24 February 2015

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir/Madam,

HALF-YEAR REPORT TO 31 DECEMBER 2014

In accordance with ASX Listing Rule 4.2A, the following documents are attached for release to the market:

- Appendix 4D for the half-year ended 31 December 2014; and
- Financial Report for the half-year ended 31 December 2014.

It is recommended that the Financial Report is read in conjunction with the 2014 Annual Report for BC Iron Limited, together with any public announcements made by BC Iron Limited in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001 (Cth)*.

An analyst briefing will be held at 10:00am(AWST)/1:00pm(AEDT) on Tuesday 24 February 2015 following the release of this announcement. A recording of the briefing will be made available on our website www.bciron.com.au.

Yours faithfully

ANTHEA BIRD
COMPANY SECRETARY

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APPENDIX 4D
For the half-year ended 31 December 2014

BC IRON LIMITED

This information should be read in conjunction with BC Iron Limited's Financial Report for the half-year ended 31 December 2014.

Name of entity	**ABN**
BC Iron Limited	21 120 646 924

Results for announcement to the market

Half-year ended 31 December	**2013 ($000's)**	**2014 ($000's)**	**Variance %**
Revenue from ordinary activities	down from $300,985	to $133,298	(56%)
Profit/(loss) from ordinary activities after tax attributable to members	down from $69,609	to ($96,310)	(238%)
Net profit/(loss) attributable to members	down from $69,931	to ($97,307)	(239%)

Dividends
No dividend has been declared for the half-year ended 31 December 2014. A fully franked dividend of 17 cents per share was declared for the previous corresponding period and paid on 25 March 2014.

Acquisitions
BC Iron Limited acquired 100% of Iron Ore Holdings Limited and all its subsidiaries on 20 November 2014. A gain of $4.6M has been recognised in the half-year accounts as a result of the transaction. Detailed information is contained in the financial report that accompanies this announcement.

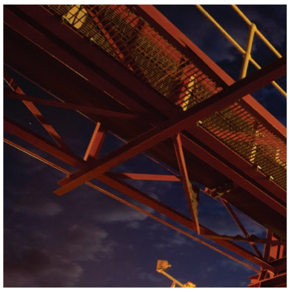
Net tangible asset backing
Net tangible asset backing per ordinary share: $0.99 (December 2013: $1.97).

Previous corresponding period
The previous corresponding period is the half-year ended 31 December 2013.

Joint ventures
BC Iron Limited, through its 100% owned subsidiary BC Iron Nullagine Pty Ltd, holds a 75% interest in the Nullagine Iron Ore Joint Venture ("NJV").

Commentary on results for the period
Revenue from ordinary activities and operating loss for the half-year ended 31 December 2014 has been impacted by declining Australian dollar iron ore prices which have been partly offset by initial sustainable cost reductions in the order of 2 – 3 dollars per wet metric tonne. In addition, during August to October, the NJV was required to reduce its rate of production in order to manage product quality resulting from additional clays being detected in some of the ore from new mesas introduced into the mine plan. Subsequent to this, the operation ramped back up to its nameplate production rate of 6 million tonnes per annum during November 2014. The half-year was also impacted by substantial asset impairments of $70.1M after tax due to the current outlook for iron ore prices. Detailed commentary on the results for the period is contained in the press release and the financial report that accompany this announcement.

BC IRON
LIMITED



FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014




Contents

Financial calendar*

Q3 FY2015 activities statement	23 April 2015
Financial year end	30 June 2015
Q4 FY2015 activities statement	28 July 2015
Full year results announcement	26 August 2015
Q1 FY2016 activities statement	27 October 2015
Annual General Meeting	24 November 2015

*Timing of events is subject to change.

Directors' Report

The Directors present their report on the results of the consolidated entity (referred hereafter as the Company or BC Iron) consisting of BC Iron Limited and the entities it controlled at the end of, or during the six months ended 31 December 2014.

Directors

The Directors of the Company at any time during or since the end of the interim period are:

Anthony W Kiernan	Chairman (Non-Executive)
Morgan S Ball	Managing Director (Executive)
Andrew M Haslam	Director (Non-Executive)
Brian F O'Donnell	Director (Non-Executive) appointed 7 October 2014
Terrence W Ransted	Director (Non-Executive)
Malcolm J McComas	Director (Non-Executive) resigned 26 November 2014
Peter J Wilshaw	Director (Non-Executive) resigned 26 November 2014
Alwyn P Vorster	Director (Executive) appointed 7 October 2014 resigned 22 October 2014
Michael C Young	Director (Non-Executive) resigned 26 November 2014

Operating results

On revenue of $133.3M (2013: $301.0M) and after transaction costs and non-cash impairments of $107.2M, the net loss after tax for the Company for the half-year ended 31 December 2014 was $96.3M (2013: profit $69.6M).

Review of operations and results

The operations and results of the Company for the half-year ended 31 December 2014 are reviewed below. This review includes information on the financial position of the Company and its business strategies. It is recommended that this report is read in conjunction with the annual report for the year ended 30 June 2014 and considered together with any public announcements made by the Company during the half-year ended 31 December 2014 in accordance with the continuous disclosure requirements of the Australian Securities Exchange ("ASX") Listing Rules.

The previous corresponding period for profit and cash flow is the half-year ended 31 December 2013.

Review of Operations

BC Iron is an iron ore production and development company with assets in the Pilbara region of Western Australia. The Company's key operational asset is the Nullagine Iron Ore Joint Venture ("NJV"), a 75:25 joint venture with Fortescue Metals Group Limited ("Fortescue"). During the half-year BC Iron acquired ASX listed Iron Ore Holdings Limited ("IOH"), which expanded the Company's Pilbara iron ore asset portfolio to include the Iron Valley operation, the Buckland development project and other earlier stage projects and potential royalty streams, and increase the Company's mineral resource base.

