

MARCH 2017 QUARTERLY ACTIVITIES REPORT

- **1.8Mt shipped from Iron Valley – strong result despite adverse Pilbara weather**
- **BC Iron EBITDA from Iron Valley of A\$4.1M. Declining iron ore prices, lower lump premiums and increasing quality discounts negatively impacted results**
- **Significant Buckland momentum building on restating the development concept to increase throughput rates, and finalising all approvals required to be construction-ready**
- **Carnegie Potash Joint Venture entered into with Kalium Lakes allowing BC Iron to earn up to a 50% interest by sole-funding key activities**
- **Scoping Study on a 3 Mtpa solar salt operation at Mardie progressed. Completion expected during the June 2017 quarter**
- **Strong balance sheet to support growth strategy – cash position of A\$32.9M**

BC Iron Limited (ASX:BCI) (“BC Iron” or “the Company”) presents its quarterly activities report for the period ended 31 March 2017.

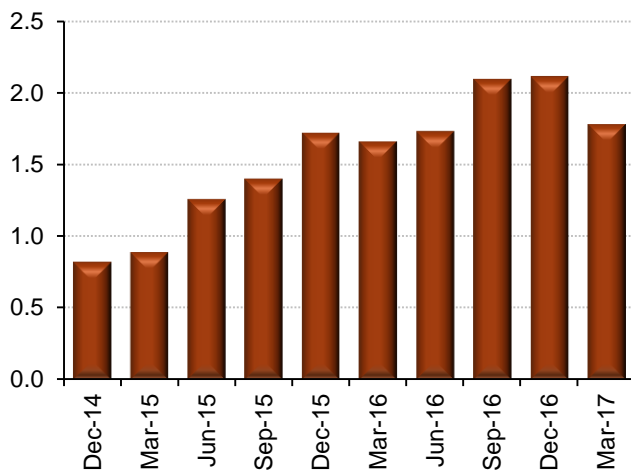
1. IRON VALLEY PROJECT

Mineral Resources Limited (“MIN”), which operates Iron Valley, shipped 1.8 million wet metric tonnes (“M wmt”) from the mine in the March 2017 quarter. This was a strong operational result given the significant rainfall that occurred in the Pilbara during the quarter. BC Iron’s Iron Valley EBITDA for the quarter was A\$4.1M (unaudited).

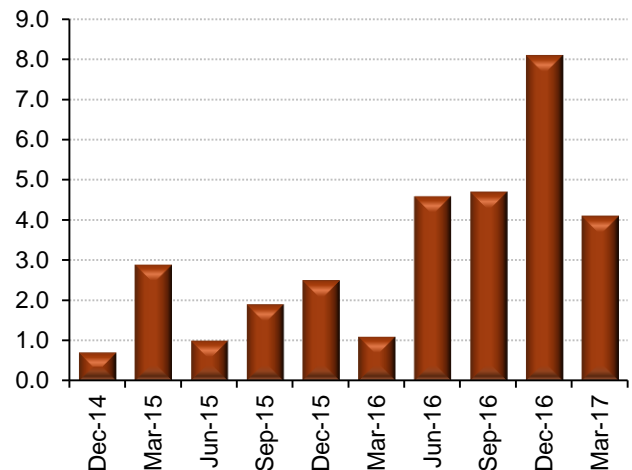
While the headline CFR 62% Fe iron ore price was high during the quarter, BC Iron’s Iron Valley EBITDA was impacted by a decline in the price premium for lump ore and an increase in quality discounts for 58-60% Fe products. In addition, March quarter shipments are largely priced on forecast June 2017 quarter iron ore prices, which are assumed to be lower than actual prices in the March quarter.

Based on the performance to date and current iron ore price outlook, BC Iron’s FY17 Iron Valley EBITDA guidance remains unchanged at A\$18-25M.

Iron Valley Quarterly Shipments (M wmt)



Iron Valley Quarterly EBITDA (A\$M)



2. BUCKLAND PROJECT

Buckland is a strategic mine-to-port iron ore development project located in the West Pilbara region. A feasibility study was completed in 2014 that envisaged a mine at Bungaroo South and an independent infrastructure solution comprising a private haul road and transshipment port at Cape Preston East (“CPE”). Key approvals have been secured, including a port lease agreement with the Pilbara Ports Authority, for a low capital intensity transshipment facility at Cape Preston East with a capacity of up to 20 Mtpa.

BC Iron is refocussing the development concept for the Buckland Project to increase throughput rates to 12-20 Mtpa (compared to the 8 Mtpa feasibility study case), which would increase utilisation of the CPE port and achieve a more competitive cost structure. A number of strategies are being pursued to achieve this and BC Iron made solid progress during the quarter.

BC Iron prepared the Mining Proposal for the North West Coastal Highway to CPE section of the proposed private haul road during the quarter. The Mining Proposal will be submitted following finalisation of required environmental data and is expected to be approved in the September 2017 quarter. The grant of this approval will pave the way for project development activities to commence once contracting structures, offtake commitments and project funding have been progressed.

3. CARNEGIE POTASH PROJECT

As part of BC Iron’s diversification and growth strategy, a joint venture was entered into with Kalium Lakes Limited (“Kalium”) on the Carnegie Potash Project. The Carnegie Project is prospective for hosting a large sub-surface brine deposit which could be developed into a solar evaporation and processing operation that produces sulphate of potash (“SOP”).

