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FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2015

- **IOH transaction completed during the year – substantial increase in BC Iron's Reserves and Resources from Iron Valley and Buckland, and net cash from the acquisition of A$24.3M**
- **All interest bearing debt repaid – de-risked balance sheet with A$67.7M cash and A$6.3M debt**
- **Operations commenced at Iron Valley, generating revenue of $18.8M and EBITDA of A$4.1M**
- **Positive operating cash flow of A$11.4M (before IOH transaction costs) in the seven months post operational challenges at the NJV (December to June), despite low iron ore prices**
- **Positive EBITDA in this seven month period of A$9.0M (before IOH transaction costs)**
- **Full-year results affected by NJV operational challenges in the first half and declining prices**
  - **FY2015 revenue of A$281.2M, EBITDA of A$0.1M and net loss after tax of A$158.5M**
  - **Second half non-cash impairment of A$70.7M (pre-tax) – total FY2015 impairment of A$170.9M (pre-tax)**
  - **Underlying net loss after tax of A$43.1M after adjusting for impairment and other one-off or non-cash items**
- **NJV's cost base now materially lower – up to A$50M in annual cost savings achieved compared to FY2014 (100% NJV terms; based on FY2016 sales guidance)**

BC Iron Limited (ASX: BCI) ("BC Iron" or the "Company") presents its financial results for the year ended 30 June 2015 ("FY2015").

BC Iron Managing Director, Morgan Ball, said. *"The 2015 financial year was challenging from both an operational and financial perspective. However, we have emerged with a materially lower cost base at Nullagine, ongoing positive cash flow from Iron Valley and a net cash position of more than A$60 million.*

"Completing the Iron Ore Holdings transaction was an important milestone, as it contributed immediate revenue diversification from Iron Valley and strategic options through the Buckland mine to port development project, with both assets having potential 15 plus year mine lives. The transaction also contributed cash to the Company's balance sheet.

"We are committed to continuing to drive costs down at Nullagine and building a long term future around our newly acquired assets. We also recognise the need to be pragmatic and make decisions that reflect the iron ore environment we operate in."

FY2015 was a year of two distinct periods for BC Iron. During July to November 2014, BC Iron's Nullagine Joint Venture ("NJV") was affected by clay-related operational challenges, which reduced production and increased costs during that period. Improved operating results were achieved at the NJV during the December 2014 to June 2015 period as a result of the initiatives put in place to manage the clays, and the significant cost savings implemented. In addition, the Iron Valley Project, which was acquired through the acquisition of Iron Ore Holdings ("IOH"),

commenced exports in October 2014 and contributed positive earnings and cash flow. However, these positive operational achievements were made against the backdrop of a material reduction in iron ore prices, which declined into the US$40s per wmt in April 2015 (62% Fe CFR China) before recovering slightly.

The operational challenges experienced at the NJV and declining iron ore prices impacted the FY2015 financial results. BC Iron recorded revenue of A$281.2M and EBITDA of A$0.1M. The Company's net loss after tax was A$158.5M, which included A$121.8M (tax-effected) in non-cash impairments. After adjusting for the impairments and other non-cash or one-off items, BC Iron reported an underlying net loss after tax of A$43.1M (refer to page 3 for reconciliation).

Notwithstanding the materially lower iron ore price environment in the second half, BC Iron recorded improved financial results in this period. For the December 2014 to June 2015 period, revenue was A$188.7M and EBITDA was A$5.6M, or A$9.0M after excluding IOH transaction costs incurred. Net operating cash flow for the period was A$10.9M, or A$11.4M if IOH transaction costs are excluded.

In light of the full-year financial results and current market conditions, the Board has decided not to pay a dividend in relation to FY2015.

Key Metrics

Key metrics for the year ended 30 June 2015 are presented below, with a comparison to the year ended 30 June 2014. For illustrative purposes, the full-year has also been separated into the two periods discussed above; the five months from July 2014 to November 2014 and the seven months from December 2014 to June 2015. This shows improved operational performance in the December 2014 to June 2015 period as well as better financial results despite lower iron ore prices.

