



BC Iron Limited

Company Update  
December 2009

Mike Young CEO  
Morgan Ball CFO



## History of BC Iron – staying focussed

- BC Iron lists on Australian Securities Exchange (ASX) in December 2006
- Resource drilling identifies iron ore at Nullagine - May 2007
- Memorandum of understanding with Fortescue Metals Group - July 2007
- Drilling to Feasibility Study & Ore Reserves - 2007 through 2009
- Capital raising \$22M – July 2009
- Joint Venture with FMG - rail haulage and port agreement – August 2009
- Project finance and offtake deal with Hong Kong Industrial Co. – November 2009
- ***Production planned in 2010 – Listing to mining in under 4 years***



**Capital Structure**

	Number
Shares	83.7M
Options	3.2M
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<b>Fully Diluted Total</b>	<b>86.9M</b>
<b>Market Cap @ \$1.05 (diluted)</b>	<b>\$91.2 M</b>
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<b>Cash on hand</b>	<b>\$16.2 M</b>

<b>Major Shareholders</b>	Number	% Total
Consolidated Minerals	18.2M	22%
Regent Pacific Group	13.1M	16%
Alkane Resources	5.0M	6%
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<b>TOTAL</b>	<b>35.4M</b>	<b>45%</b>

**Board**

**Tony Kiernan** – Chairman

**Mike Young** – Managing Director

**Garth Higgs** – Non-exec Director

**Terry Ransted** – Non-exec Director

**Steven Chadwick** – Non-exec Director

**Management**

**Blair Duncan** – Chief Operations Officer

**Morgan Ball** – CFO and Company Sec

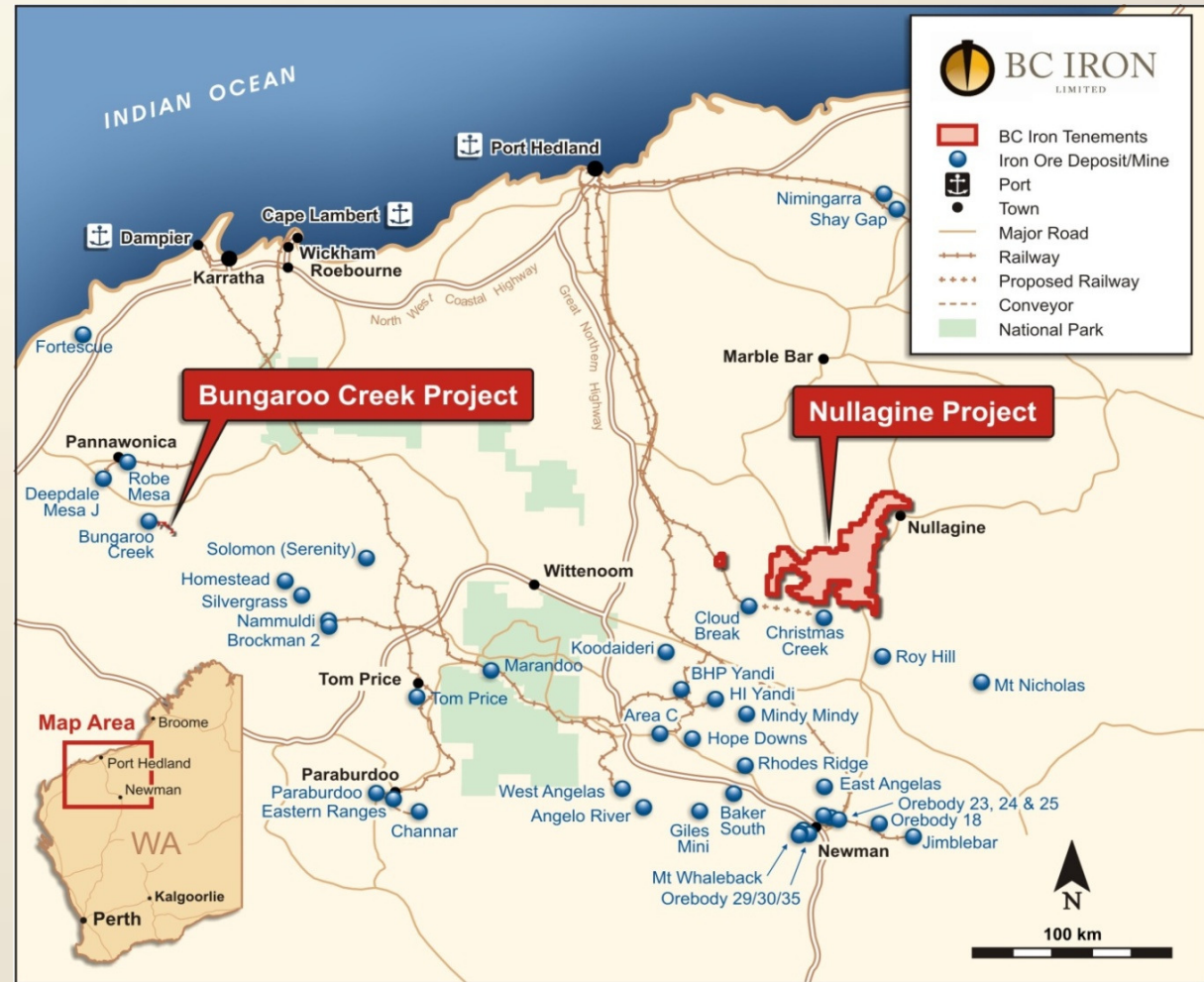
**Greg Hudson** – Chief Geologist

**Gerry Bradley** – Sustainable Development



## Nullagine Iron Ore Project

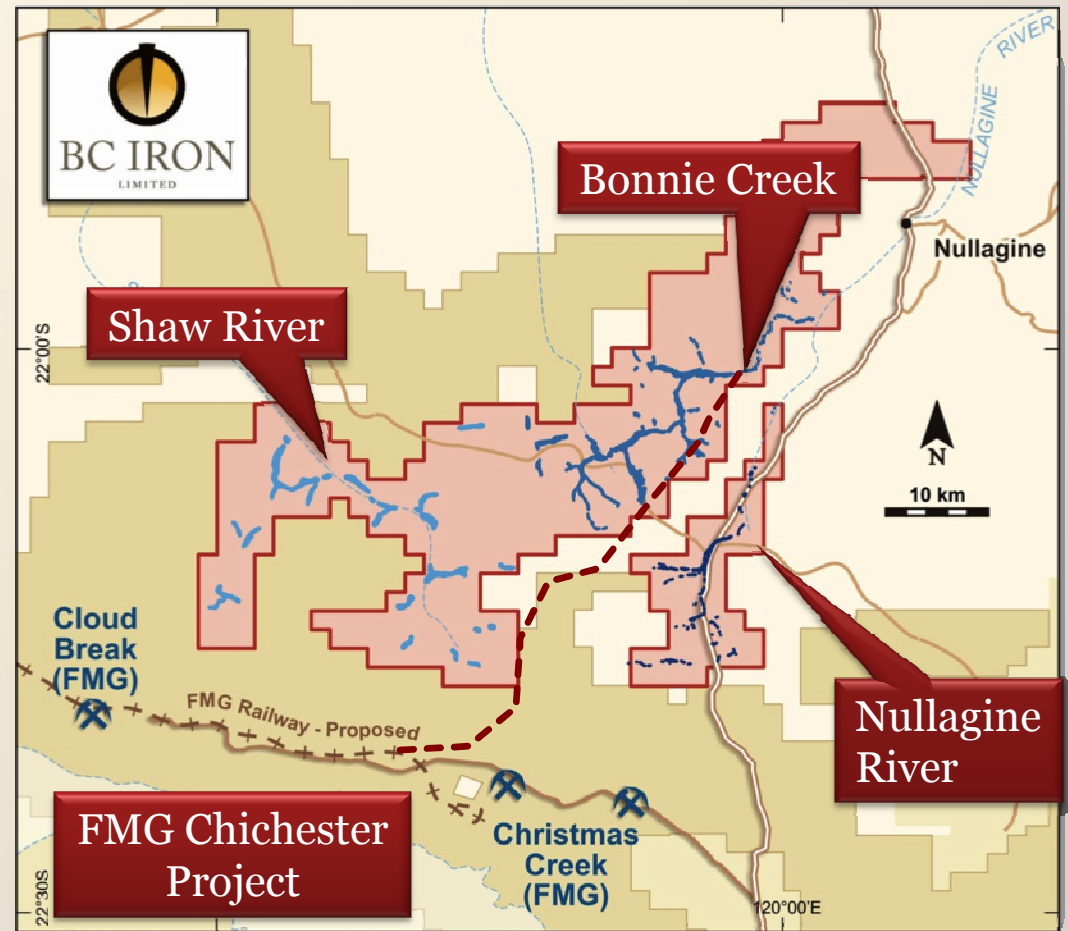
- Joint venture with FMG
- High quality, direct shipping iron ore deposit
- Production starts late 2010
- 3 to 5 Mt annual production
- Port and rail access secured
- Offtake and project financing in place
- US\$50m prepayments for 20 Mt offtake over 8.5 years





## Nullagine Project Parameters

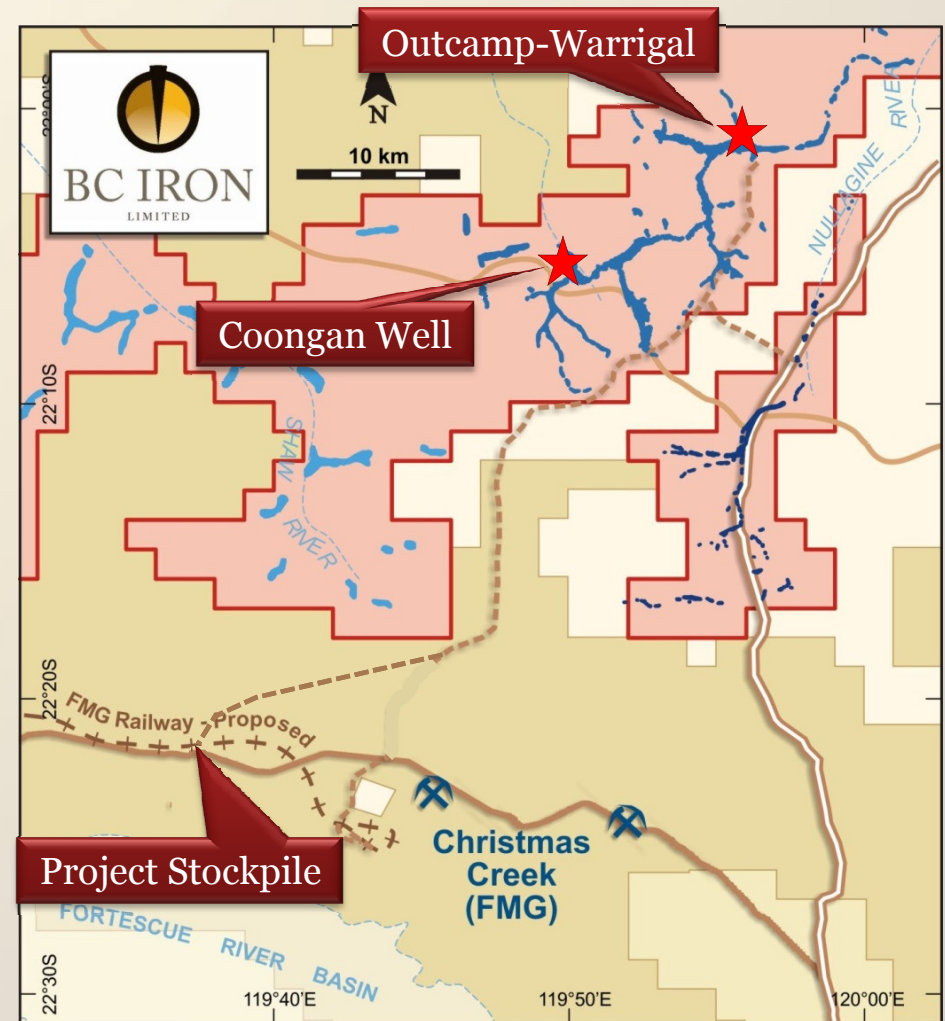
- Ore Reserves 36Mt 57% Fe (65% CaFe)
- Simple mining with low waste to ore
- Start-up 3 Mtpa with simple in-pit crushing and screening
- Ramp-up to 5 Mtpa with fixed plant crushing and screening
- Capex \$51.5M & Working Cap \$17M
- Opex ~A43/tonne over LOM

