



# Half Year Results - December 2011 & Company Update

**20 February 2012**

**Mike Young - Managing Director**

**Morgan Ball – Finance Director**

## BC Iron is an iron ore producer and exporter

### Points of difference

- Focused on development since 2007
- Exports commenced in Feb 2011
- NJV current production rate at 3Mtpa
- Ramp up to 5Mtpa during 1H CY2012
- ❖ Rail and Port infrastructure secure
  - Joint Venture with Fortescue Metals Group
  - Fortescue Chichester Hub to Port Hedland
- ❖ Quality product – “*Bonnie Fines*”
  - Direct Ship Ore – CID pisolite fines
  - Excellent sinter blend with low impurities
- ❖ Simple operation
  - Mine → crush → truck → rail → ship → \$\$\$





### Mining & Crushing

- Mining now at > 3mtpa
- 3 surface miners operating
- Crusher at ~ 4Mtpa
- Expansion to >5Mtpa H1 CY12

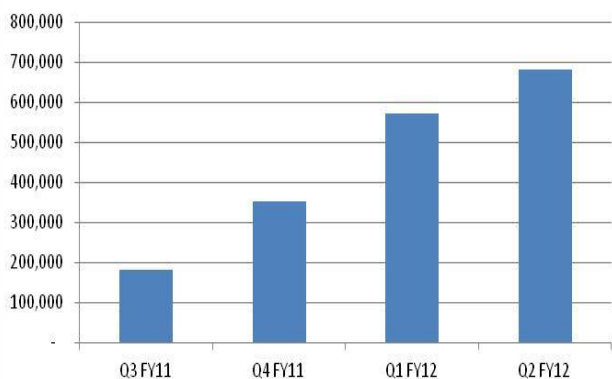
### Truck & Rail Haulage

- 5 PowerTrans units on site
- Haulage now at ~ 4.5Mtpa
- 8 PowerTrans by end 1H CY12
- First junior in the Pilbara to access 3<sup>rd</sup> Party rail

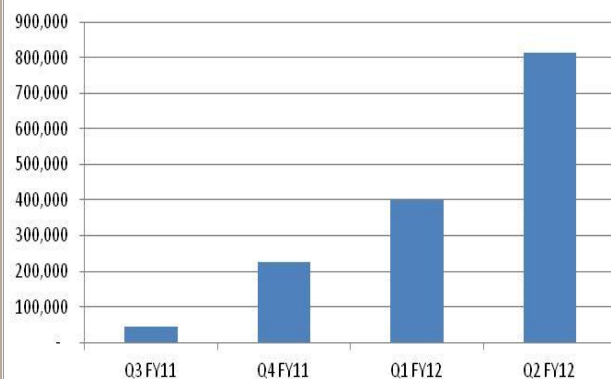
### Shipping & Marketing

- First full cape size ship Nov 11
- 1.1Mt shipped 1H FY2012
- FMG markets *Bonnie Fines* to a very broad customer base
- Good feedback on low P, high CaFe sintering ore

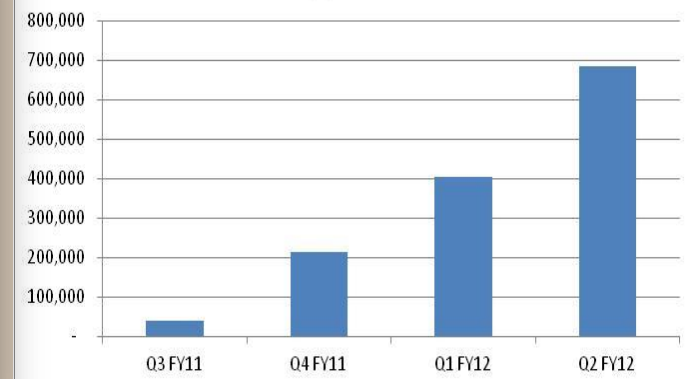
Mined (wmt)



Railed (wmt)



Shipped (wmt)



- In ramp up phase and heading in right direction
- Maiden operational profit
- First full cape size vessel shipped in November
- Guidance of 1Mt for 1H FY12 and production rate of >3Mtpa surpassed
- First positive cashflow quarter – December 2011
- Net profit before tax for 6 months to 31 Dec 11 ~ \$9M

| BC Iron - Half Year ended<br>31 December 2011 (\$M) | Dec<br>2011 | Dec<br>2010 | %      |
|-----------------------------------------------------|-------------|-------------|--------|
| Revenue                                             | 65.2        | 2.7         | 2,315% |
| EBITDA                                              | 12.2        | 0.5         | 2,340% |
| Net Profit before tax                               | 8.9         | 0.7         | 1,171% |
| Net Debt / (Cash)                                   | (14.8)      | (20.9)      | (29%)  |
| Cash Balance                                        | 35.6        | 39.7        | (10%)  |

| Half Year ended 31 December 2011 (\$m) | Dec 2011 | Dec 2010 | %      | June 2011 |
|----------------------------------------|----------|----------|--------|-----------|
| <b>NIOJV (100%)</b>                    |          |          |        |           |
| Tonnes Shipped (millions – wmt)        | 1.1      | -        | N/A    | 0.3       |
| Average CFR Price (\$USD/dmt)          | \$125    | -        | N/A    | \$161     |
| <b>BC IRON</b>                         |          |          |        |           |
| Revenue                                | 65.2     | 2.7      | 2,315% |           |
| EBITDA                                 | 12.2     | 0.5      | 2,340% |           |
| Depreciation & Amortisation            | 2.6      | 0.1      | 3,614% |           |
| Net Profit before Tax                  | 8.9      | 0.7      | 1,171% |           |
| Profit after Tax*                      | 5.5      | 1.2      | 358%   |           |
| EPS                                    | 5.74     | 1.48     | 287%   |           |
| Return on Shareholders Funds (%)       | 7.3%     | 1.9%     | 284%   |           |

\* Note: Income Tax Expense relates to movement in the Group's deferred tax assets and liabilities and does not reflect a current tax liability.





