

BC IRON – MANAGEMENT CHANGE

BC Iron Limited (“**BC Iron**”) (**ASX:BCI**) advises that Morgan Ball, the Managing Director, will be stepping down from his position and the Board of the Company. This follows consideration by the Board of the future direction of the Company and was a mutually agreed upon decision.

BC Iron is pleased to advise that experienced mining executive Alwyn Vorster has been appointed Chief Executive Officer of BC Iron effective 23 May 2016. As part of the management transition, Morgan Ball will remain available to advise the Company for an agreed period.

BC Iron Chairman, Tony Kiernan said the Board wished to pay tribute to Mr Ball.

“Morgan has been an outstanding Managing Director for this Company and its shareholders. He has been an employee of BC Iron for almost 7 years, including the last 3.5 years as its Managing Director and leaves with our thanks and best wishes.

During this period Morgan has overseen and managed material Company growth across two operations whilst more recently overseeing and implementing the difficult but necessary decision to place our Nullagine Joint Venture into temporary suspension.

Despite the challenges faced in the iron ore industry over the last 2 years, Morgan leaves BC Iron with a clean balance sheet and the opportunity to benefit into the future when the commodities cycle inevitably turns.”

Mr Ball said: *“Working with the Board and for the shareholders of BC Iron over the last 7 years has been a privilege and I am proud to have been an integral part of the team to bring the Nullagine Joint Venture into production and oversee the merger with and integration of the Iron Ore Holding’s operations in 2014.*

I am particularly proud of the fact that over this period we have been able to return substantial funds to our shareholders via healthy dividends.

Whilst the last 2 years have been particularly challenging for BC Iron, I believe we have met these challenges head-on and made the right decisions on behalf of the shareholders.”

Mr Kiernan said that the Board had appointed Mr Vorster as Chief Executive Officer following consideration of the Company’s strategic focus going forward and believes that he is uniquely placed to lead BC Iron into this new period focussing on its assets in the West Pilbara and other potential opportunities.

Mr Vorster has more than 25 years’ experience with numerous mining houses in technical and commercial roles covering the total supply chain from mine to market for iron ore, coal and other minerals. Mr Vorster has most recently been employed as Group Executive Mining at Australian Capital Equity, and his recent other roles included CEO of API Management, a company responsible for developing the multi-billion dollar West Pilbara Mining Project for owners Baosteel, Posco and AMCI; CEO of Iron Ore Holdings Ltd; and Regional Manager – China Marketing & Sales for Rio Tinto Iron Ore.

Details of Mr Vorster’s remuneration package are attached.

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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

Shares on issue:	196.2 million	
Cash and cash equivalents:	A\$23.3 million	as at 31 March 2016
Board:	Tony Kiernan	Chairman and Non-Executive Director
	Martin Bryant	Non-Executive Director
	Andy Haslam	Non-Executive Director
	Brian O’Donnell	Non-Executive Director
	Hayley McNamara	Company Secretary
Major shareholders:	Wroxby Pty Ltd	19.0%

Website: www.bcion.com.au

CEO EMPLOYMENT TERMS

In accordance with ASX Listing Rule 3.16.4, BC Iron Limited (ASX:BCI) (“BC Iron” or “the Company”) wishes to advise the key terms of Mr Vorster’s employment agreement as follows:

- Effective Date: The employment agreement is effective 23 May 2016.
- Total Fixed Remuneration: A\$490,000 per annum.
- Short term incentives of up to 30% of total fixed remuneration, based on annually agreed commercial, operational and safety criteria.
- Long term incentives consisting of a maximum of 6 million performance rights vesting over a three year period subject to meeting required share price performance hurdles.
- Employment can be terminated at 3 months’ notice by Mr Vorster or by the Company. If the Company elects to terminate the employment agreement for reasons other than Mr Vorster’s gross misconduct or default, Mr Vorster will be entitled to a payment equal to 6 months’ total fixed remuneration. Certain agreed trigger events will lead to Mr Vorster having the option to terminate the contract and receive a payment equal to 12 months’ total fixed remuneration.