During the half-year, the NJV shipped 2.33 million wet metric tonnes ("M wmt"), of which BC Iron's share was 1.84M wmt. Production and costs during August to October were materially impacted by the occurrence of additional clays in discrete areas of certain orebodies resulting in materially reduced exports over the same period. BC Iron implemented a number of initiatives to better manage these clays and was successful in ramping the NJV back up to its 6 million tonnes per annum ("Mtpa") name-plate capacity during November 2014.

BC Iron also reduced costs during the half-year and identified sustainable C1 cash cost savings of $2-3 per wmt. The Company has revised free-on-board ("FOB") NJV C1 cash costs to $47-51 per wmt for the remainder of the financial year (December 2014 to June 2015), with BC Iron's FOB all-in cash costs revised to $54-61 per wmt.

Iron Valley, which has been developed and is being operated by Mineral Resources Limited ("MIN") under an iron ore sale agreement, commenced haulage and shipping of ore during the December quarter. MIN shipped a total of 0.79M dry metric tonnes ("dmt"), which generated EBITDA for BC Iron that is towards the lower end of the $2-24M guidance range (on an annualised basis). MIN is currently evaluating a range of initiatives to enhance the long term viability of the operation in a lower iron ore price environment.

At the Buckland project, BC Iron commenced engagement with key stakeholders as the new owner of the asset and continued to progress approvals for the proposed Cape Preston East transhipment facility.

NJV	H1 FY2015	H2 FY2014	H1 FY2014
Tonnes sold (M wmt) – NJV	2.33	2.65	3.14
Tonnes sold (M wmt) – BC Iron share	1.84	1.84	2.46
Average CFR price realised (USD/dmt)	64	93	119
Average FOB all-in cash costs (AUD/wmt)	69	65	63
Iron Valley			
Tonnes sold (M dmt)	0.79	N/A	N/A
BC Iron			
Revenue	$133.3M	$170.4M	$301.0M
EBITDA	($8.2M)	$30.7M	$119.1M
Impairment before tax	($100.2M)	-	-
Net (loss)/profit after tax	($96.3M)	$2.2M	$69.6M

Safety performance

Safety remains a top priority for BC Iron and its contractors. Injuries recorded at the NJV site decreased over the half-year. For the 12 months ended 31 December 2014 the lost time injury frequency rate ("LTIFR") was 1.9.

During this half-year safety initiatives included:

- The Safety Forum which took place in August 2014 and involved a series of workshops and key-note speeches from government representatives and industry specialists around the theme of 'Planning for a changing landscape'. Participants included employees and contractors from the NJV site and corporate office;
- A communication consultant was engaged to work with NJV employees and contractors following the 2013 and 2014 Safety Surveys and Safety Forums, where the need for more effective use of communications was identified as a strategic requirement; and
- Restructure of the Occupational Health and Safety ("OHS") team on site at the NJV to move from an outsourced model to a team of in-house Medics and OHS Advisors.

Sustainability

BC Iron is committed to sustainable development across its business and continues to work closely with regulatory and community stakeholders to achieve this.

During the half-year, the Company received further Federal and State approvals for the continued sustainable development of the NJV. In addition, the Company is integrating the newly acquired IOH assets into the monitoring and compliance processes utilised by BC Iron ensuring all development projects remain compliant with regulatory approvals and conditions.

BC Iron continues to support a number of community initiatives in the Nullagine area.

Loss after income tax from continuing operations

The Company's loss after income tax from continuing operations for the half-year ended 31 December 2014 was $96.3M (2013: profit $69.6M). This was primarily due to declining iron ore prices, reduced production from the NJV during the August to October period following the identification of additional clays in certain ore bodies, and substantial asset impairments.

The Company's underlying loss after income tax for the half-year ended 31 December 2014 was $18.4M (2013: profit $67.8M). The following table reconciles underlying profit after income tax to statutory profit after income tax:

	Half-year to 31 December 2014 $M*	Half-year to 31 December 2013 $M*
Underlying (loss)/profit after income tax	(18.4)	67.8
Adjust for:		
Unrealised foreign exchange (losses)/gains	(2.8)	1.8
IOH acquisition costs	(7.0)	-
IOH gain on acquisition	4.6	-
De-recognition of deferred tax assets	(2.6)	-
Impairment of mining assets	(70.1)	-
Statutory (loss)/profit after income tax	(96.3)	69.6

**All numbers presented after tax.*

Revenue

Revenue from continuing operations decreased this half-year by 56%. This was mainly due to a 46% reduction in the average realised USD iron ore price, and a 25% reduction in sales tonnes. This was partly offset by revenue from Iron Valley.

Expenses

Total cost of sales for the half-year decreased by 20%, primarily due to a reduction in sales tonnes. Mining expenses increased primarily due to a materially higher waste to ore strip ratio and additional rehandling, both of which were attributable to the additional clays identified in discrete areas of certain ore bodies which affected production during August to October 2014. Haulage costs were lower due to the reduction in sales tonnes. Lower iron ore prices contributed to a decrease in State royalties and selling and marketing expenses.

The Company's actual free on board ("FOB") C1 cash costs for the half-year were approximately $60 per tonne, an increase of 24% from the previous corresponding half-year. This comparative increase is mainly attributable to the production impact from the additional clays identified as noted above. C1 cash costs exclude royalties, marketing and corporate costs.

Excluding IOH acquisition costs, administration expenses increased by 40% mainly due to redundancies paid to both BCI and IOH employees.

Impairment

Due to the current outlook for iron ore prices, impairments of $100.2M have been recognised in relation to BCI's 75% share of the NJV mine property assets and inventory.

Gain on acquisition

The fair value of assets acquired and liabilities assumed through the acquisition of IOH has been calculated as $131.3M. The consideration for these assets and liabilities has been calculated as $126.7M.