Under the terms of the joint venture agreement, BC Iron can earn up to a 50% interest in the Carnegie Project in a staged manner, by sole-funding exploration and development expenditure of up to \$10.5M in total.

Kalium is the manager of the joint venture, allowing the parties to leverage Kalium’s experience and expertise in developing their primary potash project, Beyondie, which is at an advanced pre-feasibility study stage. Kalium will also contribute relevant intellectual property from the Beyondie

Project, which is expected to materially reduce the time and cost of progressing the Carnegie Project towards development.

During the quarter, BC Iron earned its first 15% interest in the Carnegie Project by contributing its mobile exploration camp facilities and the first \$0.5M in expenditure towards a Scoping Study and related activities. Joint venture manager Kalium, with support from BC Iron staff, has commenced desktop study works and is in consultation with the Native Title Claim Group with the aim of securing tenement access and commencing exploration activities during the second half of 2017.

4. MARDIE SALT PROJECT

The Mardie tenements are located on the coast in the West Pilbara region, approximately 70km south west of Cape Preston East. The location, site geometry and climate conditions of the Mardie project area are likely to be suitable for production of salt via solar evaporation.

During the quarter, a Scoping Study on a potential 3 Mtpa solar salt operation was progressed and results are expected to be finalised during the June 2017 quarter.

5. CORPORATE

Cash and Debt Position

BC Iron's cash balance increased to A\$32.9M (31 December 2016: A\$32.3M).

The Company's remaining State Government deferred royalty obligation is A\$2.6M, following a further repayment of A\$1.3M during the quarter.

Half-Yearly Results

BC Iron released its financial results for the half-year ended 31 December 2016, which saw the Company return to profit with EBITDA of A\$8.5M and net profit after tax of A\$6.6M.

Business Development

BC Iron's growth and diversification strategy is ongoing and the Company continues to assess a number of Australian gold and base metals opportunities, with a focus on assets with near term earnings potential.

Sale of Nullagine Interest

The sale of BC Iron's 75% interest in the Nullagine Joint Venture ("NJV") to Fortescue Metals Group Limited ("Fortescue") was completed during the quarter.

Completion of the sale has eliminated BC Iron's ongoing holding costs and tenement commitments, as well as the existing environmental rehabilitation liability. BC Iron is entitled to a royalty on 75% of iron ore mined from the Nullagine Project (refer ASX announcement dated 10 October 2016 for details).

Board and Management Changes

During the quarter, BC Iron appointed two additional Non-Executive Directors, Ms Jennifer Bloom and Mr Michael Blakiston. Refer ASX announcement dated 3 March 2017.

In light of the Company's growth and diversification strategy, a number of senior management appointments have been made to broaden the skills and experience of the BC Iron team, including into commodities other than iron ore.

Mr Simon Hodge was appointed as Chief Financial Officer and Ms Rubini Ventouras as General Counsel and Company Secretary. Refer ASX announcement dated 3 February 2017.

Subsequent to the end of the quarter, BC Iron appointed Mr Viv Roberts as General Manager – Iron Ore. Mr Roberts will be responsible for driving the iron ore business, and in particular the Buckland development. He has over 30 years' experience in large mining operations throughout Australia, including previous roles as General Manager Metals Division at Thiess Australian Mining, General Manager Operations for the Roy Hill Iron Ore Project and General Manager for Fortescue's Christmas Creek Project. At Christmas Creek, Mr Roberts was directly involved in establishing the mine from virgin ground through to plant commissioning and ramp-up to more than 20 Mtpa.

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FOR FURTHER INFORMATION:

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MANAGING DIRECTOR

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ABOUT BC IRON

BC Iron is an ASX-listed resources company that is managing a portfolio of iron ore and other mineral interests.

Iron ore is the Company's core focus, with the key assets of Iron Valley and Buckland providing a complimentary mix of existing earnings and growth potential.

Iron Valley is an iron ore mine located in the Central Pilbara, which is operated by Mineral Resources Limited (ASX: MIN) and is generating low risk royalty earnings for the Company.

Buckland is a strategic iron ore 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.

The Company's iron ore portfolio also includes potential royalties over the Nullagine, Koodaideri South, Extension and Breakaway tenements.

BC Iron is establishing an agricultural and industrial minerals business, which currently includes a joint venture over the Carnegie Potash Project with Kalium Lakes Limited (ASX: KLL) and the 100%-owned Mardie Salt Project.

BC Iron is also seeking to build a strong gold and/or base metals business, primarily targeting project level interests in Australian assets with near-term earnings potential.

KEY STATISTICS

Shares on issue:	392.5 million	
Cash and cash equivalents:	\$32.9 million	as at 31 March 2017
Board:	Brian O'Donnell	Non-Executive Chairman
	Alwyn Vorster	Managing Director
	Michael Blakiston	Non-Executive Director
	Jenny Bloom	Non-Executive Director
	Martin Bryant	Non-Executive Director
	Andy Haslam	Non-Executive Director
Major shareholders:	Wroxby Pty Ltd	26.0%

Website: www.bciron.com.au