



ASX RELEASE - 29 APRIL 2013

## BC IRON ACHIEVES MORE MILESTONES

- 1.2Mt mined by Nullagine JV (“NJV”) for the quarter
- 1.1M wmt shipped by NJV for the quarter – BC Iron attributable tonnes (0.86M wmt)
- Mining and shipping exceeds ‘wet season’ forecast
- Average CFR sales price of US\$131/dmt up ~25% from US\$105/dmt in the previous quarter
- Ramp up to raise production levels to 6Mtpa during Q4 FY2013 on track
- Project Inventory results confirm potential to increase Life of Mine
- Fully franked interim dividend paid of 5 cents per share equating to a payout ratio of ~45%
- BCI added to the S&P/ASX300 Index
- Finance Director Morgan Ball announced as new Managing Director

BC Iron Limited (ASX: BCI) (“BC Iron” or “the Company”) is pleased to present shareholders with the Company’s Quarterly Activities report for the period ended 31 March 2013.

During the quarter, BC Iron produced solid production figures and is on target to achieve the guidance 6Mtpa production rate during the current quarter. A number of significant milestones were also announced including declaration of an interim dividend, entering the S&P/ASX300 Index for the first time, and a transition of management with Managing Director Mike Young stepping down and making way for Morgan Ball, current Executive Board Member and Finance Director, to take over the position on 10 May 2013.

Incoming Managing Director Mr Morgan Ball said, “Exporting 1.1Mt of the NJV’s quality *Bonnie Fines* ore during the March quarter was particularly encouraging, given that production was impacted for a week due to Tropical Cyclone Rusty. Importantly, the Company allows for the effects of the annual wet season in its planning and given this, the quarter’s production actually exceeded forecast. We’re now very close to achieving our short term goal of running the NJV at a production rate of 6Mtpa reflecting excellent progress since the Fortescue transaction in the last quarter. This transaction increased BC Iron’s attributable iron ore exports by 80%, and allowed us to lift infrastructure capacity to 6Mtpa for the life of the NJV.”

BC Iron’s cash position at the end of the quarter was \$99.8M, after payment of a fully franked interim dividend of 5.0 cents per share. Commenting on the dividend and future direction of BC Iron Mr Ball said, “We are committed to rewarding shareholders regularly through dividend payments, and are now in a strong financial position to manage our debt position whilst maintaining a substantial payout ratio.”

“Moving forward, our major development focus remains in the Pilbara region of Western Australia. There are strong growth opportunities both within our Nullagine Project, as demonstrated through encouraging initial results from the Project Inventory study, and in the broader Pilbara region.”

### BC IRON LIMITED

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ASX Code: BCI

Listed: 15 December 2006

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## 1. OPERATIONS

### Summary Results - Nullagine Joint Venture (BC Iron - 75%, Fortescue Metals Group - 25%)

BC Iron Nullagine Pty Ltd, a wholly owned subsidiary of BC Iron, is the operator and manager of the Nullagine Iron Ore Joint Venture, a 75:25 JV with Fortescue Metals Group Limited ("**Fortescue**"). The project is located approximately 140km north of Newman in the East Pilbara region of Western Australia.

Production and shipments for the March quarter were as follows (Tables 1 and 2):

**TABLE 1: ORE PRODUCTION, HAULAGE & SHIPPING**

	Mar Quarter '13 (t)	Dec Quarter '12 (t)	Variance Q-o-Q (%)	FY2013 (t) Cumulative	Mar Quarter '12 (t)	Variance Y-o-Y (%)
Mined (ore)	1,205,482	1,089,839	11%	3,395,635	809,753	49%
Crushed	1,261,385	994,044	27%	3,320,885	861,281	46%
Hauled	1,179,230	1,021,844	15%	3,428,043	978,828	20%
Railed	1,130,506	1,025,092	10%	3,415,044	977,154	16%
Shipped	1,121,126	1,046,282	7%	3,404,854	1,033,290	9%

