APPENDIX 4E
for the full-year ended 30 June 2017

This information should be read in conjunction with BC Iron Limited's Financial Report for the full-year ended 30 June 2017.

Name of entity BC Iron Limited

ABN 21 120 646 924

Results for announcement to the market

	2017 $000's	2016 $000's	Up / Down	% Movement
Revenue from continuing operations	64,032	40,416	Up	63%
Profit/(loss) after income tax from continuing operations	7,064	(43,862)	Up	N/A
Loss after income from discontinued operations	(1,395)	(36,093)	Up	96%
Net profit/(loss) attributable to members	**5,669**	**(82,661)**	**Up**	**N/A**

Dividends
No dividends have been declared for the full-year ended 30 June 2017 (2016: nil).

Net tangible asset backing
Net tangible asset backing per ordinary share: $0.27 (2016: $0.27).

Previous corresponding period
The previous corresponding period is the full-year ended 30 June 2016.

Joint ventures
On 10 March 2017, BC Iron Limited completed the sale of its 75% interest in the Nullagine Iron Ore Joint Venture, which was held through its 100% owned subsidiary BC Iron Nullagine Pty Ltd. 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 and profit from continuing operations for the full year ended 30 June 2017 have been positively impacted by stronger Australian dollar iron ore prices and higher shipped tonnages at Iron Valley.

In November 2016 BC Iron successfully completed a 1 for 1 pro-rata renounceable entitlement offer, receiving net funds after costs of A$24.2M.

Detailed commentary on the results for the full-year is contained in the ASX release and the financial report that accompany this announcement.

Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2017

ABN 21 120 646 924

CONTENTS

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 2017.

PRINCIPAL ACTIVITY

The principal activities of the Company during the course of the financial year were the development and exploration of assets in the Pilbara region of Western Australia, including the Iron Valley Mine, Buckland Project, Mardie Salt Project and Carnegie Potash Project.

There has been no significant change in the nature of the Company's activities during the financial year.

DIRECTORS

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

Brian O'Donnell	Chairman (Non-Executive) appointed Chairman 7 December 2016
Anthony Kiernan	Chairman (Non-Executive) resigned 7 December 2016
Alwyn Vorster	Managing Director (Executive) appointed 22 September 2016
Martin Bryant	Director (Non-Executive)
Andrew Haslam	Director (Non-Executive)
Michael Blakiston	Director (Non-Executive) appointed 1 March 2017
Jenny Bloom	Director (Non-Executive) appointed 1 March 2017

DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

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

Chairman (Non-Executive) appointed October 2014
Period of office at August 2017 – 2 year and 10 months

Mr O'Donnell is Director, Finance and Investments for the Australian Capital Equity Pty Limited (ACE) group, which includes BCI's largest shareholder, Wroxby Pty Ltd. Brian is a director of various ACE group companies, including companies active in the property, agricultural, advertising and investment sectors, in Australia and China.

Mr O'Donnell is also a non-executive director of ASX-listed Capilano Honey Limited, and The Guide Dog Foundation Pty Ltd (WA). He is a former director of Iron Ore Holdings Limited, Coates Group Holdings Pty Ltd, WesTrac Pty Ltd, Landis & Gyr AG, Fremantle Football Club Ltd and YMCA of Perth Inc. Brian is a Fellow of the Institute of Chartered Accountants, and has 32 years' experience in the finance and investment industry.

Mr Alwyn Vorster BSc (Hons) Geology, MSc (Mineral Economics) and MBA

Managing Director appointed 22 September 2016
Period of office at August 2017 – 11 months

Mr Vorster commenced as Chief Executive Officer of BC Iron in May 2016 and was appointed as Managing Director in September 2016. He has more than 25 years' experience with numerous large mining houses in technical and commercial management roles covering the total supply chain from mine to market for iron ore, coal and other minerals.

He has most recently been employed as Group Executive Mining at Australian Capital Equity Pty Limited (ACE), and other recent roles include Chief Executive Officer of API Management, and Managing Director of Iron Ore Holdings Ltd.

Mr Vorster is an executive committee member of the Australia China Business Council, a non-executive director of ASX-listed Volt Resources Limited, and a board member of the RSPCA WA.

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

Director (Non-Executive) appointed September 2011
Period of office at August 2017 – 5 years and 11 months

Mr Haslam is a mining professional with over 30 years of operational and senior executive experience in the Australian mining industry. He was previously Managing Director of ASX-listed Vital Metals and in 2009 was appointed Managing Director of ASX-listed Territory Resources Ltd until late 2011 and was responsible for managing an iron ore operation exporting 2 million tonnes per annum of DSO Lump and Fines in the Northern Territory. Mr Haslam stepped down as Managing Director as part of a Board restructure following the completion of the successful $133 million on-market takeover bid for Territory Resources by Noble Group Ltd. Most recently, Mr Haslam was Executive General Manager - Iron ore, with ASX 100 company Mineral Resources Limited. He is currently a non-executive director of ASX-listed uranium exploration company, Vimy Resources

Limited and a senior consultant with STS Group, which works with tier one companies to convert strategic plans into operational improvements.

Mr Haslam is Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.

Ms Jenny Bloom *Grad. Dip Business Administration, GAICD*

Director (Non-Executive) appointed March 2017
Period of office at August 2017 – 5 months

Ms Bloom has an extensive business background with experience in the private and public sector and is currently the Deputy Chair of the Waste Authority Western Australia. Ms Bloom held senior positions with Ansett Australia leading high level change projects across various areas of the business including major operational business realignment. Ms Bloom was seconded to the Victorian Government in 1997 and led the whole of government response to the sale of second tranche airports by the Federal Government.

Ms Bloom has owned and operated successful businesses in the Kimberley and was Councillor and Deputy Shire President for the Shire of Broome from 2009 to 2014 and an independent director of an Aboriginal corporation from 2008 to 2011. During her time as a Councillor Ms Bloom was a member of the Joint Development Assessment Panel that included the application for the development of an LNG Processing Precinct within the Shire of Broome. Resource sector developments for Council consideration included onshore shale oil and gas and mineral sands projects.

Ms Bloom is a member of the Remuneration and Nomination Committee.

Mr Martin Bryant *B Bus, MAICD*

Director (Non-Executive) appointed May 2015
Period of office at August 2017 – 2 year and 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 suit 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 at General Director from 2004 to 2006.

Mr Bryant is a member of the Remuneration and Nomination Committee.

Mr Michael Blakiston *B. Juris*

Director (Non-Executive) appointed March 2017
Period of office at August 2017 – 5 months

Mr Blakiston is a partner in Gilbert + Tobin's Energy and Resources group. He has over 30 years' experience gained across a range of jurisdictions. Michael advises in relation to asset acquisition and disposal, project structuring, joint ventures and strategic alliances, development agreements and project commercialisation, capital raisings and company merger and acquisitions.

Mr Blakiston has served on numerous ASX listed companies and not-for-profit boards and is currently the Chairman of Precision Opportunities Fund Ltd, a specialist small to medium cap fund.

Mr Blakiston is the Chairman of the Audit and Risk Committee.

COMPANY SECRETARIES

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

Ms Rubini Ventouras *LLB B COM*

Appointed February 2017

Rubini Ventouras was appointed General Counsel and Company Secretary, effective 1 February. Ms Ventouras has extensive legal and commercial experience involving exploration, project construction, HSE legislation, mining operations and marketing throughout Australasia, Asia and Europe. Most recently, she held senior roles with Newmont Asia Pacific where she was Group Executive Legal Affairs from 2007 to 2016.

Mrs Hayley McNamara *LLB BA(Hons)*

Appointed November 2014, resigned 8 Dec 2016.

Mrs McNamara was appointed General Counsel and Company Secretary of BC Iron in November 2014. Mrs McNamara is a corporate lawyer with a diverse range of energy and resources experience, having advised industry participants for over 15 years.

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 and Risk Committee	Remuneration and Nomination Committee
Total Number of Meetings held	16	4	1
B O'Donnell	16	4	1
A Vorster (a)	13	4	1
M Bryant	16	3	1
A Haslam	16	4	1
M Blakiston (a)	4	1	1
J Bloom (a)	4	1	1
A Kiernan(a)	10	2	-

(a) Director held their position for part of the financial year.

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:

Director	Ordinary shares		Performance Rights	
	Direct	Indirect	Direct	Indirect
B O'Donnell	-	51,998	-	-
A Vorster	-	1,095,645	6,000,000	-
M Bryant	-	-	200,000	-
A Haslam	60,000	-	200,000	-
M Blakiston	-	-	-	-
J Bloom	-	-	-	-
Total	60,000	1,147,643	6,400,000	-

DIVIDENDS

No dividends have been declared in relation to the year ended 30 June 2017 (June 2016: Nil).

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.

SALE OF NULLAGINE JOINT VENTURE INTEREST

In March 2017, BCI completed the sale of its 75% interest in the Nullagine Joint Venture to Fortescue Metals Group Limited ("Fortescue") for $1 plus an ongoing royalty on all future iron ore mined from the Nullagine tenements.

Up to the sale completion date, Nullagine remained on temporary suspension and is shown as discontinued operations. BC Iron continued to focus on reducing holding costs, resulting in Nullagine producing a loss before tax for the year ended 30 June 2017 of $1.4M (2016: loss $36.1M).

REVIEW OF OPERATIONS

BC Iron is a development and exploration company, with assets in the Pilbara region of Western Australia, including the Iron Valley Mine, Buckland Project, Mardie Salt Project and Carnegie Potash Project.

Safety performance

BC Iron places a high priority on facilitating a safe working environment for all staff and contractors. No lost time injuries ("LTIs") were recorded for the year ended 30 June 2017 and the lost time injury frequency rate ("LTIFR") was zero (June 2016: 0.0).

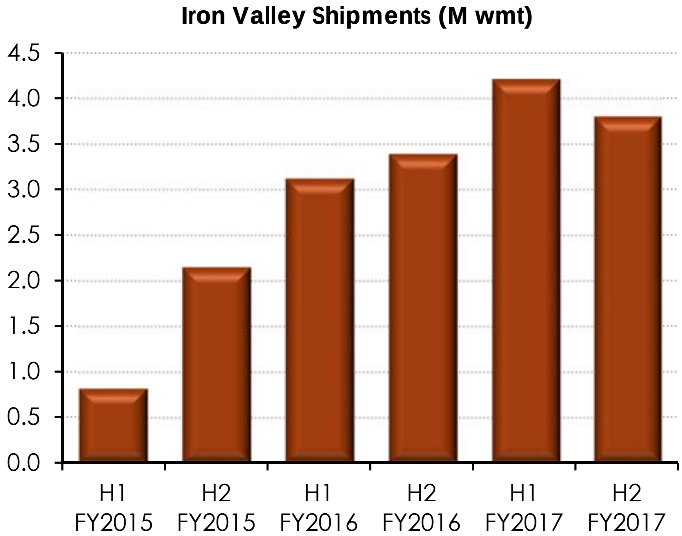
MIN is responsible for Occupational Health and Safety matters at Iron Valley and therefore BC Iron does not report safety performance for the Iron Valley site.

