



# **Resetting BC Iron for Growth**

**6 September 2016**

# Investment Highlights



- ✓ Unique pipeline of assets from exploration to operating mine (including multiple royalties)

## CURRENT ASSETS

- ✓ Low-risk annual Iron Valley earnings (FY17 EBITDA guidance: \$6-16M)
- ✓ Upside potential from a Nullagine operations restart or value realisation through divestment
- ✓ Future value from 100% owned Buckland Project with mine and port infrastructure solution

## NEW ASSETS

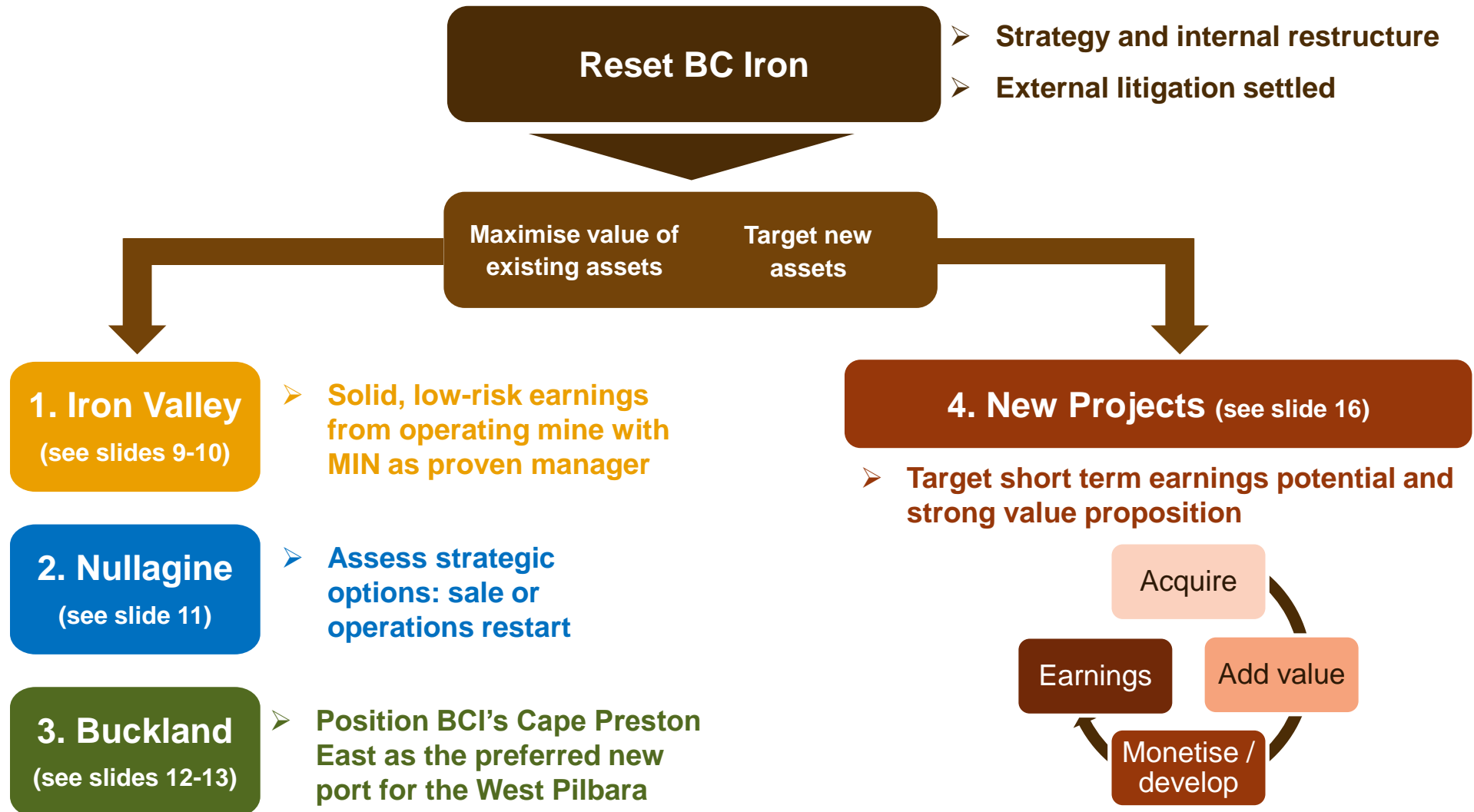
- ✓ Targeting opportunities with strong value proposition and short term earnings potential

## CORPORATE

- ✓ Experienced Board and new management team with track record of value transactions
- ✓ Track record of balance sheet discipline and paying dividends (~\$100M to date)
- ✓ Strong support from major shareholder

# BCI Strategy on a Page

Generate value from multiple assets as a disciplined minerals portfolio manager



# Overview of Key Assets

## Cape Preston East Port

Tenure	20 year lease
Status	Development ready <sup>2</sup>
Capacity	20Mtpa

## Bungaroo South

Ownership	100%
Status	Optimising Feasibility Study
Production Rate	8 Mtpa
Reserves <sup>1</sup>	134Mt @ 57.6% Fe
Resources <sup>1</sup>	283Mt @ 56.5% Fe

