

## FINANCIAL RESULTS FOR YEAR ENDING 30 JUNE 2014 RECORD REVENUE AND PROFITS

### HIGHLIGHTS

- **Total revenue of \$471.4M (2013: \$328.3M)**
- **EBITDA of \$152.3M (2013: \$111.7M)**
- **Net profit after tax of \$73.6M (2013: \$48.8M)**
- **Underlying net profit after tax<sup>1</sup> of \$79.2M (2013: \$71.4M)**
- **Net cash flow from operating activities of \$147.5M (2013: \$87.2M)**
- **Final FY2014 dividend of 15 cents per share fully franked – full year payout ratio of 54%**
- **Strong balance sheet position with cash of \$158.9M and debt of \$52.2M**

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BC Iron Limited (ASX:BCI) (“BC Iron” or “the Company”) is pleased to report its FY2014 full year net profit after tax of \$73.6M, reflecting record financial results notwithstanding the macroeconomic and industry challenges experienced in the second half of the financial year.

Underlying net profit after tax was \$79.2M after adjusting for the reassessment of the Company’s MRRT deferred tax asset, write-back of the Fortescue price participation royalty and an unrealised foreign exchange gain in relation to USD denominated assets and liabilities.

These figures represent record full year statutory and underlying profit for BC Iron and were supported by record full year figures for revenue and EBITDA.

BC Iron’s financial results were underpinned by a 37% increase in BC Iron’s share of sales from the Nullagine Joint Venture (“NJV”) to 4.30M wet metric tonnes (“wmt”) (2013: 3.14M wmt), reflecting a full year operating at the increased 6Mtpa run-rate with a 75% joint venture interest.

BC Iron continued to build on its strong balance sheet position, generating net cash flows from operating activities of \$147.5M and repaying USD46.6M in debt, including USD16.6M ahead of schedule. The Company finished the year with cash of \$158.9M and debt of \$52.2M, for a net cash position of \$106.7M (2013: \$35.2M).

BC Iron’s Board of Directors is pleased to confirm the Company’s previous guidance and declare a final FY2014 dividend of 15 cents per share fully franked. Combined with the interim dividend of 17 cents per share fully franked, BC Iron has delivered shareholders total dividends in relation to FY2014 of 32 cents per share. This equates to a payout ratio of 54% on net profit after tax, which is slightly above the Company’s guidance range of 30-50%.

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<sup>1</sup> The Directors believe underlying net profit after tax is an appropriate measure to assist investors with their understanding of the Company’s operational performance in FY2014. Refer to page 3 for a detailed reconciliation of underlying net profit to statutory net profit.

BC Iron Managing Director Morgan Ball said, “We are pleased to now confirm BC Iron’s financial results for the 2014 financial year. Record full-year figures were achieved on all key measures, despite a second half which saw declining iron ore prices, increased product discounts and a strong Australian dollar. Formal declaration of the 15 cents per share final dividend has delivered a full year payout ratio slightly above our guidance range, confirming our focus on returning value to shareholders through dividends subject to market conditions.”

### Key metrics for the NJV and BC Iron

	30 June 2014	30 June 2013	Variance
<b>Operational</b>			
Iron ore shipments – NJV (M wmt)	5.79	5.00	16%
Iron ore shipments – BC Iron share (M wmt)	4.30	3.14	37%
Average CFR price realised (US\$/dmt)	\$106	\$112	(5%)
FOB C1 cash operating costs – NJV (\$/wmt)	\$52	\$49	6%
<b>Financial</b>			
Revenue <sup>2</sup> (\$M)	471.4	328.3	44%
EBITDA (\$M)	152.3	111.7	36%
Profit before income tax (\$M)	119.9	68.7	75%
Net profit after income tax (\$M)	73.6	48.8	51%
Net underlying profit after income tax (\$M)	79.2	71.4	11%
Net cash flow from operating activities (\$M)	147.5	87.2	69%
Cash balance (\$M)	158.9	138.5	15%
Debt (\$M)	52.2	103.3	(49%)
Dividends (cps)	32	35	(9%)
Number of shares on issue (M)	124.0	123.3	
Shareholders’ equity (\$M)	235.2	217.1	
Earnings per share – statutory profit (cps)	59.4	39.6	
Earnings per share – underlying profit (cps)	63.9	57.9	
Return on Equity – statutory profit (%)	31.3%	22.5%	
Return on Equity – underlying profit (%)	33.7%	32.9%	

<sup>2</sup> Revenue from FY2013 has been revised from \$325.3M reported on 28 August 2013 to \$328.3M due to the reclassification of interest revenue.

The reconciliation of net underlying profit after tax to statutory net profit after tax is outlined below:

	30 June 2014	30 June 2013
	\$M	\$M
Underlying net profit after tax	79.2	71.4
Adjust for:		
• Unrealised foreign exchange gain/(loss)	1.2	(11.4)
• MRRT	(9.8)	-
• Price participation write-back	3.0	-
• Exploration write-off at Bungaroo	-	(1.2)
• Fortescue transaction costs	-	(2.3)
• Impairment of available-for-sale assets	-	(7.7)
Statutory net profit after tax	73.6	48.8

### Offer to Acquire Iron Ore Holdings

Subsequent to the year-end, on 11 August 2014, the Company announced a recommended off-market takeover offer for Iron Ore Holdings Limited (ASX: IOH) ("IOH").

The proposed transaction is in line with BC Iron's stated business development strategy, and if successful, will create a leading mid-cap iron ore company with an attractive and complimentary portfolio of production and development assets in the Pilbara region of Western Australia.

The combined group's key assets will comprise:

- NJV: A 75% joint venture interest in the NJV, a 6Mtpa operation in the East Pilbara;
- Iron Valley: an under-construction iron ore mine located in the Central Pilbara, that is expected to start generating cash flows imminently via an existing mine gate sale agreement with Mineral Resources Limited (the purchaser); and
- Buckland: An iron ore development project located in the West Pilbara, with a completed feasibility study, its own proposed mine-to-port infrastructure comprising a haul road and transshipment facility at Cape Preston East.

BC Iron lodged its bidder's statement in relation to the proposed transaction with ASIC and the ASX on Friday, 22 August 2014 and completed dispatch to all IOH shareholders on Monday, 25 August 2014. IOH Directors have recommended the transaction in the absence of a superior proposal and its major shareholder, Wroxby Pty Ltd, has stated its intention to accept the Offer in relation to its 52.7% shareholding in the absence of a superior proposal. The Offer is scheduled to close on 30 September 2014 (unless extended).

**- 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 April 2013, the NJV has been operating at a nameplate production rate of 6Mtpa. BC Iron was added to the S&P/ASX 200 Index in December 2013.

The Company's key focus moving forward is on total shareholder return, continued strong operational performance at the NJV and measured consideration of business development opportunities.

## KEY STATISTICS

<b>Shares on Issue:</b>	124.3 million	
<b>Cash &amp; Equivalents:</b>	\$158.9 million	as at 30 June 2014
<b>Board:</b>	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
	Peter Wilshaw	Non-Executive Director
	Mike Young	Non-Executive Director
	Anthea Bird	Company Secretary
	Linda Edge	Company Secretary
<b>Major Shareholders:</b>	National Australia Bank	7.6%
	AMP Limited	5.1%
	BlackRock Group	5.0%

Website: [www.bcion.com.au](http://www.bcion.com.au)