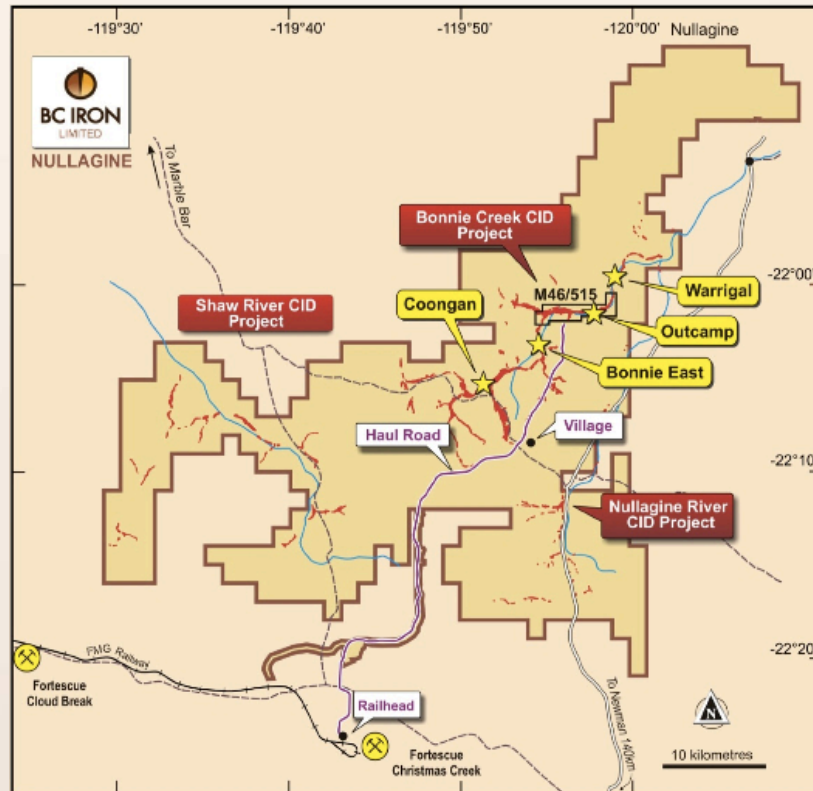
**TABLE 2: STOCKPILE INVENTORY**

	Mar Quarter '13 (t)	Dec Quarter '12 (t)
ROM <sup>1</sup>	282,467	273,141
MOC Product <sup>2</sup> (Site)	105,208	15,118
RLF Product <sup>3</sup> (Christmas Creek)	133,224	116,100
Port	29,540	20,160
Low Grade Stocks (Site)	2,127,679	1,972,123

- Notes:
1. Run of Mine ("**ROM**").
  2. "**MOC Product**" – material treated and stockpiled for haulage at Mine Operations Centre.
  3. "**RLF Product**" – material ready for rail haul at the Rail Load out Facility at Christmas Creek.



Figure 1: Nullagine JV Location Map



### Mining, Crushing and Screening

BC Iron's mining, crushing and screening rates for the quarter were:

- 1,205,482t of ore mined and sent to the ROM pad;
- 155,556t of low grade ore mined and stockpiled; and
- 1,261,385t of ROM crushed.

ROM includes both Direct Shipping Ore (“**DSO**”) and Low Grade ore (“**LG**”) that is blended to achieve the required specification export grade. The remaining LG ore is being stockpiled for potential future blending or use following the final evaluation of ongoing beneficiation studies as part of Project Inventory as set out in Section 2 of this report.

During the quarter, the Pilbara was affected by Tropical Cyclone Rusty. The NJV was directly in the predicted path of the cyclone and therefore, in line with the Company's Cyclone Policy, the mine was closed with all but skeleton staff evacuated from 26 February 2013. Fortunately, the cyclone's path deviated and it reduced in severity before passing east of the NJV with no material damage to buildings or infrastructure. Associated heavy rainfall and operational re-staffing back to capacity meant that production was impacted for approximately one week.