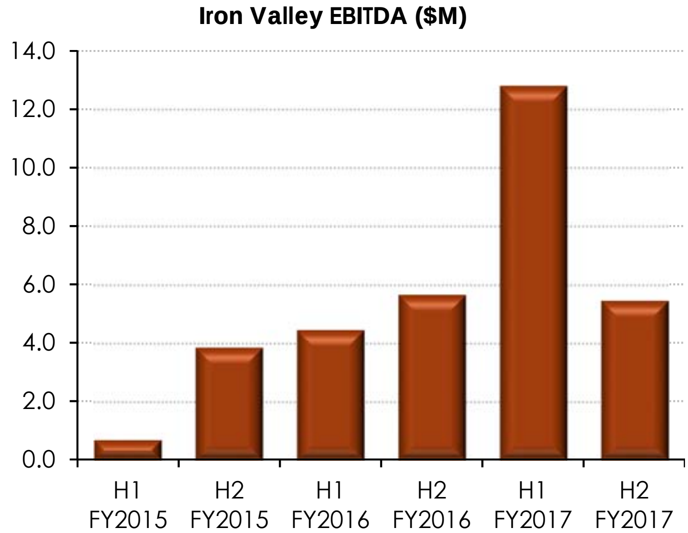
Operations

Iron Valley Mine

The Iron Valley Mine is operated by Mineral Resources Limited ("MIN") under an ore purchase agreement with BC Iron. MIN operates the mine at its cost and purchases iron ore from BC Iron at the mine gate at a price linked to MIN's received sales price. BC Iron is responsible for paying royalties related to the project and securing key approvals.

Strong operational performance and robust iron ore pricing during the financial year delivered a strong result for Iron Valley. MIN shipped 8.0 million wet metric tonnes ("M wmt") (June 2016: 6.5 wmt), which generated revenue for BC Iron of $63.5M (June 2016: $39.9M) and EBITDA of $18.3M (June 2016: $10.2M), which was in in line with revised FY17 Iron Valley EBITDA market guidance of $18-25M.





All approvals have now been secured for below water table mining at the Iron Valley mine as announced to the market on 4 January 2017, allowing MIN to access the entire Iron Valley Ore Reserves.

Buckland Project

Buckland is a strategic mine-to-port iron ore development project located in the West Pilbara region. A feasibility study was completed in 2014 that envisaged a mine at Bungaroo South and an independent infrastructure solution comprising a private haul road and transhipment port at Cape Preston East ("CPE Port"). Key approvals have been secured, including a port construction lease with the Pilbara Ports Authority, for a low capital intensity transhipment facility at CPE Port with a capacity of up to 20 Mtpa.

BCI's current focus is on defining the optimal development concept for the Buckland Project to increase throughput rates, improve the cost structure and enhance product marketability. A number of strategies are being pursued to achieve this and BCI continued to make progress during the financial year.

BCI is intending to undertake a bulk sample to facilitate test work programmes with potential offtake partners and validate BCI's route to market. Planning for the bulk sample commenced during the financial year and included the scoping of activities required to facilitate export of the bulk sample from limited early works at CPE Port.

Additional design work was also undertaken at CPE Port to incorporate other minerals into the port designs, including salt from the Mardie Salt Project.

Various approvals and approval amendments were submitted to regulatory bodies during the financial year to facilitate the extraction of a bulk sample. These approvals are currently under consideration and are expected to be granted during the September 2017 quarter.

Mardie Salt Project

The Mardie tenements are located on the coast in the West Pilbara region, approximately 50km south-west of the proposed Cape Preston East Port (70km by road). The Mardie Salt Project has the potential to produce salt (NaCl) from solar evaporation of seawater.

During the financial year, BCI continued to progress a Scoping Study on the Mardie Salt Project. The Scoping Study was finalised and released to the ASX in July 2017, and demonstrated the potential technical and economic viability of a 3.0-3.5 million tonne per annum ("Mtpa") operation producing high-purity industrial grade salt via solar evaporation, crystallisation and raw salt purification.

The Scoping Study was based on the export of salt via BCI's proposed CPE Port, with potential project economics over a 20-year life as follows: capital cost of A$225-255M; operating cost of A$19-21/t FOB; average revenue of approximately A$45/t FOB; pre-tax NPV10 of A$290-380M; pre-tax IRR 25-27%; payback period of 5 years.

BCI has committed to proceeding with pre-feasibility study (PFS) on the Mardie Salt Project, targeting completion in financial year 2018.

Refer to BCI's ASX announcement dated 18 July 2017 for further details, including the relevant cautionary statements.

Carnegie Potash Project

The Carnegie Potash Project is an exploration project located approximately 220km north-east of Wiluna, that is prospective for hosting a large sub-surface brine deposit which could be developed into a solar evaporation and processing operation that produces sulphate of potash ("SOP").

BCI currently holds a 15% interest in the Carnegie Potash in a joint venture with ASX-listed potash development company, Kalium Lakes Limited ("Kalium"). BCI has rights to earn up to a 50% interest through sole-funding a further A$10M in exploration and development expenditure.

During the financial year, joint venture manager Kalium, with support from BCI staff, continued desktop study works and consultation with the Native Title Claim Group with the aim of securing tenement access and commencing on-ground exploration activities during the second half of 2017. Works approvals from the Department of Mines and Petroleum and the Departments of Parks and Wildlife were received during the quarter for planned exploration activities.

Environmental Regulation

BC Iron is committed to minimising its environmental impact, with an appropriate focus on continuous monitoring of environmental matters and compliance with environmental regulations.

BC Iron's exploration, mining and development activities are the subject of various State and Commonwealth environmental regulations. Compliance with these environmental regulations is managed through the Environment and Heritage Management System and a series of other tools used to identify, analyse and control key risks associated with the environmental impact from the Company's activities. A compliance program is implemented on an annual basis to ensure correct data is being gathered to measure the impacts to the environment and periodic reviews (inspections and audits) are conducted to assess performance against agreed regulatory targets.

During the year, BC Iron submitted a number of reports and compliance statements to State and Federal regulatory bodies detailing BC Iron's performance against granted approvals. This includes all Annual Environmental Reports, Annual Compliance Reports, Compliance Assessment Reports and Emissions Reports which were all submitted on time and endorsed by the regulators.

There have been no material breaches of the Company's licences, permits and approvals.

REVIEW OF RESULTS

Statement of profit or loss

The Company's profit after income tax for the financial year ended 30 June 2017 was $5.7M (June 2016: loss $80.0M), which is a result of a $7.1M profit (June 2016: loss $43.9M) from continuing operations, less a $1.4M loss (June 2016: loss $36.1M) from discontinued operations (Nullagine). These improved results are primarily due to robust iron ore prices, strong operational performance of Iron Valley, and reduced Nullagine holding costs and corporate expenditure.

The following table provides a summary of the Company's statement of profit and loss:

	30 June 2017 A$M	30 June 2016 A$M
Continuing operations		
Revenue	64.0	40.4
Profit/(loss) after tax	7.1	(43.9)
Discontinued operations		
Loss after tax from discontinued operations	(1.4)	(36.1)
Net profit/(loss) after tax	**5.7**	**(80.0)**

The Company's EBITDA for the financial year ended 30 June 2017 was $8.3M (June 2016: loss $7.6M), which incorporates a positive EBITDA of $9.4M (June 2016: $3.9M) from continuing operations and the negative EBITDA of $1.1M (June 2016: negative $11.5M) from discontinued operations.

The following table shows the EBITDA contribution for each segment of the Group:

	30 June 2017 A$M	30 June 2016 A$M
Continuing operations		
Iron Valley	18.3	10.2
Buckland	(1.6)	(1.9)
Other	(7.3)	(4.4)
EBITDA from continuing operations	**9.4**	**3.9**
Discontinued operations		
EBITDA from discontinued operations	(1.1)	(11.5)
Total EBITDA	**8.3**	**(7.6)**

Statement of cash flows

Cash and cash equivalents as at 30 June 2017 increased to $36.4M (June 2016: $9.5M), primarily due to strong Iron Valley income, completion of an entitlement offer which raised $24.2M after costs, and completion of the sale of Nullagine eliminating further holding costs and expenditure.

Statement of financial position

Net assets increased to $107.2M (June 2016: $76.7M) primarily as a result of the increased cash from the entitlement offer and strong Iron Valley returns.

The Company's gross debt position was reduced to nil at 30 June 2017 (June 2016: $2.0M) with the final repayment on the interest and security free debt with Henghou Industries (Hong Kong) Limited being made in October 2016.

At 30 June 2017, cash and cash equivalents exceeded debt by $36.4M (June 2016: $7.5M).

Dividends

The Directors have not paid or declared any dividends since the commencement of the financial year ended 30 June 2017.

		2017	2016
(a)	out of the profits for the year ended 30 June 2016 and retained earnings on fully paid ordinary shares (2015: nil).	Nil	Nil
(b)	out of the profits for the year ended 30 June 2017 and retained earnings on fully paid ordinary shares.	Nil	Nil

Corporate

Entitlement Offer

In October 2016, BC Iron announced a 1 for 1 pro-rata renounceable entitlement offer at an issue price of $0.13 per share. The entitlement offer was successfully completed in November 2016, with strong take-up by existing shareholders of 74%. The net funds raised after costs of $24.2M has strengthened the Company's balance sheet and supports its strategy to actively generate value from existing assets and consider new investment opportunities.

BC Iron is currently transitioning to a new phase, 'resetting for growth' and focusing activities on actively generating value from existing assets while also considering, in a disciplined manner, other new opportunities. The funds raised under the Offer will support this strategy and also strengthen the Company's balance sheet.

Business Development

As part of its growth and diversification strategy, BCI continued to assess a number of new opportunities in iron ore; gold; base metals; agriculture; and industrial minerals industries. BCI will keep the market informed of any material developments.

Annual General Meeting

The Company's annual general meeting was held in Perth on 25 November 2016. All seven resolutions considered at the meeting were passed.

Board and Management Changes

Chief Executive Officer, Alwyn Vorster, was appointed to the Company's Board in September 2016 in the position of Managing Director.

Anthony Kiernan resigned as Chairman and Non-Executive Director in December 2016 after 10 years of service with the Company and Brian O'Donnell was appointed to the role of Chairman. Mr O'Donnell has been a Non-Executive Director since completion of the Iron Ore Holdings Limited takeover in 2014 and was a Non-Executive Director of Iron Ore Holdings Limited since 2008.

Simon Hodge was appointed Chief Financial Officer, effective 1 February. Mr Hodge has extensive experience across many industry sectors, including as Executive Director and Co-Founder of Quickflix Limited; Corporate Advisor, Poynton & Partners; Equity Research Analyst, Hartley Poynton and Institutional Equity Research Analyst, JP Morgan Securities London.

Rubini Ventouras was appointed General Counsel and Company Secretary, effective 1 February. Ms Ventouras has extensive legal and commercial experience involving exploration, project construction, HSE legislation, mining operations and marketing throughout Australasia, Asia and Europe. Most recently, she held senior roles with Newmont Asia Pacific where she was Group Executive Legal Affairs from 2007 to 2016.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

BC Iron expects ongoing revenues and profits from Iron Valley during FY2018.

BC Iron plans to continue assessing and optimising the development concept for the Buckland Project to potentially allow for a 20 Mtpa mining operation, which would increase utilisation of the CPE Cape Preston East port and achieve a more competitive cost structure. A number of strategies are being pursued to achieve this. As part of this process, BC Iron continues to assess options for funding the development of the Project.

The Company plans to progress development of the Mardie Salt Project and its interest in the Carnegie Potash Project.