Where the fair value of assets acquired and liabilities assumed is greater than the consideration paid, accounting standards classify this transaction as a 'bargain purchase'. The value of the bargain purchase is

$4.6M and this has been recognised as a gain on acquisition in the statement of profit and loss and other comprehensive income and expense.

Finance costs

Finance costs have decreased by 31% due to the reduced USD term loan facility.

Statement of cash flows

Operating cash flows

Net cash outflow from operating activities for the half-year was $34.0M (H1 2013: $145.8M inflow). Receipts from customers decreased by $200.5M due to lower realised sales price and tonnes sold due to the production impact from additional clays in discrete areas of certain ore bodies at the NJV.

Investing cash flows

Cash inflow for investing activities for the half-year was $18.5M (H1 2013: $10.9M outflow). This was due to $24.3M net cash acquired through the acquisition of IOH.

Financing cash flows

Cash outflow from financing activities for the half-year was $37.2M. This included loan repayments of $17.9M and dividends paid of $18.7M.

Statement of financial position

Current assets

Current assets decreased by 21% to $144.8M (June 2014: $183.8M). Cash and cash equivalents decreased 31% to $110.2M (June 2014: $158.9M) mainly due to sales revenue being impacted by clay-related production issues in August to October 2014, debt repayments of $17.9M and dividends paid of $18.7M.

Trade receivables increased by 341% to $21.9M (June 2014: $5.0M) due to the payment for two shipments being outstanding at 31 December 2014, with no shipments outstanding at 30 June 2014.

Non-current assets

Non-current assets increased by 12% to $214.6M (June 2014: $191.1M). New assets recognised as part of the IOH acquisition have been offset by the impairment of mine properties.

Current liabilities

Current liabilities increased by 2% to $96.4M (June 2014: $94.5M). Trade and other payables increased by 11% to $68.6M (June 2014: $62.0M) due to payables attributable to four shipments in December 2014 (June 2014: three shipments) and transaction costs for the IOH acquisition.

Non-current liabilities

Non-current liabilities decreased by $12.1M to $41.9M (June 2014: $54.0M). Loans and borrowings decreased $11.0M due to the maturity profile of the loan facilities outlined below, partly offset by the depreciation of the AUD relative to the USD.

Debt position

The Company's gross debt position at 31 December 2014 was $42.9M (June 2014: $52.2M). At 31 December 2014, cash and cash equivalents exceeded debt by $67.3M.

In December 2012, the Company's wholly owned subsidiary BC Iron Nullagine Pty Ltd entered into a USD130M amortising term loan facility with Commonwealth Bank of Australia and Australia and New Zealand Banking Group as part of the funding of the 25% acquisition of the NJV and prepayments of rail and port infrastructure expenses. A scheduled principal payment of USD9.6M was made by the Company on 29 December 2014. The balance of the loan at 31 December 2014 was USD30.8M, with twice yearly payments made in June and December. This facility is subject to interest based on USD London Interbank Offered Rate plus a margin.

In December 2013 the Company paid its fourth USD5M annual instalment of the USD25M project finance facility in place with Henghou Industries (Hong Kong) Limited ("Henghou"), leaving a balance of USD5M. The facility is interest and security free and is due for repayment in December 2015.

Corporate

BC Iron announced an off-market takeover for ASX listed IOH on 8 August 2014. The transaction, which was completed in November 2014, provided BC Iron with an attractive and complementary portfolio of iron ore assets in the Pilbara region with growth options beyond the existing life of the NJV and increased the Company's overall mineral resource base.

On 7 October 2014, Mr Alwyn Vorster was appointed Executive Director (which reverted to Non-Executive Director following conclusion of his employment contract with IOH on 17 October 2014) and Mr Brian O'Donnell was appointed Non-Executive Director. Mr Vorster and Mr O'Donnell, respectively, were nominees of IOH and IOH's major shareholder, Wroxby Pty Ltd. Mr Vorster subsequently resigned from the Board of BC Iron on 22 October 2014 due to his appointment as General Manager of Iron Ore at Aquila Resources.

On 26 November 2014, Non-Executive Directors Mr Mike Young, Mr Malcolm McComas and Mr Peter Wilshaw resigned from the Board and the Board also resolved to reduce the fees of remaining Non-Executive Directors.

BC Iron's Board now comprises five members; the Non-Executive Chairman, the Managing Director and three Non-Executive Directors.

BC Iron commenced a hedging programme and as at 31 December 2014, the Company had 80,000 dmt hedged at AUD84.75/dmt (CFR) for delivery in January 2015.

The Company resolved to withdraw from its 50:50 Brazil exploration alliance with Cleveland Mining Company Limited.

Financial year 2015 outlook and guidance

The Company has provided the following guidance to the market in relation to FY2015:

- NJV sales of 5.2 to 5.6M wmt (BC Iron share of 3.9 to 4.2M wmt).
- NJV C1 cash costs of between $47 and $51 per wmt for the period December 2014 to June 2015.
- BC Iron all-in cash costs of $54 to $61 per wmt for the period December 2014 to June 2015.
- BC Iron share of NJV capital expenditure of $13 to $16M and other capital expenditure of $1 to $2M.

C1 cash costs and all-in cash costs are reported on an FOB basis. All-in cash costs include C1 cash costs plus royalties, marketing and corporate costs.

Other considerations

Iron ore marketing and sales

BC Iron's share of *Bonnie Fines* product is marketed by the Company's marketing agent, Fortescue. This relationship gives the Company access to Fortescue's large existing customer base. *Bonnie Fines* is currently sold to customers in China. Demand remains strong due to its low impurities and excellent sintering properties.

Iron ore price and AUD/USD exchange rate

The iron ore price declined during the half-year ended 31 December 2014. The table below sets out the average headline iron ore price in recent years. The Company expects that iron ore pricing will continue to exhibit volatility on a short term basis.