The Company's budget and mine schedule anticipates lower production during the annual wet season and, despite Tropical Cyclone Rusty, NJV production for the quarter did exceed forecast. Shipped tonnes for Q3 FY2013 were 9% greater than for Q3 FY2012.





The Company believes that the NJV's FY2013 production guidance of ~5Mt will be achieved and that production levels will be raised to greater than 6Mtpa during Q4 FY2013.

A new Vermeer 1655 surface miner was mobilised to site in March to replace the current machine that was on hire and new GPS systems are being fitted to the full fleet of surface miners. In preparation for the increase to 6Mtpa production, a second mobile processing plant became operational early in February 2013, resulting in increased throughput rates and run times and the main crusher and second mobile plant are now performing at the 6Mtpa production rate.

### Ore Truck Haulage

Ore haulage takes place via a private 58km bitumen haul road between the NJV mine site and Fortescue's Christmas Creek Rail Loadout Facility ("RLF") where the ore is loaded onto trains for rail haulage to Port Hedland (Figure 1).

Haulage activity for the three months to March totalled 1,179,230 tonnes.

During the quarter, the NJV continued discussions with its key haulage contractors in relation to the optimal haulage solution to increase NJV haulage rates to above the 6Mtpa target. The chosen option will be implemented during the current June quarter.

### Rail Haulage and Port Services

Fortescue provides contract rail haulage and port services to the NJV from the Christmas Creek RLF to the Herb Elliott Port in Port Hedland.

During the quarter, the NJV railed 1,130,506 tonnes of ore on 35 trains.

### Shipping

During the quarter, the NJV shipped 1,121,126 wet metric tonnes ("wmt") of *Bonnie Fines* product on six cape size vessels. BC Iron's attributable tonnes for the quarter were 855,316 wmt.

### Operating Costs

The Company's Free on Board ("FOB") actual cash operating costs ("C1 costs") for the March quarter were ~\$40 per tonne, which is well below the Company's previous guidance range of \$45 to \$50 per tonne for FY2013, primarily due to the impact of the prepayment component of the Fortescue transaction. This prepayment is expected to continue to be reflected in reduced actual cash operating costs through to Q2 FY2014.

C1 cash operating costs exclude State Government royalties, marketing and corporate costs.

Following extinguishment of the prepayment, underlying C1 costs are expected to stay in line with the Company's existing guidance range of \$45 to \$50 per tonne over the Life of Mine ("LOM").



Key matters to note in relation to the Company's Cash flow Statement for the quarter reported in the accompanying Appendix 5B include:

- Net cashflow from operating activities of \$39.9M
- Following the Fortescue transaction, BC Iron's interest in the NJV increased from 50% to 75%. However, due to logistics planning and off-take commitments, BC Iron's share of quarterly sales will not always exactly reflect 75% of the NJV, although it will on an annual basis. In this quarter BC Iron sales relate to 855,316wmt of the NJV total 1,121,126wmt which equates to 76%.
- The NJV's last ship for the quarter, a cape size vessel, CSB Fortune, departed Port Hedland on 29 March carrying ~224,000t of *Bonnie Fines*. As a result of this timing, Sales Receipts in relation to this contract are not reflected in this quarter's Receipts reported.
- As noted above, the prepayment component associated with the Fortescue transaction will reduce actual cash operating costs through to Q2 FY2014.
- The final transaction costs in relation to the Fortescue deal were paid during the quarter.

### Development

Camp expansion works to facilitate the NJV increase to the 6Mtpa production run rate continued throughout the March quarter. The village now has an additional 64 new accommodation rooms, lifting housing capacity up to 270 people. These rooms are now fully installed with interiors and communications and final commissioning is due at the end of April 2013.

### Marketing

The Platts average CFR62 price (Cost and Freight of 62% Fe fines delivered into North China) for the March quarter was US\$148 per dry metric tonne ("dmt"). The average CFR sales price achieved by the Company for its *Bonnie Fines* product for the quarter was US\$131 per dmt up ~25% from US\$105 per dmt last quarter.