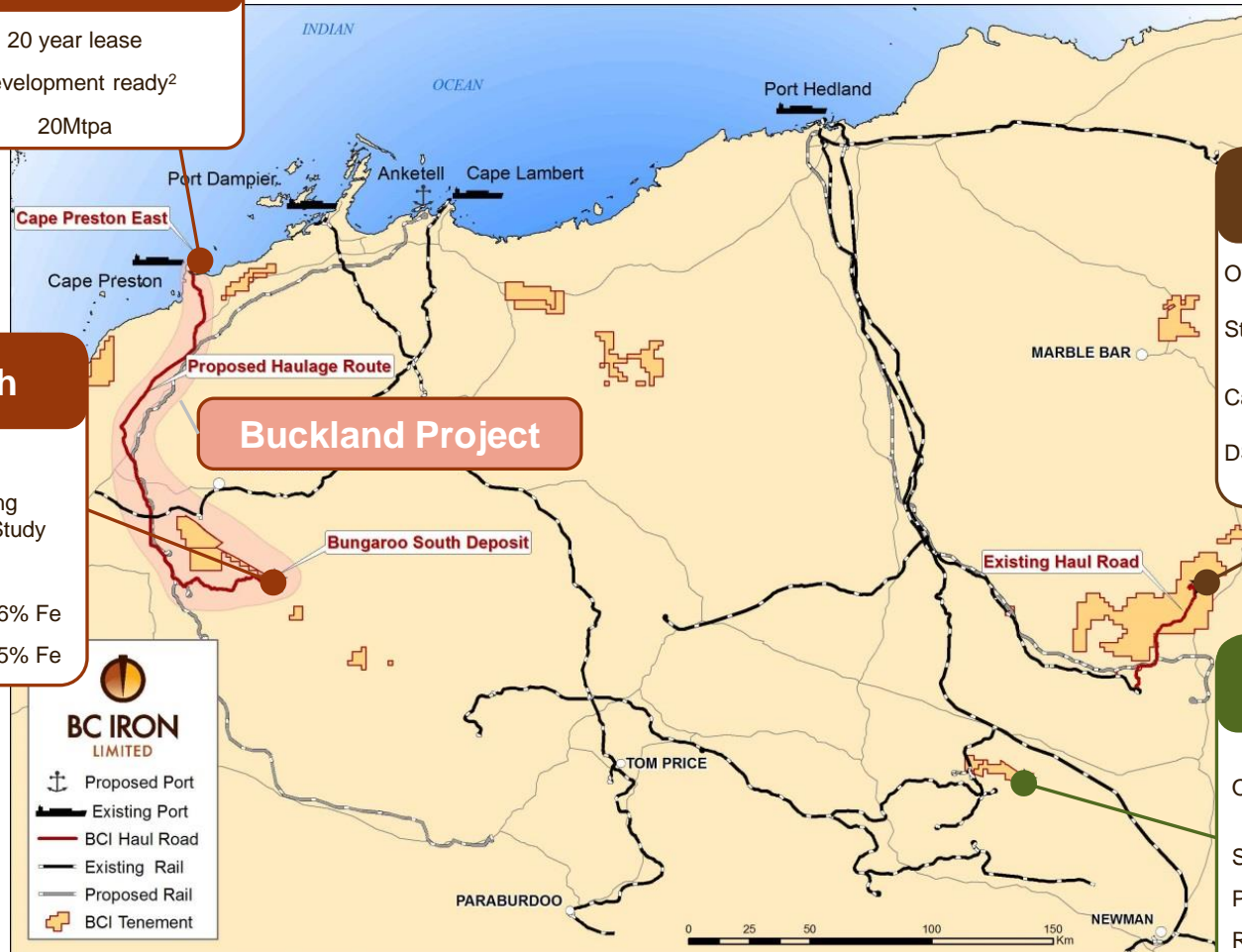
## Buckland Project

## Nullagine

Ownership	75%
Status	Temporary suspension
Capacity	6 Mtpa
DSO Reserves <sup>1</sup>	21.6Mt @ 56.6% Fe

## Iron Valley

Ownership	Royalty-type agreement with Mineral Resources ("MIN")
Status	Operating
Production Rate	~6 Mtpa
Reserves <sup>1</sup>	123Mt @ 58.8% Fe
Resources <sup>1</sup>	239Mt @ 58.4% Fe

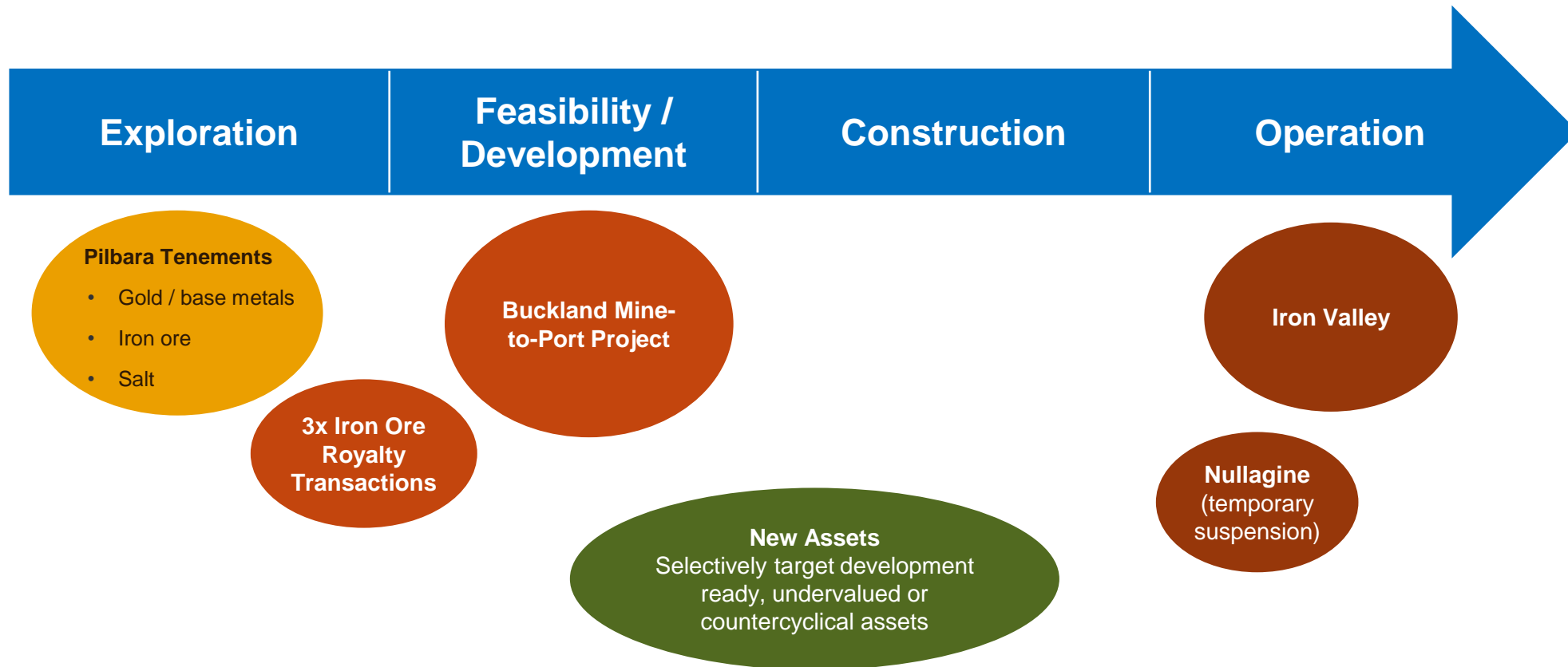


### Notes:

1. Mineral Resources and Ore Reserves prepared in accordance with JORC 2012. Refer to ASX announcement "BC Iron Mineral Resources and Ore Reserves" on 30 August 2016 and 2015 Annual Report for further details. NJV figures shown on a 100% basis.
2. Subject to the State Government finalising tenure.