BC Iron is also assessing new investment opportunities in Australian-based resource projects with a strong value proposition and near-term or long-term earnings potential, including commodities other than iron ore.

OTHER CONSIDERATIONS

Iron ore price and AUD:USD exchange rate

BC Iron is 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 Australian dollar sale price.

The iron ore price improved during the 2017 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.

	FY2017 $US/dmt	FY2016 US$/dmt	FY2015 US$/dmt	FY2014 US$/dmt
Platts CFR 62% Fe (average)	69	51	72	123

Source: www.platts.com

The following table summarises the AUD:USD exchange rate in recent years:

	FY2017 $	FY2016 $	FY2015 $	FY2014 $
AUD:USD (average)	0.7546	0.7283	0.8371	0.9179

Source: www.rba.gov.au, Bloomberg and www.oanda.com

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In March 2017, BCI completed the sale of its 75% interest in the Nullagine Joint Venture to Fortescue Metals Group Limited ("Fortescue") for $1 plus an ongoing royalty on all future iron ore mined from the Nullagine tenements. There were no other significant changes in the Company's state of affairs.

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 2017.

SHARE OPTIONS AND PERFORMANCE RIGHTS

As at the date of this report, there were zero Share Options and 11,052,271 Performance Rights on issue (8,131,147 Performance Rights at 30 June 2016). Refer to the Remuneration Report for further details of Performance Rights outstanding.

Date Performance Rights Granted	Test Date	Fair Value at Grant Date	Number
9 September 2015	30 June 2018	$0.015	802,271
25 May 2016	30 June 2017	$0.065	2,000,000
25 May 2016	30 June 2018	$0.069	2,000,000
25 May 2016	30 June 2019	$0.069	2,000,000
19 December 2016	30 June 2017	$0.145	1,700,000
19 December 2016	30 June 2018	$0.135	800,000
14 March 2017	30 June 2017	$0.176	550,000
14 March 2017	30 June 2018	$0.083	1,200,000
Total			11,052,271

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

Since the end of the financial year, the Company issued no ordinary shares as a result of the conversion of performance rights.

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* is attached to the independent auditor's report and forms part of the Directors' Report.

Non-audit services

For the year ended 30 June 2017 the Board of Directors is satisfied that the auditor, BDO, did not provide any non-audit services to the Company.

AUDIT INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution by the Directors.

Brian O'Donnell
Chairman
Perth, Western Australia
16 August 2017

Alwyn Vorster
Managing Director
Perth, Western Australia
16 August 2017

REMUNERATION REPORT

The Remuneration Report outlines the remuneration arrangements in place for Directors and Key Management Personnel of the Company in accordance with section 308 (3c) of the *Corporations Act 2001*.

For the purpose of this report the Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any directors of the Company.

The report covers the following key management personnel:

Non-Executive Directors	
B O'Donnell	Chairman (appointed Chairman 7 December 2016)
M Bryant	
A Haslam	
M Blakiston	(appointed 1 March 2017)
J Bloom	(appointed 1 March 2017)
A Kiernan	Chairman (resigned 7 December 2016)
Executive Directors	
A Vorster	Managing Director (appointed 22 September 2016)
Senior Executives	
S Hodge	Chief Financial Officer (appointed 1 February 2017)
R Ventouras	General Counsel and Company Secretary (appointed 1 February 2017)
B Duncan	Chief Operations Officer (resigned effective 31 August 2016)
C Hunt	Chief Financial Officer (resigned effective 6 September 2016)
I Goldberg	Chief Financial Officer (6 September 2016 to 31 January 2017)

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee ("RNC") is a committee of the Board comprised of three independent Non-Executive Directors, being Mr Haslam (Chairman), Ms Bloom and Mr Bryant.

The role of the RNC is to assist the Board to fulfil its responsibilities with respect to employee and director remuneration, and board composition and diversity, by making recommendations to the Board on:

- The Company's People Policy which sets out the Company's approach to Remuneration, Diversity and Privacy;
- A Remuneration Framework which enables the Company to attract, retain and motivate high quality Senior Executives who create value for shareholders; and
- The selection, composition, performance and appointment of members of the Board so that it is effective and able to operate in the best interests of shareholders.

REMUNERATION STANDARD

The Remuneration Standard of the Company aims to:

- Reward employees fairly and responsibly in accordance with the Australian market;
- Provide competitive rewards that attract, retain and motivate employees;
- Ensure incentives provide fair reward in line with company and individual performance to deliver on the current and long term strategic activities; and
- Ensure a level of equity and consistency across BC Iron and alignment with BC Iron culture.

NON-EXECUTIVE DIRECTOR REMUNERATION

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the directors and are reviewed annually by the Board. The Chairman is not present at any discussions relating to determination of his own remuneration. In June 2016, the Board resolved to further reduce director fees by 10% effective 1 July 2016.

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 on 19 November 2014. This amount is separate from any specific tasks the directors or their related entities may take on for the Company.

Fixed Remuneration

Non-Executive Directors' fixed remuneration comprise the following:

- Cash remuneration;
- Superannuation; and
- Insurances.

Performance Rights

At the November 2016 general meeting, shareholders approved the grant of Performance Rights to Mr Bryant and Mr Haslam. The Performance Rights were issued on 19 December 2016 and the performance conditions are measured by comparing the performance of the Company's share price to a comparative volume weighted average share price ("VWAP"). Further details are provided on page 15. The Performance Rights vest depending on the percentile increase of the VWAP as follows:

Performance Rights vesting	BC Iron share price
100%	FY17 peak 30-day VWAP > 100% than 30-day VWAP at 30 June 2016
66%	FY17 peak 30-day VWAP > 50% and < 100% than 30-day VWAP at 30 June 2016
0%	FY17 peak 30-day VWAP < 20% than 30-day VWAP at 30 June 2016

EXECUTIVE REMUNERATION

The objective of the Company's executive remuneration is to ensure reward for performance is market competitive and appropriate for the results delivered. The executive remuneration is aligned 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.

Fixed Remuneration

The components of Executives' fixed remuneration are determined individually and may include:

- Cash remuneration;
- Superannuation; and
- Insurances, parking and other benefits.

Variable Remuneration

Short-term Incentives

Executives may receive a short-term incentive ("STI") of 25-30% of their annual salary. The STI is an "at risk" component of remuneration and payment may, at the Board's discretion, be in cash and/or equity. Measurement will be based on performance against annually agreed key performance indicators ("KPIs"). These KPIs will typically be aligned to specific operating and corporate objectives in relation to each financial year.

The Board exercised its discretion to award an STI for the 2017 financial year, based on the KPIs achieved during the year. Key Management Personnel were in aggregate awarded an STI cash incentive of $130,966 (12% of their aggregate annual salary), which has been expensed in the 2017 financial year and payable after year end.

Long-term Incentives

Longer term incentive awards will occur through the Performance Rights Plan ("PRP"). The PRP will form part of an "at risk" component of remuneration and Performance Rights will generally have a vesting period longer than one year. Performance hurdles will be based on company share price and/or other relevant shareholder return measures. The PRP will operate entirely at the discretion of the Company's Board and may be terminated, suspended or amended at any time, or from time to time, in it's entirely or in part in relation to any or all employees (except where contractual rights have been created)

The Managing Director received Performance Rights when he commenced on 23 May 2016, as part of his employment contract. The performance conditions for Performance Rights issued to Key Management Personnel are measured by comparing the performance of the Company's share price to a comparative volume weighted average share price ("VWAP"). The Performance Rights will vest depending on the percentile increase of the VWAP as follows:

Performance Rights vesting	Tranche 1 - BC Iron share price	Tranche 2 and 3 - BC Iron share price
100%	FY17 peak 30-day VWAP > 100% than 30-day VWAP at 23 May 2016 (A$0.159)	Peak 30-day VWAP for the relevant financial year (FY18 and FY19) > 50% than peak 30-day VWAP for the prior financial year
66%	FY17 peak 30-day VWAP > 50% and < 100% than 30-day VWAP at 23 May 2016 (A$0.159)	Peak 30-day VWAP for the relevant financial year > 30% and < 50% than peak 30-day VWAP for the prior financial year
33%	FY17 peak 30-day VWAP > 20% and < 50% than 30-day VWAP at 23 May 2016 (A$0.159)	Peak 30-day VWAP for the relevant financial year > 15% and < 30% than peak 30-day VWAP for the prior financial year
0%	FY17 peak 30-day VWAP < 20% than 30-day VWAP at 23 May 2016 (A$0.159)	Peak 30-day VWAP for the relevant financial year < 15% than peak 30-day VWAP for the prior financial year

Note: Tranche 1 30-day VWAP at 23 May 2016 is based on share prices adjusted for the FY17 entitlement issue. Tranche 2 relevant financial year is FY18 and Tranche 3 relevant financial year is FY19.

The performance conditions for Performance Rights issued to Key Management Personnel on 14 March 2017 will be measured by comparing the performance of the Company's share price to a comparative volume weighted average share price ("VWAP"). The Performance Rights will vest depending on the percentile increase of the VWAP as follows:

Performance Rights vesting	Tranche 1 - BC Iron share price	Tranche 2 - BC Iron share price
100%	FY17 peak 30-day VWAP > 100% than comparative share price of A$0.18	FY18 peak 30-day VWAP > 50% than FY17 peak 30-day VWAP
66%	FY17 peak 30-day VWAP > 50% and < 100% than comparative share price of A$0.18	FY18 peak 30-day VWAP > 30% and < 50% than FY17 peak 30-day VWAP
0%	FY17 peak 30-day VWAP < 50% than comparative share price of A$0.18	FY18 peak 30-day VWAP < 30% than FY17 peak 30-day VWAP

2014 Long-term Incentive Plan

The previous long-term incentive plan ("LTIP") was subject to Company performance and consisted 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, the LTIP was made up of:

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

The deferred cash component was determined by measuring the Company's actual sales volumes and earnings per share against budget on an annual basis. The deferred cash component was determined 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.

In the 2016 financial year, deferred cash payments were made relating to the LTIP based on the performance criteria for financial year 2014 as a shown in the table below.

	Maximum possible incentive award	Percentage of incentive awarded	Amount of award in cash	Paid 30 June 2016*
M Ball	$172,069	75%	$129,052	**$64,526**
B Duncan	$129,461	75%	$97,096	**$48,548**

** M Ball's deferred cash was paid on 20 May 2016, as part of his final termination.*

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.

SBS Integrated Pty Ltd provided industry focused remuneration and benchmarking reports during the year and were paid $12,500 (2016: McDonald & Company (Australasia) Pty Ltd: $5,533). These reports were used to make recommendations for any changes to 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. Directors and employees may not engage in short-term or speculative trading of the Company's securities and are prohibited from trading in financial products issued or created over, or in respect of the Company's securities during a non-trading period.

SERVICE AGREEMENTS

The remuneration and other terms of employment for executive directors and key management personnel are covered in formal employment contracts. The key terms of their employment contracts, at the date of release of this report, are shown in the table below.