The CFR price for *Bonnie Fines* is lower than CFR62 due to price adjustments for iron units and the application of the discount agreed with the NJV's primary off-take partner, Henghou Industries (Hong Kong) Limited for its shipments.

The recent transaction agreement with Fortescue involved entering into a price participation arrangement effective from 1 April 2013 through to 30 September 2014. It therefore did not affect the March quarter figures.

The agreement states that if the Platts CFR62 Price averages more than US\$120 per dmt in a particular month, BC Iron pay Fortescue 50% of the difference between the actual average Platts Price and US\$120 per dmt, multiplied by BC Iron's share of the incremental increase to monthly production (ie. ~158,300 dmt per month).



## 2. EXPLORATION AND RESOURCE DEVELOPMENT

### Project Inventory

Project Inventory is the name of the NJV Project assessing the long term, ultimate mine life of the NJV operation. Several studies are being evaluated as part of this assessment:

- economic sale of low grade material;
- optimisation using an adjusted DSO specification grade;
- beneficiation of low grade and mineralised waste; and
- exploration within the NJV tenements based on the above.

The potential for Project Inventory is predicated on the unique chemical and metallurgical characteristics of the NJV's Bonnie Fines product.

#### **Bonnie Fines Product**

The *Bonnie Fines* pisolite product has anomalously high Loss on Ignition ("**LOI**"). Total LOI is measured as the proportion of the loss of volatile elements, such as carbon dioxide (CO<sub>2</sub>) and water (H<sub>2</sub>O), upon heating the material to 1,000C°. This reproduces the same loss that occurs in the pre-treatment of fines ore at steel mills during the heat agglomeration of the fines product into synthetic lump ("**sintering**"), which is necessary before *Bonnie Fines* ore can be fed into a blast furnace.

Not to be confused with moisture, LOI measures molecular H<sub>2</sub>O and CO<sub>2</sub>, which are found in common minerals such as carbonates (CaCO<sub>3</sub>) and the dominant iron mineral species at the NJV, Goethite (FeO-OH). Despite having an iron grade of 57% Fe, the more significant deleterious elements such as Alumina (Al<sub>2</sub>O<sub>3</sub>), Silica (SiO<sub>2</sub>), Phosphorous (P) and Sulphur (S) are not as high as other similar ores due to the high LOI of *Bonnie Fines*.

As the mass of the iron ore fines reduces during sintering, the iron content of the sinter increases, and this is measured as Calcined Iron (CaFe), which is an important consideration in iron ore marketing. The current DSO grade specification for *Bonnie Fines* ore is 57% Fe and 65% CaFe which is a very high CaFe grade.

#### **Optimisation at adjusted DSO Grade**

The first pass Project Inventory mine optimisation work was completed by independent consultants during the quarter and lower DSO grade scenarios were assessed using LG Whittle methodology. An optimisation study is predicated on the fact that as cut-off grades are lowered, more material reports as mineable from the resource albeit at a lower specification grade.

The geology of the NJV deposits are such that DSO material is interbedded with, and underlain by, lower grade Channel Iron Deposits ("**CID**") material. The optimisation results show that more of the lower grade resource reports inside the pit as the specification grade is lowered.

The study phase now moves to a detailed assessment of the findings by both JV Partners including an assessment of the effects of a lower DSO grade on mining economics and marketing. The detailed assessment intends to determine whether there is potential to increase the current Ore Reserves and LOM. Project Inventory will create additional future optionality for the JV Partners.





### **Beneficiation Test Work**

In addition to the optimisation work above, the Company has also conducted laboratory test work of low grade ore (i.e. less than 55% Fe) produced at the NJV to examine the upgrade potential through beneficiation. There is currently in excess of 2 million tonnes of low grade ore stockpiled at the NJV.