# Assets Across all Phases of Development Pipeline

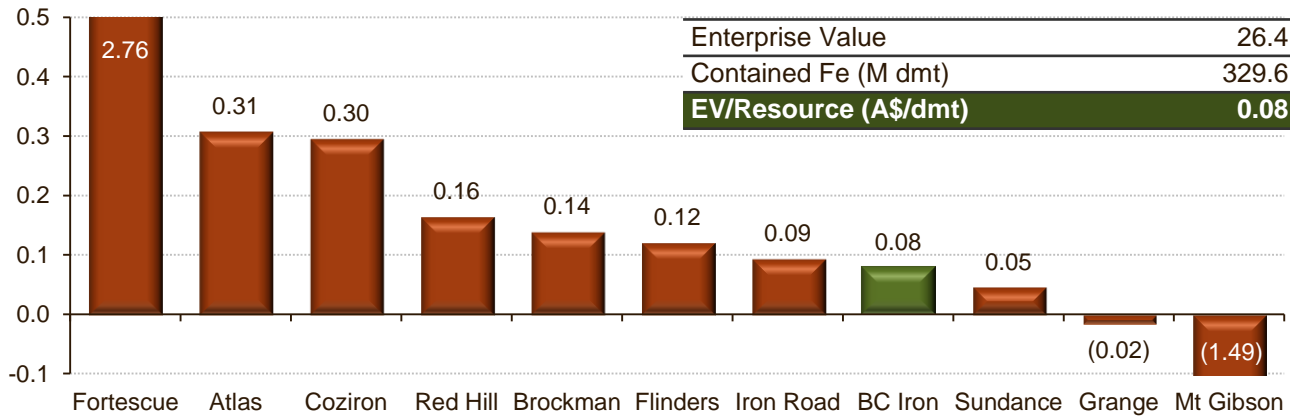
BCI is differentiated from small cap companies



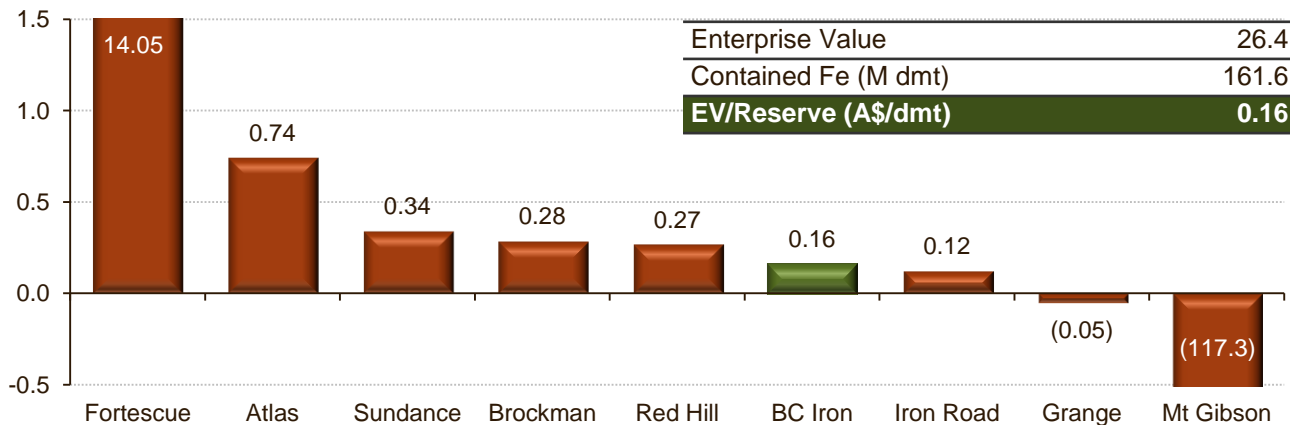
# ASX Iron Ore Comparison

BCI's enterprise value per tonne of Resources and Reserves is low relative to peers

## EV/Resource (A\$/dmt Contained Fe)



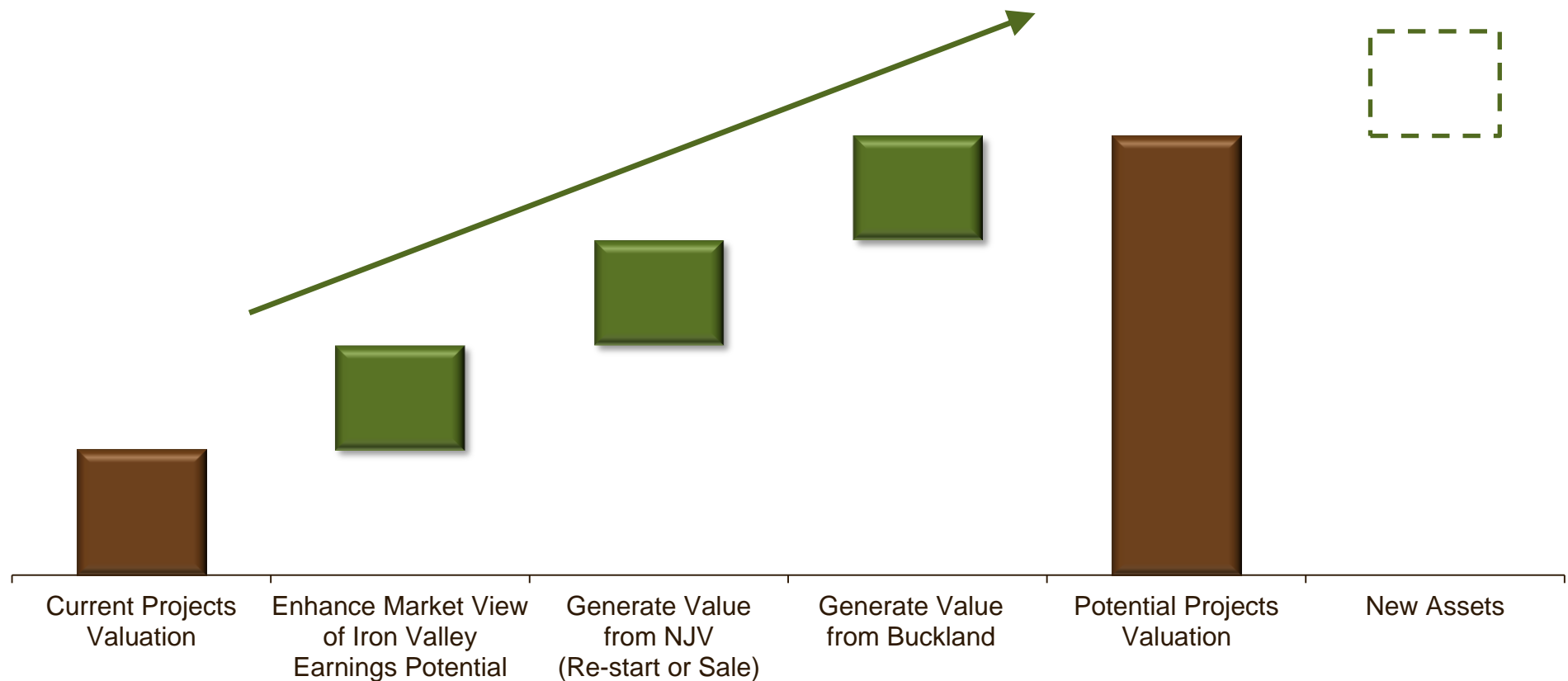
## EV/Reserve (A\$/dmt Contained Fe)