	H1 FY2015 USD/dmt	FY2014 USD/dmt	FY2013 USD/dmt	FY2012 USD/dmt
Average Platts CFR 62% Fe Price	82	123	127	151

Source: www.platts.com

The Company sells approximately 30% of its share of *Bonnie Fines* under a sale agreement with Henghou, at an agreed discount to the Platts CFR 62% Fe price (after Fe adjustment). The balance is sold on a short-term basis at a discount to the Platts CFR 62% Fe price (after Fe adjustment) which varies subject to market conditions.

The Company is exposed to fluctuations in the AUD/USD exchange rate as it sells *Bonnie Fines* in US dollars and then converts the sales receipts to Australian dollars as appropriate. The Company does have USD denominated debt and a portion of USD expenses for which it holds USD, and this provides a partial natural hedge. The following table summarises the AUD/USD exchange rate over the last three and a half years:

	H1 FY2015 $	FY2014 $	FY2013 $	FY2012 $
AUD/USD (average)	0.8908	0.9179	1.0269	1.0323
AUD/USD (closing)	0.8193	0.9419	0.9133	1.0159

Source: Bloomberg, www.oanda.com.au

Changes in state of affairs

During the half-year the Company acquired Iron Ore Holdings Limited, through an off-market takeover, for a combination of BC Iron shares and cash. Further details of the business combination are provided in note 16 to the financial statements. There were no other significant changes in the Company's state of affairs other than that referred to in the half-year financial statements or notes thereto.

Auditor's Independence Declaration

The auditor's independence declaration to the Directors of the Company is set out on page 32 and forms part of the Directors' report for the half-year ended 31 December 2014.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is signed in accordance with a resolution of the Directors.

Anthony Kiernan
Chairman

Perth, 23 February 2015

Morgan Ball
Managing Director

Perth, 23 February 2015

Directors' Declaration

In the opinion of the Directors of BC Iron Limited:

a) the financial statements and notes set out on the following pages are in accordance with the *Corporations Act 2001 (Cth)*, including:

   i. giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

   ii. complying with Accounting Standards (including AASB 134 Interim Financial Reporting), the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001 (Cth)*.

This declaration is made in accordance with a resolution of the Directors.

Anthony Kiernan
Chairman

Perth, 23 February 2015

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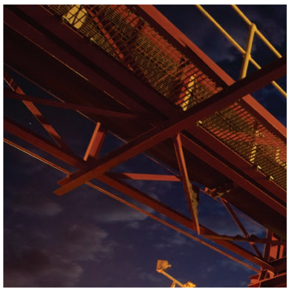



FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014




Financial statements contents

Consolidated statement of profit and loss and other comprehensive income and expense

BC Iron Limited and its controlled entities
for the half-year ended 31 December 2014

	Notes	December 2014 $000's	December 2013 $000's
Revenue from continuing operations			
Sale of goods		**131,334**	298,683
Other revenue	2	**1,964**	2,302
Total revenue from continuing operations		**133,298**	300,985
Foreign exchange (loss) / gain		**(3,137)**	200
Costs of sales	3	**(123,945)**	(155,694)
Selling and marketing	3	**(21,550)**	(37,971)
Administration expenses	4	**(11,680)**	(3,372)
Exploration and evaluation expenditure		**(1,223)**	(973)
Impairment of mine property and other assets	5	**(100,210)**	-
Gain on acquisition	16	**4,570**	-
(Loss)/profit before finance cost and income tax		**(123,877)**	103,175
Finance costs	6	**(1,751)**	(2,538)
(Loss)/profit before income tax		**(125,628)**	100,637
Income tax benefit/(expense)	7	**29,318**	(31,028)
(Loss)/profit after income tax from continuing operations		**(96,310)**	69,609
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss			
Changes in the fair value of available-for-sale assets		**(845)**	322
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**(152)**	-
(Loss)/profit for the year attributable to owners of BC Iron Ltd		**(97,307)**	69,931
Basic (loss)/earnings per share from continuing operations (cents per share)		**(62.75)**	56.07
Diluted (loss)/earnings per share from continuing operations (cents per share)		**(62.75)**	56.03

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

BC Iron Limited and its controlled entities
as at 31 December 2014

	Notes	December 2014 $000's	June 2014 $000's
Current assets			
Cash and cash equivalents		**110,150**	158,917
Trade and other receivables		**21,885**	4,964
Inventory		**12,801**	19,894
Total current assets		**144,836**	183,775
Non-current assets			
Receivables		**7,691**	-
Inventory		**17,068**	-
Property, plant and equipment	8	**129,106**	189,267
Exploration and evaluation assets	9	**19,510**	-
Intangibles	16	**26,830**	-
Available-for-sale financial assets		**584**	1,791
Deferred tax assets		**13,829**	-
Total non-current assets		**214,618**	191,058
Total assets		**359,454**	374,833
Current liabilities			
Trade and other payables		**68,567**	61,976
Loans and borrowings	10	**25,689**	24,077
Provisions		**1,903**	1,899
Tax payable		**-**	6,520
Derivative financial instruments		**218**	-
Total current liabilities		**96,377**	94,472
Non-current liabilities			
Loans and borrowings	10	**17,163**	28,132
Provisions		**24,700**	14,428
Deferred tax liabilities		**-**	11,407
Total non-current liabilities		**41,863**	53,967
Total liabilities		**138,240**	148,439
Net assets		**221,214**	226,394
Shareholders' equity			
Contributed equity	11	**242,467**	131,339
Reserves	12	**12,646**	13,992
Retained earnings	13	**(33,899)**	81,063
Total shareholders' equity		**221,214**	226,394

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

BC Iron Limited and its controlled entities
for the half-year ended 31 December 2014