*First drill hole, April 2007*

## 2006 to 2011: Rapid Growth

- **2006** – Listing on Australian Securities Exchange
- **2007** – Discovery of DSO iron ore at Outcamp Well
- **2008-2009** – Drilling, Feasibility, JV with Fortescue
- **2010** – Construction and Mining commences
- **2011** – Iron ore exports commence
- **2011** – Maiden profit



*First ore on ship, February 2011*

## 2011 was a milestone year for BC Iron

- ✓ Jan – commence hauling ore to Christmas Creek on public roads
- ✓ Feb – First Ore on Ship from Port Hedland to China
- ✓ May – Regent Pacific offer of \$3.30 rejected by BCI Board
  - Independent Expert Valuation of \$3.80 - \$4.13 per share
- ✓ Aug to Oct – ore haulage starts to Christmas Creek on private haul road
  - Using 360t Power Trans Pit Haulers
  - Bituminising of 55km private haul road complete
- ✓ Oct – achieved **>3Mtpa production rate**
- ✓ Nov – commenced full cape size vessel shipments (~170,000t) of Bonnie Fines
- ✓ Dec – surpassed guidance of **1.1Mt exports in 1H FY2012**
- ✓ Dec – Dec quarter first positive cashflow from operations



FMG Christmas Creek – Bucket wheel re-claimer



Toll Powertrans Rig on private haul road



## Board of Directors BC Iron



**Tony Kiernan, Non-exec Chairman** – a solicitor with extensive experience in management and operation of Australian public companies. Chairman of Venturex Ltd and NED Chalice Gold Ltd and Uranium Equities Ltd.



**Mike Young, MD and CEO** – a geologist with extensive experience in resource definition and feasibility in variety of commodities including gold, copper, uranium and iron ore. NED of Waratah Resources Ltd.



**Morgan Ball, Finance Director** - a Chartered Accountant with over 20 years of Australian and international experience in the resources, logistics and finance industries. He has held various senior finance and commercial roles in both public and private companies.



**Terry Ransted, Non-exec Director** – a geologist with Alkane Resources managing exploration and development programs. Experience in iron ore at Hamersley and Yandicoogina pisolite deposit.



**Andy Haslam, Non-exec Director** – a mining engineer with 27 years operational and management experience. Most recently, Managing Director of ASX listed Territory Resources Ltd, a 2.0Mtpa producer of DSO lump and fines in the Northern Territory.



**Malcolm McComas, Non-exec Director** - experienced company director and investment banker. More than 25 years of investment banking experience in equity and debt finance, acquisitions, divestments and privatisations. He is also a former commercial lawyer. Mr McComas is the principal of McComas Capital and a senior adviser to Austock Corporate Finance.



|                                      |                             |
|--------------------------------------|-----------------------------|
| Code:                                | ASX:BCI                     |
| Shares                               | 103.7 m                     |
| Unlisted Options                     | 1.4 m                       |
| Performance Rights                   | 0.2 m                       |
| Fully Diluted                        | 105.3 m                     |
| Market Cap - fully diluted @ A\$2.65 | ~ A\$280 m                  |
| Gross Cash at 31 Dec 2011            | A\$35.6 m                   |
|                                      | (BC Iron Limited A\$23.2 m) |
|                                      | (NIOJV (50%) A\$12.4 m)     |
| Debt as at 31 Dec 2011               | A\$25.5 m                   |
| EV as at 31 Dec 2011                 | ~ A\$270 m                  |

## Major shareholders:

|                       |       |
|-----------------------|-------|
| Consolidated Minerals | 22.8% |
| Regent Pacific        | 20.5% |
| Henghou Industries    | 9.9%  |
| Directors             | 2.6%  |

## Shareholding:

Institutions ~ 45% (incl. Regent) / Other ~ 55%  
 50% Australian / 50% Overseas

## Senior Management Team

**Blair Duncan** - Chief Operations Officer

**John McCarthy** – Resident Manager

**Robert Williams** – Technical Services Manager

**Gerry Bradley** – Sustainability Manager

**Katherine Martin** – Human Resources Manager

**Paul Hogan** – Exploration Manager

*The BC Iron team has the breadth of experience  
 and passion to deliver the project outcomes, to  
 grow the company and deliver shareholder value  
 now and into the future*