These metrics ascribe no value to BCI's Cape Preston East port lease agreements

# BCI Objective – Derisk and Maximise Project Value

BCI's task is to convert unrecognised project value into real project value



Note: Chart is for illustrative purposes only.

# Corporate Overview



## Capital Structure

Ordinary Shares	196.3m
Share Price (at 2-Sep-16)	\$0.140
<b>Market Capitalisation</b>	<b>\$27.5m</b>
Cash (30-Jun-16)	\$9.5m
Debt and Royalties (30-Jun-16)	\$8.4m
<b>Enterprise Value</b>	<b>\$26.4m</b>

## Share Price History



## Board and Management

Tony Kiernan	Non-Executive Chairman
Martin Bryant	Non-Executive Director
Andy Haslam	Non-Executive Director
Brian O'Donnell	Non-Executive Director
Alwyn Vorster	Chief Executive Officer

## Major Shareholders

Wroxby Pty Ltd	19.0%
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## Sales History (M wmt)

	FY12	FY13	FY14	FY15	FY16
Nullagine (BCI share)	1.78	3.14	4.30	4.00	2.02
Iron Valley (operated by MIN)	-	-	-	2.98	6.50
<b>Total (BCI share)</b>	<b>1.78</b>	<b>3.14</b>	<b>4.30</b>	<b>6.98</b>	<b>8.52</b>



# Iron Valley Overview

## Operating mine with low-risk BCI earnings from royalty payments

- Royalty-type agreement with Mineral Resources Limited (MIN)
  - ❖ BCI retains tenement ownership
  - ❖ MIN operates the mine entirely at MIN's cost
  - ❖ MIN buys ore from BCI at a price linked to MIN's FOB price
- Bedded iron deposit with JORC Ore Reserve of ~123Mt at 58.8% Fe<sup>1</sup>
- Simple DSO operation and ~50% lump production which attracts a price premium
- MIN evaluating potential expansion and construction of a bulk ore transport system (BOTS) to Port Hedland
- Low-risk cash flows for BCI (contractual safeguards against losses)



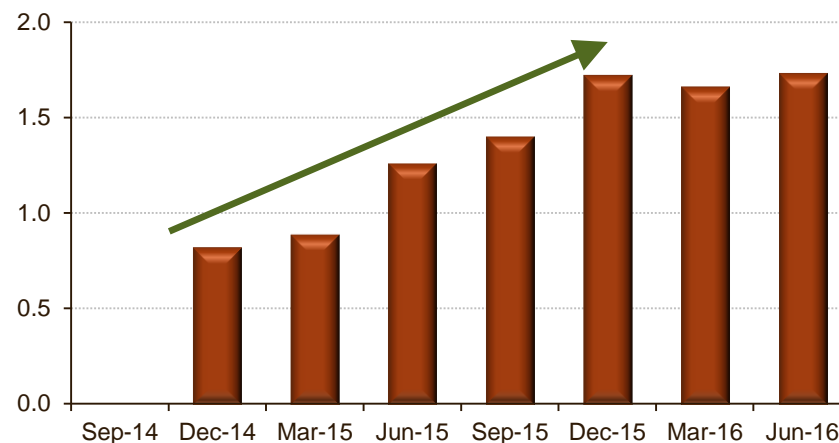
1. Mineral Resources and Ore Reserves prepared in accordance with JORC 2012. Refer to ASX announcement "BC Iron Mineral Resources and Ore Reserves" on 30 August 2016 for further details.

# Iron Valley Key Metrics

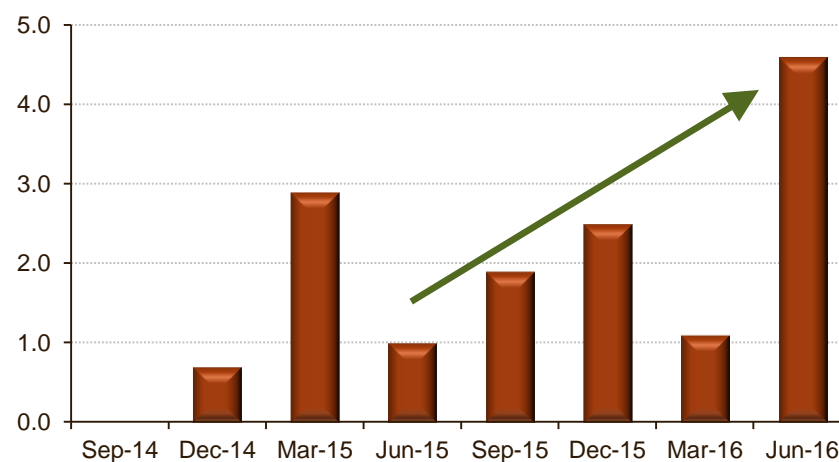
- Record quarterly EBITDA for BCI in Q2 CY16 of A\$4.6M (resulting from favourable contractual revision)
- FY16 results – 6.5M wmt shipped
- BCI revenue of A\$39.9M and EBITDA of A\$10.2M
- FY17 guidance – EBITDA of A\$6-16M based on:

	Low	High
Shipments (M wmt)	6.0	7.0
CFR 62% Fe Iron Ore Price (US\$/dmt)	40	60
Capesize Freight Rate (US\$/wmt)	6	4
Exchange Rate (AUD:USD)	0.80	0.70
<b>BCI EBITDA (A\$M)</b>	<b>6</b>	<b>16</b>

