



IRON VALLEY UPDATE

- **Iron Valley continues to deliver solid low risk earnings for BC Iron**
- **For the nine months to 31 March 2016, BC Iron EBITDA from Iron Valley was A\$5.6M from shipments of 4.8M wmt**
- **Iron ore sales agreement with MIN amended – additional time for MIN to assess and implement BOTS and an increase to the price payable to BC Iron at the expected range of future iron ore prices**
- **Amendments to existing approvals to provide access to additional ore in the short term and below water table approvals are being progressed**

BC Iron Limited (ASX:BCI) (“BC Iron” or “the Company”) wishes to provide an update in relation to the Iron Valley mine.

Iron Valley, which is owned by BC Iron’s wholly owned subsidiary, is governed by an iron ore sales agreement with Mineral Resources Limited (“MIN”), which was entered into in February 2013 and substantially amended in December 2014 (“Agreement”). The Agreement provides for MIN to operate the mine at its cost and purchase product from BC Iron at an agreed schedule of rates linked to iron ore prices.

The mine is currently producing a mix of direct shipping ore (“DSO”) lump and fines from above water table ore, with product being hauled by road to Utah Point in Port Hedland and then exported. In the nine months to 31 March 2016, MIN shipped 4.8M wet metric tonnes (“wmt”) of product, which generated an EBITDA for BC Iron of A\$5.6M.

MIN is evaluating a range of operational improvement initiatives, including its innovative bulk ore transport system (“BOTS”). These initiatives have the potential to further improve the economics of Iron Valley for both MIN and BC Iron. Accordingly, the parties have amended the Agreement to provide MIN with more time to evaluate and implement BOTS.

The amendments also provide for an adjustment to the price payable by MIN to BC Iron. The adjustment varies with iron ore prices, such that the price payable to BC Iron will increase by up to A\$1.20 per dry metric tonne (“dmt”) at high iron ore prices and decrease by up to A\$0.15/dmt at low iron ore prices. Based on the range of iron ore prices achieved for Iron Valley product during the last 18 months, BC Iron will receive a price increase in the range of A\$0.40-0.90/dmt. Overall, BC Iron expects this will enhance the Company’s earnings from Iron Valley effective 1 April 2016 based on current iron ore price expectations.

BC Iron and MIN also recently secured amended environmental and mining approvals to enable additional ore to be accessed prior to mining future below water table ore. Approvals for below water table ore continue to be advanced by the parties.

- ENDS -

FOR FURTHER INFORMATION:

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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 the Nullagine Joint Venture (“NJV”). 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. 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 transshipment 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.

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. 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:	196.2 million	
Cash and cash equivalents:	A\$23.3 million	as at 31 March 2016
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