

## AWARD OF WARRIGAL HUB CONTRACT AT THE NJV

- Mining and crushing & screening contract awarded to Viento for the Warrigal hub
- C1 cash costs reduction of A\$2-3 per wmt for Warrigal tonnes
- NJV C1 cash costs for Dec-14 to Jun-15 period now expected to be at the lower end of the A\$47-51 per wmt (FOB) guidance range
- BC Iron all-in cash cost guidance revised to A\$53-57 per wmt (FOB)
- Further cost savings targeted in the second half of CY15
- Vermeer 1655 surface miner purchased from Fortescue

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BC Iron Limited (ASX: BCI) ("BC Iron" or the "Company") is pleased to announce the award of a mining and crushing & screening contract for the Warrigal hub at the Nullagine Joint Venture ("NJV") to Viento Contracting Services Pty Ltd, a subsidiary entity of Viento Group Limited (ASX: VIE) ("Viento").

The contract provides for the mining and crushing & screening of approximately 2 million tonnes per annum of Warrigal ore for 2 years commencing in April 2015. Viento will provide and operate load & haul and crushing & screening equipment, and operate a second hand Vermeer 1655 surface miner that the NJV has agreed to purchase from Fortescue for A\$1.8M (BC Iron share A\$1.35M), which will result in reduced capital-related operating charges at site. The contract has an option to extend, should ongoing exploration be successful at other Warrigal mesas not in the current mine plan.

Award of the contract is expected to result in a C1 cash cost reduction of A\$2-3 per wmt in respect of the Warrigal tonnes. If these savings are translated to other mining areas in the second half of CY15, this would equate to overall savings achieved to date of \$4-6 per wmt or 15-25% of the Nullagine mine site costs.<sup>1</sup> These savings would be reflected in guidance for FY16.

The NJV's FOB C1 cash costs for the Dec-14 to Jun-15 period are now expected to be at the lower end of A\$47-51 per wmt range, reflecting that the Warrigal hub contract only contributes part of the tonnes for part of this period. BC Iron's all-in cash cost guidance for this period is revised to A\$53-57 per wmt (FOB).

BC Iron's share of NJV capital expenditure for FY15 is expected to remain within the previously provided guidance range of A\$13-16M, notwithstanding the purchase of the second hand surface miner.

*"Our contracting strategy is key to our 2015 cost reduction efforts and it is pleasing to achieve meaningful savings for the Warrigal hub,"* said BC Iron Managing Director, Morgan Ball. *"The pricing and competitiveness seen in the tender process provides comfort that further cost savings can be achieved through the reassessment of the main mining, crushing and screening contract and the road haulage contract in the second half of 2015."*

**- ENDS -**

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<sup>1</sup> Nullagine mine site costs include mining, crushing and screening, road haulage and site admin costs.

**FOR FURTHER INFORMATION:**

**MORGAN BALL  
MANAGING DIRECTOR  
BC IRON LIMITED  
TELEPHONE: +61 8 6311 3400**

**MEDIA ENQUIRIES:**

**DAVID TASKER / JAMES HARRIS  
PROFESSIONAL PUBLIC RELATIONS  
TELEPHONE: +61 8 9388 0944**

**Forward-looking Statements**

Forward-looking statements can be identified by the use of terminology such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue' or similar words. These statements discuss future expectations concerning the results of operations or financial condition, or provide other forward looking statements. They are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this ASX update. Readers are cautioned not to put undue reliance on forward looking statements.

## ABOUT BC IRON LIMITED

BC Iron is an iron ore mining and development company with key assets in the Pilbara region of Western Australia, including the Nullagine Joint Venture (NJV), Buckland and Iron Valley. 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, 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.

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.

Iron Valley is a mine with Ore Reserves of 134.7 Mt at 58.5% Fe that was developed and is being operated by Mineral Resources Limited under an iron ore sale agreement.

BC Iron also has an interest in a number of other earlier stage projects in the Pilbara and royalties over the Koodaideri South and North Marillana tenements.

## KEY STATISTICS

|                                   |                 |                                     |
|-----------------------------------|-----------------|-------------------------------------|
| <b>Shares on issue:</b>           | 196.2 million   |                                     |
| <b>Cash and cash equivalents:</b> | \$110.1 million | as at 31 December 2014              |
| <b>Board:</b>                     | Tony Kiernan    | Chairman and Non-Executive Director |
|                                   | Morgan Ball     | Managing Director                   |
|                                   | Andy Haslam     | Non-Executive Director              |
|                                   | Brian O'Donnell | Non-Executive Director              |
|                                   | Terry Ransted   | Non-Executive Director              |
|                                   | Anthea Bird     | Company Secretary                   |
|                                   | Hayley McNamara | Company Secretary                   |
| <b>Major shareholders:</b>        | Wroxby Pty Ltd  | 19.0%                               |

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