

## ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

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Clearly the last 12 months have been challenging for iron ore companies, including mid-cap producers such as BC Iron.

The substantial decline in the iron price (in other words the price we receive for selling our product) is the main cause of the challenge and, as is clear from our 2015 financial year results, this has had a material impact on the Company.

Given the price of iron ore, reality needed to be addressed and acted upon. There was no point in building a current and future strategy on hope. You don’t hide under a rock and say ‘oh well, it’s cyclical’ and ‘I’ll just bide my time’. You get out there and address the issues and determine appropriate strategies at both an operational level and balance sheet level.

This is what the Board and management team have done during the year. Ensuring the operational side of our business is being executed as efficiently and cost effectively as possible and at the same time maintaining a conservative balance sheet and sensible financial position. The Board and management have not deviated from this approach nor will they.

The Nullagine Joint Venture operation has been performing well and costs have been reduced materially through a range of pro-active initiatives. By way of example, costs have been reduced through the contracting strategy, which has seen a change in the mining, crushing and screening contractor and, more recently, the road haulage contractor.

We have also agreed to a trial of an alternative structure for rail and port costs with Fortescue Metals Group, our joint venture partner and provider of rail and port services. Under this structure, the charges we pay to Fortescue vary with the iron ore price. Under current trading conditions, this has materially lowered our cost base and hence the Company’s breakeven price.

We are appreciative of the practical and supportive approach Fortescue has taken on this.

In relation to our balance sheet, the clear strategy has been to de-risk it and eliminate debt. We commenced repaying debt ahead of schedule during 2013 when higher prices prevailed and repaid the last of our interest-bearing debt in June 2015. Overall, this facility was repaid in two and half years and US\$51 million ahead of schedule.

Our balance sheet is now in a conservative and satisfactory position and we are not exposed on the debt front at all. This is particularly pleasing in the current market.

During the year, the merger with Iron Ore Holdings has seen the integration of its assets and various staff within the BC Iron group. The acquired assets, including the strategically positioned port lease at Cape Preston East, the Iron Valley operation and the Buckland project, complement Nullagine and provide opportunities to generate shareholder value in the future.

Iron Valley, which is being operated by Mineral Resources Limited, is generating a positive earnings stream for BC Iron with excellent upside potential from Mineral Resources' proposed 'bulk ore transport system' being a light rail system they are developing.

We continue to progress pre-development activities at the Buckland Project, including a range of capital and operating cost scenarios and alternative development strategies for the project. We are also continuing with approvals in relation to the strategic Cape Preston East transhipment port.

Amongst the assets acquired in the merger with Iron Ore Holdings were a number of early-stage, non-iron ore exploration projects. As part of our longer term strategy, we are having a very close look at these from an exploration point of view with a real preparedness to step outside the 'iron ore space'. The Company has a good balance sheet and an extremely competent operating team, so why not be prepared to utilise these.

Notwithstanding that comment, our focus remains squarely on current operations at Nullagine and the continued development of Buckland and Iron Valley.

I would like to express the Board's sincere appreciation of the efforts and work of the BC Iron staff (both operational and administrative) and the senior management team over the past year under the leadership of Managing Director, Morgan Ball.

From a personal perspective I would also like to acknowledge the very clear direction the Board has adopted and persisted with over the course of the year and the support given to management. We have not shied away from the tasks at hand.

A number of Board members resigned at various times during year, namely Mike Young, Malcolm McComas, Peter Wilshaw and Terry Ransted, as did Company Secretary, Anthea Bird. I sincerely thank them for their valued contributions over the years.

I'd also like to recognise the State Government of Western Australia for their support of the junior iron ore industry through a partial royalty deferral, which has assisted the Company in these difficult times, although the obligation to repay the deferral remains.

Lastly, I thank you, our shareholders, for your ongoing support through these challenging times. I assure you we will continue to focus on improving the operations, reducing costs, maintaining a de-risked balance sheet and creating long term value for shareholders.

BC Iron's Managing Director, Morgan Ball, will give a more detailed update on the Company after the meeting's formalities.

Anthony (Tony) Kiernan  
24 November 2015

## ABOUT BC IRON LIMITED

BC Iron is an iron ore mining and development company with assets in the Pilbara region of Western Australia, including the Nullagine Joint Venture (“NJV”), Iron Valley and Buckland. BC Iron is listed on the ASX under the code ‘BCI’.

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 ore to Port Hedland from where it is shipped directly to customers overseas.

Iron Valley is a mine located in the Central Pilbara that is 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 development project located in the West Pilbara region. It has Ore Reserves of 134.3 Mt at 57.6% Fe, a completed and announced feasibility study, its own proposed infrastructure solution comprising a haul road and transshipment 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.

## KEY STATISTICS

<b>Shares on issue:</b>	196.2 million	
<b>Cash and cash equivalents:</b>	A\$71.8 million	as at 30 September 2015
<b>Board:</b>	Tony Kiernan	Chairman and Non-Executive Director
	Morgan Ball	Managing Director
	Martin Bryant	Non-Executive Director
	Andy Haslam	Non-Executive Director
	Brian O’Donnell	Non-Executive Director
	Hayley McNamara	Company Secretary
<b>Major shareholders:</b>	Wroxby Pty Ltd	19.0%

Website: [www.bcion.com.au](http://www.bcion.com.au)