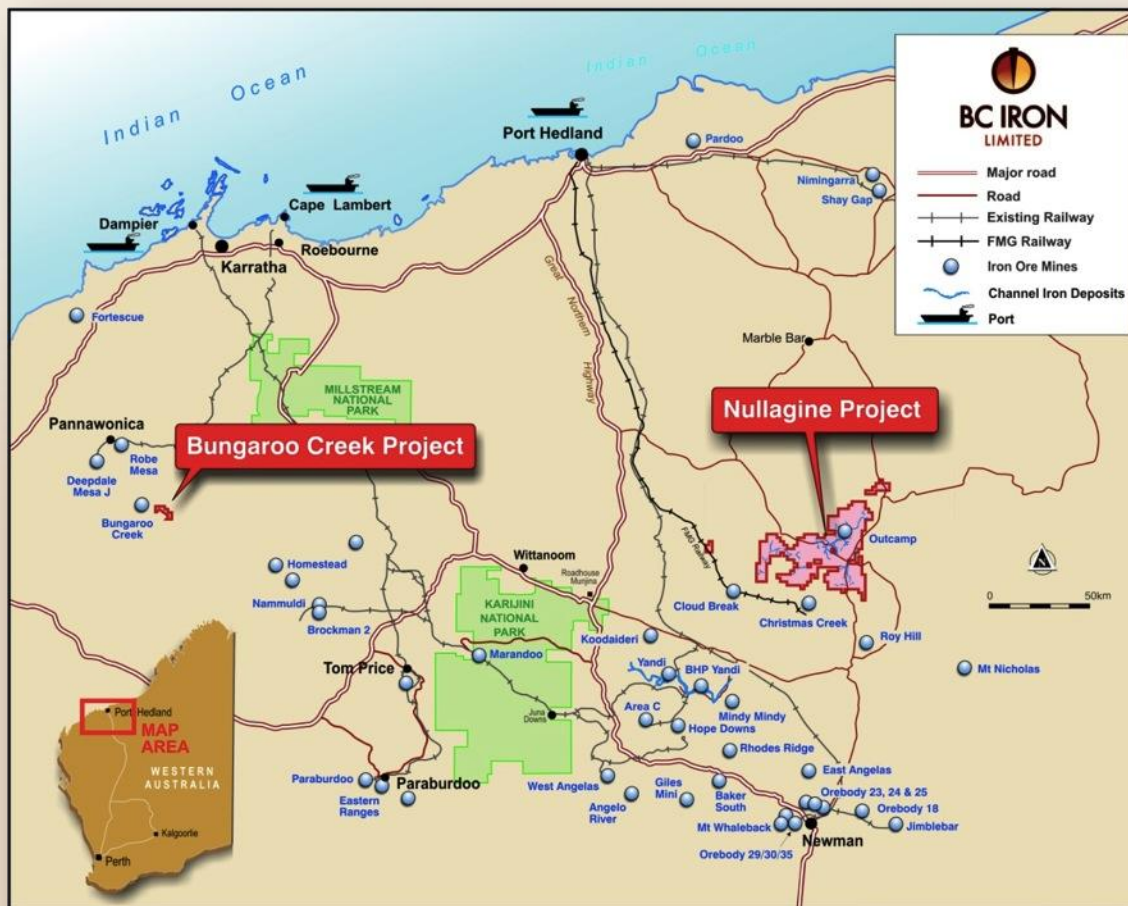
**INTEGRITY - MINING - SUCCESS**

## Bungaroo Project (BCI 100%)

- Bungaroo near RIO Tinto's Bungaroo Creek & IOH's Buckland Hills
- CID mineralisation identified in 2010: drilling complete – pending assays

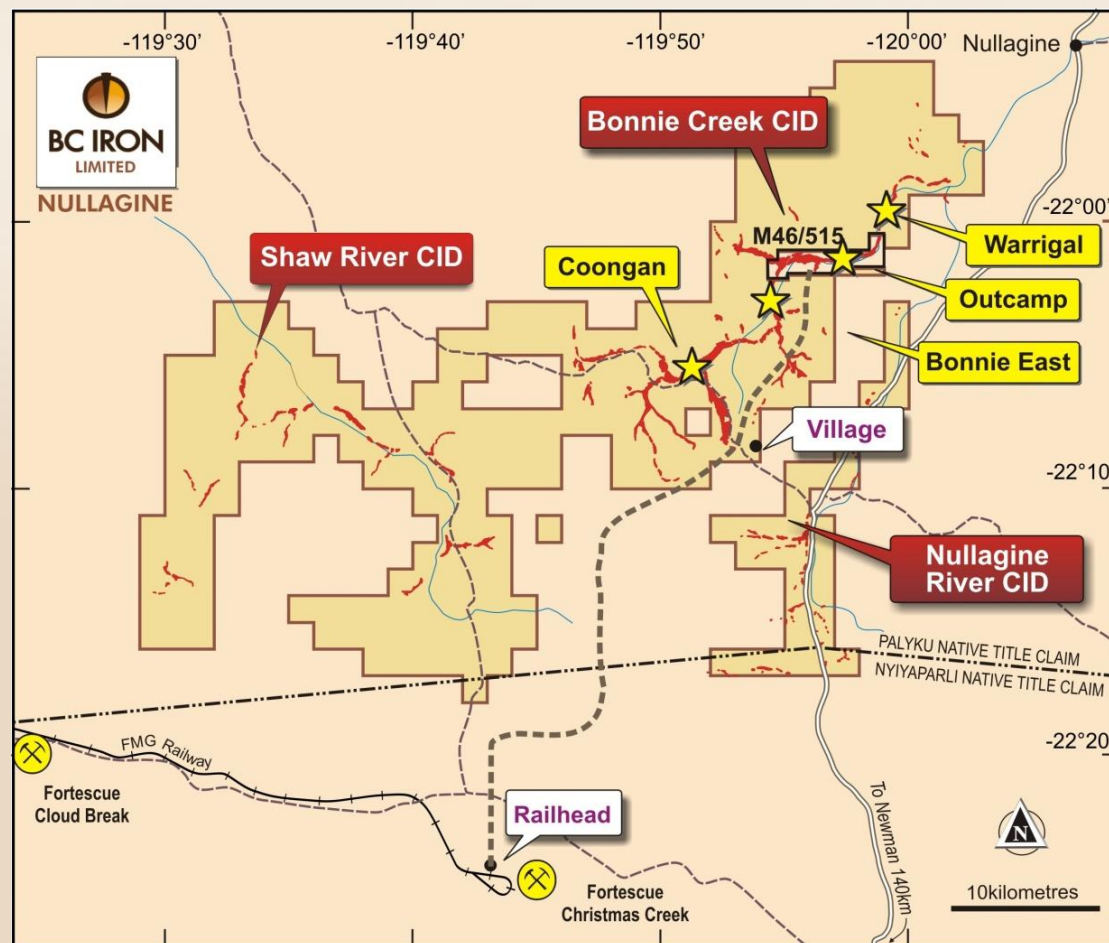
## Nullagine Project (BCI 50%: FMG 50%)

