

FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2016

- Revenue of A\$151.3M, and an EBITDA loss of A\$7.6M
- Net loss after tax of A\$80.0M and underlying net loss after tax of A\$9.3M after adjusting for non-cash and one-off items
- Iron Valley contributed positive EBITDA of A\$10.2M, including A\$4.6M in the June 2016 quarter
- Record annual attributable iron ore sales of 8.5M wmt
- Nullagine operations temporarily suspended with ongoing holding costs minimised to A\$0.15M per month while exploring strategic options
- Watpac dispute settled, with a final Nullagine Joint Venture payment made to Watpac
- No additional non-cash impairments to the A\$40.1M (pre-tax) announced as part of the half-year financial results, which related to NJV stockpiles and the Koodaideri South royalty
- BC Iron expects to improve on its net cash position going forward

BC Iron Limited (ASX:BCI) (“BC Iron” or “the Company”) presents its financial results for the year ended 30 June 2016.

Overall, BC Iron recorded revenue for the year of A\$151.3M, an EBITDA loss of A\$7.6M and a net loss after tax of A\$80.0M. The underlying net loss after tax was A\$9.3M after adjusting for non-cash and one-off items.

Key factors affecting BC Iron’s financial results were the ongoing downward pressure on iron ore prices, with the CFR 62% Fe price reaching a low of US\$38.5 per dry metric tonne (“dmt”) during December 2015, and the temporary suspension of operations at Nullagine.

Iron Valley, which is being operated by Mineral Resources Limited (“MIN”) under an iron ore sales agreement with BC Iron, shipped 6.5M wet metric tonnes (“wmt”) and contributed A\$10.2M in EBITDA for the Company. The iron ore sales agreement was amended in the last quarter of FY16 to provide MIN with more time to evaluate and implement its innovative bulk ore transport systems (“BOTS”), and enhance BC Iron’s earnings from 1 April 2016 based on current iron ore price expectations. These amendments, coupled with favourable prior period sales price adjustments, delivered BC Iron EBITDA from Iron Valley in the June 2016 quarter of A\$4.6M, or approximately 45% of the full year EBITDA.

For the year, the Nullagine operations shipped 2.7M wmt with BC Iron’s share of sales 2.0M wmt. These shipments, coupled with the ore sold at Iron Valley, resulted in record iron ore sales of 8.5M wmt (BCI share) for the Company during FY16.

Due to the decline in iron ore prices in the first half of the year and the expected outlook, Nullagine Joint Venture (“NJV”) partners, BC Iron and Fortescue Metals Group Limited (“Fortescue”), made the decision to temporarily suspend Nullagine operations. Site activities were progressively suspended during December 2015 and January 2016 and the NJV’s final shipment occurred in early March 2016.

Subsequent to the temporary suspension, significant activities were progressed to reduce the ongoing NJV temporary suspension costs, with all material activities successfully concluded by the end of June 2016. As a result, holding costs (including tenement commitments) are expected to be on average A\$0.15M per month whilst BC Iron considers all of its strategic options in relation to the NJV, which include a potential sale of the Company's interest or a restart of operations.

The financial results for the year include one-off legal expenses in relation to the Watpac Civil & Mining Pty Ltd ("Watpac") dispute and the final settlement amount paid by the NJV to Watpac.

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 an after-tax basis) in relation to NJV stockpiles and the Koodaideri South royalty, which is consistent with the amount already recorded in the half-year financial results. In addition, BC Iron did not recognise A\$23.0M (after-tax basis) in tax losses and de-recognised A\$18.6M (after-tax basis) in deferred tax assets.

BC Iron Chief Executive Officer, Alwyn Vorster, said: *"The 2016 financial year was a challenging year for BC Iron and its shareholders. Negative sentiment and downward pressure on iron ore prices for much of the year affected the Company's financial results and ultimately led to the decision to suspend operations at Nullagine."*

However, key steps have been taken to minimise remaining Nullagine holding costs, and the Watpac dispute relating to a Nullagine contract has been settled and paid. In the last month, the BC Iron Board has approved a new business plan which focusses on re-positioning BC Iron to realise the full value of our assets, and in particular to create value from the Company's strategic Buckland mine-to-port development project. Iron Valley earnings continue to provide solid low risk cash flows to the business and, in particular, with the recent amendments to the Iron Valley agreement will likely enhance earnings going forward."