The test work results have indicated that it should be possible to economically upgrade CID material from ~50% Fe, via a simple crush, scrub and screen process, to attain a *Bonnie Fines* product within current marketing specifications, with associated yields of ~60%. The Company is particularly encouraged by these results and is now planning to conduct a full-scale trial at the NJV during the early part of the FY2014 year to refine the flow sheet, further assess the associated yields and confirm achievable production rates and associated Life of Mine impact.

### **Exploration**

Exploration drilling is typically suspended during the wet season and resumes during the June quarter. Exploration drilling is planned to follow up the findings from the Project Inventory results to consider new drilling targets and re-assess previous drilling in “non-core areas” of the NJV Project. Given the positive findings of Project Inventory to date, resource development will assess both DSO and Beneficiate Before Shipping Ore (“**BBSO**”).

In addition, recent reconnaissance mapping in the southern areas of the NJV Project area has identified a new discovery of CID mineralisation with rock chip sampling of 49 samples across 4 prospects and a highest value of 60.58% Fe. This will be followed up with further drilling during the 2013 calendar year.

## **3. SUSTAINABILITY**

### **Occupational Health & Safety**

There were no new Lost Time Injuries (“**LTIs**”) for the quarter.

This quarter has seen the planning and implementation of a number of key activities driven by BC Iron’s Safety Strategic Plan. The BC Iron Learning from Incidents campaign has been implemented on site and in the West Perth Office with positive uptake. A formal risk review of BC Iron exploration activities in Western Australia was conducted this quarter with results entered into the Exploration Risk Management Plan and actions planned for the next 12 months.

### **Environment**

During the quarter, BC Iron continued its focus on a range of studies in support of its proposed extension of mining activities into the Bonnie East and Warrigal North prospects. These studies included hydrological surveys of the Bonnie Creek drainage system and adjacent catchment areas, subterranean fauna assessments and a review of the project’s Mine Closure Plan.

### **Native Title and Heritage**

Positive steps towards assisting local Indigenous groups into BC Iron’s Nullagine business were achieved with significant progress being made in the development of water cart contracts for both the Palyku and Nyiyaparli People.



Two section 18 applications were submitted to the Department of Indigenous Affairs covering 20 heritage sites across the western part of the mining lease ahead of proposed mining activities on Outcamp mesas 2, 3 and 4.

### Community

BC Iron's relationship with the Yirra Yaakin Aboriginal Theatre Company continued with sponsorship of two plays – "Beginnings", an opening event at the 2013 Perth International Arts Festival, and "Fifty Shades of Black" performed at the Perth Cultural Centre.

## 4. CORPORATE

### Half Yearly Results

During the quarter, BC Iron announced financial results for the half year ended 31 December 2012, including:

- Net Underlying Profit of \$13.3M (excludes one off transaction costs associated with BC Iron's purchase of 25% of the NJV from Fortescue and an impairment charge associated with BC Iron's shareholding in two ASX listed resource companies);
- NPAT of \$7.7M; and
- EBITDA of \$21.6M.

### Interim Dividend

The Company declared and paid an interim dividend on ordinary shares for the half year ended 31 December 2012. The total amount of the interim dividend was \$6.1 million which represented a fully franked dividend of 5.0 cents per share as paid on 22 March 2013. This equated to a Dividend Payout ratio on underlying net profit of approximately 45%.

### S&P/ASX 300 Index

The previously announced sell down of BC Iron shares by former shareholder Regent Pacific has resulted in an increase in liquidity with a higher percentage free float for BC Iron shares. This, combined with the recent BC Iron transaction acquiring a further 25% of the NJV from JV partner Fortescue, resulted in BC Iron's inclusion for the first time in the S&P/ASX 300 Index in March 2013.

### Cash Position

As at 31 March 2013, BC Iron held \$99.8M in cash.

### Business Development

The recent purchase of 25% of the NJV, lifting BC Iron's share to 75%, became effective on 1 January 2013. BC Iron's share of annual production has therefore increased by 80% from 2.5Mtpa to 4.5Mtpa. This transaction included a deal securing the NJV an additional 1Mtpa access to Fortescue's infrastructure capacity and its successful outcome confirmed the Company's strong relationships with partners and stakeholders.