- Operating iron ore mine - 3Mtpa to 5Mtpa
- Ore Reserve of 35Mt @ 57% Fe (65% CaFe)
- Mineral Resource of 103Mt @ 54% Fe (62% CaFe)
- Possible to extend mine life 2 to 5 years via Bonnie East upgrade, further exploration and beneficiation test work

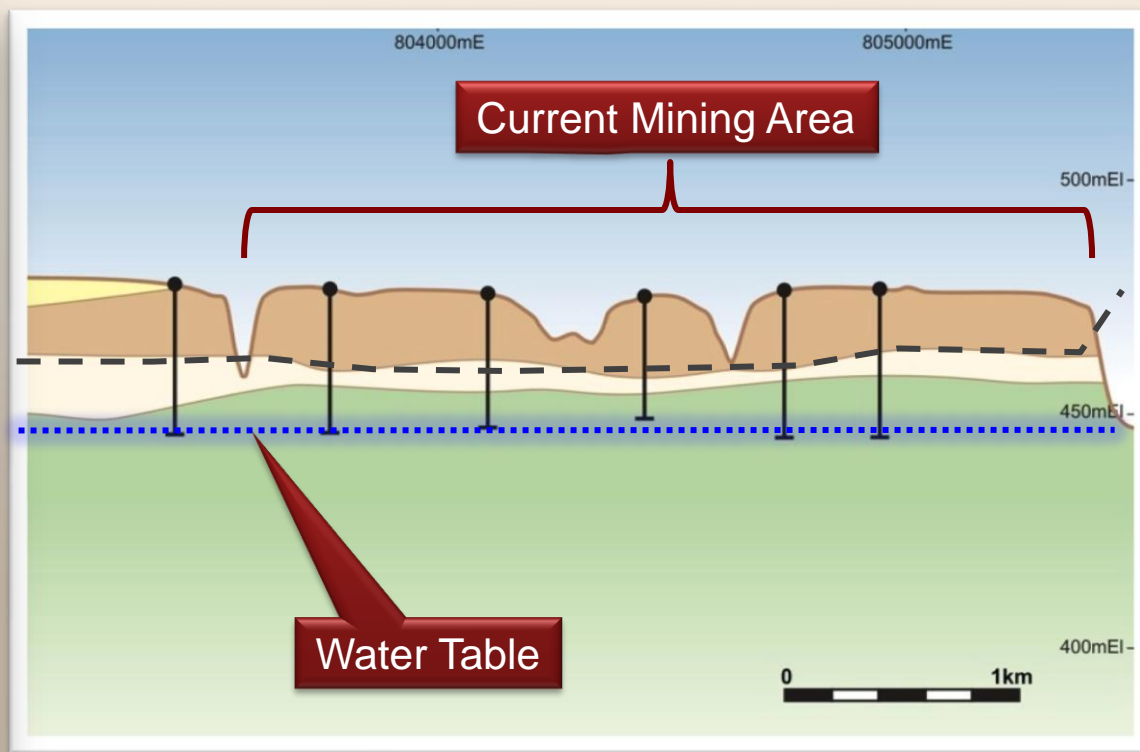


## Nullagine Iron Ore Joint Venture (BCI 50%)

- Joint Venture with Fortescue (50:50)
- BC Iron operator and Manager of the Nullagine JV Project
- BC Iron contracts TPI to provide transport services on a fixed price per tonne basis
- 50/50 share of revenue and costs
- Fortescue provides marketing services
- Production to increase to 5Mtpa in 1H CY2012
- 55 km private haul road complete with bitumen seal







- Low Fe CID
- DSO
- Channel Clays
- Fortescue Group Basalt

- **Shallow “pits”** using surface mining – ore from start of operations
- **Above water table** - lower environmental impact, no wet ore.

