

## HALF-YEAR FINANCIAL RESULTS – BACK IN PROFIT

- Profit after tax of \$6.6M and EBITDA of \$8.5M for the half-year
- Iron Valley royalties contributed revenue of \$35.4M and EBITDA of \$12.8M from 4.2Mt shipments
- Entitlement offer successfully completed with 74% existing shareholder take-up, raising \$24.2M after costs
- Cash balance increased to \$32.3M from entitlement offer funds and strong Iron Valley cash flows
- BCI has during the half year delivered on its objectives by removing Nullagine related liabilities and risks, refreshing its balance sheet and management team, and returning to profit

BC Iron Limited (ASX:BCI) (“BC Iron” or “the Company”) is pleased to present its financial results for the half-year ended 31 December 2016.

The Company’s profit after tax for the half-year ended 31 December 2016 was \$6.6M, which included a \$7.7M profit from continuing operations. These improved results are primarily due to a strong operational performance of Iron Valley, and reduced Nullagine holding costs and corporate expenditure.

The following table provides a summary of the Company’s statement of profit and loss:

	H1 FY17 \$M	H1 FY16 \$M
Revenue from continuing operations	35.5	18.7
Profit/(loss) before tax from continuing operations	7.7	(2.7)
<b>Profit/(loss) after tax from continuing operations</b>	<b>7.7</b>	<b>(0.9)</b>
Loss after tax from discontinued operations	(1.1)	(72.0)
<b>Total profit/(loss) after tax</b>	<b>6.6</b>	<b>(72.9)</b>

During the half-year, Nullagine (an unincorporated 75:25 joint venture with Fortescue Metals Group Limited (“Fortescue”)) remained on temporary suspension and is shown as discontinued operations due to the pending sale of BC Iron’s 75% interest to Fortescue. Nullagine contributed a loss before tax for the half-year ended 31 December 2016 of \$1.1M. Completion of the transaction, which is subject to the satisfaction of certain conditions including regulatory approvals and various third party consents, is expected to occur during the March 2017 quarter.

The Company's EBITDA for the half-year ended 31 December 2016 was \$8.5M, which incorporates a positive EBITDA of \$9.3M from continuing operations and the negative EBITDA of \$0.8M from discontinued operations.

Iron Valley, which is being operated by Mineral Resources Limited ("MIN") under an ore purchase agreement with BC Iron, delivered a record breaking result driven by robust iron ore pricing and strong operational performance during the half-year. MIN shipped 4.2 million wet metric tonnes (Mt), which generated revenue for BC Iron of \$35.4M and EBITDA of \$12.8M.

All approvals have now been secured for below water table mining at the Iron Valley mine (as announced to the market on 4 January 2017). This allows MIN to access the entire Iron Valley Ore Reserves and significantly extend the mine life, which could be around 15 years at current production rates.

The following table shows the EBITDA contribution for each segment of the Group:

	H1 FY17 \$M	H1 FY16 \$M
Iron Valley	12.8	4.5
Buckland	(0.5)	(1.3)
Other	(3.0)	(2.2)
<b>EBITDA from continuing operations</b>	<b>9.3</b>	<b>1.0</b>
EBITDA from discontinued operations	(0.8)	(3.1)
<b>Total EBITDA</b>	<b>8.5</b>	<b>(2.1)</b>

During the half-year, BC Iron received a number of additional approvals for the Buckland Project, which further advances the Company towards the target of achieving a construction ready-status by the June 2017 quarter.

Cash and cash equivalents as at 31 December 2016 increased to \$32.3M, primarily due to the successful completion of an entitlement offer which raised \$24.2M after costs, strong Iron Valley income and a reduction in Nullagine holding costs and expenditure.

The Directors have not paid or declared any dividends in the half-year ended 31 December 2016.

Commenting on the financial results, BC Iron's Managing Director, Alwyn Vorster said: "BC Iron has benefited from Iron Valley's exposure to increased iron ore prices and delivered an excellent half-year result which sees the Company return to profit for the first time in several years.

*"This was achieved with an average CFR 62% iron ore price of US\$65/dmt for the half-year, which is well below prices of around US\$80/dmt and above that have prevailed during the second half of the year to date.*

*"BC Iron has achieved its objectives for the first half of the year. The Company has removed key historical Nullagine related liabilities and risks, restated its strategy, strengthened its balance sheet, and returned to profit. This status provides a solid base for the Company to implement its growth and diversification strategy. BC Iron continues to review a number of attractive opportunities and is confident of securing an interest in one or more attractive new projects."*

## **Outlook**

In light of the strong first half performance, BC Iron revised its FY17 Iron Valley EBITDA guidance to \$18-25M (previously \$6-16M), based on a range of production rates and pricing-related assumptions set out in BC Iron's ASX announcement released on 12 January 2017. Guidance remains under review, given current strong market conditions.

BC Iron plans to continue assessing and optimising the development concept for the Buckland Project to potentially allow for 10-20 Mtpa scale operation, which would increase utilisation of the Cape Preston East port and achieve a more competitive cost structure. A number of strategies are being pursued to achieve this.

The Company is also assessing new investment opportunities in Australian-based resource projects with a high probability of delivering near-term earnings (with gold as the primary target) or where there is a positive long term industry outlook (such as for sulphate of potash).

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**FOR FURTHER INFORMATION:**

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## ABOUT BC IRON LIMITED

BC Iron is an ASX-listed development and mining company with a portfolio of assets primarily located in the Pilbara region of Western Australia. The Company's key assets include Iron Valley, Buckland and Nullagine.

Iron Valley is a mine located in the Central Pilbara. The mine is operated by Mineral Resources Limited ("MIN") under an ore purchase agreement with BC Iron and is generating low risk royalty earnings for the Company.

Buckland is a strategic development project located in the West Pilbara region, comprising a proposed mine at Bungaroo South and a proposed infrastructure solution incorporating a haul road and transshipment port at Cape Preston East. It has a completed feasibility study and all primary tenure and approvals secured.

Nullagine is an unincorporated 75:25 joint venture with Fortescue Metals Group Limited ("Fortescue"). BC Iron has entered into a binding sale agreement for the sale of its 75% interest to Fortescue for a royalty on future iron ore mined.

BC Iron holds a number of other exploration stage projects in a range of commodities and potential iron ore royalties over the Koodaideri South, Extension and Breakaway tenements.

The Company is also targeting new opportunities with a strong value proposition and near-term earnings potential, including commodities other than iron ore.

## KEY STATISTICS

<b>Shares on issue:</b>	392.5 million	
<b>Cash and cash equivalents:</b>	\$32.3 million	as at 31 December 2016
<b>Board:</b>	Brian O'Donnell	Non-Executive Chairman
	Alwyn Vorster	Managing Director
	Martin Bryant	Non-Executive Director
	Andy Haslam	Non-Executive Director
<b>Major shareholders:</b>	Wroxby Pty Ltd	26.0%

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