**Iron Valley Quarterly Shipments (M wmt)**



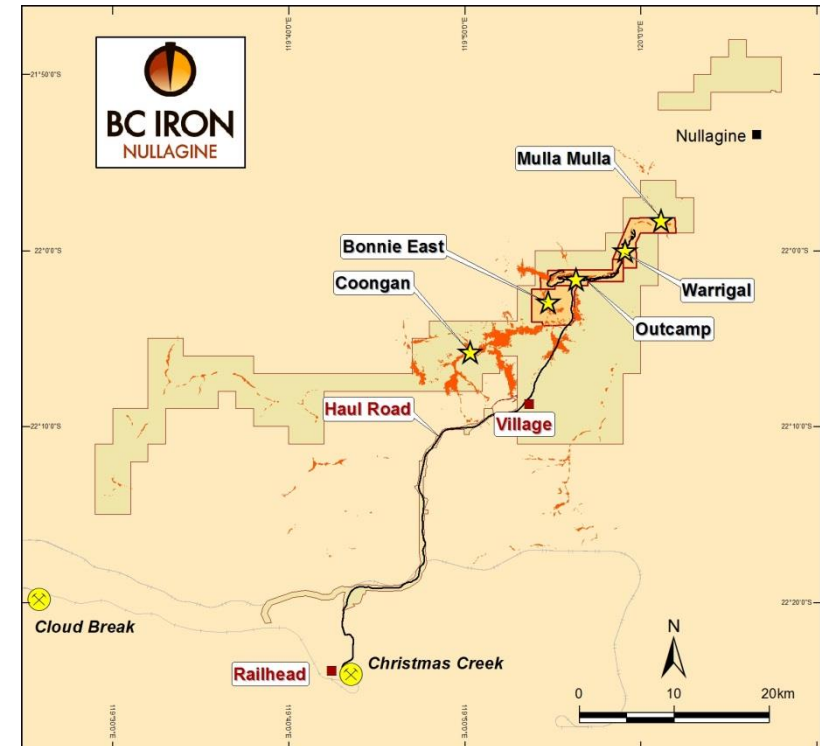
**BCI Quarterly EBITDA (A\$M)**



# Nullagine Overview

## Mine with access to world-class infrastructure

- Located ~55km north of FMG's Christmas Creek
- Unincorporated joint venture – 75% BCI, 25% FMG
- Capacity to export up to 6Mtpa on FMG's rail and port infrastructure
- JORC Ore Reserves of 21.6Mt at 56.6% Fe<sup>1</sup>
- 11Mt stockpile material available immediately (~51% Fe)
- Operations temporarily suspended due to low iron ore prices
- Holding costs minimised to ~A\$0.15M per month (BCI share)
- BCI is assessing a potential re-start of operations, or a sale of BCI's 75% interest (numerous interested parties)
- Restart can occur at low cost and within 8-10 weeks if A\$ iron ore prices reach acceptable levels
- New operating model must provide lower cost base and lower working capital risk to BCI (e.g. contractor risk sharing)

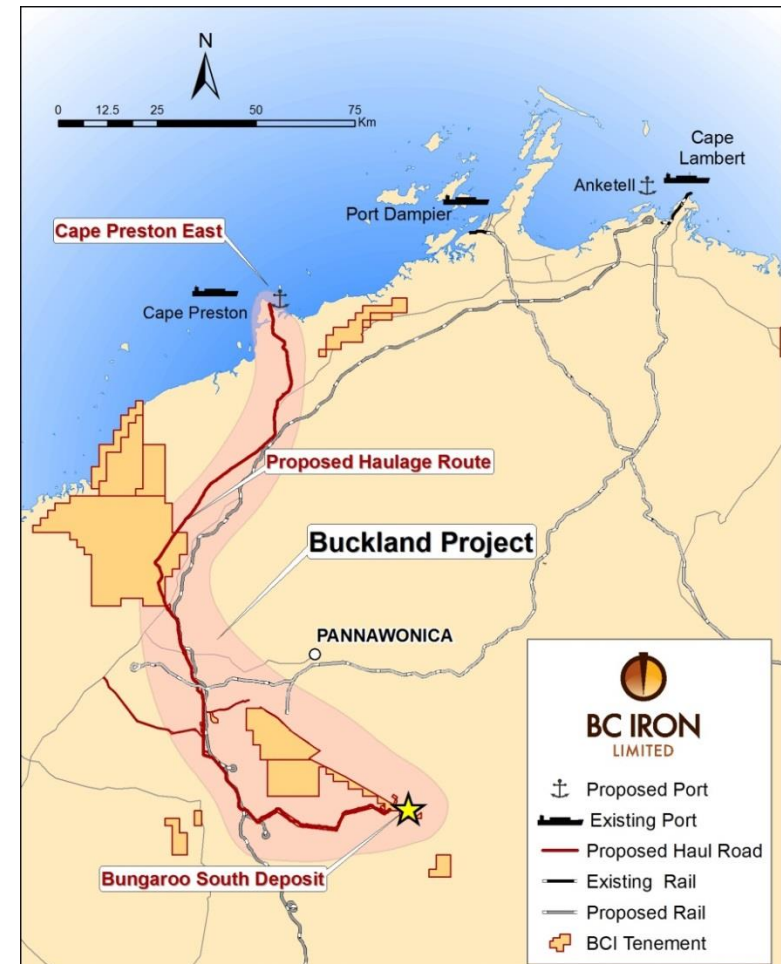


1. Mineral Resources and Ore Reserves prepared in accordance with JORC 2012. Refer to ASX announcement "BC Iron Mineral Resources and Ore Reserves" on 30 August 2016 for further details.

# Buckland Mine-to-Port Project Overview

## Strategic 100% owned mine and port infrastructure project

- West Pilbara hosts significant undeveloped deposits including APIJV's West Pilbara Iron Ore Project
- 100% owned mine-to-port development project, incl. independent infrastructure solution that could be utilised by other deposits
  - ❖ Proposed mine at Bungaroo South, approved private road linking the mine with proposed transshipment port at Cape Preston East
- All major permits and approvals secured for mine, road and port<sup>1</sup>
- JORC Ore Reserve of 134Mt at 57.6% Fe<sup>2</sup>
- Feasibility study and value improvement studies completed
- BCI developing attractive cooperation models with interested parties to create value from Buckland



Mine, Road and Port Cost	~8 Mtpa	~18 Mtpa
Upfront Capital Cost (A\$M)	880	1,250
FOB C1 Cash Cost (A\$/wmt)	32	29