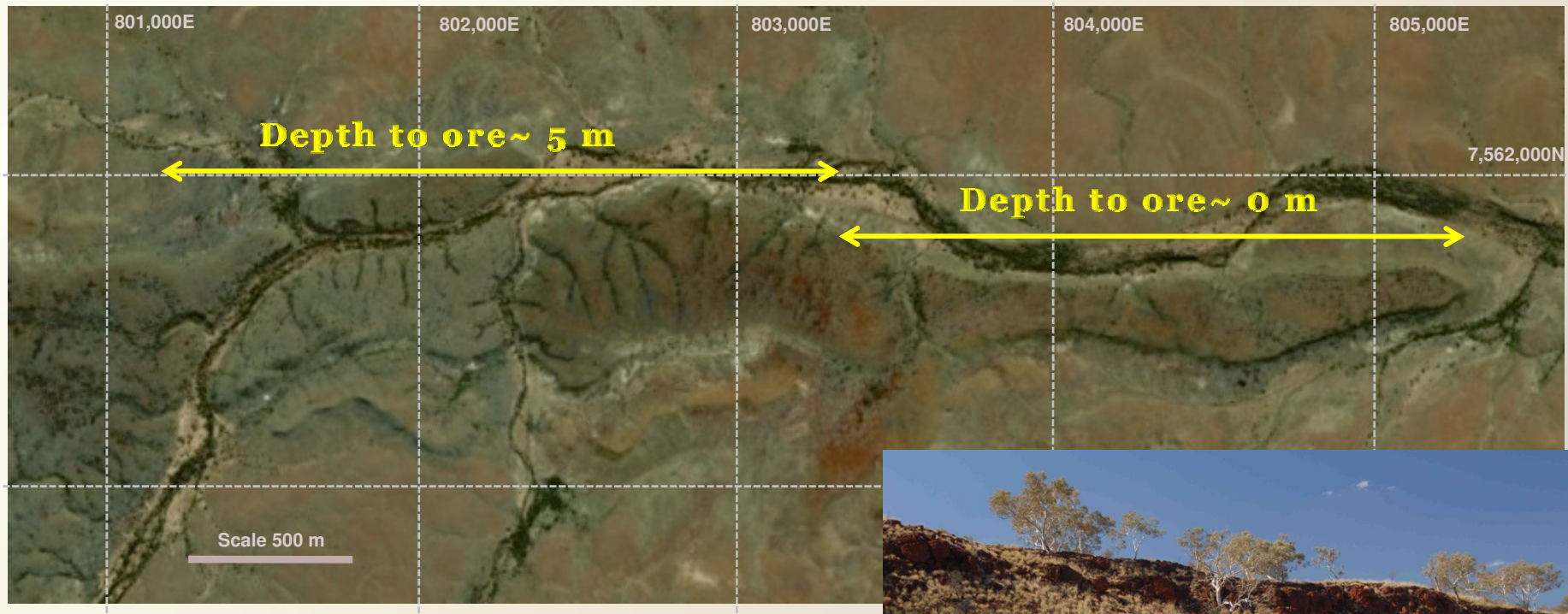




## Nullagine Joint Venture Milestones

- Dec to March 2010 - Approvals
- Jan to March 2010 - Award contracts
- April 2010 - Haul road construction begins
- May 2010 - Village & mine centre construction begins
- **August 2010 - Mining begins**
- September 2010 - Project stockpile construction begins
- October 2010 - Road haulage begins
- **December 2010 - First Rail & Ship**