Name	Terms/Notice periods/Termination payment
A Vorster (Managing Director appointed 22 September 2016 / Chief Executive Officer appointed 23 May 2016)	Base salary inclusive of superannuation of $490,000 reviewed at regular intervals to be determined by the Company. Employment can be terminated at three 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 six 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 twelve months' total fixed remuneration.
S Hodge (Chief Financial Officer appointed 1 February 2017)	Base salary inclusive of superannuation $290,000 reviewed at regular intervals to be determined by the Company. Employment can be terminated at three months' notice by Mr Hodge or by the Company. Certain agreed trigger events will lead to Mr Hodge having the option to terminate the contract and receive a payment equal to six months' total fixed remuneration.
R Ventouras (General Counsel appointed 1 February 2017)	Base salary inclusive of superannuation $275,000 reviewed at regular intervals to be determined by the Company. Employment can be terminated at three months' notice by Ms Ventouras or by the Company. Certain agreed trigger events will lead to Ms Ventouras having the option to terminate the contract and receive a payment equal to six months' total fixed remuneration.

BC IRON LIMITED

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									
A Vorster (Managing Director appointed 22 September 2016 / Chief Executive Officer appointed 23 May 2016)									
2017	**447,115**	**-**	**27,066**	**-**	**24,899**	**250,710**	**-**	**749,790**	**33%**
2016	51,269	-	2,645	-	2,083	-	-	55,997	0%
M Ball (Managing Director resigned effective 20 May 2016)									
2016	622,963	-	28,049	64,525	20,792	-	585,577	1,321,906	5%
Senior Executives									
S Hodge (Chief Financial Officer appointed 1 February 2017)									
2017	**110,727**	**-**	**10,635**	**-**	**10,417**	**65,994**	**-**	**197,774**	**33%**
R Ventouras (General Counsel appointed 1 February 2017)									
2017	**104,167**	**-**	**8,562**	**-**	**10,417**	**53,390**	**-**	**176,535**	**30%**
B Duncan (Chief Operations Officer resigned effective 31 August 2016)									
2017	**59,361**	**-**	**4,615**	**-**	**15,733**	**-**	**331,903**	**411,612**	**0%**
2016	433,841	-	48,966	48,548	31,534	7,446	-	570,335	10%
C Hunt (Chief Financial Officer resigned effective 6 September 2016)									
2017	**66,917**	**-**	**4,671**	**-**	**4,745**	**-**	**41,762**	**118,095**	**0%**
2016	380,625	-	20,732	-	30,000	6,570	-	437,927	2%
I Goldberg (Chief Financial Officer appointed 6 September 2016 and resigned 31 January 2017)									
2017	**137,232**	**-**	**14,804**	**-**	**14,122**	**-**	**43,739**	**209,897**	**0%**
TOTAL									
2017	**1,050,398**	**-**	**81,172**	**-**	**105,230**	**370,094**	**467,195**	**2,074,088**	**18%**
2016	1,488,699	-	100,392	113,073	84,409	14,016	585,577	2,386,166	5%

a. *Relates to performance in the previous financial year. 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 previous financial year. Please refer to section on long-term incentive payments below.*
d. *Share-based payments represent the accounting expense incurred by the Company for the stated financial period, reflecting the terms of the Performance Rights as 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 paid, but relate to performance in previous reporting periods.*

NON-EXECUTIVE DIRECTOR REMUNERATION FOR THE FINANCIAL YEAR

The table below sets out the remuneration paid or payable to the non-executive directors in relation to the 2017 financial year.

	Short-term employment benefits		Share-based payments	Post-employment benefits	
	Salary and fees	Non-monetary benefits (a)	Value of Performance Rights (b)	Superannuation	Total
	$	$	$	$	$
B O'Donnell (Chairman appointed 7 December 2016)					
2017	**95,411**	**17,169**	**-**	**9,064**	**121,644**
2016	78,082	15,578	-	7,418	101,078
A Kiernan (Chairman resigned effective 7 December 2016)					
2017	**92,108**	**8,088**	**-**	**-**	**100,196**
2016	157,500	15,578	-	-	173,078
M Bryant (Non-executive director)					
2017	**66,983**	**17,169**	**29,000**	**6,364**	**119,516**
2016	73,973	15,578	-	7,027	96,578
A Haslam (Non-executive director)					
2017	**75,205**	**17,169**	**29,000**	**7,144**	**128,518**
2016	90,000	15,578	-	-	105,578
M Blakiston (Non-executive director appointed 1 March 2017)					
2017	**24,658**	**4,884**	**-**	**2,342**	**31,884**
J Bloom (Non-executive director appointed 1 March 2017)					
2017	**23,288**	**4,884**	**-**	**2,212**	**30,384**
TOTAL					
2017	**377,653**	**69,363**	**58,000**	**27,126**	**532,142**
2016	399,555	62,312	-	14,445	476,312

(a) Non-monetary benefits include the cost of directors and officer insurance.

(b) 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.

PERFORMANCE RIGHTS ISSUED IN FINANCIAL YEAR 2017

The terms and conditions of Performance Rights granted to directors and key management personnel during the year ended 30 June 2017 affecting remuneration in the current or future reporting periods are set out in the following table:

	Grant date	Date to vest	Expiry date	Risk free rate at grant date	Value per right at grant date	Number granted during the year	Value at grant date	Number vested 30 June 2017	Number expired 30 June 2017
Non-Executive Directors									
M Bryant	19/12/2016	30/06/2017	19/12/2023	2.8%	$0.145	200,000	$29,000	132,000	68,000
A Haslam	19/12/2016	30/06/2017	19/12/2023	2.8%	$0.145	200,000	$29,000	132,000	68,000
Senior Executives									
R Ventouras	14/03/2017	30/06/2017	14/03/2024	2.9%	$0.176	250,000	$43,990	-	250,000
R Ventouras	14/03/2017	30/06/2018	14/03/2024	2.9%	$0.083	500,000	$41,650	NA	NA
S Hodge	14/03/2017	30/06/2017	14/03/2024	2.9%	$0.176	300,000	$52,680	-	300,000
S Hodge	14/03/2017	30/06/2018	14/03/2024	2.9%	$0.083	700,000	$58,310	NA	NA

In July 2017, the Board determined that 66% of the Performance Rights issued to Non-Executive Directors have met the stated hurdle and will be allowed to vest. The Board determined that 34% of the Performance Rights issued to Senior Executives with a vesting date of 30 June 2017 have not met the stated hurdles and therefore will not vest.

A Monte Carlo simulation was used to value the Performance Rights. The Monte Carlo simulates the Company's share price and depending on the hurdle arrives at a value based on the number of Performance Rights that are likely to vest. The risk-free rate of the Performance Rights on the date granted are shown in the table above.

PERFORMANCE RIGHTS ISSUED IN FINANCIAL YEAR 2016

The table below summarises Performance Rights issued in financial year 2016 that have either vested, expired or remain unvested.

	Grant date	Date to vest	Value per right at grant date	Number granted during the year	Value at grant date	Number vested 30 June 2017	Number expired 30 June 2017
Executive Directors							
A P Vorster	25/05/2016	30/06/2017	$0.065	2,000,000	$130,000	1,320,000	680,000
A P Vorster	25/05/2016	30/06/2018	$0.069	2,000,000	$138,000	NA	NA
A P Vorster	25/05/2016	30/06/2019	$0.069	2,000,000	$138,000	NA	NA

In July 2017, the Board determined that 66% of the Performance Rights issued to the Managing Director with a vesting date of 30 June 2017, have met the stated hurdle and will be allowed to vest. The Board determined that 34% of the Performance Rights issued to the Managing Director with a vesting date of 30 June 2017 have not met the stated hurdles and therefore will not vest.

A Monte Carlo simulation was used to value the Performance Rights. The Monte Carlo simulates the Company's share price and depending on the hurdle arrives at a value based on the number of Performance Rights that are likely to vest.

EQUITY INSTRUMENT DISCLOSURES

The interests of key management personnel and directors in shares at the end of the financial year 2017 are as follows:

	Balance at 1 July 2016	Acquired during year	Performance Rights converted during year	Disposed during the year	Owned on commencement of employment	Balance at 30 June 2017
Non-Executive Directors						
B O'Donnell	25,999	25,999	-	-	-	51,998
A Kiernan (a)	718,354	-	-	-	-	718,354
M Bryant	-	248,822	-	-	-	248,822
A Haslam	30,000	30,000	-	-	-	60,000
M Blakiston	-	-	-	-	-	-
J Bloom	-	-	-	-	-	-
Executive Directors						
A Vorster	-	1,095,645	-	-	-	1,095,645
Senior Executives						
B Duncan (a)	-	-	26,329	-	-	26,329
C Hunt (a)	2,000	-	21,663	-	-	23,663
I Goldberg (a)	-	307,692	-	-	1,900	309,592
S Hodge	-	-	-	-	-	-
R Ventouras	-	-	-	-	-	-
Total	**776,353**	**1,459,336**	**47,992**	**-**	**1,900**	**2,285,581**

(a) For resigning Directors and Key Management Personnel, the balance is as at their respective resignation date.

The interest of key management personnel and directors in shares at the end of financial year 2016 were as follows:

	Balance at 1 July 2015	Acquired during year	Performance Rights converted during year	Disposed during the year	Owned on commencement of employment	Balance at 30 June 2016
Non-Executive Directors						
A Kiernan	718,354	-	-	-	-	718,354
M Bryant	-	-	-	-	-	-
A Haslam	30,000	-	-	-	-	30,000
B O'Donnell	25,999	-	-	-	-	25,999
Executive Directors						
M Ball (a)	190,990	-	-	-	-	190,990
Senior Executives						
A Vorster	-	-	-	-	-	-
B Duncan	-	-	-	-	-	-
C Hunt	2,000	-	-	-	-	2,000
Total	**967,343**	**-**	**-**	**-**	**-**	**967,343**

(a) As M Ball resigned on 20 May 2016, the balance is at 20 May 2016.

The interests of key management personnel and directors in Performance Rights at the end of the financial year 2017 are as follows.

	Balance at 1 July 2016	Granted as compensation	Converted to shares	Rights lapsed/ cancelled	Balance at 30 June 2017
Non-Executive Directors					
A Haslam	-	200,000	-	-	200,000
M Bryant	-	200,000	-	-	200,000
Executive Directors					
A Vorster	6,000,000	-	-	-	6,000,000
Senior Executives					
B Duncan	549,058	-	(26,329)	(522,729)	-
C Hunt	481,326	-	(21,663)	(459,663)	-
S Hodge	-	1,000,000	-	-	1,000,000
I Goldberg	-	600,000		(600,000)	-
R Ventouras	-	750,000	-	-	750,000
Total	**7,030,384**	**2,750,000**	**(47,992)**	**(1,582,392)**	**8,150,000**

The interests of key management personnel and directors in Performance Rights at the end of the financial year 2016 are as follows.

	Balance at 1 July 2015	Granted as compensation	Converted to shares	Rights lapsed/ cancelled	Balance at 30 June 2016
Executive Directors					
M Ball	143,602	759,200	-	(902,802)	-
A Vorster	-	6,000,000	-	-	6,000,000
Senior Executives					
B Duncan	108,044	496,400	-	(55,386)	549,058
C Hunt	43,326	438,000	-	-	481,326
Total	**294,972**	**7,693,600**	**-**	**(958,188)**	**7,030,384**

COMPANY PERFORMANCE

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

		2017	2016	2015	2014	2013
Continuing operations						
Revenue	$million	64.0	40.4	281.2	471.4	328.3
Net profit/(loss) after tax	$million	7.1	(43.9)	(158.5)	71.8	46.5
Basic earnings/(loss) per share	Cents	2.2	(22.4)	(90.7)	58.0	42.9
Dividends paid per share	Cents	-	-	15.0	47.0	20.0
Share price (last trade day of financial year)	A$	0.14	0.11	0.29	3.20	3.23

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND DIRECTORS

Refer to Note 28(d) for Related Party transactions.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2016 ANNUAL GENERAL MEETING

The Company received 92% of 'yes' votes cast on its remuneration report for the 2016 financial year.

