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FINANCIAL RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

- **Financial results impacted by declining iron ore prices**
- **Revenue of A$115.8M, an EBITDA loss of A$2.1M and net loss after tax of A$72.9M**
- **Underlying net loss after tax of A$3.8M after adjusting for non-cash and one-off items**
- **Iron Valley continued to contribute positive EBITDA of A$4.5M**
- **Non-cash impairments of A$40.1M (pre-tax) relating to NJV stockpiles and Koodaideri South royalty**
- **Cash on hand as at 31 December 2015 of A$42.9M and debt and royalty obligations of A$15.8M**

BC Iron Limited (ASX:BCI) ("BC Iron" or "the Company") presents its financial results for the half-year ended 31 December 2015.

BC Iron's financial results were affected by ongoing downward pressure on iron ore prices, with the CFR 62% Fe price averaging US$51 per dry metric tonnes ("dmt") for the half-year (Dec-14: US$82/dmt) and reaching a low of US$38.5/dmt during December 2015, which is the lowest price in the history of the spot price indices.

The Nullagine Joint Venture ("NJV"), a 75:25 joint venture between BC Iron and Fortescue Metals Group Limited ("Fortescue"), shipped 2.27M wet metric tonnes ("wmt") for the half-year. BC Iron's share of sales was 1.76M wmt and the Company received an average CFR price of A$58/dmt at FOB all-in cash costs[1] of A$55/wmt.

Iron Valley, which is being operated by Mineral Resources Limited ("MIN") under an iron ore sale agreement with BC Iron, shipped 3.13M wmt and contributed A$4.5M in EBITDA for the Company.

Overall, BC Iron recorded revenue for the half-year of A$115.8M, an EBITDA loss of A$2.1M and a net loss after tax of A$72.9M. The underlying net loss after tax was A$3.8M after adjusting for non-cash and one-off items.

Due to the decline in iron ore prices and the expected future outlook, the NJV partners made the decision to temporarily suspend direct shipping ore ("DSO") operations in December 2015, with site activities progressively suspended during December 2015 and January 2016 and the NJV's final DSO shipment occurring in February 2016. This decision was made despite significant cost savings being achieved at the NJV, which included renegotiating the rail and port tariff so that it varied with iron ore prices.

The outlook for iron ore prices also resulted in BC Iron recording a pre-tax impairment of A$40.1M (or A$28.9M on a tax-effected basis) in relation to NJV stockpiles and the Koodaideri South royalty. In addition, BC Iron did not recognise A$16.2M (after-tax basis) in tax losses and de-recognised A$23.8M (after-tax basis) in deferred tax assets.

BC Iron Managing Director, Morgan Ball, said: "*It was clearly a challenging half-year period for BC Iron. The declining iron ore price affected our financial results and ultimately led to the decision to temporarily suspend DSO operations at Nullagine. Given the current iron ore market and outlook, this decision was the correct one for our shareholders, but disappointing for our employees, contractors and stakeholders, particularly given the collaborative efforts to reduce costs over the past 12 months.*

[1] All in cash costs include NJV C1 cash costs plus royalties, marketing, exploration and evaluation expenses and corporate costs.

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"BC Iron will have materially lower overheads going forward. We are continuing to assess the potential for an ongoing low grade operation at Nullagine and anticipate that the Iron Valley operation will continue generating positive cash flow for the Company. We are also making strong progress with our optimisation work at the Buckland Project and are assessing a modest greenfields exploration programme on a number of higher priority non-iron ore targets."

As at 31 December 2015, BC Iron's cash balance was A$42.9M. Debt outstanding was A$6.8M and BC Iron also has an obligation to repay A$9.0M in deferred royalties to the State Government between March 2016 and September 2016. As previously advised, BC Iron anticipates incurring further net cash outflows relating to temporary suspension of DSO operations at the NJV during the March 2016 quarter, although this may be partially offset by cash flows from any alternative NJV operating model (such as an ongoing low grade operation).

The BC Iron Directors have resolved not to pay a dividend in relation to the half-year due a desire to preserve the Company's balance sheet position following the temporary suspension at the NJV.

Key Metrics

Key metrics for the half-year ended 31 December 2015 are provided below, with a comparison to the half-year ended 31 December 2014. The variance in EBITDA between the two periods is set out in *Appendix 1*.

Item	Half-year ended 31 Dec 2015	Half-year ended 31 Dec 2014
Pricing		
Average 62% Fe CFR price (US$/dmt)	51	82
Average Capesize freight rate (US$/wmt)	5.1	7.8
Average exchange rate (AUD:USD)	0.7232	0.8908
NJV		
Tonnes sold – 100% basis (M wmt)	2.27	2.33
Tonnes sold – BCI share (M wmt)	1.76	1.84
Average realised CFR price (A$/dmt)	58	73
FOB all in cash costs (A$/wmt)	55	69
Iron Valley		
Tonnes sold (M wmt)	3.13	0.82
BC Iron EBITDA (A$M)	4.5	0.7
Financial Results		
Revenue (A$M)	115.8	133.3
EBITDA (A$M)	(2.1)	(8.2)
NPAT (A$M)	(72.9)	(96.3)
Underlying NPAT (A$M)	(3.8)	(18.4)
Cash balance (A$M)	42.9	110.1
Debt outstanding (A$M)	6.8	42.9
Deferred royalty obligations (A$M)	9.0	-

Underlying NPAT reconciles to statutory NPAT as follows:

Item	Half-year ended 31 Dec 2015 A$M	Half-year ended 31 Dec 2014 A$M
Underlying (loss) / profit after tax	(3.8)	(18.4)
Adjust for:		
• Unrealised foreign exchange (losses) / gains	(0.2)	(2.8)
• IOH acquisition costs	-	(7.0)
• IOH gain on acquisition	-	4.6
• Tax losses not recognised	(16.2)	-
• De-recognition of deferred tax assets	(23.8)	(2.6)
• Impairment of mining assets and inventory	(28.9)	(70.1)
Statutory net (loss) / profit after tax	(72.9)	(96.3)

Outlook

DSO operations at the NJV are temporarily suspended due to low iron ore prices. BC Iron is currently assessing options for the NJV, including the potential to sell low grade ore from existing stockpiles to Fortescue on an ongoing basis. A trial is currently underway and is due to be completed in the March 2016 quarter.