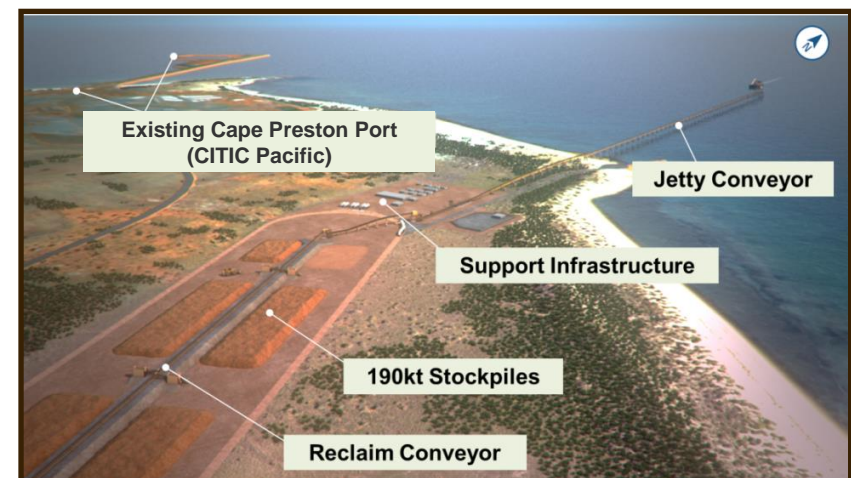
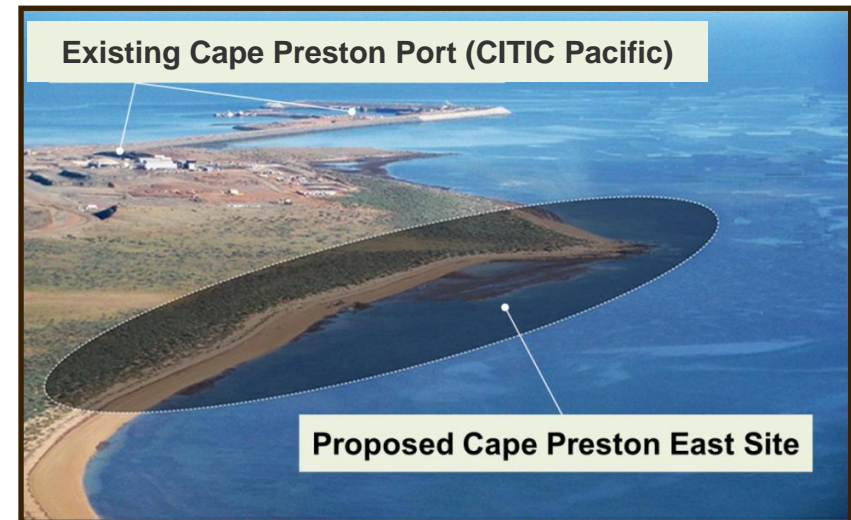
1. Subject to the State Government finalising tenure.

2. Mineral Resources and Ore Reserves prepared in accordance with JORC 2012. Refer to 2015 Annual Report for further details.

# Cape Preston East Port Overview

## Cape Preston East can become a strategic, low capital cost transshipment port

- BCI holds port lease agreements with the Pilbara Ports Authority (“PPA”)
  - ❖ Right to construct and operate onshore & marine facilities of 20Mtpa for an initial term of 20 years
  - ❖ Right to expand leased area and extend term
  - ❖ Provides for third party tonnages – BCI will actively develop
- Proposed transshipment port with a comparatively low capital cost per tonne of throughput
- Modern and efficient transshipping operations now successfully operating globally, with only marginally higher operating cost than deepwater ports



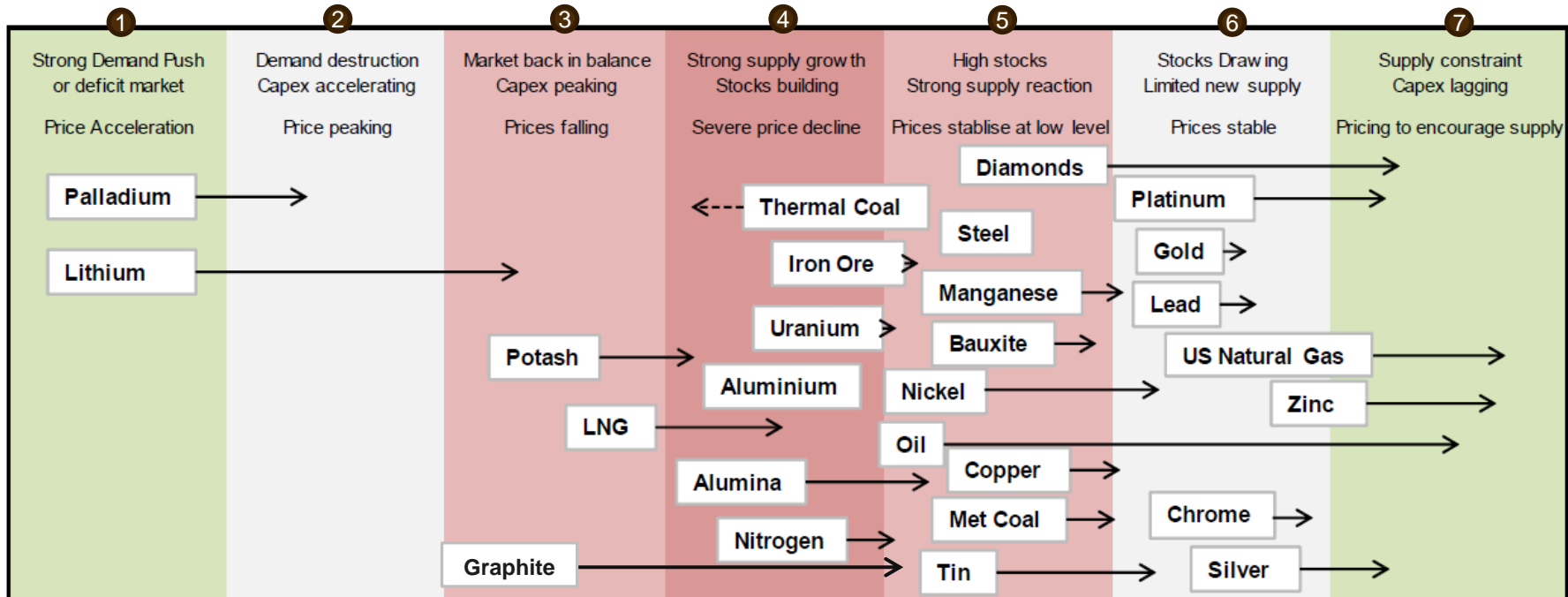
## IRON ORE

- Large Pilbara deposits depleting at a fast rate and ore quality is deteriorating significantly
- End-users will continue to support smaller good quality projects, which will facilitate new mines in the West Pilbara (including Buckland)
- At average forecasted prices, BCI's current projects can deliver significant value
- Countercyclical new opportunities with low entry cost should offer significant value

