

## NULLAGINE JOINT VENTURE – UPDATE ON LITIGATION AGAINST WATPAC

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BC Iron Limited (ASX:BCI) (“**Company**”) wishes to update the market on the litigation that the Company’s wholly owned subsidiary, BC Iron Nullagine Pty Ltd (“**BCIN**”), in its capacity as manager of the Nullagine Joint Venture (“**NJV**”), commenced against Watpac Civil & Mining Pty Ltd (“**Watpac**”).

The NJV is an unincorporated 75:25 joint venture with FMG Pilbara Pty Ltd (a wholly owned subsidiary of Fortescue Metals Group Limited).

As announced on 24 December 2015, BCIN initiated legal proceedings on behalf of the NJV participants against Watpac seeking damages for failures by Watpac to comply with its obligations under its mining services contract (“**Proceedings**”).

On 29 April 2016, BCIN notified Watpac that its estimate of the damages the NJV suffered as a result of Watpac’s failure to comply with its obligations under its mining services contract is \$91,809,409.

BCIN continues to pursue Watpac for this claim, and defend Watpac’s counterclaim, in the Proceedings.

The Company will continue to keep the market informed of further developments in respect of the Proceedings.

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**FOR FURTHER INFORMATION:**

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## ABOUT BC IRON LIMITED

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

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.

The NJV is an unincorporated 75:25 joint venture with Fortescue Metals Group Limited (“Fortescue”), which commenced exports in February 2011. The NJV has the capacity to rail and export up to 6Mtpa of ore on Fortescue’s infrastructure. Operations are temporarily suspended due to market conditions.

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 &amp; Equivalents:</b>	A\$23.3 million	as at 31 March 2016
<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)