited securities are listed on the Australian Securities Exchange (ASX) under the code BCI.

Annual General Meeting

The 2015 AGM of BC Iron Limited will be held at 10am (AWST) on Tuesday 24 November 2015 at the offices of BDO Perth, 38 Station Street, Subiaco, Western Australia. Details of the business of the meeting will be provided in the AGM notice.

Copies of the Chairman's and Managing Director's speeches will be available on the company's website.

Financial calendar*

First quarter 2016 report	27 October 2015
Annual General Meeting	24 November 2015
Half-year end	31 December 2015

**Timing of events is subject to change*

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