As at 30 June 2016, BC Iron's cash balance was A\$9.5M. Debt outstanding was A\$2.0M and BC Iron also has a remaining obligation to repay A\$6.4M in deferred royalties to the State Government, in five equal quarterly instalments ending in September 2017.

With strong cash flows expected from Iron Valley at current prices, NJV holding costs and tenement commitments significantly reduced and the Watpac dispute settled, BC Iron expects to improve on its net cash position going forward. Following net cash inflows from Iron Valley in respect of the June 2016 quarter, the Company's forecast cash balance as at 31 July 2016 is expected to be A\$13.5-14.5M.

The BC Iron Directors have resolved not to pay a dividend in relation to the year ended 30 June 2016.

Key Metrics

Key metrics for the year ended 30 June 2016 are provided below, with a comparison to the year ended 30 June 2015. The variance in EBITDA between the two periods is set out in *Appendix 1*.

Item	Full-year ended 30 Jun 2016	Full-year ended 30 Jun 2015
Pricing		
Average 62% Fe CFR price (US\$/dmt)	51	72
Average exchange rate (AUD:USD)	0.7283	0.8371
Iron Valley		
Tonnes sold (M wmt)	6.5	3.0
BC Iron EBITDA (A\$M)	10.2	4.1
Financial Results (A\$M)		
Revenue	151.3	281.2
EBITDA	(7.6)	0.1
NPAT	(80.0)	(158.5)
Underlying NPAT	(9.3)	(18.2)
Cash balance	9.5	67.7
Debt outstanding	2.0	6.3
Deferred royalty obligations	6.4	4.6

Underlying NPAT reconciles to statutory NPAT as follows:

Item	Full-year ended 30 Jun 2016 A\$M	Full-year ended 30 Jun 2015 A\$M	FY16	
			Half-year 31 Dec 15 A\$M	Half-year 30 Jun 16 A\$M
Underlying net loss after tax	(9.3)	(18.2)	(3.8)	(5.5)
Adjust for:				
• Unrealised foreign exchange losses	-	(0.6)	(0.2)	0.2
• IOH acquisition costs	(0.2)	(6.4)	-	(0.2)
• Tax losses not recognised	(23.0)	(11.5)	(16.2)	(6.8)
• Derecognition of deferred tax assets	(18.6)	0.0	(23.8)	5.2
• Impairment of mining assets and inventory	(28.9)	(121.8)	(28.9)	0.0
Statutory net loss after tax	(80.0)	(158.5)	(72.9)	(7.1)

FY17 Outlook

BC Iron expects MIN will continue to operate Iron Valley as a DSO, truck haulage operation throughout FY17 while MIN continues to evaluate its BOTS initiative. BC Iron expects FY17 EBITDA from Iron Valley of between A\$6M and A\$16M, based on the following ranges:

	Low case	High case
Production rate	6 Mpta	7 Mtpa
CFR 62% Fe price	40	60
Freight rate	6	4
AUD:USD exchange rate	0.80	0.70

BC Iron plans to continue to evaluate development options for the strategic Buckland mine-to-port development project, with the intention of identifying and securing an economic viable business case for the project.

At the NJV, operations are temporarily suspended due to low iron ore prices. BC Iron is currently assessing all of its strategic options in relation to the NJV, including a potential sale of its interest or a restart of operations. While this process continues, holding costs are expected to be on average A\$0.15M per month.