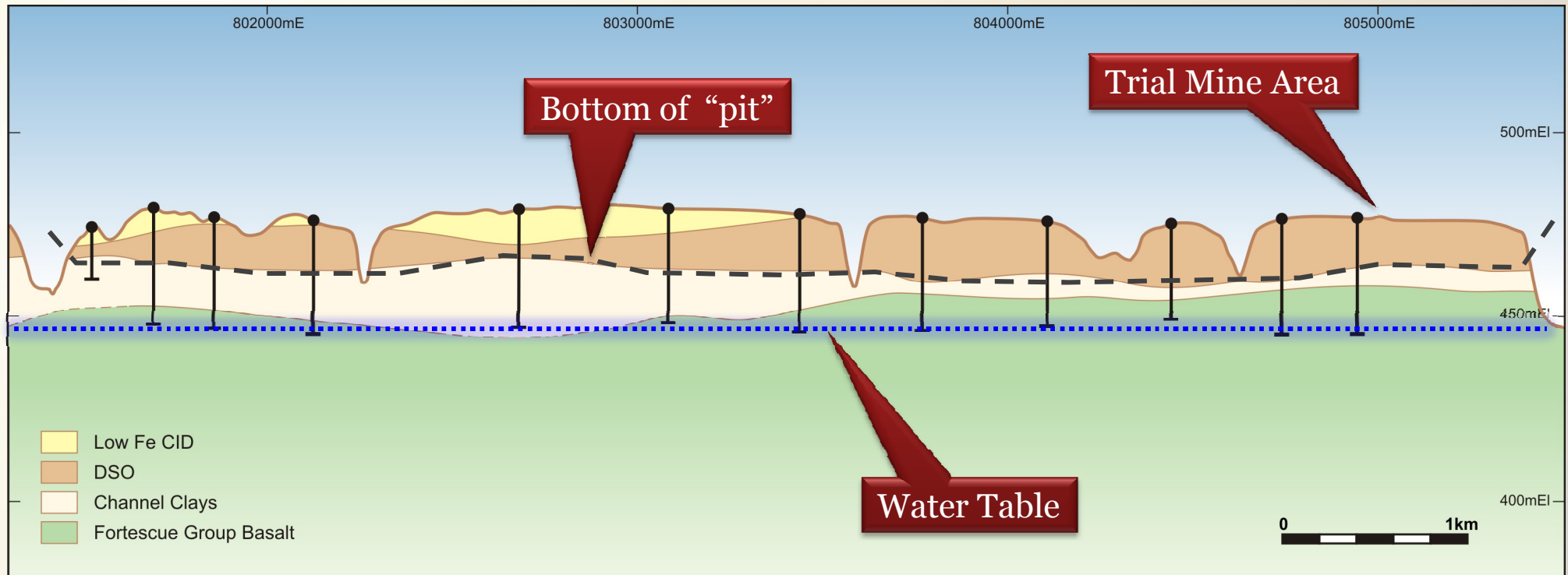


### Outcamp Deposit

- Outcropping mesa – style
- Low waste to ore ratio
- Above water table
- No pit – mining off the top



**Ore outcrop Outcamp**



- Shallow “pits” mainly above surrounding plains - mining ore from day 1
- Above water table - lower environmental impact
- Low Opex - low strip ratio, use of surface miners, efficient crushing and screening

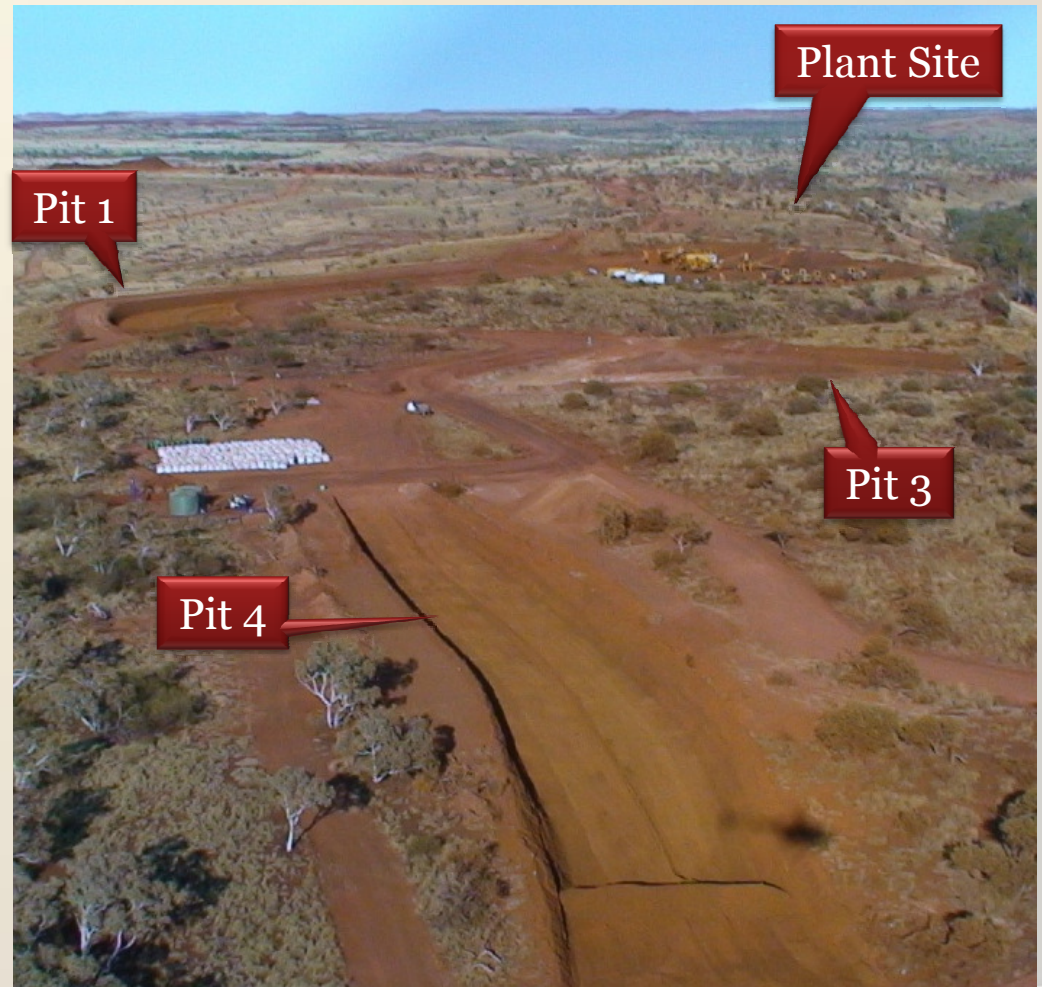




## Trial mine findings:

- Surface miners are confirmed as suitable to mine Nullagine ore
- Production rates achieve better than Feasibility estimates
- Actual tonnes and grade **113%** of the predicted model
- Simple crushing and screening requirements – over 50% of ROM material passing -10mm

*Results will be used to secure better commercial outcomes than forecast in the Feasibility*





### Planned Final Product

Costean	tonne	Fe	Al <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>	P	S	LOI <sub>1000</sub>
Costean 1	26,970	56.9	2.1	4.1	0.02	0.02	11.9
Costean 3	8,355	58.5	1.4	3.7	0.02	0.01	10.8
Costean 4	20,667	56.9	2.1	4.5	0.02	0.02	11.6
<b>TOTAL</b>	<b>55,992</b>	<b>57.1</b>	<b>2.0</b>	<b>4.2</b>	<b>0.02</b>	<b>0.01</b>	<b>11.6</b>