OTHER INFORMATION

Insurance of officers

During the financial period, the Company incurred premiums of $84,810 (2016: $132,440) 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 57 of this report for BDO's report on the Remuneration Report.

Signed in accordance with a resolution by the Directors.

Brian O'Donnell	Alwyn Vorster
Chairman	Managing Director
Perth, Western Australia	Perth, Western Australia
16 August 2017	16 August 2017

DIRECTOR'S DECLARATION

In the opinion of the Directors of BC Iron Limited:

a. the financial statements comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001* including:

   i. giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2017 and of its performance for the financial year ended 30 June 2017; 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 Consolidated Entity 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 Chief Executive Officer 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:

Brian O'Donnell
Chairman
Perth, Western Australia
16 August 2017

	Notes	2017 $000's	2016 $000's
Revenue from continuing operations			
Sale of goods		**63,480**	39,863
Other revenue		**552**	553
Total revenue from continuing operations	1	**64,032**	40,416
Foreign exchange gain/(loss)		**80**	-
Cost of sales	2	**(47,796)**	(32,272)
Administration expenses	2	**(6,454)**	(4,200)
Exploration and evaluation expenditure		**(2,798)**	(2,638)
Impairment of mine property and other assets	3	**-**	(2,600)
Profit / (loss) before income tax		**7,064**	(1,294)
Income tax benefit / (expense)	5	**-**	(42,568)
Profit / (loss) after income tax from continuing operations		**7,064**	(43,862)
Discontinued operations			
Loss for the year from discontinued operations	4	**(1,395)**	(36,093)
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	15	**-**	(2,706)
Profit / (loss) for the year attributable to owners of BC Iron Limited		**5,669**	(82,661)
		Cents	Cents
Basic earnings / (loss) per share from continuing operations	18	**2.23**	(22.36)
Diluted earnings / (loss) per share from continuing operations	18	**2.14**	(22.35)
Basic loss per share from discontinued operations	4	**(0.44)**	(18.40)
Diluted loss per share from discontinued operations	4	**(0.44)**	(18.39)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Notes	**2017 $000's**	2016 $000's
Current assets			
Cash and cash equivalents	6	**36,376**	9,450
Trade and other receivables	7	**10,053**	13,694
Inventory		**-**	61
Total current assets		**46,429**	23,205
Non-current assets			
Receivables	7	**4,931**	5,986
Property, plant and equipment	8	**44,996**	52,929
Exploration and evaluation assets	9	**4,600**	4,100
Intangibles	10	**23,532**	23,532
Total non-current assets		**78,059**	86,547
Total assets		**124,488**	109,752
Current liabilities			
Trade and other payables	11	**12,107**	19,749
Provisions	12	**294**	415
Loans and borrowings	19	**-**	2,020
Total current liabilities		**12,401**	22,184
Non-current liabilities			
Provisions	12	**4,931**	10,892
Total non-current liabilities		**4,931**	10,892
Total liabilities		**17,332**	33,076
Net assets		**107,156**	76,676
Shareholders' equity			
Contributed equity	14	**266,735**	242,467
Reserves	15	**5,426**	4,883
Accumulated losses	16	**(165,005)**	(170,674)
Total shareholders' equity		**107,156**	76,676

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Contributed equity $000's	Accumulated losses $000's	Reserves $000's	Total $000's
Balance at 1 July 2015	242,467	(90,719)	7,536	159,284
Loss for the year	-	(79,955)	-	(79,955)
Reclassification to profit or loss	-	-	(2,706)	(2,706)
Total comprehensive income/(loss)	-	(79,955)	(2,706)	(82,661)
Transactions with equity holders in their capacity as equity holders				
Shares issued net of transaction costs	-	-	-	-
Performance Rights converted	-	-	-	-
Share based payments	-	-	53	53
Dividends paid	-	-	-	-
Balance at 30 June 2016	242,467	(170,674)	4,883	76,676
Profit for the year	**-**	**5,669**	**-**	**5,669**
Reclassification to profit or loss	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**5,669**	**-**	**5,669**
Transactions with equity holders in their capacity as equity holders				
Shares issued net of transaction costs	**24,188**	**-**	**-**	**24,188**
Performance Rights converted	**80**	**-**	**(80)**	**-**
Share based payments	**-**	**-**	**623**	**623**
Dividends paid	**-**	**-**	**-**	**-**
Balance at 30 June 2017	**266,735**	**(165,005)**	**5,426**	**107,156**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	2017 $000's	2016 $000's
Cash flows from operating activities			
Receipts from customers		**66,588**	159,173
Payments to suppliers and employees		**(55,320)**	(204,537)
Management fees received		**15**	530
Interest received		**577**	603
Net cash flows from operating activities	6	**11,860**	(44,231)
Cash flows from investing activities			
Payments for mine property and development expenditure		**(122)**	(7,982)
Payments for plant and equipment		**(1,598)**	(93)
Payments for exploration project earn-ins		**(500)**	-
Net cash flows from investing activities		**(2,220)**	(8,075)
Cash flows from financing activities			
Proceeds from issue of shares net of costs		**24,189**	-
Repayment of borrowings		**(1,966)**	(4,850)
Repayment of Royalty Rebate		**(5,151)**	(2,575)
Net cash flows from financing activities		**17,072**	(7,425)
Net increase / (decrease) in cash and cash equivalents		**26,712**	(59,731)
Cash and cash equivalents at beginning of year		**9,450**	67,671
Effect of exchange rate changes on cash and cash equivalents		**214**	1,510
Cash and cash equivalents at end of year	6	**36,376**	9,450

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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 2017 were authorised for issue in accordance with a resolution of the directors on 16 August 2017. 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 are the development and exploration of assets in the Pilbara region of Western Australia, including Iron Valley, Buckland, Mardie Salt Project and Carnegie Potash Project.

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. 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 not adopted any new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2016.

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.

Discontinued operations

A discontinued operation is a component of the Consolidated Entity that has been disposed of or is classified as held for sale and that represents a major line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the profit or loss and other comprehensive income. Where a decision is made to treat a major line of business or area of operations as discontinued the comparative information is restated to reflect as if that major line of business or area of operations had been discontinued in the prior period.

The assets and liabilities held for sale are stated on the balance sheet at the lower of carrying value and fair value less cost to sell ("FVLCTS").

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 or 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 5: Income taxes
Note 8: Property, plant and equipment
Note 9: Exploration and evaluation
Note 10: Intangibles
Note 12: Provisions
Note 29: Share based payments

KEY NUMBERS

NOTE 1 – REVENUE

	2017 $000's	2016 $000's
Sales – Iron Valley	**63,480**	39,863
Interest revenue	**552**	264
Other income	**-**	289
Total	**64,032**	40,416

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.

Sales – Iron Valley

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 receives revenue from Mineral Resources Limited (MIN) based on a mine gate sale agreement based on MIN's realised price. The Company recognises revenue when the ore passes over the railhead which is typically at the bill of lading. MIN send monthly shipping information based on either a provisional basis at the date of shipment or the subsequent final pricing, which is typically once the vessel has arrived at its destination and quotation pricing has been determined. BCI recognises revenue on provisionally priced sales based on the estimated fair value of the total consideration, which is adjusted for any changes when pricing is finalised.

Interest revenue

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

NOTE 2 – EXPENSES

	2017 $000's	2016 $000's
Amortisation of mine properties	**2,882**	2,621
Royalties	**44,914**	29,651
Cost of sales	**47,796**	32,272
Acquisition-related costs	**-**	249
Employee benefits expense	**2,456**	1,890
Depreciation and amortisation	**102**	194
Share based payments	**623**	53
Non-executive directors' fees	**408**	414
Occupancy related expenses	**327**	457
Consultant and legal fees	**1,435**	240
Other	**1,103**	703
Administration expenses	**6,454**	4,200

NOTE 3 – IMPAIRMENT OF NON-FINANCIAL ASSETS

	2017	2016
	$000's	$000's
Impairment of other intangibles	**-**	2,600
Total	**-**	2,600

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 valuation used by BC Iron to determine recoverable amount is the higher of an asset's fair value less costs of disposal ("FVLCD") and value in use ("VIU").

Accounting standards require that the valuation technique used be consistent with one of three commonly accepted approaches outlined below:

- Level 1 Market - The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business. Examples relevant to BC Iron include earnings multiples or JORC reserve/resource multiples;
- Level 2 Cost - The cost approach reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost); and
- Level 3 Income - The income approach converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts. Examples include Net Present Value ("NPV") techniques.

FVLCD is an NPV calculation which is consistent with the Level 3 income approach.

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 fall in iron ore prices during the second half of the financial year, the Company has reviewed its assets for impairment. Based on these assessments, the Company has concluded that impairment of assets was not required.

Revenue assumptions

Cash flow projections used to estimate recoverable amounts include assumptions on revenue. The assumptions used for revenue in impairment testing are summarised below:

	2017	2016
CFR 62% Fe iron ore price (USD/dmt, nominal)		
Years 1-5	**62-63**	48-55
Years 6-10	**67-75**	59-65
Years 11-20	**78-82**	66-74
Foreign exchange rate (AUD:USD, nominal)		
Years 1-5	**0.73-0.75**	0.72-0.76
Years 6-10	**0.74**	0.76
Years 11-20	**0.74**	0.76

Inflation (% per annum)		
USD inflation rate	**1.7%**	1.4%

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 4 – DISCONTINUED OPERATIONS

As announced on 10 March 2017 the Company completed the sale of its interest in the Nullagine Joint Venture (Nullagine) to Fortescue Metals Group (Fortescue).

BC Iron agreed to sell to Fortescue its 75% interest and related assets in Nullagine, which included the following:

- 75% interest in the iron ore rights over the Nullagine tenements;
- 100% title in the Nullagine tenements;
- existing fixed assets and equipment;
- existing low-grade stockpiles; and
- all associated mining information.

Fortescue assumed BC Iron's liabilities and obligations, including the existing rehabilitation liability. BC Iron retained its obligation to pay deferred State Government Royalties A$3.9M (30 June 2017: A$1.3M).

As consideration for the sale, Fortescue paid $1 plus a royalty on 75% of the future iron ore that is mined from the Nullagine tenements. Specifically, the royalty is:

- 1.0% - 2.0% of free-on-board revenue received by Fortescue for direct shipping ore (≥55% Fe); and
- A$0.50 – A$1.50 per tonne for low grade ore (<55% Fe), adjusted for 15% yield loss.

A 50% reduction in the royalty rate will apply to all iron ore mined above 15 million tonnes, and a 75% reduction for all iron ore mined above 25 million tonnes.

Fortescue will initially pay BC Iron 33% of the agreed royalty in cash, until the total amount waived by BC Iron equals A$7.5M. Thereafter, Fortescue will pay BC Iron 100% of the agreed royalty. The amount to be waived by BC Iron is intended to offset the obligations Fortescue assumes as part of the transaction, including rehabilitation liabilities.