**Mining panels with  
Surface Miners**

**Mined material in stocks**

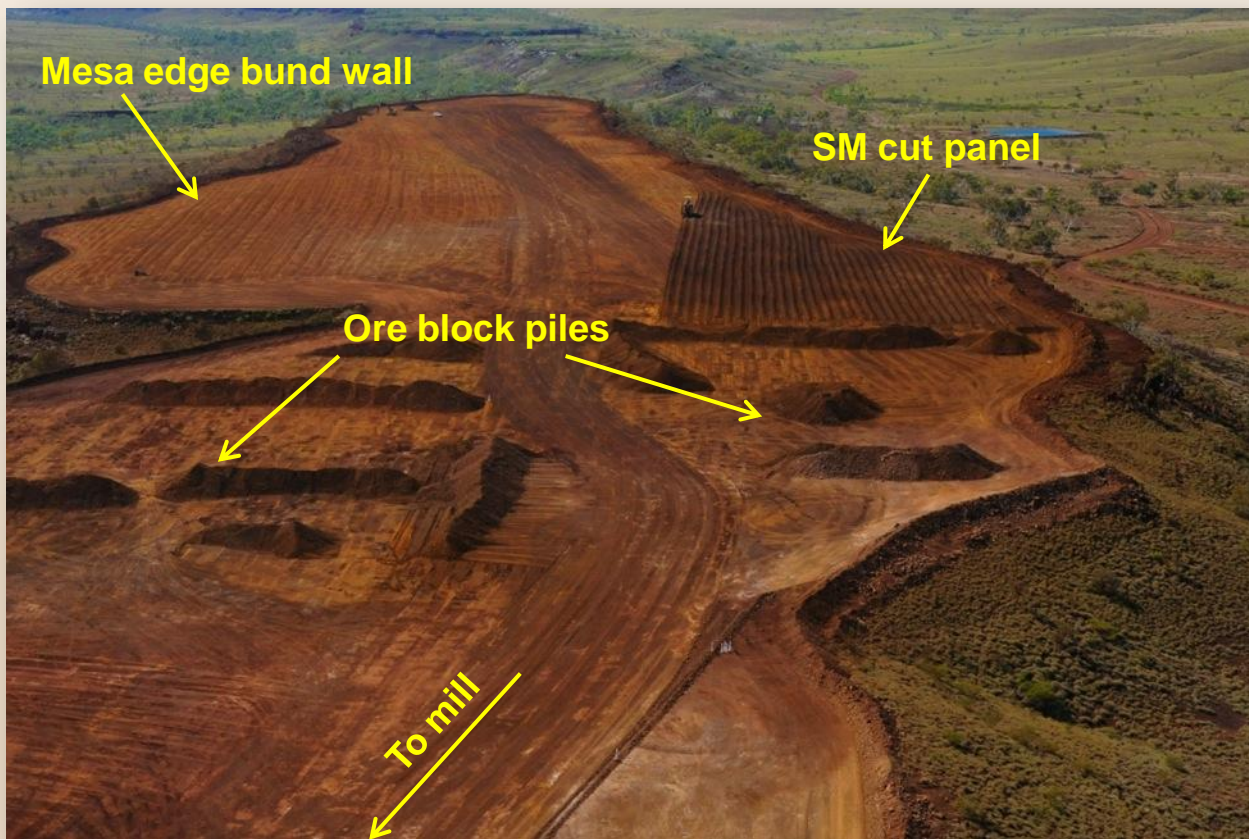


### **Wirtgen 2500SM Surface Miner**

- Rotating drum cutter – no drill & blast
- Provides primary crushing
- 3 units on site – spare capacity
- 600 t per hour







Mining processes on Outcamp 1

## Cutting & mining methods

- WATPAC contract mining
- Ore cut to 250mm by S/miner
- Geologist mapping adjust ore blocks
- Adjusted ore blocks pushed into individual stocks
- FEL & CAT 777 moves to mill
- Allows de-coupling of cutting versus digging fleets
- High ore selectivity and low dilution





## Crushing & screening

- WATPAC
- ~4.0 Mtpa at 90% avail.
- Capacity moving to >5.5 Mtpa by simple upgrade
- Up to 1Mtpa 'sprint' capacity

