

NULLAGINE JOINT VENTURE CONTRACT UPDATE

BC Iron Limited (ASX:BCI) (“BC Iron” or “the Company”) advises that it is in formal dispute with the former mining services contractor for the Nullagine Joint Venture (“NJV”), Watpac Civil & Mining Pty Ltd (“Watpac”). The NJV is an unincorporated 75:25 joint venture with FMG Pilbara Pty Ltd (a wholly owned subsidiary of Fortescue Metals Group Limited).

Watpac today made an announcement in relation to matters arising under the mining services contract between Watpac and BC Iron Nullagine Pty Ltd (in its capacity as manager of the NJV).

Watpac was the inaugural mining services contractor at the NJV. The NJV elected to terminate the mining services contract with Watpac early (refer announcement 2 April 2015). Following that decision, Watpac made a series of claims for various amounts from BCIN (as manager of the NJV) for services previously provided by it over the 57 month term of the contract.

The NJV firmly believes that it has paid Watpac all of the money Watpac is due under the terms of the contract and considers that Watpac’s claims have no contractual basis or merit. As such, the NJV will be vigorously defending each of the claims made by Watpac.

Further, the NJV considers that during the term of the contract, Watpac breached its primary service obligations to BCIN as manager (and accordingly the NJV). The NJV believes that it has suffered losses as a consequence of those breaches, and will be taking action against Watpac in respect of those losses. The Company will continue to keep the market informed of further developments in respect of these matters.

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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 assets in the Pilbara region of Western Australia, including the Nullagine Joint Venture (“NJV”), Iron Valley and Buckland. 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 (“Fortescue”), which commenced exports in February 2011. The NJV has the capacity to rail and export up to 6Mtpa of ore on Fortescue’s infrastructure. Direct shipping ore operations at the NJV are currently being suspended due to market conditions, with the potential for an ongoing low grade operation being assessed.

Iron Valley is a mine located in the Central Pilbara that is operated by Mineral Resources Limited (“MIN”) under an iron ore sale agreement. MIN operates the mine at its cost and purchases Iron Valley product from BC Iron at a price linked to MIN’s realised sale price. MIN is currently evaluating a range of initiatives that have the potential to improve the long term viability of Iron Valley and its value to both parties.

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.

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

KEY STATISTICS

Shares on issue:	196.2 million	
Cash and cash equivalents:	A\$71.8 million	as at 30 September 2015
Board:	Tony Kiernan	Chairman and Non-Executive Director
	Morgan Ball	Managing Director
	Martin Bryant	Non-Executive Director
	Andy Haslam	Non-Executive Director
	Brian O’Donnell	Non-Executive Director
	Hayley McNamara	Company Secretary
Major shareholders:	Wroxby Pty Ltd	19.0%

Website: www.bciron.com.au