

FINANCIAL RESULTS FOR YEAR ENDING 30 JUNE 2013 RECORD EXPORTS, PROFITS, CASH GENERATION AND DIVIDEND

- **Net Underlying Profit¹ after tax of \$71.4M up 41%** (2012: \$50.6M)
- **Net Profit after tax of \$48.8M** (2012: \$50.6M)
- **EBITDA of \$115.3M up 63%** (2012: \$70.6M)
- **Record full year NJV production of 5.0Mt** (2012: 3.6Mt)
- **Steady state production rate of 6Mtpa achieved**
- **End of year dividend of 30.0 cents per share fully franked**
- **Strong balance sheet position with \$138.5M in cash up 49%** (2012: \$92.8M)
- **Fortescue transaction to acquire an additional 25% of the expanded NJV completed:**
 - *80% increase in BC Iron's attributable iron ore exports from 2.5Mtpa to 4.5Mtpa*

BC Iron Limited (ASX:BCI) (“**BC Iron**” or “**the Company**”) is pleased to report a FY2013 full year underlying net profit after tax of **\$71.4 million** (Net Profit after tax of \$48.8M) reflecting a strong operating performance including the on schedule completion of the production rate increase to 6Mtpa at the Company's flagship Nullagine Iron Ore Joint Venture (“**NJV**”), a 75:25 unincorporated joint venture between BC Iron and Fortescue Metals Group (“**Fortescue**”).

This result has enabled the Company to declare an end of year dividend of **30.0 cents per share** fully franked, which combined with the interim payment of 5.0 cents per share made in March 2013, equates to a fully franked, full year dividend of 35.0 cents per share at a **payout ratio of 60% on net underlying profit** (89% on statutory net profit).

BC Iron Managing Director Morgan Ball said, “*By any measure, the 2013 financial year has been an outstanding one for BC Iron. Against the backdrop of a challenging commodity price environment for the industry, BC Iron has achieved record production and financial results which has pleasingly been reflected in a very strong comparative Total Shareholder Return.*”

The execution of the Fortescue transaction demonstrated our ability to strategically grow the Company on accretive terms whilst the implementation of the post-transaction operational targets on time and budget again emphasised our ability to focus and deliver on our promises.

It gives the Board and I great pleasure in sharing this success with our shareholders through the declaration of our end of year dividend of 30 cents per share – resulting in a full year payout ratio of 60% on our net underlying profit.”

¹ The underlying profit reported excludes net one-off transaction costs associated with the Fortescue transaction, an impairment charge associated with the Company's strategic investment in two ASX listed resource companies, the write off of exploration expenditure associated with the Bungaroo tenements and the non-cash foreign exchange loss in relation to the Company's USD debt facility. The Directors believe that this is appropriate to assist investors with their understanding of the Company's operational performance in FY2013. Refer to p.3 of this release for a detailed reconciliation of underlying net profit to statutory net profit.

Year in Review

Key achievements of BC Iron and the NJV during FY2013 included:

- Shipped a record 5.0Mt for the financial year;
- Completed the Fortescue transaction for \$190M resulting in:
 - BC Iron moving to 75% ownership of the expanded NJV
 - NJV infrastructure access moving from 5Mtpa to 6Mtpa
 - BC Iron prepaying for 3.5Mt of its share of rail haulage and port services;
- Achieved the post-transaction new production rate of 6Mtpa ahead of schedule in April 2013;
- Promising progress in assessing the potential to beneficiate the low grade iron ore on the NJV tenure;
- US\$30M of debt repaid ahead of schedule;
- Good improvement in the cash balance coupled with the continuation of strong dividend payments to shareholders; and
- Morgan Ball appointed Managing Director following Mike Young's decision to step down.

Financial Highlights

Key Measures	30 June 2013	30 June 2012	Variance
Iron ore shipments – NJV (M wmt)	5.00	3.55	41%
Iron ore shipments – BC Iron share (M wmt)	3.15	1.77	78%
Average CFR price realised (US\$/dmt)	\$112	\$124	(10%)
Cash Operating Costs (\$/wmt)	\$38	\$55	(40%)
BC Iron	\$M	\$M	
Revenue	325.3	204.5	59%
EBITDA ¹	115.3	70.6	63%
Profit before income tax	68.7	60.8	13%
Net Profit after income tax	48.8	50.6	(4%)
Net Underlying profit after income tax	71.4	50.6	41%
Net cash inflow from operating activities ²	87.2	89.9	(2%)
Cash balance	138.5	92.8	49%
Dividends per share	35.0 cps	15.0 cps	133%
Number of Shares on issue	123,279,384	103,861,000	
Shareholders' Equity (\$)	\$217,093,191	\$131,643,810	
Earnings per share - Underlying Profit	57.9 cps	48.7 cps	
Earnings per share - Statutory Profit	39.6 cps	48.7 cps	
Return on Equity - Underlying Profit	32.9%	38.4%	
Return on Equity - Statutory Profit	22.5%	38.4%	

1. EBITDA from FY12 has been revised from \$68.8M issued on 4 September 2012 to \$70.6M due to the reclassification of interest expense to finance costs.