On completing the transaction, BC Iron will benefit from the future royalty whilst removing their exposure to the rehabilitation liability as well as monthly costs associated with holding Nullagine. No asset value has been recorded for the future royalties on the NJV due to the uncertainty of commencement of future mining activity on site. Accordingly, royalties will be recognised in income when receivable.

Loss from discontinued operations

	2017 $000's	2016 $000's
Revenue		
Sale of goods	-	109,913
Other income	292	946
Total revenue from discontinued operations	**292**	110,859
Foreign exchange gain/(loss)	(85)	812
Cost of sales	-	(79,214)
Selling and marketing	-	(18,647)
Administration expenses	(1,186)	(26,255)
Exploration and evaluation expenditure	(183)	(670)
Impairment of mine property and other assets	(302)	(37,508)
Depreciation and amortisation	(242)	-
Loss before finance cost and income tax	**(1,706)**	(50,623)
Finance costs	311	(951)
Loss before income tax	**(1,395)**	(51,574)
Income tax benefit / (expense)	-	15,481
Loss after income tax from discontinued operations	**(1,395)**	(36,093)

Weighted average number of ordinary shares (basic)	316,706,617	196,196,992
Basic loss per share from discontinued operations (cents)	(0.44)	(18.40)

Cash flows from discontinued operations	2017 $000's	2016 $000's
Net cash flows from operating activities	(2,628)	(41,596)
Net cash flows from investing activities	(1,532)	(7,301)
	(4,160)	(48,897)

During the year, discontinued assets were remeasured at fair value less cost to sell, resulting in an impairment of $0.3M.

Accounting policy

The NJV was recognised as a joint operation and the Company recognised 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 or loss on transactions with joint operations are eliminated to the extent of the Company's ownership interest.

NOTE 5 – INCOME TAXES

	2017 $000's	2016 $000's
Current tax expense/(benefit)		
Current period	**336**	-
Adjustments for prior periods	**(93)**	-
	243	-
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	**877**	7,949
De-recognition of deferred tax assets	**(1,033)**	18,558
Equity deferred tax movement	**(243)**	-
Adjustments for prior periods	**156**	580
	(243)	27,087
Income tax expense from discounted operation (excluding gain on sale)	**-**	15,481
Income tax expense/(benefit) reported in the Consolidated statement of profit or loss and other comprehensive income	**-**	42,568
Reconciliation of effective tax rate		
Profit / (loss) before tax	**7,064**	(1,294)
Income tax at the statutory rate of 30 per cent (2016: 30 per cent)	**2,119**	(388)
Non-deductible expenses	**187**	800
Temporary differences derecognised	**(1,033)**	18,558
Tax losses not recognised	**(1,429)**	23,011
Recognised directly in equity	**(243)**	-
Under/(over) provided in prior periods and other	**399**	587
Income tax expense/(benefit) reported in the Consolidated statement of profit or loss and other comprehensive income	**-**	42,568

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 national 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.

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 2017, the Company had unrecognised deferred tax assets relating to tax losses of $71.0M (2016: $49.4M). The Company also has an R&D off-set available of $5.7M (2016 $5.7M).

Deferred tax assets not recognised	**2017 $000's**	2016 $000's
Temporary differences	**(3,887)**	18,558
Income Tax losses	**69,382**	47,813
Capital losses	**1,598**	1,598

Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2017 $000's	2016 $000's	**2017 $000's**	2016 $000's	**2017 $000's**	2016 $000's
Amounts recognised in Profit or Loss:						
Inventory	**-**	-	**-**	(18)	**-**	(18)
Mine property, plant and development	**-**	18,821	**(2,115)**	-	**(2,115)**	18,821
Provisions	**88**	1,596	**-**	-	**88**	1,596
Intangibles	**-**	-	**(2,409)**	(2,409)	**(2,409)**	(2,409)
Exploration	**-**	-	**(381)**	(250)	**(381)**	(250)
Other items	**618**	702	**(6)**	(12)	**612**	690
Amounts recognised directly in equity:						
Share issue costs in equity	**318**	128	**-**	-	**318**	128
	1,024	21,247	**(4,911)**	(2,689)	**(3,887)**	18,558
Temporary differences derecognised	**-**	(18,558)	**3,887**	-	**3,887**	(18,558)
Tax assets/(liabilities)	**1,024**	2,689	**(1,024)**	(2,689)	**-**	-

Movements in deferred tax assets

	Provisions $000's	Share issue costs $000's	Mine property $000's	Other $000's	Temporary differences derecognised $000's	Total $000's
At 1 July 2015	4,760	257	23,026	2,331	-	30,374
(Charged)/credited						
to profit or loss	(3,164)	-	(3,982)	(499)	(18,558)	(26,203)
to (under)/over prior period	-	-	(223)	(506)	-	(729)
directly to equity	-	(129)	-	(624)	-	(753)
At 30 June 2016	1,596	128	18,821	702	(18,558)	2,689
(Charged)/credited						
to profit or loss	**(1,509)**	**190**	**(20,729)**	**(182)**	**18,558**	**(3,672)**
to (under)/over prior period	**1**	**-**	**(206)**	**98**	**-**	**(107)**
reclassification to deferred tax liability	**-**	**-**	**2,114**	**-**	**-**	**(2,114)**
At 30 June 2017	**88**	**318**	**-**	**618**	**-**	**1,024**

Movement in deferred tax liabilities

	Inventory $000's	Intangibles $000's	Mine property $000's	Exploration $000's	Other $000's	Temporary differences derecognised $000's	Total $000's
At 1 July 2015	(67)	(2,409)	-	-	(187)	-	(2,663)
(Charged)/credited							
to profit or loss	49	-	-	(250)	26	-	(175)
to (under)/over prior period	-	-	-	-	149	-	149
At 30 June 2016	(18)	(2,409)	-	(250)	(12)	-	(2,689)
(Charged)/credited							
to profit or loss	**18**	**-**	**-**	**(132)**	**2**	**3,887**	**3,775**
to (under)/over prior period	**-**	**-**	**-**	**-**	**4**	**-**	**4**
reclassification to deferred tax liability	**-**	**-**	**(2,114)**	**-**	**-**	**-**	**(2,114)**
30 June 2017	**-**	**(2,409)**	**(2,114)**	**(382)**	**(6)**	**3,887**	**1,024**

NOTE 6 – CASH AND CASH EQUIVALENTS

	2017 $000's	2016 $000's
Cash at bank	**5,765**	8,979
Cash on deposit	**30,611**	471
Total	**36,376**	9,450

Reconciliation of profit / (loss) after income tax to net cash flows from operating activities		
Net Profit / (loss)	**5,669**	(79,955)
Depreciation and amortisation	**3,227**	5,691
Share based payments	**623**	53
Impairment of non-financial assets	**302**	40,108
Finance costs	**(311)**	713
(Gains)/losses on derivatives	**-**	(1,691)
Foreign exchange (gains)/losses	**4**	(1,136)
Other	**(345)**	(428)
(Increase)/decrease in assets		
Trade and other receivables	**3,641**	10,733
Inventories	**-**	3,773
Deferred tax assets	**-**	27,086
Increase/(decrease) in liabilities		
Trade and other payables	**(771)**	(48,894)
Provisions	**(179)**	(284)
Net cash inflow/(outflow) by operating activities	**11,860**	(44,231)

Cash on deposit relates to 31-day term deposits held with financial institutions. See Note 20 – Financial risk management note for further details.

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. There are no non-cash investing or financing activities.

NOTE 7 – TRADE AND OTHER RECEIVABLES

	2017 $000'S	2016 $000'S
Current		
Trade receivables and prepayments	**10,007**	13,138
Interest receivable	**-**	3
Receivables due from the NJV	**-**	146
Other receivables	**46**	407
Total current	**10,053**	13,694
Non-current		
Other receivables	**4,931**	5,986
Total non-current	**4,931**	5,986
Total trade and other receivables	**14,984**	19,680

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

As at 30 June 2017 no receivables were past due or impaired (2016: Nil).

Other current receivables include $0.46M for GST receivable (2016: $0.18M). Other non-current receivables include 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 20 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 5 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 sales are sold under an agreement, the historical loss rate is nil. Consequently, a general provision for 12-month expected credit loss has not been recognised.

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

	Mine Properties $000's	Plant and equipment $000's	Office furniture, equipment and IT $000's	Total $000's
Year ended 30 June 2016				
Opening net book value	57,988	5,119	1,065	64,172
Additions	7,707	2	114	7,823
Reclassification of assets	1,549	(915)	(625)	9
Disposals	-	(4)	-	(4)
Changes to rehabilitation estimate	(13,381)	-	-	(13,381)
Depreciation and amortisation expense	(4,153)	(1,077)	(461)	(5,691)
Closing net book value	49,710	3,125	93	52,928
At 30 June 2016				
Cost	103,367	5,354	1,633	110,354
Accumulated depreciation and amortisation	(53,657)	(2,229)	(1,540)	(57,426)
Net carrying amount	49,710	3,125	93	52,928
Year ended 30 June 2017				
Opening net book value	**49,710**	**3,125**	**93**	**52,928**
Additions	**122**	**-**	**66**	**188**
Disposals	**(2,063)**	**(2,527)**	**(1)**	**(4,591)**
Depreciation and amortisation expense	**(2,882)**	**(235)**	**(110)**	**(3,227)**
Impairment	**-**	**(302)**	**-**	**(302)**
Closing net book value	**44,887**	**61**	**48**	**44,996**
At 30 June 2017				
Cost	**51,659**	**856**	**1,589**	**54,104**
Accumulated depreciation and amortisation	**(6,772)**	**(795)**	**(1,541)**	**(9,108)**
Net carrying amount	**44,887**	**61**	**48**	**44,996**

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 or 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.

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.

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:

Nullagine Joint Venture

As a result of the NJV Sale transaction, the carrying value of the Nullagine Joint Venture ("NJV") was impaired by $0.3M to $4.6M to reflect the sale consideration price before disposal on completion of the sale as announced on 10 March 2017.

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 16 years. The discount rate used in determining FVLCD was 10.3%. 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 or 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

	2017	2016
	$000's	$000's
Opening balance	**4,100**	4,100
Exploration earn-in	**500**	-
Net carrying amount	**4,600**	4,100

Accounting policy

The Company accounts for exploration and evaluation activities as follows:

Acquisition and Exploration earn-in

Exploration and evaluation costs arising from acquisitions and earn-ins are carried forward where exploration and evaluation activities have not, at reporting 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.

Key judgement – Capitalisation of exploration and evaluation expenditure

The Company has capitalised acquired exploration and evaluation expenditure and earn-in expenditure on the basis that either it 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.

As announced on 1 March 2017, the Company and Kalium Lakes Limited (Kalium) entered into a joint venture agreement over Kalium's 100% owned Carnegie Potash Project. Under the terms of the agreement, the Company can earn up to a 50% interest in the Carnegie Project, by predominately sole-funding exploration and development expenditure across several stages. Kalium will be the manager of the joint venture.

On 15 March 2017, the Company earnt a 15% interest in the Carnegie Project by contributing its mobile camp facilities to the joint venture and sole funding $0.5M of expenditure.

NOTE 10 – INTANGIBLES

	Notes	2017 $000's	2016 $000's
Opening balance		**23,532**	26,132
Impairment charge	3	**-**	(2,600)
Net carrying amount		**23,532**	23,532

	2017	2016
Net carrying value of intangibles:		
Royalties	**15,502**	15,502
Port lease rights	**8,030**	8,030
Net carrying amount	**23,532**	23,532

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.

