



BC Iron Limited

Company Update  
March 2010

Mike Young



## **An investment opportunity:**

- Near-term, Pilbara iron ore exporter
- Quality pisolite - Direct Shipping Ore
- Simple mining and metallurgy – minimised performance risk
- Dynamic team with a record of delivery
- Experienced JV partner – access to expertise and markets
- Direct exposure to iron ore via the Australian iron ore mining sector
- BC Iron is on the cusp of construction; on the way to production



## **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 (“FMG”)- 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
- US\$50m Project finance and offtake deal with Henghou Industries (Hong Kong) Limited – November 2009
- ***Construction begins April 2010 – Listing to mining in under 4 years***



<b>Capital structure</b>	Number
Shares	83.9M
Options	11.7M
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<b>Fully diluted total</b>	<b>95.6M</b>
<b>Market cap @ \$1.30 (diluted)</b>	<b>\$125 M</b>
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<b>Cash (including share of JV funds)</b>	<b>\$24 M</b>

<b>Major Shareholders</b>	Number	% Total
Consolidated Minerals	18.2M	22%
Regent Pacific Group	13.6M	16%
Alkane Resources	5.0M	6%
BCI Directors	4.3M	5%
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<b>TOTAL</b>	<b>41.1M</b>	<b>49%</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

- Pilbara region of WA
- High quality, direct shipping iron ore deposit
- Low impurities, high CaFe
- First grade sinter blend
- 3 to 5 Mt annual production
- Rail haulage and port services via FMG/TPI
- US\$50m prepayments for 20 Mt offtake over 8.5 years

