

REVISED MANAGING DIRECTOR EMPLOYMENT TERMS

In accordance with ASX Listing Rule 3.16.4, BC Iron Limited (ASX:BCI) (“BC Iron” or “the Company”) wishes to advise that the Company and Managing Director, Morgan Ball, have agreed to a new employment agreement for Mr Ball.

The new employment agreement is effective 1 January 2016 and has been agreed ahead of expiry of Mr Ball’s initial three-year, fixed term contract on 12 May 2016. In line with the current environment and the Company’s ongoing focus on cost reduction and cash preservation focus, Mr Ball has agreed to a A\$109,500 per annum reduction in total fixed remuneration.

The key terms of Mr Ball’s new employment agreement are as follows:

- A base salary of A\$550,000 per annum, which equates to total fixed remuneration (salary plus superannuation) of A\$602,250 per annum;
- Short term incentives of up to 30% of total fixed remuneration, subject to Board discretion and meeting the required performance hurdles. Short term incentives are payable in cash;
- Long term incentives of up to 80% of total fixed remuneration, subject to Board discretion and meeting required performance hurdles. Long term incentives are payable in a combination of performance rights (up to 50% of salary) and deferred cash (up to 30% of salary); and
- Employment can be terminated at 3 months’ notice by Mr Ball or by the Company. If the Company elects to terminate the employment agreement for reasons other than Mr Ball’s misconduct or default, Mr Ball will be entitled to a payment equal to 12 months’ total fixed remuneration (subject to any shareholder approval that may be required).

The Board has also resolved that, reflective of current market conditions, payment of short term incentives and the deferred cash component of long term incentives have been suspended.

The Chairman of BC Iron, Tony Kiernan said *“Morgan’s preparedness to materially vary his salary is reflective of his commitment to act in the interests of the Company at a time where restraint is being practised throughout the enterprise and is highly commendable.”*

- ENDS -

FOR FURTHER INFORMATION:

TONY KIERNAN

NON-EXECUTIVE CHAIRMAN

BC IRON LIMITED

TELEPHONE: +61 8 6311 3400

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 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.

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
	Hayley McNamara	Company Secretary
Major shareholders:	Wroxby Pty Ltd	19.0%

Website: www.bcion.com.au