## OTHER MINERALS

- A\$ gold price at record levels with positive outlook
- Base metals prices still lagging but potential upside (e.g. nickel and zinc)
- New “green” minerals such as lithium and graphite attracting investor interest and price premium – note future oversupply risks
- Agriculture commodities such as potash and phosphate present solid long term fundamentals based on needs of growing world population

# Commodities Outlook



- Arrow presents 2-year outlook
- Preferred entry in 4-6; Higher risks in 7-2

**BCI to selectively target commodities with favourable long term dynamics, near term earnings potential, and attractive valuation parameters**

# New Opportunities

**BCI is also actively considering new projects and other commodities**

**Rationale:**  
Create growth opportunities  
Diversify commodity exposure and risk profile

## BCI tenement exploration

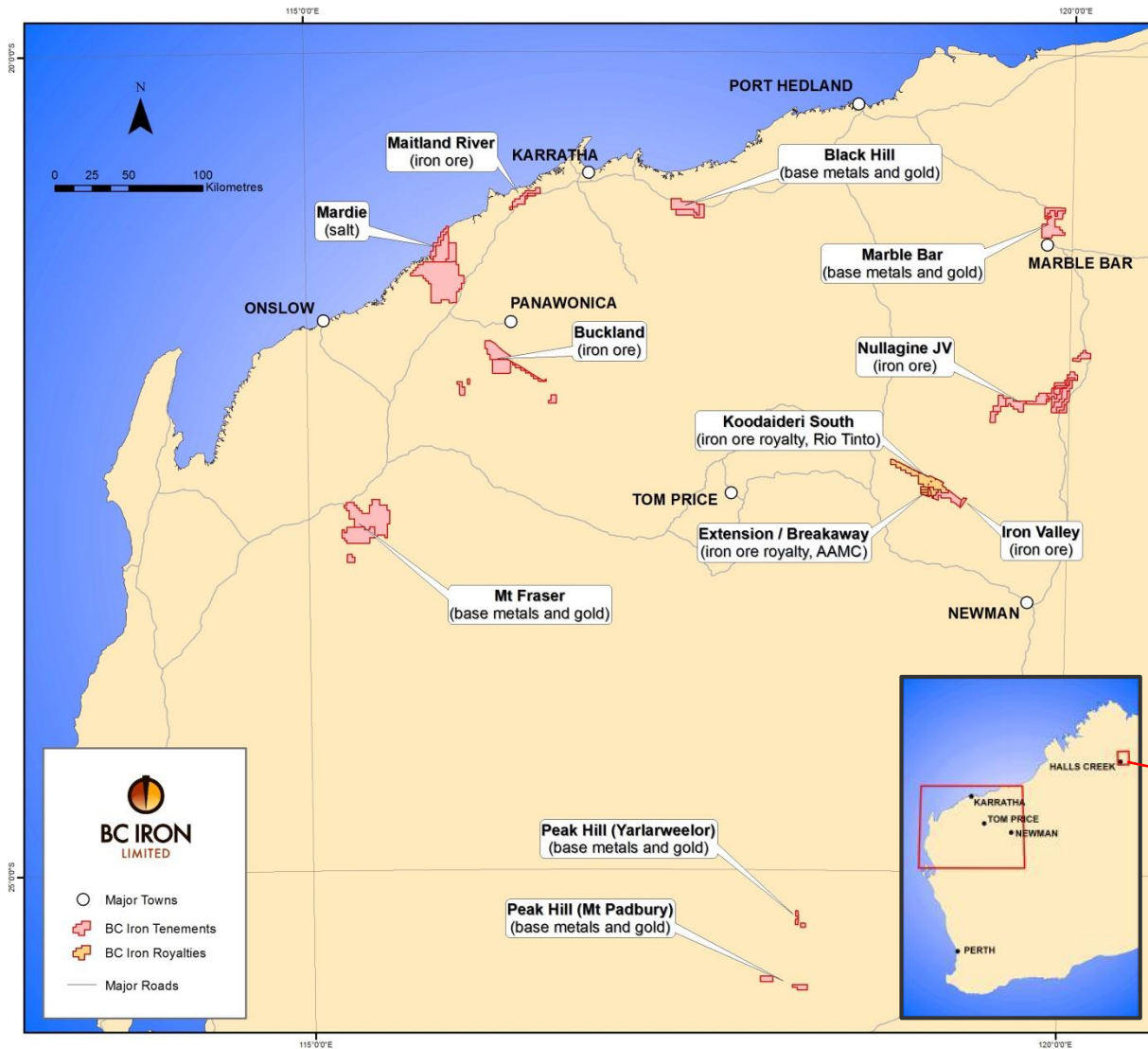
- Current BCI tenements in Pilbara are prospective for gold and base metals
- Conduct low cost greenfields exploration at the most prospective projects (\$1-2M/a)
- Low priority tenements being rationalised

## New project opportunities

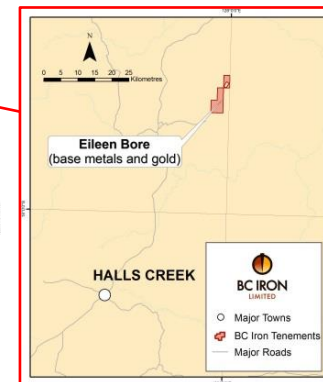
- Disciplined approach to assessing Australian opportunities and allocating capital
- Target criteria:
  - ❖ Attractive value proposition with upside
  - ❖ Low capital requirement relative to value
  - ❖ Earnings potential within 2 years
  - ❖ Gold, industrial minerals, agricultural minerals and iron ore



# BCI Exploration Tenements and Royalties



- Portfolio of exploration projects that are prospective for iron ore, gold, base metals and salt
- Potential iron ore royalty over Rio Tinto-owned Koodaideri South tenement
- Potential deferred payments / royalties over AAMC's iron ore projects
- Low cost greenfields exploration at the most prospective projects
- Low priority projects being rationalised
- FY17 budget of ~A\$1M, staged with decision points



# Board and Management



## **Tony Kiernan – Non-Executive Chairman**

- Former solicitor with over 35 years' experience in the management and operation of listed companies
- Chairman of Chalice Gold Mines, Venturex Resources and Pilbara Minerals, and Non-Executive Director of Danakali, all listed on the ASX.