The Pilbara is currently the subject of much focus with a lot of activity in resources and infrastructure planned for the region. BC Iron is well positioned to take advantage of any opportunities in this area, with the Pilbara a key priority for future growth of the Company.

BC Iron continues to review various projects in Brazil, a country well known for its rich iron ore holdings, with strategic alliance partner Cleveland Mining Company Ltd (ASX: CDG). The alliance is proving beneficial, with cost efficient assessment already taking place on a number of projects at various stages of development.

### Management Change

During the quarter, Managing Director Mike Young announced his intention to step down from his position with an effective date of 10 May, 2013, allowing for a two month transition period with his successor, Finance Director, Morgan Ball. Mr Young will remain on the Board as a Non-Executive Director.

As the founding employee of BC Iron, Mr Young has played a pivotal role in taking the Company from explorer to producer in record time. The Board is delighted he will continue contributing to BC Iron's future success through his role as Non-Executive Director.

Mr Ball, a chartered accountant with over 20 years experience in resources and finance, was appointed after a significant review process by the Board. In his three and a half years with the Company, Mr Ball has developed a deep understanding of the business and taken a leading role in strategy and in all major transactions.

The Board would like to once again thank Mr Young for his efforts and wish him all the best with his future endeavours.

- ENDS -

### For further information:

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## ABOUT BC IRON LIMITED

BC Iron is an iron ore development and mining company with key assets in the Pilbara region of Western Australia. The Company's core focus is the Nullagine Iron Ore Project, an unincorporated 75:25 joint venture with Fortescue Metals Group Limited. The NJV uses Fortescue's infrastructure at Christmas Creek, 50km south of the Nullagine mine, to rail its ore to Port Hedland from where it is shipped directly to customers overseas.

BC Iron has had outstanding success since listing in December 2006. Iron ore exports commenced in February 2011 and since then, the NJV has exported approximately 7.6Mt of iron ore. As of May 2012, the NJV has been operating at a production rate of 5Mtpa and is expected to reach a nameplate production rate of 6Mtpa during Q4 FY2013.

In August 2012, BC Iron entered into an Iron Ore Strategic Alliance with Cleveland Mining to acquire and co-develop new iron ore projects in Brazil. Under the terms of this 50:50 Joint Venture, BC Iron acquired a 5% equity stake in Cleveland Mining.

The Company is now set to move into the next phase of development through measured consideration of business development opportunities.

## KEY STATISTICS – 31 March 2013

**Shares on Issue:** 123.1 million

**Cash & equivalents:** \$99.8M

<b>Board:</b>	Tony Kiernan	Chairman & Non-Executive Director
	Mike Young	Managing Director (outgoing MD, remaining as Non-Executive Director)
	Morgan Ball	Finance Director (incoming MD)
	Terry Ransted	Non-Executive Director
	Andy Haslam	Non-Executive Director
	Malcolm McComas	Non-Executive Director
	Linda Edge	Company Secretary

<b>Major Shareholders:</b>	Consolidated Minerals	23.2%
	Henghou Industries	6.8%
	Tribeca Investments	6.3%



### Qualifying Statement

*This release may include forward-looking statements. These forward-looking statements are based on BC Iron's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of BC Iron Limited, which could cause actual results to differ materially from such statements. BC Iron Limited makes no undertaking to subsequently update the forward-looking statements made in this release to reflect events after the date of this release.*

### JORC Competent Persons Statement

*The information that relates to the Mineral Resource Estimate at Outcamp, Coongan, and Warrigal has been compiled by Mr Mike Young who is a Member of the Australian Institute of Geoscientists and an employee of BC Iron, and Mr Rob Williams who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of BC Iron. The resources were first reported on the ASX on 2 April 2009. Both Mr Young and Mr Williams have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Young and Mr Williams consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.*

*The information that relates to the Mineral Resource Estimate at Warrigal North has been compiled by Mr Paul Hogan who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of BC Iron. This is a maiden resource estimate for Warrigal North. Mr Hogan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hogan consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.*