## PowerTrans Pit Haulers

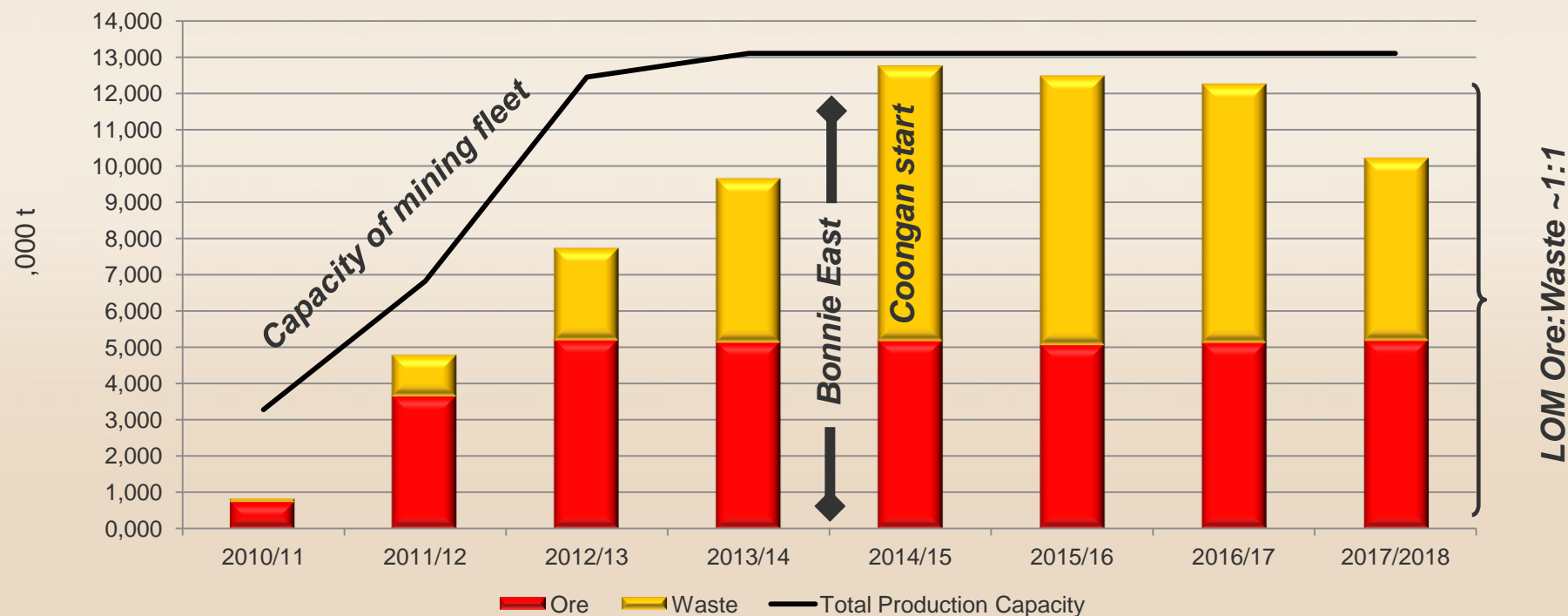
- Toll Holdings
- 5 units on site moving to 8 units by June 2012
- 360 t payload - 512 t gross
- > 700,000tpa at 93% availability



## Rail haulage & Port Services

- TPI - Fortescue
- Christmas Creek rail head
- ~32,000t per train
- Dedicated stockpiles at Christmas Creek and Port

## Ore Mined 2010 to 2018



### Forecast production

- Production capacity rate expected to reach 5Mtpa by June 30, 2012
- Circa 3.5Mt to be exported in FY11/12
- Bonnie East mining study may positively impact schedule
- Rates are contingent on timely infrastructure development by TPI/FMG

## West Australian - Channel Iron Deposits

- “*Bonnie Fines*” pisolite sinter blend improves sintering productivity at the steel mill
- Low impurities, low ultra-fines, low moisture, and high calcined iron grade
- Sintering test work in China - Bonnie Fines substitutes for existing high quality fines