	Notes	Contributed equity $000's	Retained earnings $000's	Reserves $000's	Total $000's
Balance at 1 July 2013 (previously stated)		129,300	74,368	13,425	217,093
Adjustment on change of accounting policy (net of tax)	9	-	(6,943)	-	(6,943)
Restated total equity at 1 July 2013		129,300	67,425	13,425	210,150
Profit for the period as reported in the 2013 financial statements					
Adjustment on change of accounting policy (net of tax)	9				
Restated profit for the half-year		-	69,609	-	69,609
Other comprehensive income		-	-	322	322
Total comprehensive income for the half-year		-	69,609	322	69,931
Transactions with equity holders in their capacity as equity holders					
Shares issued net of transaction costs		1,342	-	293	1,635
Performance rights converted		274	-	(274)	-
Dividends paid		-	(37,089)	-	(37,089)
Balance at 31 December 2013		130,916	99,945	13,766	244,627
Balance at 1 July 2014 (previously stated)		**131,339**	**89,843**	**13,992**	**235,174**
Adjustment on change of accounting policy (net of tax)	9	-	**(8,780)**	**-**	**(8,780)**
Restated total equity at 1 July 2014		**131,339**	**81,063**	**13,992**	**226,394**
Loss for the half-year		**-**	**(96,310)**	**-**	**(96,310)**
Other comprehensive losses		**-**	**-**	**(997)**	**(997)**
Total comprehensive losses for the half-year		**-**	**(96,310)**	**(997)**	**(97,307)**
Transactions with equity holders in their capacity as equity holders					
Shares issued net of transaction costs		**110,652**	**-**	**-**	**110,652**
Performance rights converted		**476**	**-**	**(476)**	**-**
Share based payments		**-**	**-**	**127**	**127**
Dividends paid		**-**	**(18,652)**	**-**	**(18,652)**
Balance at 31 December 2014		**242,467**	**(33,899)**	**12,646**	**221,214**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

BC Iron Limited and its controlled entities
for the half-year ended 31 December 2014

	Notes	December 2014	December 2013
		$000's	$000's
Cash flows from operating activities			
Receipts from customers		**112,222**	312,726
Payment to suppliers and employees		**(143,882)**	(146,829)
Management fees received		**389**	418
Interest received		**1,518**	1,499
Income tax paid		**(4,281)**	(22,043)
Net cash (outflow)/inflow from operating activities		**(34,034)**	145,771
Cash flows from investing activities			
Payments for mine property and development expenditure		**(5,571)**	(7,589)
Payments for plant and equipment		**(275)**	(3,332)
Net cash receipt on acquisition of subsidiary	16	**24,337**	-
Net cash inflow/(outflow) from investing activities		**18,491**	(10,921)
Cash flows from financing activities			
Proceeds from issue of shares net of costs		**-**	1,545
Repayment of borrowings		**(17,949)**	(41,615)
Interest and finance costs paid		**(636)**	(1,118)
Dividends paid		**(18,652)**	(37,089)
Net cash outflow from financing activities		**(37,237)**	(78,277)
Net (decrease)/increase in cash and cash equivalents		**(52,780)**	56,573
Cash and cash equivalents at the beginning of the half-year		**158,917**	138,488
Effect of exchange rate changes on cash and cash equivalents		**4,013**	1,638
Cash and cash equivalents at the end of the half-year		**110,150**	196,699

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. Corporate information

The financial statements of BC Iron Limited (referred to as "BC Iron" or the "Company") for the half-year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 23 February 2015. BC Iron is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX").

2. Basis of preparation

These general purpose interim financial statements for the half-year ended 31 December 2014 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial statements do not include all the notes of the type normally included in an annual financial report, and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial statements be read in conjunction with the annual financial report for the year ended 30 June 2014 and considered together with any public announcements made by the Company during the half-year ended 31 December 2014 in accordance with the continuous disclosure requirements of the ASX Listing Rules.

The half-year financial statements are presented in Australian dollars.

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

3. Changes in accounting policy, estimates, disclosures, standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except as outlined below.

Exploration and evaluation

The Company previously accounted for acquisition, exploration and evaluation expenditure relating to an area of interest by carrying forward that expenditure where rights to tenure of the area of interest are current.

The Company has assessed its choice of accounting policy for exploration and evaluation activities and has determined that a change in accounting policy is appropriate.

The Company now accounts for exploration and evaluation activities as follows:

- Acquisition costs

Exploration and evaluation costs arising from acquisitions are carried forward where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment of economically recoverable reserves.

- Exploration and evaluation costs

Costs arising from on-going exploration and evaluation activities are expensed as incurred.

It is considered that the new accounting policy is more reflective of the Company's exploration and evaluation activities and allows better comparison with peer mining companies, while still complying with the requirements of AASB6 *Exploration for and Evaluation of Mineral Resources*.

As required under AASB108 *Accounting policies, changes in accounting estimates and errors*, the change in accounting policy has been applied retrospectively. As a consequence, adjustments were recognised in the balance sheet of 1 July 2013 and comparative figures have been restated accordingly. Refer to note 9 for further details.

Accounting estimates have been made on a consistent basis with those of the previous financial year except as outlined below.

Inventory

After completion of beneficiation trials in the prior year, the Company has stockpiled low grade ore mined in the current period that is capable of beneficiation in the future. Completion of these trials has allowed the net realisable value of the low grade ore to be estimated and hence the value of the stock pile has been recognised at the lower of cost and net realisable value. The ore will not be processed within 12 months after the balance sheet date and is included in non-current assets.

New and amended standards and interpretations

The Company has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2014.

- AASB 9 *Financial instruments*

AASB 9 *Financial instruments* addresses the classification, measurement and derecognition of financial assets and liabilities. Since December 2013, it also sets out new rules for hedge accounting. The standard is not applicable until January 2017 but is available for early adoption.

