

NJV CONTRACTING STRATEGY UPDATE

BC Iron Limited (ASX: BCI) ("BC Iron" or the "Company") wishes to provide an update on the contracting strategy for the Nullagine Joint Venture ("NJV"). As a result of current market conditions and the competitiveness and pricing seen in the recent Warrigal hub contract tender, the NJV has resolved to exercise its early termination rights over the mining, crushing and screening contract with Watpac Limited ("Watpac").

The contract was originally entered into in April 2010 and was due to expire in September 2015 but will now terminate three months early. Watpac will continue providing mining, crushing and screening services at the NJV until early July 2015 whilst working out the contractual notice period.

The NJV is obligated to make a one-off contract termination payment to Watpac and purchase certain second hand equipment including a Vermeer 1655 surface miner, a 2Mtpa mobile crushing and screening plant and four Haulmax trucks. These assets will continue to operate at the NJV.

Early termination of the Watpac contract and the purchase of equipment is part of BC Iron's strategy to translate the cost savings of A\$2-3 per wet metric tonnes ("wmt") achieved at the Warrigal hub to other mining areas at the NJV. Ownership of the surface miners in particular, will provide BC Iron with greater flexibility in structuring any new contracts and reduce inbuilt capital-related operating charges at site. The benefit of this strategy is expected to be seen in FY16 cost guidance to be released in due course. The contract termination also removes a significant fixed cost element from the NJV's cost base.

BC Iron reaffirms the NJV's sales guidance for FY15 of 5.2-5.6M wmt and C1 cash cost guidance for the December 2014 to June 2015 period at the lower end of A\$47-51 per wmt. BC Iron share of NJV capital expenditure for FY15 is also reaffirmed at A\$13-16M, with payment for the above equipment of approximately A\$4.8M being made in FY16.

BC Iron Managing Director, Morgan Ball, thanked Watpac for its contribution to the NJV. "*Watpac was the inaugural mining, crushing and screening contractor at the NJV and has supported the operation from start-up through to steady-state operations as an important partner to BC Iron. We thank Watpac for its services over the past five years and wish the company all the best with its current and future projects.*"

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FOR FURTHER INFORMATION:

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ABOUT BC IRON LIMITED

BC Iron is an iron ore mining and development company with key assets in the Pilbara region of Western Australia, including the Nullagine Joint Venture (NJV), Buckland and Iron Valley. BC Iron is listed on the ASX under the code 'BCI'.

The NJV is an unincorporated 75:25 joint venture with Fortescue Metals Group Limited, which commenced exports in February 2011. The NJV utilises Fortescue's infrastructure at Christmas Creek, 50km south of the Nullagine mine, to rail up to 6Mtpa of ore to Port Hedland from where it is shipped directly to customers overseas.

Buckland is a development project located in the West Pilbara region. It has Ore Reserves of 134.3 Mt at 57.6% Fe, a completed and announced feasibility study, its own proposed infrastructure solution comprising a haul road and transshipment port at Cape Preston East, and all primary tenure and licences secured. BC Iron is currently evaluating all options to determine the optimal development and financing path for Buckland.

Iron Valley is a mine with Ore Reserves of 134.7 Mt at 58.5% Fe that was developed and is being operated by Mineral Resources Limited under an iron ore sale agreement.

BC Iron also has an interest in a number of other earlier stage projects in the Pilbara and royalties over the Koodaideri South and North Marillana tenements.

KEY STATISTICS

Shares on issue:	196.2 million	
Cash and cash equivalents:	\$110.1 million	as at 31 December 2014
Board:	Tony Kiernan	Chairman and Non-Executive Director
	Morgan Ball	Managing Director
	Andy Haslam	Non-Executive Director
	Brian O'Donnell	Non-Executive Director
	Terry Ransted	Non-Executive Director
	Anthea Bird	Company Secretary
	Hayley McNamara	Company Secretary
Major shareholders:	Wroxby Pty Ltd	19.0%

Website: www.bcion.com.au