BC Iron expects MIN to continue operating Iron Valley as a DSO truck haulage operation whilst it evaluates the BOTS initiative. BC Iron previously provided FY16 EBITDA guidance for Iron Valley of A$5-14M. BC Iron's Iron Valley EBITDA for the half-year ended 31 December 2015 was A$4.5M, which was within the guidance range on an annualised basis.

At the Buckland Project, BC Iron plans to continue improving capital and operating costs for the 8 Mtpa standalone development case and evaluating the potential for an expanded road and multi-user port infrastructure operation.

BC Iron has a number of tenements that are prospective for commodities other than iron ore, including gold, base metals and salt. The Company is considering a modest greenfields exploration programme on a number of the higher priority targets.

- ENDS -

FOR FURTHER INFORMATION:

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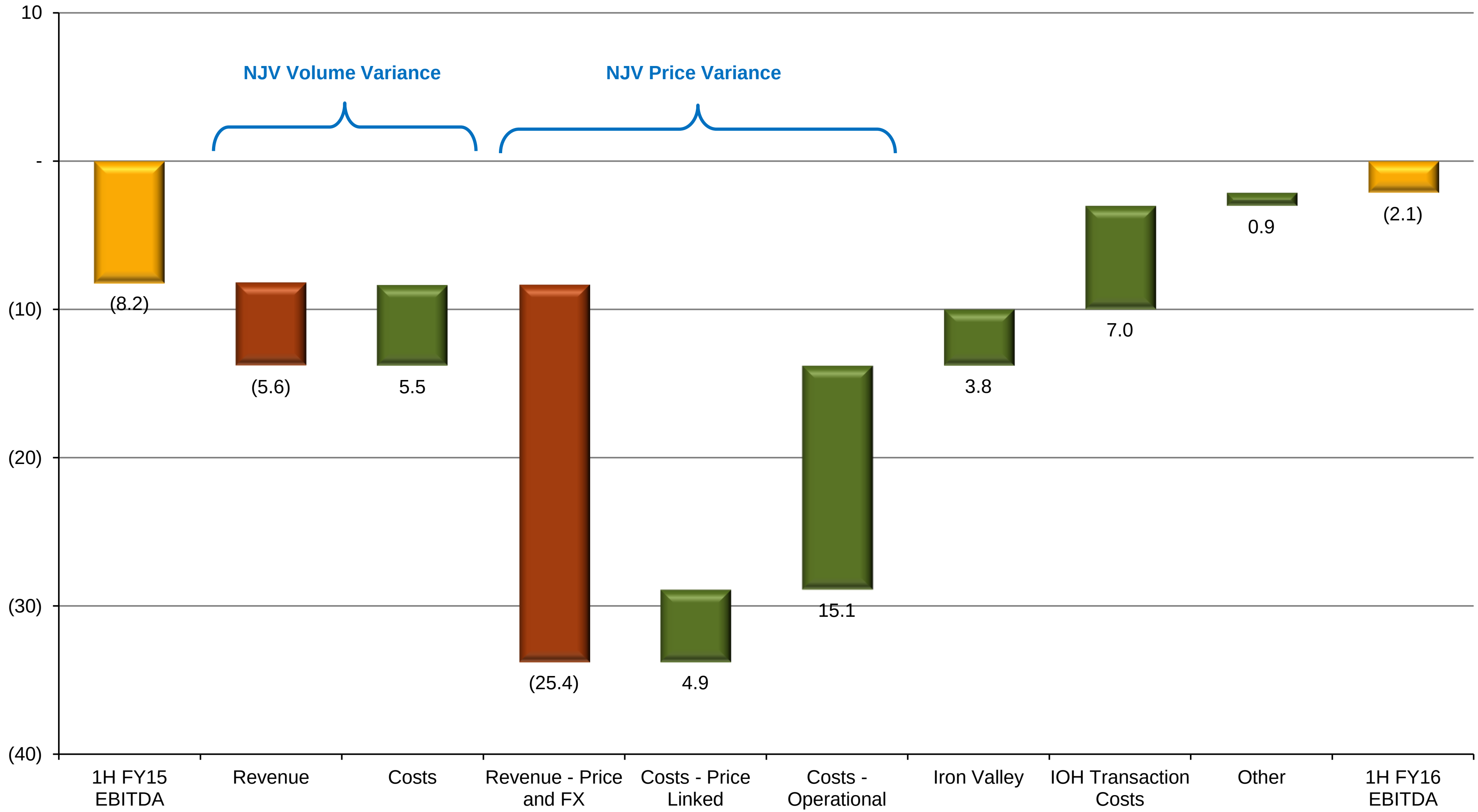
APPENDIX 1 – EBITDA PRICE / VOLUME VARIANCE (A$M)



Note: "Costs - Price Linked" include the price effect of royalties, marketing and freight. "Costs - Operational" include the price effect of operating costs and site overheads. "Other" includes exploration expenditure and corporate overheads (excluding IOH transaction costs).

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 temporarily 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 transhipment 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$42.9 million	as at 31 December 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