### Mined Final Product

Costean	tonne	Fe	Al <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>	P	S	LOI <sub>1000</sub>
Costean 1	32,681	57.5	2.0	4.5	0.02	0.02	10.8
Costean 3	8,934	57.4	1.9	5.0	0.03	0.02	10.1
Costean 4	21,137	57.8	1.6	4.4	0.02	0.02	10.7
<b>TOTAL</b>	<b>62,752</b>	<b>57.6</b>	<b>1.8</b>	<b>4.6</b>	<b>0.02</b>	<b>0.02</b>	<b>10.7</b>

- Planned final product calculated by intersecting final pit surveys with Ore Reserve model as released to the ASX July 3, 2009
- Costean 1 was extended to include designed Costean 2

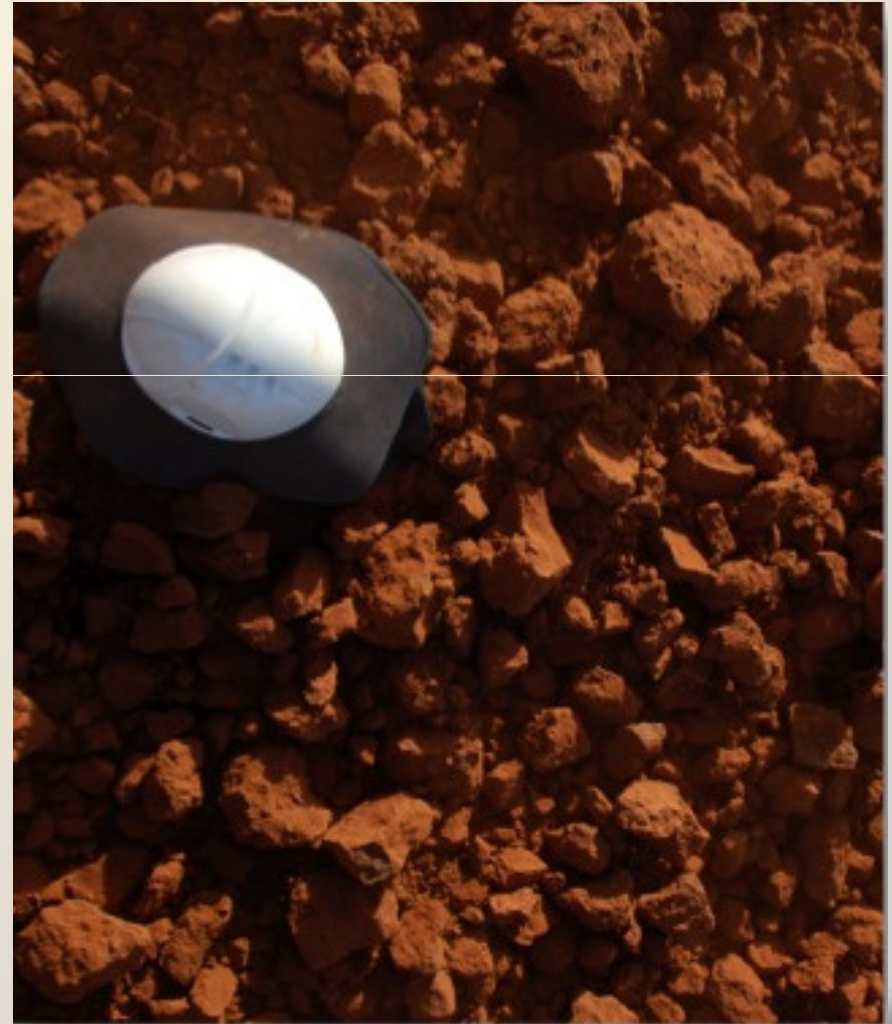


*Wirtgen 2500 at Outcamp Well*





*Cut ore requires no primary crushing*





*Simple secondary screening and crushing circuit*





*Nullagine ore stockpile at Outcamp Trial mine*



## June 2009 – Reserves and Resources Statement

### Probable Ore Reserves

Pit	Mt	Fe	CaFe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	S	LOI <sub>1000</sub>
Outcamp	19.2	56.8	64.8	3.21	1.92	0.01	0.01	12.2
Warrigal	10.3	57.0	64.5	3.67	2.13	0.02	0.01	11.7
Coongan	6.0	57.0	65.1	2.52	1.82	0.01	0.01	12.4
<b>TOTAL</b>	<b>35.6</b>	<b>56.9</b>	<b>64.7</b>	<b>3.23</b>	<b>1.96</b>	<b>0.02</b>	<b>0.01</b>	<b>12.1</b>

### DSO Resource Estimate

Class	Mt	Fe	CaFe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	S	LOI <sub>1000</sub>
Measured	1.7	57.0	64.8	3.49	2.15	0.018	0.016	12.0
Indicated	38.6	57.0	64.7	3.15	2.09	0.016	0.011	12.0
Inferred	10.4	57.0	64.8	3.27	2.00	0.013	0.010	12.1
<b>TOTAL</b>	<b>50.7</b>	<b>57.0</b>	<b>64.8</b>	<b>3.19</b>	<b>2.07</b>	<b>0.015</b>	<b>0.011</b>	<b>12.0</b>

- The Ore Reserve is a subset of the Resource Estimate
- $CaFe = Fe / (100 - LOI) * 100$
- Total for Joint Venture – (FMG earning 50%)



Element	Nullagine DSO Reserve	Yandi/Robe DSO	Pilbara Fines DSO
Fe	57	57 – 58.5	58 - 64
Calcined Fe*	65	64	63-65
SiO <sub>2</sub>	3.2	3 – 6	3 – 4
Al <sub>2</sub> O <sub>3</sub>	1.9	1.4 – 2.7	1.3 – 2.1
P	<0.02	~0.04	0.05 – 0.09
LOI	12	9-11	3-8
Size -0.15mm	<10	5-20	10-30