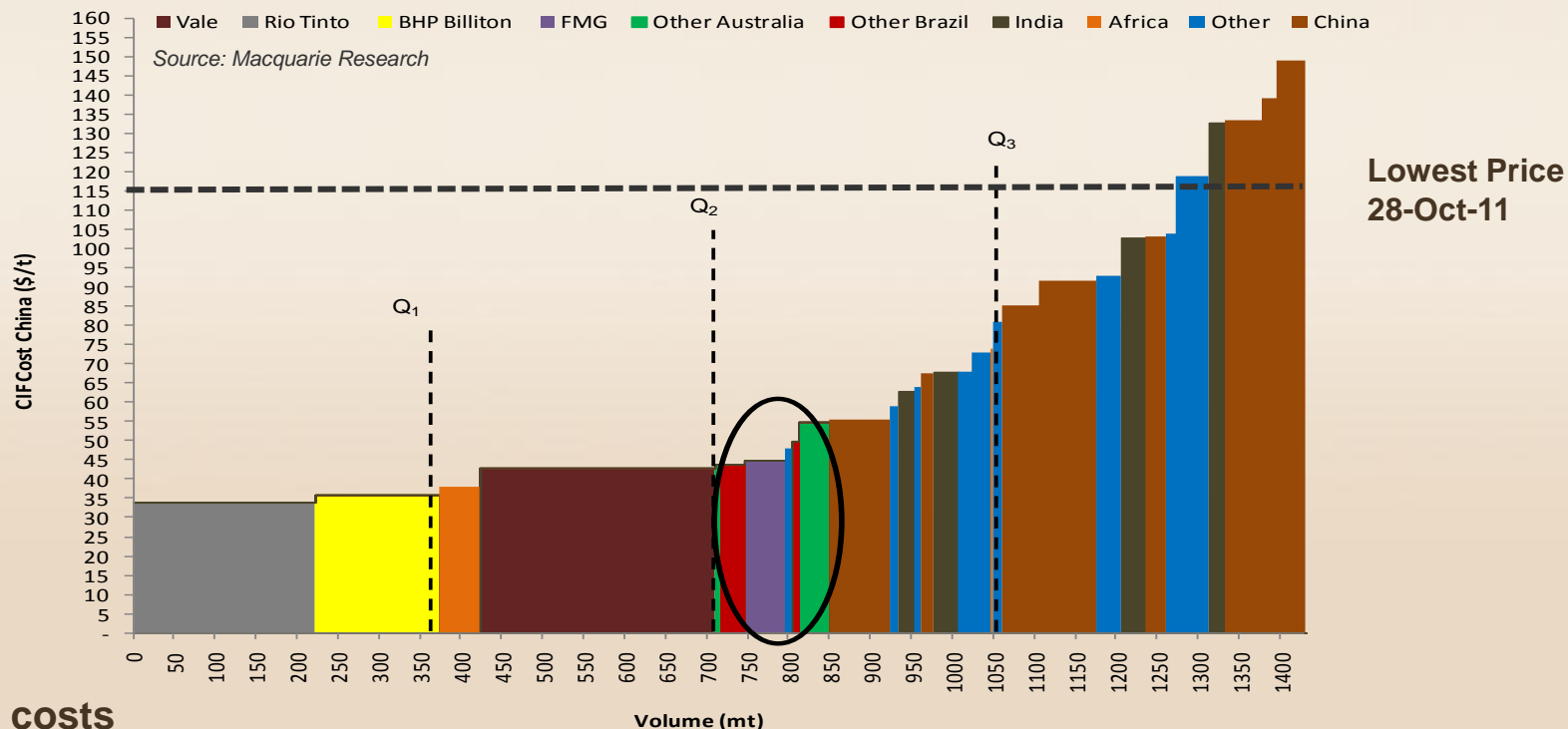
## Marketing & Pricing

- Fortescue provides marketing services to JV
- Uncommitted ore to be sold at prices in line with the Platts Index
- 20mt LOM production committed to Henghou at agreed discount to Platts Index
- Relationship with Fortescue provides strong support in logistics, marketing and customers





## Supply curve to Chinese market for iron ore fines



### Forecast costs

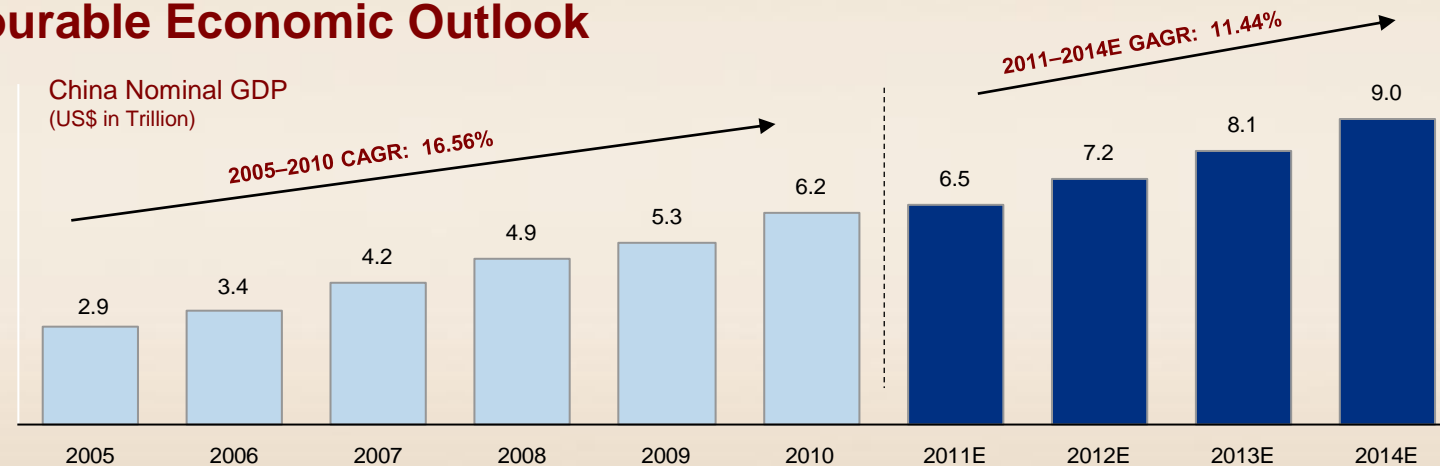
- FOB cash costs estimated to be mid-\$40s per tonne over LOM - varies with waste/ore ratio
- Opex excludes State royalties, Aboriginal royalties, marketing and head office costs
- Contractor operation – minimal sustaining capital ~\$3-5m per annum
- MRRT – low Capex and profitable mine = MRRT likely to be paid