*The information that relates to the Mineral Resource Estimate at Bonnie East, Dandy and Shaw River has been compiled by Mr Mike Young who is a Member of the Australian Institute of Geoscientists and an employee of BC Iron. The Bonnie East resources were first reported on the ASX on 2 April 2009, the Shaw River resources were first reported on the ASX on 30 July 2010 and the Dandy resources were first reported on the ASX on 20 September 2011. Mr Young has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Young consents to the inclusion of his name in the matters based on their information in the form and context in which it appears.*

*Mining schedules may differ from Ore Reserves due to the inclusion of Inferred Resources and low grade for scheduling purposes.*

*The information that relates to the Ore Reserve has been compiled by Mr Joel Van Anen who is an employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy, and Mr Blair Duncan who is an employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr Duncan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Van Anen and Mr Duncan consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.*





MINERAL RESOURCES AND ORE RESERVES AS AT 31 DECEMBER 2012

TABLE 1: ORE RESERVES NJV (100%)

Deposit	Ore Reserves							
	Mt	Fe%	CaFe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P%	S%	LOI
Proved	19.4	57.4	65.0	1.9	3.2	0.016	0.013	11.7
Probable	20.5	56.9	64.8	2.0	2.9	0.014	0.010	12.2
<b>TOTAL</b>	<b>39.9</b>	<b>57.1</b>	<b>64.9</b>	<b>1.9</b>	<b>3.1</b>	<b>0.015</b>	<b>0.011</b>	<b>12.0</b>

TABLE 2: DSO MINERAL RESOURCE ESTIMATE NJV (100%)

Deposit	DSO Mineral Resources by Classification							
	Mt	Fe%	CaFe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P%	S%	LOI
Measured	25.5	57.1	64.7	2.1	3.2	0.016	0.012	11.8
Indicated	20.1	57.0	64.9	2.0	2.9	0.014	0.011	12.1
Inferred	6.8	57.0	64.1	2.6	3.9	0.023	0.014	11.1
<b>TOTAL</b>	<b>52.4</b>	<b>57.1</b>	<b>64.7</b>	<b>2.1</b>	<b>3.2</b>	<b>0.016</b>	<b>0.012</b>	<b>11.8</b>

TABLE 3: CID MINERAL RESOURCE ESTIMATE NJV (100%)

Deposit	CID Mineral Resources by Classification							
	Mt	Fe%	CaFe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P%	S%	LOI
Measured	34.0	55.0	62.7	2.7	4.0	0.017	0.012	12.3
Indicated	39.9	53.8	61.6	3.3	4.5	0.017	0.012	12.8
Inferred	31.0	53.7	60.8	4.2	5.4	0.023	0.016	11.7
<b>TOTAL</b>	<b>104.9</b>	<b>54.2</b>	<b>61.7</b>	<b>3.4</b>	<b>4.6</b>	<b>0.019</b>	<b>0.013</b>	<b>12.3</b>

*\*note some rounding of metrics can occur*



**Notes to the Mineral Resources and Ore Reserves:**

- The Mineral Resources and Ore Reserves have been estimated using mined surfaces as of 31 December 2012 and does not account for mined material since then.
- The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.
- The Channel Iron Deposit (CID) Mineral Resource is inclusive of the Direct Shipping Ore (DSO) mineral resource.
- DSO is all material that is mined, dressed and exported with no upgrade or beneficiation.
- Loss of Ignition (LOI) measured at 1000°C.
- Calcined Fe (CaFe) =  $Fe / (100 - LOI) * 100$ .
- The CID Mineral Resource is reported using a 45% Fe cut-off grade.
- The DSO Mineral Resource is reported using cut-off grades between 53% and 56% Fe. The cut off grades were selected to achieve a 57% Fe specification grade.
- Mine Production figures may differ from Ore Reserves due to the inclusion of Inferred material and/or low grade material for blending.