Item	*5 months to 30 Nov 14*	*7 months to 30 Jun 15*	Year ended 30 Jun 15	Year ended 30 Jun 14[3]
Average 62% Fe CFR price (US$/dmt)	*85*	*62*	**72**	123
Average Capesize freight rate to China (US$/wmt)	*8.3*	*4.8*	**6.3**	9.3
Average exchange rate (AUD:USD)	*0.9043*	*0.7890*	**0.8371**	0.9179
NJV shipments – 100% basis (M wmt)	*1.64*	*3.62*	**5.26**	5.79
NJV shipments – BC Iron share (M wmt)	*1.29*	*2.71*	**4.00**	4.30
NJV C1 cash costs – (A$/wmt)	*69*	*47*	**54**	52
Iron Valley shipments (M dmt)	*0.43*	*2.40*	**2.83**	n.a.
Revenue (A$M)	*92.5*	*188.7*	**281.2**	471.4
EBITDA (A$M)	*(5.5)*	*5.6*	**0.1**	149.9
NPAT (A$M)	*n.a.*[2]	*n.a.*[2]	**(158.5)**	71.8
Underlying NPAT (A$M)[1]	*n.a.*[2]	*n.a.*[2]	**(43.1)**	77.4
Net cash flow from operating activities (A$M)	*(43.7)*	*10.9*	**(32.8)**	145.0
Cash balance (A$M)	*n.a.*[2]	*n.a.*[2]	**67.7**	158.9
Debt outstanding (A$M)	*n.a.*[2]	*n.a.*[2]	**6.3**	52.2
Dividend per share (cps)	*-*	*-*	**-**	32.0

Notes:
1. Reconciliation between underlying NPAT and statutory NPAT is shown on the following page.
2. Only revenue, EBITDA and net cash flow from operating activities are shown for the five and seven month sub-periods.
3. Restated for change in accounting policy to expense exploration and evaluation expenditure as incurred.

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Underlying NPAT reconciles to statutory NPAT as follows:

	Year ended 30 Jun 15 A$M	Year ended 30 Jun 14 A$M
Underlying net (loss) / profit after tax	(43.1)	77.4
Adjust for:		
• IOH transaction costs	(4.5)	-
• Tax losses not recognised	11.5	-
• Impairment of assets	(121.8)	-
• Unrealised foreign exchange (losses) / gains	(0.6)	1.2
• MRRT (reversal of deferred tax asset)	-	(9.8)
• FMG price participation write-back	-	3.0
Statutory net (loss) / profit after tax	(158.5)	71.8

As noted above, BC Iron recorded a second half non-cash impairment of A$70.7M (pre-tax), which resulted in a total FY2015 impairment of A$170.9M (pre-tax), or A$121.8M on a tax-effected basis. However, going forward the Company will incur lower depreciation and amortisation expenses, which will improve profitability.

FY2016 Outlook

As previously reported, BC Iron anticipates the NJV will ship between 4.9-5.3M wmt in FY2016, at C1 cash costs of A$42-45/wmt on an FOB basis. This represents a reduction of A$7-10/wmt compared to the C1 cash costs achieved for FY2014 of A$52/wmt (FY2014 is a more appropriate comparator period as it excludes the clay-related operational challenges which occurred in FY2015). Based on the FY2016 sales guidance, this equates to an annual cost saving of up to A$50M (100% NJV basis). BC Iron's all in cash costs for FY2016 are expected to be A$48-54/wmt (FOB) and BC Iron's share of NJV capital expenditure is forecast to be A$12-14M.

As noted above, BC Iron completed the acquisition of IOH during the year, acquiring the Iron Valley and Buckland projects, as well as A$24.3M in net cash. These long-life assets materially increased the Company's Ore Reserves and Mineral Resources, secured a long term future in the Pilbara and provided immediate income via Iron Valley.

Iron Valley is expected to continue generating positive earnings and cash flow for the Company. BC Iron has guided to EBITDA from Iron Valley of A$5-14M for FY2016. Upside potential exists in future years, with the project's operator, Mineral Resources Limited, currently evaluating project enhancements that have the potential to increase realised prices and production rates.

BC Iron continues to advance its evaluation of development and financing options for the Buckland Project in the West Pilbara, as well as approvals for the strategic Cape Preston East 20Mtpa transhipment port facility.

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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 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 utilises Fortescue's infrastructure at Christmas Creek, 50km south of the Nullagine mine, to rail up to 6Mtpa of ore to Port Hedland from where it is shipped directly to customers overseas.

Iron Valley is being 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:	$67.7 million	as at 30 June 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
	Anthea Bird	Company Secretary
	Hayley McNamara	Company Secretary
Major shareholders:	Wroxby Pty Ltd	19.0%

Website: www.bciron.com.au