### Direct Shipping Ore (DSO)

- Typically bedded hematite or pisolitic channel iron deposits
- No beneficiation required – simple mining, crushing and screening, and transport
- At or close to accepted specifications





## Chemical advantages

- Ultra-low Phosphorous (<0.02%)
- High Calcined Fe (65%)

## Physical advantages

- Low ultra-fines – improves sinter speed

## Sintering advantages (Results from Shandong University, PRC)

- Sintering efficiency and productivity increased 10% to 40%
- Considered a '**First Grade**' sinter blend feedstock

## Marketing advantages of Nullagine pisolite ore

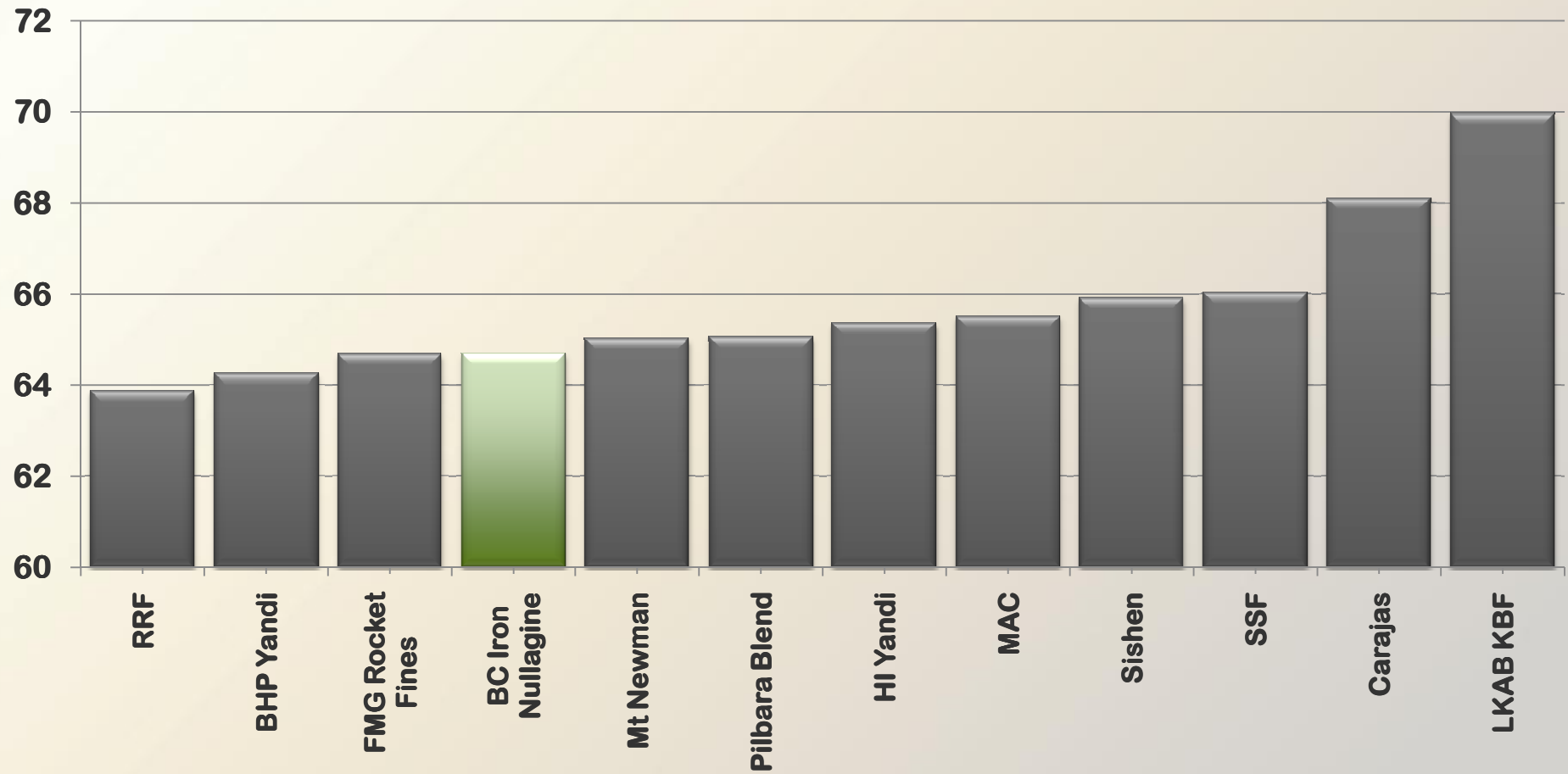
- China prefers West Australian hematite and pisolite ores over all others
- 40% of WA's exported iron ore is pisolite ore (Robe R, Yandi)
- Asian markets recognise benefits of pisolite ore and value in use