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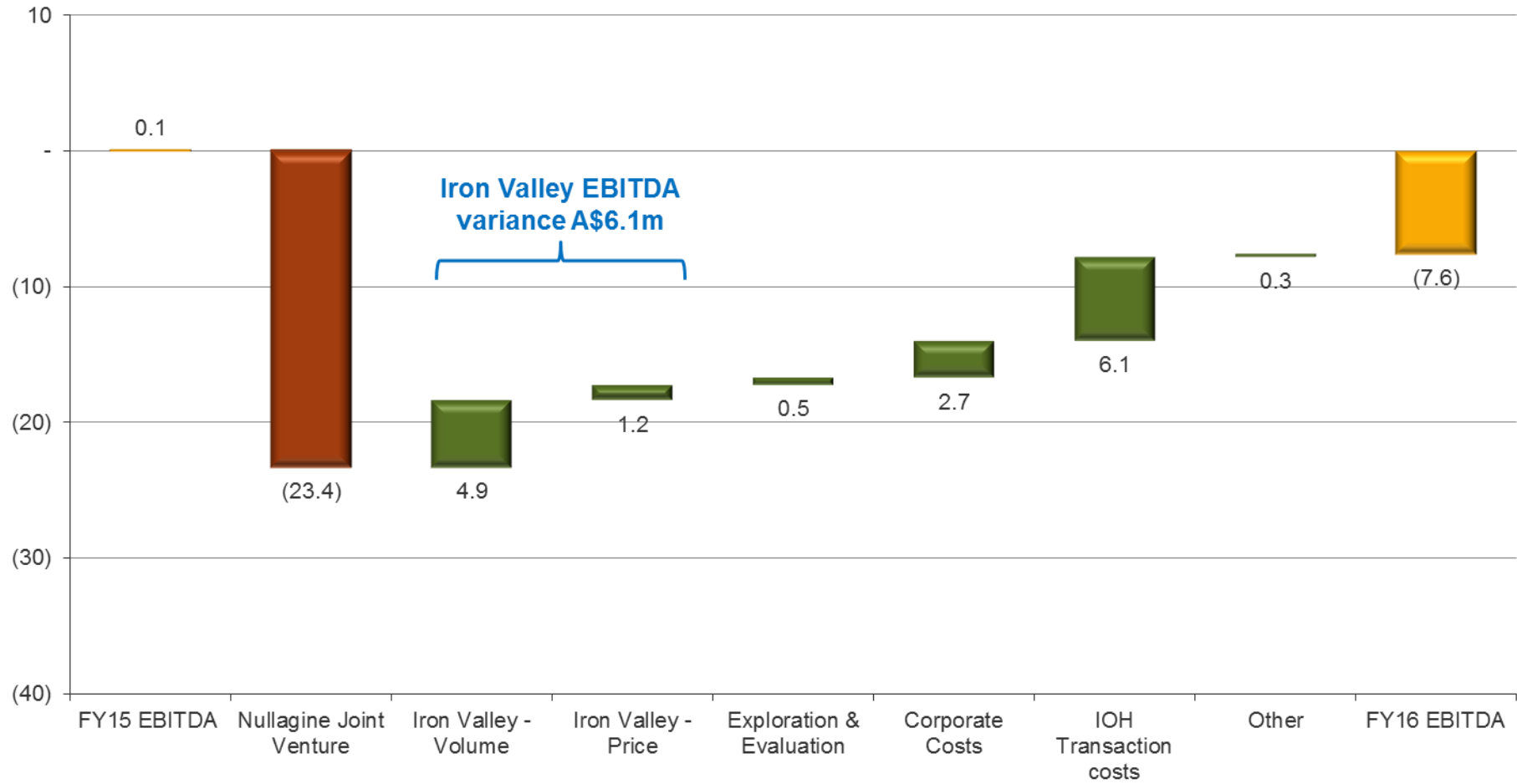
FOR FURTHER INFORMATION:

ALWYN VORSTER / CHRIS HUNT
CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER
BC IRON LIMITED
TELEPHONE: +61 8 6311 3400

MEDIA ENQUIRIES:

DAVID TASKER / TONY DAWE
PROFESSIONAL PUBLIC RELATIONS
TELEPHONE: +61 8 9388 0944

APPENDIX 1 – EBITDA VARIANCE (A\$M)



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 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

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

Website: www.bcion.com.au