

**HD BC IRON TACKLES LARGER OVERBURDEN CHALLENGES AT NULLAGINE PROJECT**

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Australian **iron ore** miner BC **Iron** has brought in a contractor to deal with an increasing overburden problem at its Nullagine **operations**, a 75-25 joint venture with major Fortescue Metals Group 140km north of Newman in the East Pilbara region.

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BC **Iron** said the appointment of **mining services company** Viento Group to carry out discrete overburden removal comes as the JV moves for the first time into deposits with increased overburden.

Commencing in the current quarter, Viento will remove about 250,000cu **m** of overburden from Outcamp 3.

The **company** said the use of a dozer plus ripper will remove material faster and significantly more cheaply, allowing the project's surface miners to focus on active deposits.

The same technique or drill and blast methods are likely to be used in future years when the JV faces the need to deal with larger overburden loads at Bonnie East and Coongan in future years.

The Nullagine JV shipped 1.22Mwmt of **iron ore** during the March quarter (Q3 FY14), higher than its wet season guidance of 1.13Mwmt despite exceptionally high rainfall in January that affected load and haul activities and in turn impacted on the short-term mine schedule.

The total mined came in below forecast at 0.95wmt, and **ore** from ROM stockpiles was used to supplement mined **ore** as crusher feed during the worst of the weather in January.

BC **Iron**'s share of Q3 total shipments was 0.76Mwmt, equivalent to 62% of the total. The **company** said its share would vary from quarter to quarter due to logistics planning and off-take commitments, but would reflect its 75% JV share on an annual basis.

Sales guidance for the full year to the end of June has been retained at 5.8-6.2Mwmt.

The weather impact on production and higher waste ratios pushed FOB C1 cash costs to \$A54/wmt shipped, prompting the **company** to expect FY14 costs for the Nullagine JV to come in at the upper end of its \$46-50/wmt guidance. BC **Iron**'s cash costs guidance is lower at \$40-44/wmt, due to the prepayments of rail and port charges to Fortescue.

The average CFR price received for BC **Iron**'s share of the JV's Bonnie Fines product during the quarter fell to \$US106/dmt, which translated to \$102 after pricing adjustments from December quarter shipments, and was down from the first half average of \$119/dmt.

As well as the widely anticipated decline in the Platts 62% Fe North **China** price to \$120, the achieved **sale** price reflected the agreed discount offered by BC **Iron** for its off-take agreement with **Hong Kong-based trading company** Henghou Industries plus a further small discount for two uncommitted shipments in March.

The additional end-of-quarter discounts could be an indicator of the future, reflecting the softness in the **iron ore** market despite BC **Iron**'s belief in continued strong demand for its Bonnie Fines.

BC **Iron** Limited

Exchange Code:ASX:BCI Website:<http://www.bciron.com.au>

Mid-tier Australian **iron ore** miner with key assets in the Pilbara region of Western Australia

Fortescue Metals Group Limited

Exchange Code:ASX: FMG Website:<http://www.fmgil.com.au>

Based in Perth, the **company** mines, processes and transports **iron ore** for export from its properties in the Pilbara region of Western Australia.

**CO** ambol : Fortescue Metals Group Ltd | wrfs : Viento Group Limited

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