

## COMPANY UPDATE

### Buckland Project

- Mining Proposal and Mine Closure Plan approved for Bungaroo South Mine and private haul road
- Buckland Project on track for construction-ready status by the June 2017 quarter

### Iron Valley Mine

- BC Iron EBITDA from Iron Valley of \$3.5M for July and August 2016
- On track to comfortably achieve FY17 EBITDA guidance of \$6-16M

BC Iron Limited (ASX:BCI) (“BC Iron” or “the Company”) is pleased to provide an update on Buckland Project approvals and Iron Valley Mine operations.

### **Buckland Project Approvals**

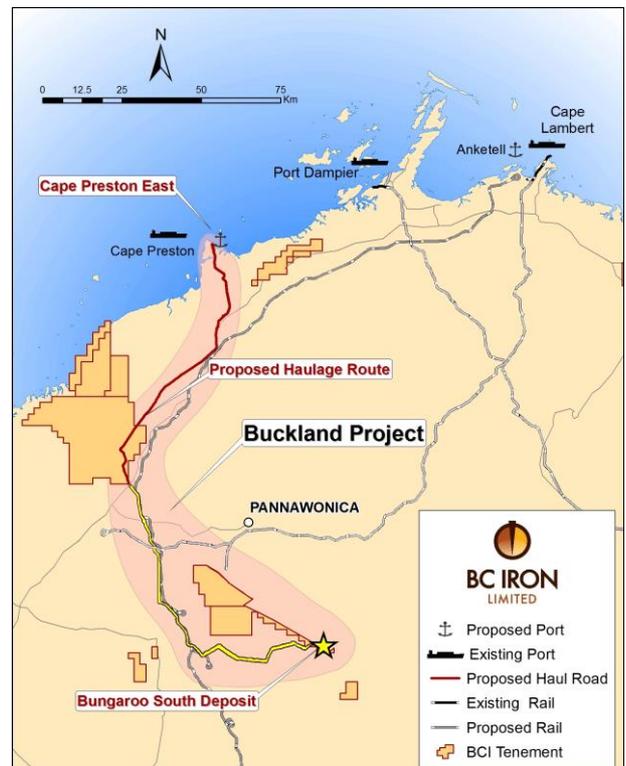
The Department of Mines and Petroleum (“DMP”) has approved the Mining Proposal and Mine Closure Plan for the Buckland Project, which provides approval to commence development and operation of the Bungaroo South mine and private haul road of the integrated 8 Mtpa mine, road and port solution – see *Figure 1*.

The approval of the mine development is a significant achievement. BC Iron has invested significant time (approximately 3 years) and resources to design an environmentally acceptable project in the environmental context of the Bungaroo Creek and its tributaries. A number of innovative components have been incorporated into the project to achieve this, including the development of an in-pit waste fines facility and an ex-pit waste fines facility integrated with a waste rock landform to enable mining of the deposit below the water table.

The approved Mining Proposal and Mine Closure Plan also includes approximately 105km of private road from the mine area to the North West Coastal Highway.

This significant approval is another key step in advancing the strategic Buckland Project towards a construction-ready status by the June 2017 quarter.

**Figure 1: Buckland Location Map**



BC Iron has previously secured all primary federal and state environmental approvals required to implement the fully integrated project under the Environmental Protection Act and the Environment Protection and Biodiversity Conservation Act, as well as all required Native Title and Heritage approvals. An executed Construction Works Lease and Licence is also in place with the Pilbara Ports Authority (“PPA”) for Cape Preston East.

Next steps to achieve construction ready-status for the Buckland Project include:

- finalise the taking and vesting of the land for the Cape Preston East site (State Government / PPA);
- secure further PPA approvals to construct the Cape Preston East transshipment facility (multiple development applications have already been approved by the PPA and multiple construction applications have been submitted); and
- finalise DMP approval for the private haul road from the North West Coastal Highway to Cape Preston East.

BC Iron continues to have discussions with a number of potential partners for the Buckland Project on a range of concepts, including funding solutions, operating solutions, joint ventures and the provision of third party infrastructure services.

### **Iron Valley Update**

Following record quarterly sales tonnes and EBITDA from Iron Valley in the June 2016 quarter, BC Iron is continuing to benefit from strong performance by its operating partner, Mineral Resources Limited (“MIN”), and relatively resilient iron ore prices. MIN shipped a total of 1.4M wet metric tonnes (“wmt”) during the first two months of the year, which is above BC Iron’s expectation of 1.0-1.2M wmt. This generated an EBITDA for BC Iron of \$3.5M, which includes a positive adjustment of \$0.3M relating to the finalisation of shipments that departed in prior periods.

Iron Valley is on track to comfortably achieve BC Iron’s FY17 EBITDA guidance of \$6-16M, which is based on a range of production rates and pricing-related assumptions.<sup>1</sup> BC Iron will consider revising Iron Valley guidance depending on sales tonnages and iron ore pricing in coming months.

**- ENDS -**

**FOR FURTHER INFORMATION:**

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1. Refer to June 2016 quarterly report (released on 29 July 2016) for details of the assumptions that underpin Iron Valley guidance.

## ABOUT BC IRON LIMITED

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

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

Nullagine is an unincorporated 75:25 joint venture with Fortescue Metals Group Limited ("Fortescue"), which commenced exports in February 2011. The Nullagine Joint Venture has the capacity to rail and export up to 6Mtpa of ore on Fortescue's infrastructure. Operations are temporarily suspended due to market conditions.

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

<b>Shares on issue:</b>	196.3 million	
<b>Cash and cash equivalents:</b>	A\$9.5 million	as at 30 June 2016
<b>Board and management:</b>	Tony Kiernan	Non-Executive Director Chairman
	Martin Bryant	Non-Executive Director
	Andy Haslam	Non-Executive Director
	Brian O'Donnell	Non-Executive Director
	Alwyn Vorster	Chief Executive Officer
<b>Major shareholders:</b>	Wroxby Pty Ltd	19.0%

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