2. Reported net cash inflow has been reduced by the prepayment made by BC Iron to Fortescue for 3.5Mt of rail haulage and port services. This prepayment is currently being utilised and is expected to be completed during Q2 FY2014.

Notwithstanding the softening iron ore price during the year, revenue reported for FY2013 increased by 59% based on both the continuing production ramp up at the NJV operation and BC Iron moving to 75% ownership of the NJV effective 1 January 2013.

The Company's Free on Board cash operating costs ("C1 costs") for FY2013 were ~\$38 per tonne down from \$55 per tonne reported for FY2012. This reduction is a result of the impact of the Fortescue prepayment, completing operational ramp up to a steady state 6Mtpa production and a strong focus on cost management. Removal of the prepayment impact would result in C1 costs falling within the previously guided Life of Mine range of \$46 to \$50 per tonne.

Net Underlying profit after tax of \$71.4M represents an increase of 41% from the FY2012 result of \$50.6M. The following table reconciles net underlying profit after tax to statutory net profit after tax:

	30 June 2013 \$M
Net Underlying Profit after tax	71.4
Adjust for:	
• Exploration write-off at Bungaroo	(1.2)
• Unrealised FX loss	(11.4)
• Fortescue transaction costs	(2.3)
• Impairment of available-for-sale assets	(7.7)
Statutory Net Profit after tax	48.8

Outlook

BC Iron expects the NJV to produce 5.8 to 6.2M wmt of DSO @ ~ 57% Fe for FY14 at cash operating costs expected within the Life of Mine range of \$46-\$50 per tonne. In addition, FY2014 capital expenditure of ~ \$20M is forecast in relation to grade control programs, exploration drilling, haul road improvements and general requirements.

Morgan Ball said, "*While we will continue to monitor the external factors that can impact the business, our primary focus will remain on the areas we can control, namely, productivity and costs. Given the strength of our balance sheet, we are in the fortunate position to assess growth options in a financially disciplined manner and ensure that we only consider opportunities that we feel offer material accretion for our shareholders.*"

- 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, as at August 2013 the NJV has exported approximately 9.4M wmt of iron ore. Since April 2013, the NJV has been operating at a nameplate production rate of 6Mtpa.

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 an 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 – 30 June 2013

Shares on Issue:	123.3 million	
Cash & equivalents:	\$138.5 million	
Board:	Tony Kiernan	Chairman and Non-Executive Director
	Morgan Ball	Managing Director
	Andy Haslam	Non-Executive Director
	Malcolm McComas	Non-Executive Director
	Terry Ransted	Non-Executive Director
	Mike Young	Non-Executive Director
	Anthea Bird	Company Secretary
	Linda Edge	Company Secretary
Major Shareholders:	Consolidated Minerals	23.1%
	Henghou Industries	6.6%
	Tribeca Investments	5.5%

Website: www.bcion.com.au

MINERAL RESOURCES AND ORE RESERVES AS AT 30 JUNE 2013

TABLE 1: ORE RESERVES NJV (100%)

Deposit	Ore Reserves							
	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Proved	18.9	57.3	65.0	1.8	3.0	0.015	0.012	11.8
Probable	18.3	56.9	64.8	2.0	3.0	0.014	0.011	12.2
TOTAL	37.2	57.1	64.9	1.9	3.0	0.015	0.012	12.0

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

Deposit	DSO Mineral Resources by Classification							
	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Measured	21.8	57.2	64.8	2.0	3.1	0.016	0.012	11.8
Indicated	20.2	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
TOTAL	48.8	57.1	64.7	2.1	3.1	0.016	0.012	11.8

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

Deposit	CID Mineral Resources by Classification							
	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Measured	31.1	54.7	62.4	2.8	4.1	0.017	0.013	12.4
Indicated	40.0	53.8	61.6	3.3	4.5	0.017	0.012	12.8
Inferred	46.6	52.1	58.8	5.4	6.6	0.024	0.018	11.3
TOTAL	117.7	53.4	60.7	4.0	5.2	0.020	0.015	12.1

**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 30 June 2013 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 52% 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.

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, Bonnie East, Coongan, Dandy and Warrigal has been compiled by 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. Mr Williams has 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 Williams consents to the inclusion of his name 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, Ornamental, Roys, Trig, Soda and Shaw River 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.

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.