The Koodaideri South royalty asset has been tested for impairment with the recoverable amount assessed by reference to the FVLCD, in line the policy in note 3 and classified as level 3 under the fair value hierarchy. 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 pre-tax nominal discount rate used in determining FVLCD was 9.3%. 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.

Port lease rights

The Company holds a lease at the Cape Preston East Port 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 25 years. The pre-tax nominal discount rate used in determining FVLCD was 9.5%. 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.

NOTE 11 – TRADE AND OTHER PAYABLES

Current	2017 $000's	2016 $000's
Trade payables and accruals	**12,107**	19,749
Total	**12,107**	19,749

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 20).

NOTE 12 – PROVISIONS

Current	**2017 $000's**	2016 $000's
Employee benefits	**294**	415
Total current	**294**	415
Non-current		
Rehabilitation	**4,931**	10,892
Total non-current	**4,931**	10,892
Total	**5,225**	11,307

Movement in Provisions in 2017

	Rehabilitation and site closure $000's	Employee benefits $000's	Total $000's
Opening balance 1 July 2016	10,892	415	11,307
Changes in rehabilitation estimate	(1,559)	-	(1,559)
Charged/(credited) to profit or loss:			
additional provisions recognised	-	305	305
derecognised on sale of Nullagine	(4,595)	-	(4,595)
unused amounts reversed	-	(58)	(58)
unwinding of discount (non-cash)	193	-	193
Amounts used during the year	-	(368)	(368)
Closing balance	4,931	294	5,225

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

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 or 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.

The rehabilitation provision relating to Nullagine was derecognised as the Company completed the sale of its interest in Nullagine to Fortescue as announced on 10 March 2017.

A provision is made for the estimated cost to rehabilitate the Iron Valley site, which is offset by a receivable from Mineral Resources Limited recognising the contractual requirement to rehabilitate the site.

NOTE 13 – 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.

	2017 **$000's**	2016 $000's
Net debt to equity		
Total debt	**-**	2,020
Less cash and cash equivalents	**36,376**	9,450
Excess of cash over debt	**36,376**	7,430
Equity	**107,156**	76,676

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

NOTE 14 – CONTRIBUTED EQUITY

	2017		2016	
	Number	**$000's**	Number	$000's
Share capital				
Ordinary shares - fully paid	**392,526,910**	**266,735**	196,196,992	242,467
Movements in ordinary share capital				
Opening balance	**196,196,992**	**242,467**	196,196,992	242,467
Issue of shares under Employee Performance Rights Plan	**66,463**	**80**	-	-
Issue of shares under entitlement offer 18 November 16	**196,263,455**	**24,188**	-	-
Closing balance	**392,526,910**	**266,735**	196,196,992	242,467

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.

In November 2016, the Company successfully completed a pro-rata renounceable entitlement offer of 1 new share for every 1 share held at an issue price of $0.13 per share to raise $24.2M after costs.

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 15 – RESERVES

	2017	2016
	$000's	$000's
Share based payments reserve		
Balance as at 1 July	**10,105**	10,052
Share based payments expense	**623**	53
Issue of shares under Employee Performance Rights Plan	**(80)**	-
Balance as at 30 June	**10,648**	10,105
Financial assets at fair value through other comprehensive income		
Balance as at 1 July	**(9,009)**	(9,009)
Balance as at 30 June	**(9,009)**	(9,009)
Options exercised reserve		
Balance as at 1 July	**3,787**	3,787
Balance as at 30 June	**3,787**	3,787
Hedging reserve		
Balance as at 1 July	**-**	2,706
Gains and losses on cash flow hedges	**-**	(2,706)
Balance as at 30 June	**-**	-
Total reserves	**5,426**	4,883

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.

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 16 – ACCUMULATED LOSSES

	2017 $000's	2016 $000's
Balance as at 1 July	**(170,674)**	(90,719)
Net profit / (loss)	**5,669**	(79,955)
Dividends paid	**-**	-
Balance as at 30 June	**(165,005)**	(170,674)

NOTE 17 – DIVIDENDS

Dividend paid during the financial year (fully franked at 30 per cent)	**2017 $000's**	2016 $000's
Final franked dividend for 2016: Nil (2015: Nil)	**-**	-
Interim franked dividend for 2017: Nil (2016: Nil)	**-**	-
Total dividends paid	**-**	-
Dividend declared not recognised as a liability (fully franked at 30 per cent)		
Final franked dividend for 2017: Nil (2016: Nil)	**-**	-

NOTE 18 – EARNINGS PER SHARE

Earnings per share from continuing operations	**2017 $000's**	2016 $000's
Profit / (loss) after income tax from continuing operations	**7,064**	(43,862)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**316,706,617**	196,196,272
Adjustments for calculation of diluted earnings per share:		
Vested Performance Rights outstanding at year end	**2,442,000**	66,463
Weighted average number of ordinary shares used in calculating diluted earnings per share	**319,148,617**	196,262,735
Earnings per share attributable to the ordinary equity holders of the company	**Cents**	Cents
Basic earnings / (loss) per share	**2.23**	(22.36)
Diluted earnings / (loss) per share	**2.21**	(22.35)

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 19 – LOANS AND BORROWINGS

Current	**2017 $000's**	2016 $000's
Unsecured - Henghou facility	**-**	2,020
Total current	**-**	2,020
Total	**-**	2,020

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 or 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 Partners, USD50.0M (interest free) in project finance with Henghou Industries (Hong Kong) Limited. Henghou made a payment of USD15.0M on 17 December 2009 (being USD7.5M to BCIN), a payment of USD15M on 3 February 2010 (being USD7.5M to BCIN) and a payment of USD20M on 2 July 2010 (being USD10M to BCIN).

The final repayment of USD1.5M was made in October 2016. As part of this facility the Company issued 8 million options to Henghou as non-cash consideration. These options were exercised in FY2012.

RISK MANAGEMENT

NOTE 20 – FINANCIAL RISK MANAGEMENT

The Company holds the following financial instruments:

Financial assets	**2017 $000's**	2016 $000's
Cash and cash equivalents	**36,376**	9,450
Trade and other receivables	**14,984**	19,741
	51,360	29,191
Financial liabilities		
Trade and other payables	**12,107**	19,749
Loans and borrowings	**-**	2,020
	12,107	21,769

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	**2017** **$000's**	2016 $000's
Exchange rate at reporting date		**0.7692**	0.7426
Financial assets			
Cash and cash equivalents	AUD	**-**	6,713
	USD	**-**	4,985
Financial liabilities			
Loans and borrowings	AUD	**-**	(2,020)
	USD	**-**	(1,500)

The following table summarises the sensitivity to a reasonably possible change in the AUD to 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) 2017 $000's	**Effect on reserves 2017 $000's**	**Effect on profit/(loss)** 2016 $000's	**Effect on reserves** 2016 $000's
Appreciation of AUD to USD by 5% from 0.7326 to 0.8077 (2016: 0.7426 to 0.7797)	**-**	**-**	(223)	-
Depreciation of AUD to USD by 5% from 0.7326 to 0.8077 (2016: 0.7426 to 0.7072)	**-**	**-**	235	-

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.

Trade receivables outstanding at year end are subject to potential changes in future iron ore prices.

iii. Interest rate risk

The Henghou unsecured loan facility was 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.

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

- Cash and cash equivalents $36.4M (2016: $9.5M) held with banks with minimum long term external credit ratings of AA-.
- Trade receivables $10.0M (2016: $13.1M) due from existing customers are backed by an agreement with quarterly invoices paid within 5 working days. There has been no history of default in the past.

- In the money derivatives nil (2016: Nil) held with banks with minimum long term 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 Nullagine Iron Ore Joint Venture, via the Joint Venture Partners, entered into a USD50 million financing facility (USD25m Company share) with Henghou Industries (Hong Kong) Limited. The final payment of USD1.5M was made in October 2016. Refer to note 19 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 2017						
Financial liabilities						
Trade and other payables	**12,107**	**-**	**-**	**-**	**12,107**	**12,107**
Loans and borrowings	**-**	**-**	**-**	**-**	**-**	**-**
Total non-derivatives	**12,107**	**-**	**-**	**-**	**12,107**	**12,107**
Year ended 30 June 2016						
Financial liabilities						
Trade and other payables	19,749	-	-	-	19,749	19,740
Loans and borrowings	2,020	-	-	-	2,020	2,020
Total non-derivatives	21,769	-	-	-	21,769	21,769

GROUP STRUCTURE

NOTE 21 – 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 2017 %	Beneficial interest 2016 %
BC Iron Nullagine Pty Ltd	Australia	AUD	**100**	100
BC Iron (SA) Pty Ltd	Australia	AUD	**100**	100
BC Potash Pty Ltd formerly BC Iron Finance Pty Ltd	Australia	AUD	**100**	100
BC Gold Pty Ltd	Australia	AUD	**100**	-
BC Pilbara Iron Ore Pty Ltd	Australia	AUD	**100**	100
PEL Iron Ore Pty Ltd	Australia	AUD	**100**	100
Buckland Minerals Transport Pty Ltd	Australia	AUD	**100**	100
Cape Preston Logistics Pty Ltd	Australia	AUD	**100**	100
Mardie Minerals Pty Ltd	Australia	AUD	**100**	100

	Country of incorporation	Functional currency	Beneficial interest	
			2017	2016
			%	%
Iron Valley Pty Ltd	Australia	AUD	**100**	100
Bungaroo South Pty Ltd	Australia	AUD	**100**	100
Mal's Ridge Pty Ltd	Australia	AUD	**100**	100
Maitland River Pty Ltd	Australia	AUD	**100**	100
Metal Holdings Pty Ltd	Australia	AUD	**100**	100

Accounting policy

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BC Iron Limited as at 30 June 2017, 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 22 – SEGMENT INFORMATION

	Iron Valley		Buckland		Discontinued Operations		Other		Consolidated	
	2017 $000's	2016 $000's	**2017 $000's**	2016 $000's	**2017 $000's**	2016 $000's	**2017 $000's**	2016 $000's	**2017 $000's**	2016 $000's
Segment revenue										
Sale of goods	**63,480**	39,863	**-**	-	**-**	109,913	**-**	-	**63,480**	149,776
Other revenue	**-**	-	**-**	-	**292**	950	**552**	553	**844**	1,503
Total	**63,480**	39,863	**-**	-	**292**	110,863	**552**	553	**64,324**	151,279
Segment results										
EBITDA	**18,277**	10,187	**(1,540)**	(1,938)	**(1,100)**	(11,471)	**(7,320)**	(4,392)	**8,317**	(7,614)
Interest revenue	**-**	-	**-**	-	**23**	421	**552**	264	**575**	685
Finance costs	**-**	-	**-**	-	**311**	(951)	**-**	-	**311**	(951)
Foreign exchange	**-**	-	**-**	-	**(85)**	812	**81**	-	**(4)**	812
Depreciation and amortisation	**(2,882)**	(2,621)	**-**	-	**(242)**	(2,877)	**(103)**	(194)	**(3,227)**	(5,692)
Impairment	**-**	-	**-**	-	**(302)**	(37,508)	**-**	(2,600)	**(302)**	(40,108)
Profit / (loss) before income tax	**15,395**	7,566	**(1,540)**	(1,938)	**(1,395)**	(51,574)	**(6,790)**	(6,922)	**5,669**	(52,869)
Segment assets	**59,704**	52,987	**8,030**	8,030	**-**	14,093	**56,756**	34,641	**124,489**	109,751
Segment liabilities	**14,309**	15,274	**-**	-	**-**	16,871	**3,024**	931	**17,333**	33,076

Management has determined that the Company has four reportable segments, being Iron Valley, Buckland, Discontinued Operations (Nullagine) and Other. All cash generating units 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 Australia 100%.