The Company elected to adopt AASB9 early from 1 July 2014 to benefit from the new hedging rules which align more closely with the Company's risk management practices.

Adoption of the standard has not significantly affected the Company's accounting for its available-for-sale financial assets. AASB9 permits the recognition of fair value gains or losses in other comprehensive income provided the investment is not impaired and if they relate to equity investments that are not held for trading. There was no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit and loss and the Company does not have such liabilities.

4. Estimates

The preparation of half-year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated half-year financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2014 except for the following:

Impairment testing

Additional judgements were applied in estimating the recoverable amount of mine property, plant and equipment. Further information can be found at note 5.

Acquisitions

AASB 3 *Business Combinations* requires the application of judgements in determining fair values for assets and liabilities acquired. Further information can be found in note 16.

Intangible assets acquired

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. Intangible assets with finite lives are amortised on a straight line basis over their useful life and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and method is reviewed at each financial year end.

NOTE 2 – OTHER REVENUE

	December 2014	December 2013
	$000's	$000's
Management fee	388	408
Interest revenue	1,576	1,894
Total	1,964	2,302

NOTE 3 – OPERATING EXPENSES

Mining and ore dressing	49,228	41,531
Haulage	42,885	61,518
Site administration	12,974	12,208
Depreciation of plant and equipment	7,300	7,144
Amortisation of mine properties	10,309	10,405
Royalties	12,107	21,942
Inventory movement	(10,858)	946
Total	123,945	155,694
Shipping, marketing and demurrage	21,550	37,971

NOTE 4 – ADMINISTRATION EXPENSES

Acquisition-related costs	6,961	-
Employee benefits expense	1,794	751
Depreciation and amortisation	884	517
Occupancy related expenses	373	255
Non-executive directors' fees	339	234
Consultant and legal fees	263	548
Share-based payments	127	293
Other	939	774
Total	11,680	3,372

NOTE 5 – IMPAIRMENT OF MINING ASSETS

	December 2014	December 2013
	$000's	$000's
Impairment of mine property	**99,650**	-
Impairment of inventory	**560**	-
Total	**100,210**	-

The Company has reviewed its assets for impairment and considered an impairment of the following assets to be necessary.

Mine property, plant and equipment

The recoverable amount of mine property, plant and equipment related to the Nullagine Joint Venture ("NJV") has been estimated based on the fair value less costs of disposal of the assets. The recoverable amount was deemed to be below the carrying value of the assets and an impairment to the carrying value has been recorded. Fair value less costs of disposal was determined using an income approach based on the net present value of future cash flows. Critical assumptions used in the present value calculation include:

- cash flows projected over the current mine plan;
- sales prices based on consensus forecasts for iron ore prices and AUD/USD exchange rates;
- production levels based on the current mine plan;
- capital expenditure and operating costs based on approved budgets and projections reflecting inflation estimates; and
- an asset specific discount rate.

Critical accounting estimates and judgements

The recoverable amount of mine property, plant and equipment is estimated on the basis of the discounted value of future cash flows. The estimates of future cash flows are based on significant assumptions including:

- estimates of the quantities of mineral reserves and ore resources for which there is a high degree of confidence of economic extraction and the timing of access to these reserves and resources;
- future iron ore prices based on consensus forecasts by economic forecasters;
- future foreign exchange rates based on consensus forecasts by economic forecasters;
- production rates and production costs based on approved budgets and projections including inflation factors; and
- the asset specific discount rate applicable to the cash generating unit.

Given the nature of the Company's mining activities, future changes in assumptions upon which these estimates are based may give rise to material adjustments, including further impairments of mine property, plant and equipment, or possible impairment reversals.

Inventory

An impairment assessment of inventory was undertaken at 31 December 2014. As a result an impairment has been recorded to write inventory down to the lower of cost and net realisable value. Net realisable value has been calculated using estimates for the prevailing price at the point of selling the inventory.

NOTE 6 – FINANCE COSTS

	December 2014	December 2013
	$000's	$000's
Interest expense on project finance	**427**	629
Interest expense on loan facility	**609**	1,144
Amortisation of facility fees	**137**	263
Other	**578**	502
Total	**1,751**	2,538

NOTE 7 – INCOME TAX

Reconciliation of effective tax rate

(Loss)/profit for the period	**(125,628)**	100,637
Income tax at the statutory rate of 30 per cent (2013: 30 per cent)	**(37,688)**	30,191
Non-deductible expenses	**2,225**	325
Gain on acquisition of IOH	**(1,370)**	-
De-recognition of deferred tax asset relating to available-for-sale assets	**2,622**	-
Tax losses not recognised	**5,128**	-
Under/(over) provided in prior periods	**(235)**	512
Income tax (benefit)/expense reported in the statement of profit and loss and other comprehensive income and expense	**(29,318)**	31,028

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

		Mine Properties	Plant and equipment	Office furniture, equipment and IT equipment	Total
Mine properties	**Notes**	**$000's**	**$000's**	**$000's**	**$000's**
Year ended 30 June 2014					
Opening net book value		130,153	73,201	656	204,010
Additions		18,887	382	514	19,783
Reclassifications of assets between categories		66,316	(67,725)	1,409	-
Reclassified to profit and loss		(369)	(110)	-	(479)
Depreciation and amortisation expense		(32,140)	(988)	(919)	(34,047)
Closing net book value		182,847	4,760	1,660	189,267
At 30 June 2014					
Cost		246,154	7,237	4,676	258,067
Accumulated depreciation and amortisation		(63,307)	(2,477)	(3,016)	(68,800)
Net carrying amount		182,847	4,760	1,660	189,267
Half-year ended 31 December 2014					
Opening net book value		**182,847**	**4,760**	**1,660**	**189,267**
Additions		**10,235**	**73**	**183**	**10,491**
Reclassification of assets		**288**	**(288)**	**-**	**-**
Reclassification to profit and loss		**(136)**	**-**	**-**	**(136)**
Depreciation and amortisation expense		**(17,516)**	**(496)**	**(481)**	**(18,493)**
Acquisition of subsidiary	16	**47,430**	**147**	**50**	**47,627**
Impairment		**(99,650)**	**-**	**-**	**(99,650)**
Closing net book value		**123,498**	**4,196**	**1,412**	**129,106**
At 31 December 2014					
Cost		**204,321**	**9,098**	**5,884**	**219,303**
Accumulated depreciation and amortisation		**(80,823)**	**(4,902)**	**(4,472)**	**(90,197)**
Net carrying amount		**123,498**	**4,196**	**1,412**	**129,106**