*Ignition hood on sinter strand*

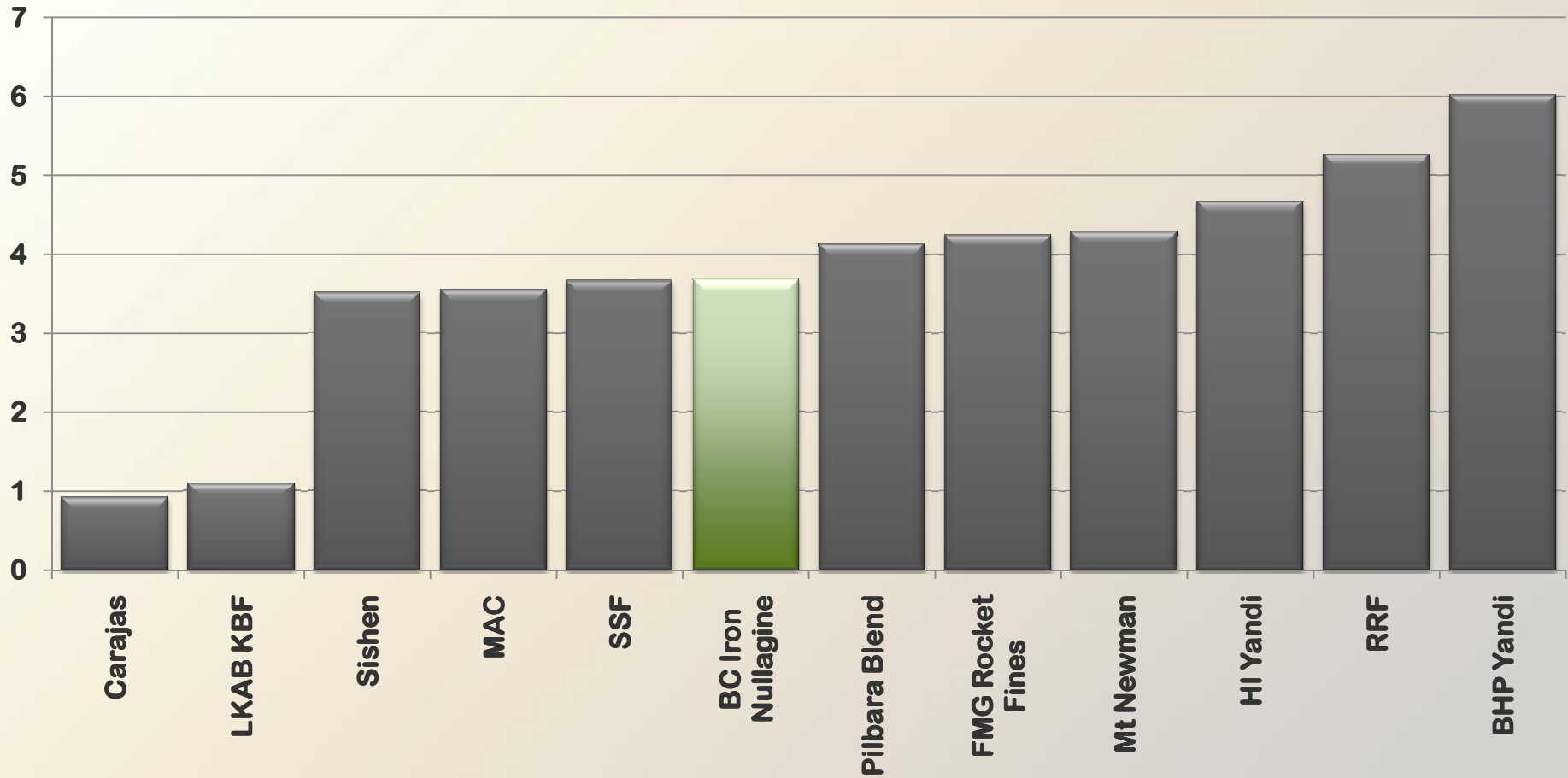


### Calcined Fe



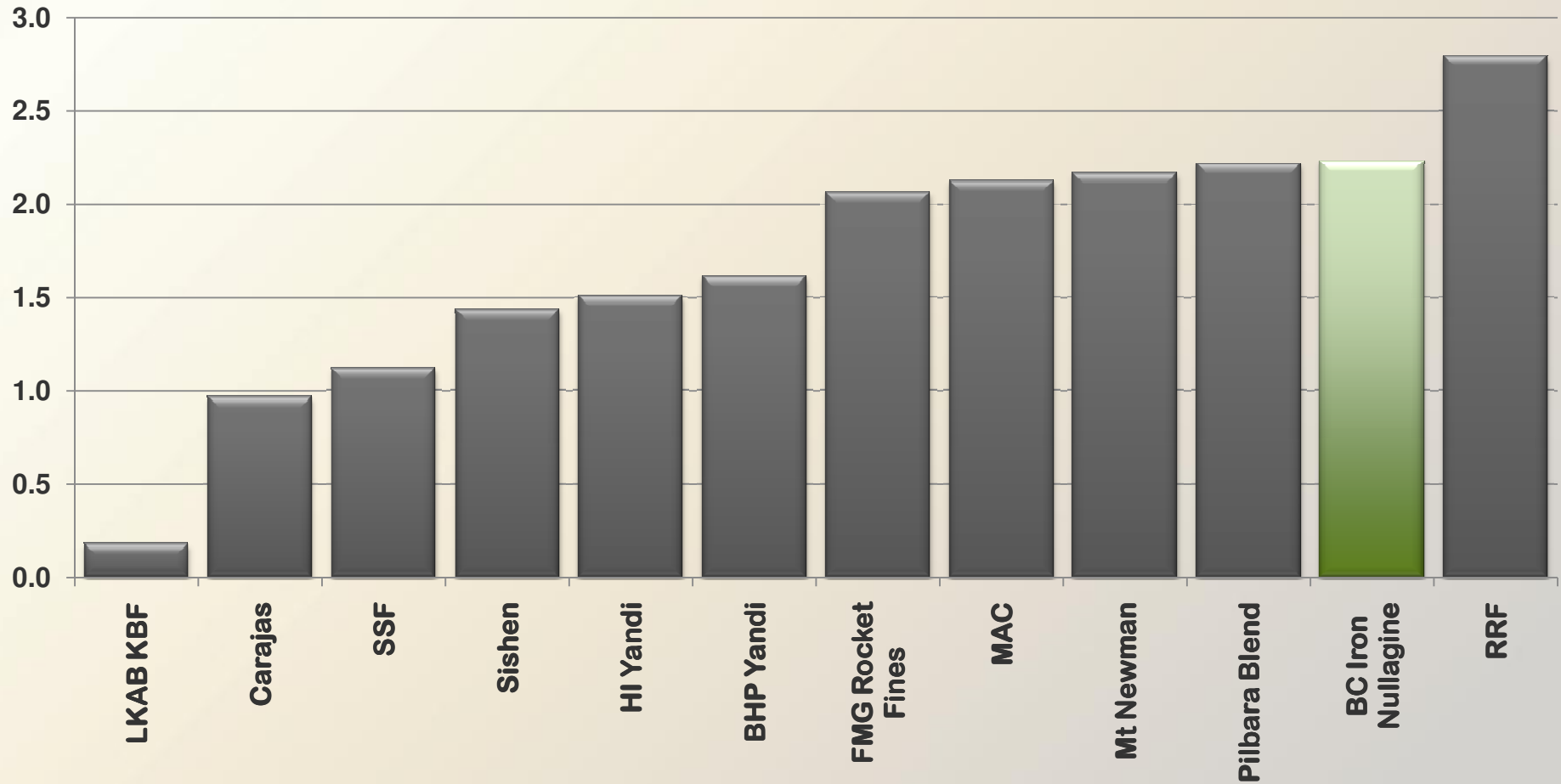


### Calcined SiO<sub>2</sub>



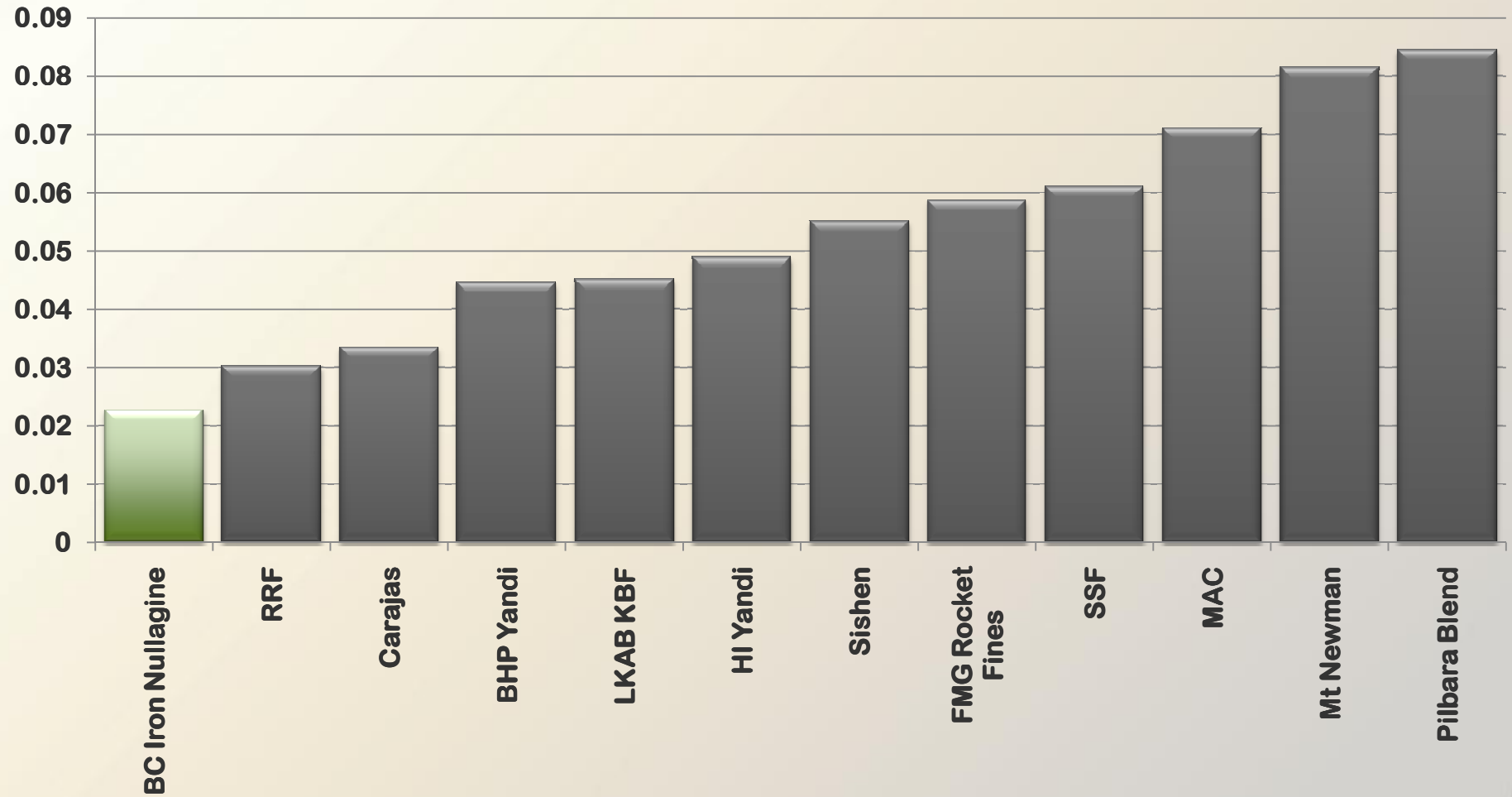


Calcined  $\text{Al}_2\text{O}_3$





### Calcined P





To be a successful iron ore mining company:

- Quality resources
- Port and rail infrastructure
- Off-take agreement
- Project financing
- Experienced management
- A great team



*“Ticking all the boxes towards production in 2010!”*



*This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events. 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 drilling data and geological interpretations is based on information compiled by Michael Young who is a Member of The Australian Institute of Geoscientists and a Director of the Company. The information that relates to the Mineral Resource Estimate has been compiled by Mr Richard Gaze who is a member of. 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 Ore Reserves is based on information compiled by Mr Blair Duncan who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of BC Iron Limited and by Mr Pieter Doelman who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of Coffey Mining Pty Ltd. Both Mr Duncan and Mr Doelman 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 Duncan and Mr Doelman consent to the inclusion in their names in the matters based on their information in the form and context in which it appears*

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