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.

UNRECOGNISED ITEMS

NOTE 23 – COMMITMENTS

	2017 $000's	2016 $000's
Operating leases - buildings		
The Company has non-cancellable operating leases for office and storage buildings.		
Within one year	**288**	288
Greater than one year but not more than five years	**294**	513
More than five years	**-**	-
	582	801
Operating leases - vehicles		
The Company has non-cancellable operating leases for a vehicle.		
Within one year	**5**	40
Greater than one year but not more than five years	**-**	27
More than five years	**-**	-
	5	67

Capital commitments

The Company currently has no Capital commitments.

NOTE 24 – CONTINGENT LIABILITIES AND ASSETS

As at 30 June 2017, the Company has no contingent liabilities or assets.

NOTE 25 – 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 2017.

OTHER NOTES

NOTE 26 – PARENT ENTITY

The following details information related to the parent entity, BC Iron Limited, as at 30 June 2017. The information presented here has been prepared using accounting policies consistent with those presented in the notes to the accounts.

Balance sheet	**2017 $000's**	2016 $000's
Current assets	**7,479**	1,057
Total assets	**119,509**	127,936
Current liabilities	**1,151**	13,097
Total liabilities	**915**	31,293
Shareholders' equity		
Issued capital	**266,735**	242,467
Reserves	**5,554**	5,011
Accumulated losses	**(153,695)**	(150,835)
Total shareholders' equity	**118,594**	96,643
Loss for the year	**(2,859)**	(80,154)
Total comprehensive loss for the year	**(2,859)**	(80,154)

Included in note 23 are commitments incurred by the parent entity relating to the lease of offices.

NOTE 27 – AUDITOR'S REMUNERATION

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

	2017 $	2016 $
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
Audit or review of financial reports for the Company	**54,050**	66,029
Non-audit services – assurance services	**3,325**	2,550
Total	**57,375**	68,579

NOTE 28 – RELATED PARTY TRANSACTIONS

a. Parent entity

BC Iron Limited is the parent entity.

b. Subsidiaries

Interests in subsidiaries are set out in note 21.

c. Joint operations

Interests in joint operations are set out in note 4.

d. Key management personnel

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

	2017	2016
	$	$
Short-term employee benefits	**1,131,569**	1,589,090
Long-term employee benefits	**-**	113,074
Termination payments	**467,195**	585,577
Share based payments	**370,094**	420,016
Post-employment benefits	**105,230**	84,409
Total	**2,074,088**	2,792,166

e. Transactions with related parties

	2017	2016
	$	$
Management fee income from joint operation	**14,789**	529,195
Payment for services made to other related parties	**79,174**	-

On 1 March 2017, Michael Blakiston was appointed as a non-executive director of the Company. From this date and up until the end of the financial year the Company made legal fee payments of $71k. Also during the 2017 financial year, a final office lease payment of $8k was made to an entity related to Wroxby Pty Ltd, an investor with significant influence over the Company. All transactions were on normal commercial terms and conditions.

f. Outstanding balances arising from sales/purchases of goods and services

Joint operation		
Receivables	**-**	145,643

NOTE 29 – SHARE BASED PAYMENTS

During the 2011-2017 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 was initially approved at the shareholder's annual general meeting of 19 November 2010 and a revised plan was approved at the Company's 2017 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.

a. Employee option expense

No options were granted during the year and the weighted average remaining contractual life of share options outstanding at the end of the financial year was nil (2016: nil)

Options granted carry no dividend or voting rights.

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

b. 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.

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

2017 – Performance Rights

Grant date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
19/12/2016	400,000	30/06/2017	$0.15	$0.19	0%
19/12/2016	1,900,000	30/06/2017	$0.15	$0.19	0%
19/12/2016	1,400,000	30/06/2018	$0.14	$0.19	0%
14/03/2017	550,000	30/06/2017	$0.18	$0.21	0%
14/03/2017	1,200,000	30/06/2018	$0.08	$0.21	0%

*Source: www.asx.com.au

The fair value per Performance Right on grant date was determined as follows:

Grant date	19/12/2016	19/12/2016	14/03/2017	14/03/2017
Vesting date	30/06/2017	30/06/2018	30/06/2017	30/06/2018
Grant date share price	$0.19	$0.19	$0.21	$0.21
Volatility (per cent)	108.9%	108.9%	105.2%	105.2%
Dividend yield (per cent)	0%	0%	0%	0%
Risk free rate	2.8%	2.8%	2.9%	2.9%

2016 – Performance Rights

Grant date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
09/09/2015	175,000	30/06/2018	$0.015	$0.23	0%
23/11/2015	584,200	30/06/2018	$0.015	$0.25	0%
25/05/2016	2,000,000	01/07/2017	$0.065	$0.16	0%
25/05/2016	2,000,000	01/07/2018	$0.069	$0.16	0%
25/05/2016	2,000,000	01/07/2019	$0.069	$0.16	0%
09/09/2015	2,895,972	30/06/2018	$0.015	$0.23	0%

*Source: www.asx.com.au

The fair value per Performance Right on grant date was determined as follows;

Grant date	09/09/2015	25/05/2016	25/05/2016	25/05/2016
Vesting date	30/06/2018	01/07/2017	01/07/2018	01/07/2019
Grant date share price	$0.23	$0.16	$0.16	$0.16
Volatility (per cent)	65.6%	103.3%	92.4%	79.0%
Dividend yield (per cent)	0.0%	0.0%	0.0%	0.0%
Risk free rate	1.9%	1.9%	2.2%	2.4%

Summary of Performance Rights on issue

Vesting date	Opening balance at 1 July 2016	Rights granted during the year	Rights cancelled during the year	Rights converted to shares during the year	Closing balance at 30 June 2017	Rights vested as at 30 June 2017
30/06/2016	132,926	-	(66,463)	(66,463)	-	NA
30/06/2017	2,000,000	2,850,000	(600,000)	-	4,250,000	2,442,000
30/06/2018	4,131,147	2,600,000	(1,928,876)	-	4,802,271	NA
30/06/2019	2,000,000	-	-	-	2,000,000	NA
Total	**8,264,073**	**5,450,000**	**(2,595,339)**	**(66,463)**	**11,052,271**	**2,442,000**

c. 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. Where Performance Rights are forfeited or cancelled due to a vesting condition not being satisfied, the previously recognised cumulative share based payment expense is reversed.

	2017	2016
	$	$
Director benefits	**308,710**	(7,544)
Employee benefits	**313,979**	60,306
Total	**622,689**	52,762

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 Company's share price and depending on the hurdle arrives at a value based on the number of Performance 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 or loss with a corresponding adjustment to equity.

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 Performance Rights that are likely to vest.

NOTE 30 – OTHER ACCOUNTING POLICIES

Summary of other significant accounting policies

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, where an invoice has been issued. 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.

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 or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which where appropriate, 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, revised or amending Accounting Standards and Interpretations adopted

The following applicable accounting standards, amendment of standards and interpretations have recently been issued but are not yet effective. These standards have not been adopted by the Company as at the financial reporting date.

Standard title	Application date of the standard	Summary	Impact on Company's financial report
AASB 9 Financial Instruments	Periods beginning on or after 1 January 2018	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the investment. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income	The Company has considered this standard and identified there will be minimal impact on the financial statements.

Standard title	Application date of the standard	Summary	Impact on Company's financial report
		• The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the change in credit risk are also presented in profit or loss.	
AASB Revenue from Contracts with Customers	Periods beginning on or after 1 January 2018	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 risk and rewards as is currently the case under IAS 18 Revenue.	The Company has considered this standard and identified there will be no impact on the financial statements.
AASB 16 Leases	Periods beginning on or after 1 January 2019	If a lessee has significant operating leases outstanding at the date of initial application, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments. This will increase EBITDA as operating leases that were previously expensed will be amortised as a right-of-use asset, and an interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 Leases. This trend will reverse in the later years. There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.	The Company has considered this standard and identified that future contractual arrangements may impact on the financial statements. Current contractual arrangements will not be impacted by the standard.

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INDEPENDENT AUDITOR'S REPORT

To the members of BC Iron Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BC Iron Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying Value of Intangible Assets

Key audit matter	*How the matter was addressed in our audit*
At 30 June 2017, the carrying value of Intangible Assets was $23.532m (2016: $23.532m), as disclosed in Note 10. The assessment of the carrying value of Intangible Assets requires management to make significant accounting judgements and estimates in producing the discounted cash flow models used to determine whether the assets require impairment. An annual impairment test for the intangible assets is required under Australian Accounting Standard (AASB) 136 Impairment of Assets. Refer to Note 10 for the detailed disclosures, which include the related accounting policies and the critical accounting judgements and estimates.	We evaluated management's impairment assessment for the Koodaideri South and North Marillana Royalties and the Cape Preston East Port access rights by critically challenging the key estimates and assumptions used by management. Our procedures included, but were not limited to the following: • Analysing management's key assumptions used in the discounted cash flow models against external data, market consensus information and trends to determine their reasonableness; • Challenging the appropriateness of management's discount rates used in the discounted cash flow models in conjunction with our internal valuation experts; • Challenging assumptions around timing of future cash flows; • Agreeing the total ore reserve to independent expert's feasibility study; • Checking the mathematical accuracy of the discounted cash flow model; • Performing sensitivity analysis on key assumptions to determine if there would be a significant change to the carrying value of the asset; and • Assessing the adequacy of the Group's disclosures in respect of intangible asset carrying values and impairment assessment assumptions as disclosed in note 10 of the financial report.

Carrying Value of Mine Properties

Key audit matter	*How the matter was addressed in our audit*
At 30 June 2017, the carrying value of Mine Properties was $44.887m (2016: $49.710m), as disclosed in note 8. The assessment of the carrying value of Mine Properties requires management to make significant accounting judgements and estimates in producing the discounted cash flow model used to determine whether the assets require impairment in accordance with Australian Accounting Standard AASB 136 Impairment. Refer to Note 8 for the detailed disclosures, which include the related accounting policies and the critical accounting judgements and estimates.	We evaluated management's discounted cash flow model for Iron Valley by critically challenging the key estimates and assumptions used by management. Our procedures included, but were not limited to the following: • Analysing management's key assumptions used in the discounted cash flow model against external data, market consensus information and trends to determine their reasonableness; • Challenging the appropriateness of management's discount rates used in the discounted cash flow model in conjunction with our internal valuation experts; • Challenging assumptions around timing of future cash flows; • Checking the mathematical accuracy of the discounted cash flow model; • Performing sensitivity analysis on significant assumptions to determine if there would be a significant change to the carrying value of the asset; and • Assessing the adequacy of the Group's disclosures in respect of mine property carrying values and impairment assessment assumptions as disclosed in note 8 of the financial report.

BDO

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 18 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of BC Iron Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien

Director

Perth, 16 August 2017

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF BC IRON LIMITED

As lead auditor of BC Iron Limited for the year ended 30 June 2017, 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.

BDO

Glyn O'Brien

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 16 August 2017

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