Impairment

Assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverable amounts are the higher of an asset's value in use or fair value less costs of disposal, which are determined using the present value of future cash flows based upon available reserves. As a result of this assessment, an impairment of mine property associated with the NJV was deemed necessary (refer to note 5). Other assets were assessed and based on their recoverable amount, no impairment was deemed necessary.

NOTE 9 – EXPLORATION AND EVALUATION

	Notes	December 2014 $000's	June 2014 $000's
Opening balance		**-**	-
Additions		**-**	-
Acquisition of subsidiary	16	**19,510**	-
Net carrying amount		**19,510**	-

Change in accounting policy

During the period the Company changed its accounting policy for exploration and evaluation activities. Refer to note 1 for further details. As a result, certain comparative information has been adjusted to reflect the change in accounting policy retrospectively. A summary of the financial statement line items affected is provided below.

	Prior half-year restatement		
Income statement (extract)	December 2013 (previously stated)	Profit increase/ (decrease)	**December 2013 (restated)**
	$000's	$000's	**$000's**
Exploration and evaluation expenditure	-	(973)	**(973)**
Income tax expense	(31,307)	279	**(31,028)**
Profit after income tax	70,303	(694)	**69,609**
Statement of cash flows (extract)		Cash inflow/(outflow)	
Cash flows from operating activities			
Payments to suppliers and employees	(145,871)	(958)	**(146,829)**
Cash flows from financing activities			
Payments for exploration expenditure	(958)	958	**-**
Net increase in cash and cash equivalents	56,573	-	**56,573**

	Prior year restatement					
Balance sheet (extract)	June 2014 (previously stated)	Increase/ (decrease)	**June 2014 (restated)**	June 2013 (previously stated)	Increase/ (decrease)	**June 2013 (restated)**
	$000's	$000's	**$000's**	$000's	$000's	**$000's**
Non-current assets						
Exploration and evaluation	12,356	(12,356)	**-**	9,918	(9,918)	**-**
Non-current liabilities						
Deferred tax assets/(liabilities)	(14,983)	3,576	**(11,407)**	3,349	(2,976)	**373**
Net assets	235,174	(8,780)	**226,394**	217,092	(6,942)	**210,150**
Shareholder's equity						
Retained earnings	89,843	(8,780)	**81,063**	74,367	(6,942)	**67,425**
Total shareholders' equity	235,174	(8,780)	**226,394**	217,092	(6,942)	**210,150**

NOTE 10 – LOANS AND BORROWINGS

	December 2014	June 2014
	$000's	$000's
Current		
Secured – loan facility	**20,039**	18,769
Unsecured – project finance facility	**5,650**	5,308
Total current	**25,689**	24,077
Non-current		
Secured – loan facility	**17,163**	23,621
Unsecured – project finance facility	**-**	4,511
Total non-current	**17,163**	28,132
Total	**42,852**	52,209

NOTE 11 – CONTRIBUTED EQUITY

a) Share capital

	December 2014		June 2014	
	Number	**$000's**	Number	$000's
Share capital				
Ordinary shares fully paid	**196,196,992**	**242,467**	124,028,630	131,339

b) Movements in ordinary share capital

At 1 July 2013			123,279,384	129,300
Issue of shares under Employee Performance Rights Plan			174,246	274
Employee share options exercised			575,000	1,978
Tax effect of issue costs				(213)
At 30 June 2014			124,028,630	131,339
At 1 July 2014	**124,028,630**	**131,339**		
Issue of shares under Employee Performance Rights Plan	**316,809**	**476**		
Issue of shares on acquisition of subsidiary	**71,851,553**	**110,652**		
At 31 December 2014	**196,196,992**	**242,467**		

c) Ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any proceeds of liquidations.

Shares issued as consideration for the acquisition of IOH were measured at fair-value being the share price of BC Iron on the unconditional offer date.

NOTE 12 – RESERVES

	December 2014	June 2014
	$000's	$000's
Share-based payments reserve		
Opening balance	**10,111**	10,222
Share-based payments expense	**127**	747
Issue of shares under Employee Performance Rights Plan	**(476)**	(274)
Options transferred to options exercised reserve	**-**	(584)
Closing balance	**9,762**	10,111
Options exercised reserve		
Opening balance	**3,787**	3,203
Options transferred from share-based payment reserve	**-**	584
Closing balance	**3,787**	3,787
Available-for-sale reserve		
Opening balance	**94**	-
Gains/(losses) on financial instruments recognised in equity	**(845)**	94
Closing balance	**(751)**	94
Cash flow hedge reserve		
Opening balance	**-**	-
Gains/(losses) on cash flow hedges	**(152)**	-
Closing balance	**(152)**	-
Total reserves	**12,646**	13,992

NOTE 13 – RETAINED EARNINGS

Opening balance	**81,063**	67,425
Net (loss)/profit	**(96,310)**	71,811
Dividends paid	**(18,652)**	(58,173)
Closing balance	**(33,899)**	81,063

NOTE 14 – SEGMENT INFORMATION

Management has determined that the Company has one reportable segment. As the Company is focused on mineral exploration, development and production, the Board monitors the Company based on actual versus budgeted expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing activities, whilst also taking into consideration the results of exploration, development and production work that has been performed to date.