## Iron historical prices and forecast

- CFR62% Fe Tianjin Spot
- *Forward consensus Jan 2012*

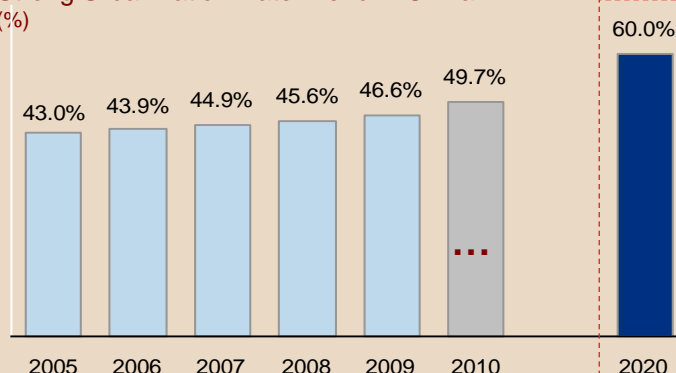


## Favourable Economic Outlook

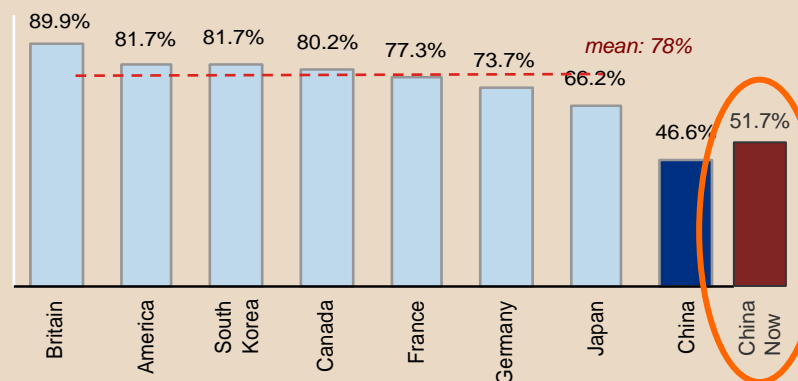


## China's Urbanization Rate Lags Behind Compared to Major Countries

Strong Urbanization Rate Trend in China (%)



Comparison of Urbanization Rate (%)





## **Experienced iron ore miner....**

- A Pilbara iron ore miner
- Focused on production
- Developed partnerships - FMG, stakeholders, government

## **.....Bringing experience to growth**

- An iron ore company
- Maximise existing resources at Nullagine
- DSO hematite, BBSO hematite
- Priority – Pilbara & WA
- Strategic – Australia, Africa, North & South America



Mapping at Bungaroo

## June 2011 – Reserves and Resources Statement

### Probable Ore Reserves

| Pit          | Mt          | Fe%         | CaFe%       | Al <sub>2</sub> O <sub>3</sub> % | SiO <sub>2</sub> % | P%           | S%           | LOI <sub>1000</sub> |
|--------------|-------------|-------------|-------------|----------------------------------|--------------------|--------------|--------------|---------------------|
| Outcamp      | 18.3        | 56.8        | 64.7        | 1.92                             | 3.17               | 0.014        | 0.010        | 12.2                |
| Warrigal     | 10.4        | 57.0        | 64.6        | 2.14                             | 3.68               | 0.022        | 0.013        | 11.7                |
| Coongan      | 6.0         | 57.0        | 65.0        | 1.84                             | 2.54               | 0.011        | 0.012        | 12.4                |
| <b>TOTAL</b> | <b>34.7</b> | <b>56.9</b> | <b>64.7</b> | <b>1.97</b>                      | <b>3.21</b>        | <b>0.016</b> | <b>0.011</b> | <b>12.1</b>         |

### Total CID Resource Estimate

| Class        | Mt           | Fe%         | CaFe%       | Al <sub>2</sub> O <sub>3</sub> % | SiO <sub>2</sub> % | P%           | S%           | LOI <sub>1000</sub> |
|--------------|--------------|-------------|-------------|----------------------------------|--------------------|--------------|--------------|---------------------|
| Measured     | 1.8          | 54.1        | 61.6        | 3.98                             | 5.08               | 0.020        | 0.018        | 12.3                |
| Indicated    | 68.1         | 53.9        | 61.8        | 3.09                             | 4.48               | 0.017        | 0.011        | 12.7                |
| Inferred     | 32.9         | 54.5        | 61.8        | 4.58                             | 3.86               | 0.019        | 0.018        | 11.9                |
| <b>TOTAL</b> | <b>102.9</b> | <b>54.1</b> | <b>61.8</b> | <b>3.58</b>                      | <b>4.29</b>        | <b>0.018</b> | <b>0.014</b> | <b>12.4</b>         |

- The Ore Reserve is a subset of the Resource Estimate
- $\text{CaFe} = \text{Fe} / (100 - \text{LOI}) * 100$
- Total for Joint Venture (50% BC Iron share)

This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events as of the time of the release of this document. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, some of which are outside the control of BC Iron Limited, that could cause actual results to differ materially from such statements. BC Iron Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

The information that relates to the Mineral Resource Estimate at Outcamp, Warrigal, and Coongan has been compiled by Mr Richard Gaze who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and an employee of Golder Associates, and Mr Mike Young who is a Member of the Australian Institute of Geoscientists and an employee of BC Iron. The resources were first reported on the ASX on 2 April 2009. The Outcamp resource estimate has been updated as of June 30, 2011 by BC Iron to account for mining which commenced in November 2010. Both Mr Young and Mr Gaze have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gaze and Mr Young consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.

The information that relates to the Mineral Resource Estimate at Bonnie East, Dandy and Shaw River has been compiled by Mr Mike Young who is a Member of the Australian Institute of Geoscientists and an employee of BC Iron. The Bonnie East resources were first reported on the ASX on 2 April 2009, the Shaw River resources were first reported on the ASX on 30 July 2010 and the Dandy resources were first reported on the ASX on 20 September 2011. Mr Young has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Young consents to the inclusion of his name in the matters based on his information in the form and context in which it appears.

The information that relates to the Ore Reserve has been compiled by Mr Blair Duncan who is an employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr Duncan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Duncan consents to the inclusion of his name in the matters based on his information in the form and context in which it appears.

Ore reserves and mineral resource estimates are presented prior to this page.

This overview of BC Iron does not purport to be all inclusive or to contain all information which its recipients may require in order to make an informed assessment of the Company's prospects. You should not act and refrain from acting in reliance on this presentation material. You should conduct your own investigation and perform your own analysis in order to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this presentation and making any investment decision.

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