## **Martin Bryant – Non-Executive Director**

- Extensive international business experience with senior roles in China, Vietnam and the Philippines over the last 20 years
- Previously, MD & CEO of WesTrac China, Director and Company Secretary of V-TRAC Holdings, COO and President for Monark Equipment



## **Andy Haslam – Non-Executive Director**

- Mining professional with over 30 years of operational and senior executive experience
- Previously, Executive General Manager – Iron Ore of Mineral Resources Ltd, MD of Territory Resources and MD of Vital Metals



## **Brian O'Donnell – Non-Executive Director**

- 30 years' experience in the finance and investment industry, including in M&A and corporate management
- Currently Finance and Investment Director of Australian Capital Equity; former director of Iron Ore Holdings, WesTrac and Coates Hire



## **Alwyn Vorster – Chief Executive Officer**

- 25 years' experience in technical and commercial management roles covering the total supply chain (exploration to sales) for iron ore, coal and other minerals
- Previously, Group Executive Mining of Australian Capital Equity, CEO of API Management, CEO & MD of Iron Ore Holdings



## **Ian Goldberg – Chief Financial Officer**

- Chartered accountant with 21 years' experience in corporate practice and ASX-listed companies, covering financial management, project development, mine site operations, capital and debt raisings
- Previously, CFO and Company Secretary of Territory Resources, Pacific Energy and Matrix Metals

# BCI – Key Skills to Deliver Value

BCI has an experienced team (directors, senior managers and direct associates) with a successful leadership track record across multiple commodities and across the mining development pipeline

	Exploration	Studies & Approvals	Construction	Operations	Marketing
<b>IRON ORE</b>	15-years	30-years	3-years	40-years	10-years
<b>GOLD AND BASE METALS</b>	20-years	10-years	15-years	50-years	3-years
<b>INDUSTRIAL &amp; AGRIC MINERALS AND OTHER</b>	3-years	3-years	0-years	5-years	3-years

CEO level	NED level	Legal	Transactional
20-years	60-years	50-years	>100-years

# BCI - Potential Financial Outlook



**BCI can be cash positive during the next financial year**

A\$M	Base Case	High Case
EBITDA from Iron Valley (as per guidance)	11 <sup>1</sup>	16
Nullagine suspension costs and commitments	(2)	(1)
Nullagine (net of rehab liability) – via restart or divestment	0	3
Other Project costs and Tenement commitments	(3)	(3)
Corporate, leases and contracts	(5)	(5)
<b>Potential FY17 EBITDA (before repayments)</b>	<b>1</b>	<b>10</b>

1. Midpoint of Iron Valley FY17 EBITDA guidance of A\$6-16M.

# Summary

- New & experienced Management Team
- Unique development pipeline of assets from exploration to operations
- Focused on maximising value of existing assets
- Targeting new opportunities with early cash flow potential
- Strong support from major shareholder

# Appendices

# BCI Resources & Reserves



## Mineral Resource at 30 June 2016 (BCI Share)

Project	Cut-off (% Fe)	Tonnes (Mt)	Fe (%)	CaFe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	LOI (%)
Iron Valley (100%)	50	238.7	58.4	62.8	5.2	3.2	0.17	7.0
Nullagine – CID (75%)	45	56.6	53.3	60.7	5.1	4.2	0.019	11.9
Buckland (100%)	50	283.3	56.5	61.4	7.8	2.7	0.14	8.1
<b>Total – Hematite</b>	<b>n.a.</b>	<b>578.6</b>	<b>57.0</b>	<b>61.9</b>	<b>6.5</b>	<b>3.1</b>	<b>0.14</b>	<b>8.0</b>
Maitland River	26	1,106.0	30.4	30.8	44.0	2.3	0.06	1.2

## Ore Reserve at 30 June 2016 (BCI Share)

Project	Cut-off (% Fe)	Tonnes (Mt)	Fe (%)	CaFe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	LOI (%)
Iron Valley (100%)	54	123.2	58.8	63.3	4.8	3.0	0.18	7.1
Nullagine – DSO (75%)	55	16.2	56.6	64.4	3.3	2.2	0.011	12.1
Nullagine – BSO Product (75%)	50	4.8	54.2	61.9	4.3	2.7	0.015	12.5
Buckland (100%)	54	134.3	57.6	62.6	6.5	2.4	0.15	8.0
<b>Total</b>	<b>n.a.</b>	<b>278.5</b>	<b>58.0</b>	<b>63.0</b>	<b>5.5</b>	<b>2.7</b>	<b>0.15</b>	<b>7.9</b>

Note: Refer to important notices in relation to Mineral Resource and Ore Reserve.

# Important Notices



This document has been prepared by BC Iron Limited (“BC Iron”) to provide an update regarding the companies to investors.

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## **Ore Reserves and Mineral Resources disclosures**

The information in this announcement that relates to Mineral Resources and Ore Reserves at the Nullagine Joint Venture is extracted from the ASX announcement entitled BC Iron Mineral Resources and Ore Reserves dated 30 August 2016 and is available to view on <http://www.bcion.com.au/investors/asx-announcements/2016.html>. BC Iron confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimate in the original market announcement continue to apply and have not materially changed. BC Iron confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcement.

The information in this announcement that relates to Mineral Resources and Ore Reserves at the Buckland Project is extracted from the Iron Ore Holdings Limited ASX Announcement titled "Buckland Project – Updated Ore Reserve" (dated 4 June 2014). This announcement is available to view at <http://www.bcion.com.au/investors/asx-announcements/ioh-archive.html>. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The information in this announcement that relates to Mineral Resources and Ore Reserves at Iron Valley is extracted from the ASX announcement entitled BC Iron Mineral Resources and Ore Reserves dated 30 August 2016 and is available to view on <http://www.bcion.com.au/investors/asx-announcements/2016.html>. BC Iron confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimate in the original market announcement continue to apply and have not materially changed. BC Iron confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcement.

In respect of the Maitland River deposit the information that relates to Mineral Resources estimates has been compiled by Mr Lynn Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Widenbar is a full time employee of Widenbar and Associates and produced the Mineral Resource Estimates based on data and geological information supplied by the Company. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. It has been not been updated to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.



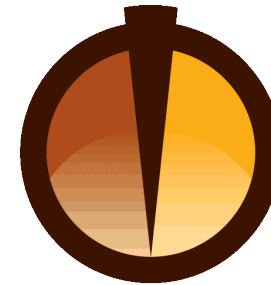
**Iron Valley**



**Nullagine**



**Bungaroo South (Buckland)**



# **BC IRON**

## **LIMITED**

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