	December 2014	December 2013
	$000's	$000's
Total segment revenue	**133,298**	300,985
EBITDA	**(8,183)**	119,147
Reconciliation of reportable segment profit or loss		
EBITDA	**(8,183)**	119,147
Interest revenue	**1,576**	1,894
Finance costs	**(1,751)**	(2,538)
Foreign exchange	**(3,137)**	200
Depreciation and amortisation	**(18,493)**	(18,066)
Impairment of mine property and other assets	**(100,210)**	-
Gain on acquisition	**4,570**	-
(Loss)/profit before income tax	**(125,628)**	100,637

	December 2014	June 2014
Segment assets	**358,572**	370,314
Unallocated: Available-for-sale financial assets and cash	**882**	4,519
Total assets per statement of financial position	**359,454**	374,833
Segment liabilities	**95,220**	89,710
Provision for income tax	**-**	6,520
Loans	**42,852**	52,209
Unallocated: Trade payables and provisions	**168**	-
Total liabilities per statement of financial position	**138,240**	148,439

NOTE 15 – FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

All financial instruments are disclosed by reference to their measurement hierarchy levels. These are outlined below.

Level 1	Fair value measurements that are derived from quoted prices in active markets for identical assets and liabilities.
Level 2	Fair value measurements that are derived from inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Fair value measurements that are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of the Company's financial assets and liabilities are determined on the following basis.

a) Financial assets and financial liabilities measured at fair value on a recurring basis at 31 December 2014

The Company's available-for-sale financial assets included two level 1 investments, being two listed investments held at quoted prices.

The Company held over-the-counter derivatives as cash flow hedges. These instruments are classified as level 2 as their fair value is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Company held no significant financial assets or liabilities classified as level 3.

b) Financial assets and financial liabilities not measured at fair value on a recurring basis where fair value disclosures are required

At 31 December 2014 and 30 June 2014, the carrying amounts of trade receivables and trade payables were assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting their future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

For current and non-current borrowings, the fair value approximates the carrying value amount, as the impact of discounting is not significant.

NOTE 16 – BUSINESS COMBINATION

Between 3 October 2014 and 20 November 2014 the Company acquired 100% of the issued shares in Iron Ore Holdings Limited ("IOH"), a mineral exploration and development company, for total consideration of $126,769K. The acquisition provides the Company with a complementary portfolio of production and development assets in the Pilbara.

Initial accounting provisional

The amounts disclosed for acquired mine property, exploration and intangibles are based on provisional estimates. The amounts disclosed may be subject to change should new information be obtained that would have affected the measurement of amounts recognised between the acquisition date and the end of the measurement period, which cannot exceed one year from acquisition date. No measurement period adjustments have been recognised in the reporting period.

Details of the purchase consideration, net assets acquired and the gain on acquisition arising from the acquisition are as follows:

Purchase consideration	**$000's**
Cash paid	16,117
Shares issued	110,652
Total purchase consideration	**126,769**

The assets and liabilities recognised as a result of the acquisition are as follows:	**Fair value**
	$000's
Current assets	
Cash and cash equivalents	40,455
Receivables	306
Prepayments	73
Non-current assets	
Receivables	7,877
Plant and equipment	197
Mine property	47,430
Exploration and evaluation assets	19,510
Intangibles	26,830
Current liabilities	
Payables	(552)
Provisions	(876)
Non-current liabilities	
Deferred tax liability	(2,270)
Provisions	(7,641)
Net identifiable assets acquired	**131,339**
Less: Gain on acquisition	(4,570)
Total purchase consideration	**126,769**

Cash inflow on acquisition	
Cash acquired	40,455
Cash paid to IOH shareholders	(16,118)
Inflow of cash – investing activities	**24,337**

Gain on acquisition

The gain on acquisition arises due to the excess of the fair value of net identifiable assets acquired over the fair value of the consideration paid. The fair value of assets acquired has been determined using recognised valuation techniques.

Acquisition-related costs

Acquisition-related costs of $6,961K are included in administration expenses in profit and loss.

Revenue and profit contribution

The acquired business contributed revenues of $3,833K and a net loss of $239K (excluding the gain on acquisition) to the Company for the period from 3 October 2014 to 31 December 2014. If the acquisition had occurred on 1 July 2014, consolidated revenue and consolidated loss for the half-year ended 31 December 2014 would have been $133,857K and $101,955K respectively.

Critical accounting estimates and judgements

In applying the requirements of AASB3 *Business Combinations,* estimates and judgements were made in determining the fair value of assets and liabilities acquired. The estimates and judgements included:

- estimates of the quantities of mineral reserves and ore resources for which there is a high degree of confidence of economic extraction and the timing of access to these reserves and resources;
- future iron ore prices based on consensus forecasts by recognised economic forecasters;
- future foreign exchange rates based on consensus forecasts by recognised economic forecasters;
- production rates and production costs projections including inflation factors; and
- asset specific discount rates.

NOTE 17 – DIVIDENDS PAID

	December 2014	December 2013
	$000's	$000's
Declared and paid during the period (fully franked at 30%)		
Final dividend for 2014: $0.15 (2013: $0.30)	**18,652**	37,088
Dividend declared not recognised as a liability (fully franked at 30%)		
Interim franked dividend for 2015: $0.00 (2014: $0.17)	**-**	21,085

NOTE 18 – EVENTS AFTER THE REPORTING DATE

There were no events occurring after the reporting date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BC Iron Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BC Iron Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BC Iron Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of BC Iron Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BC Iron Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 23 February 2015

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF BC IRON LIMITED

As lead auditor for the review of BC Iron Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of BC Iron Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 23 February 2015