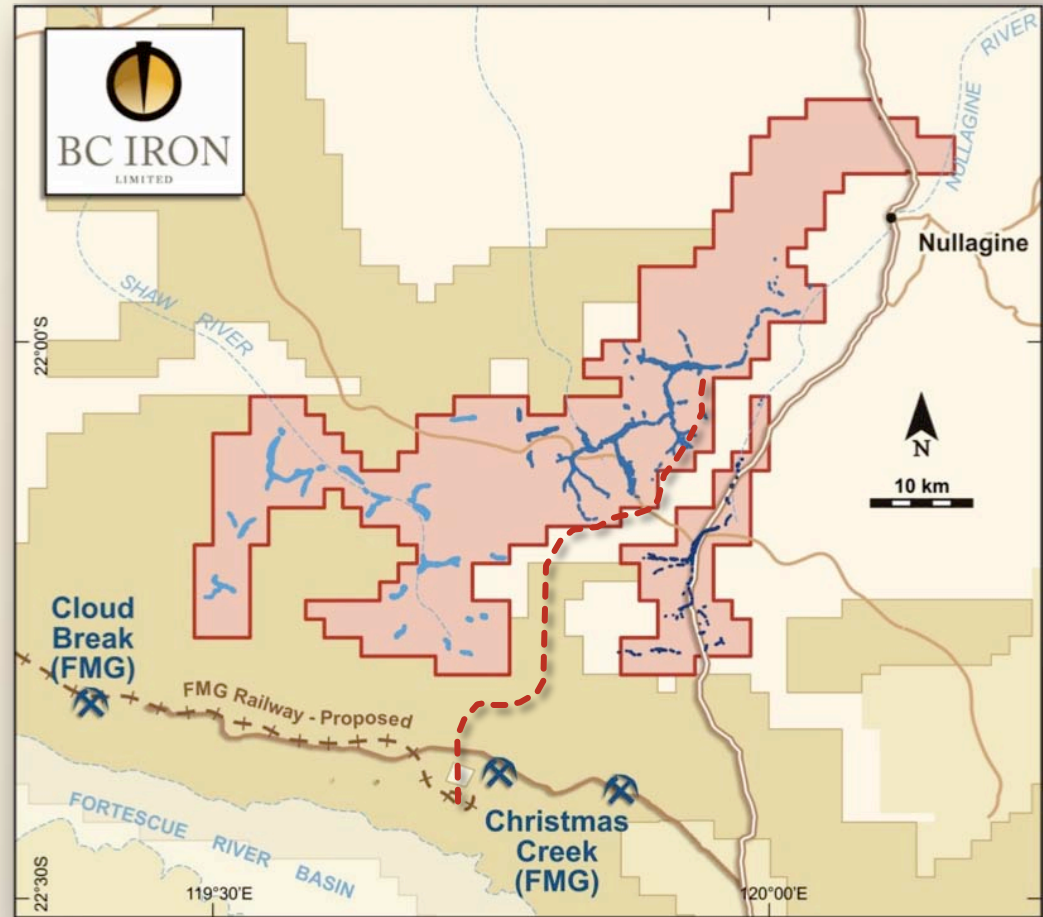






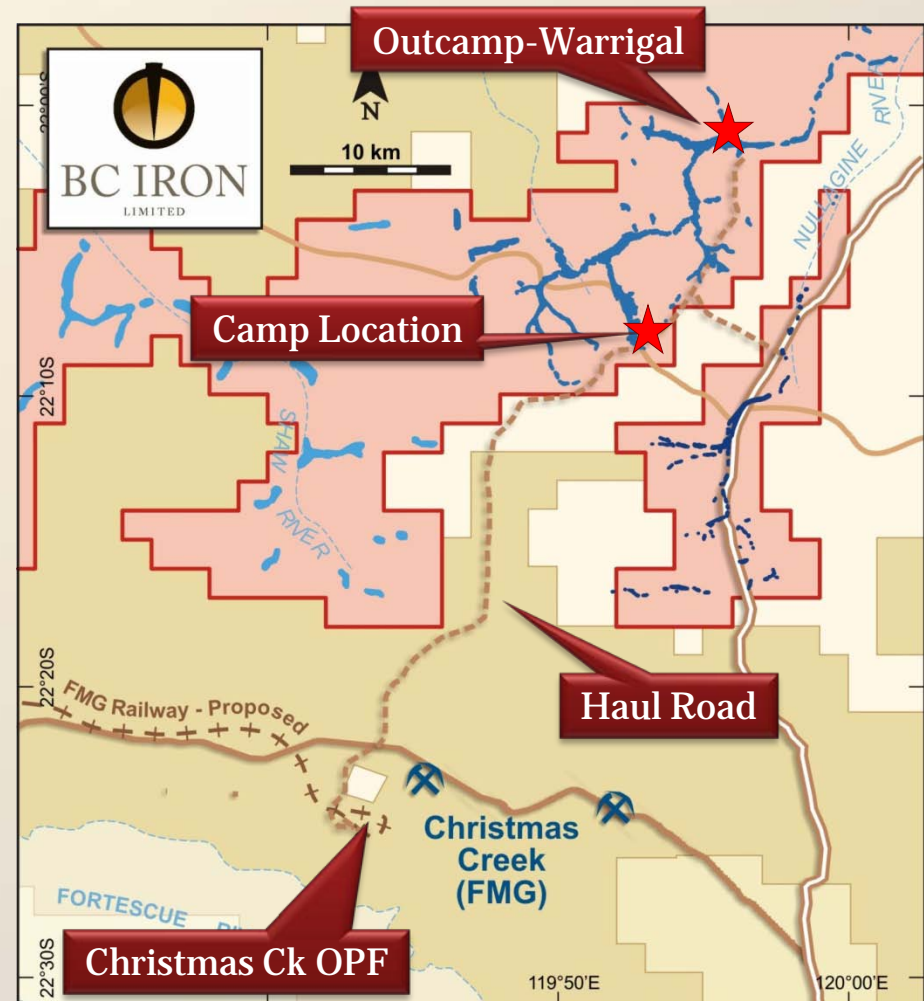
## Project parameters – BCI 50%

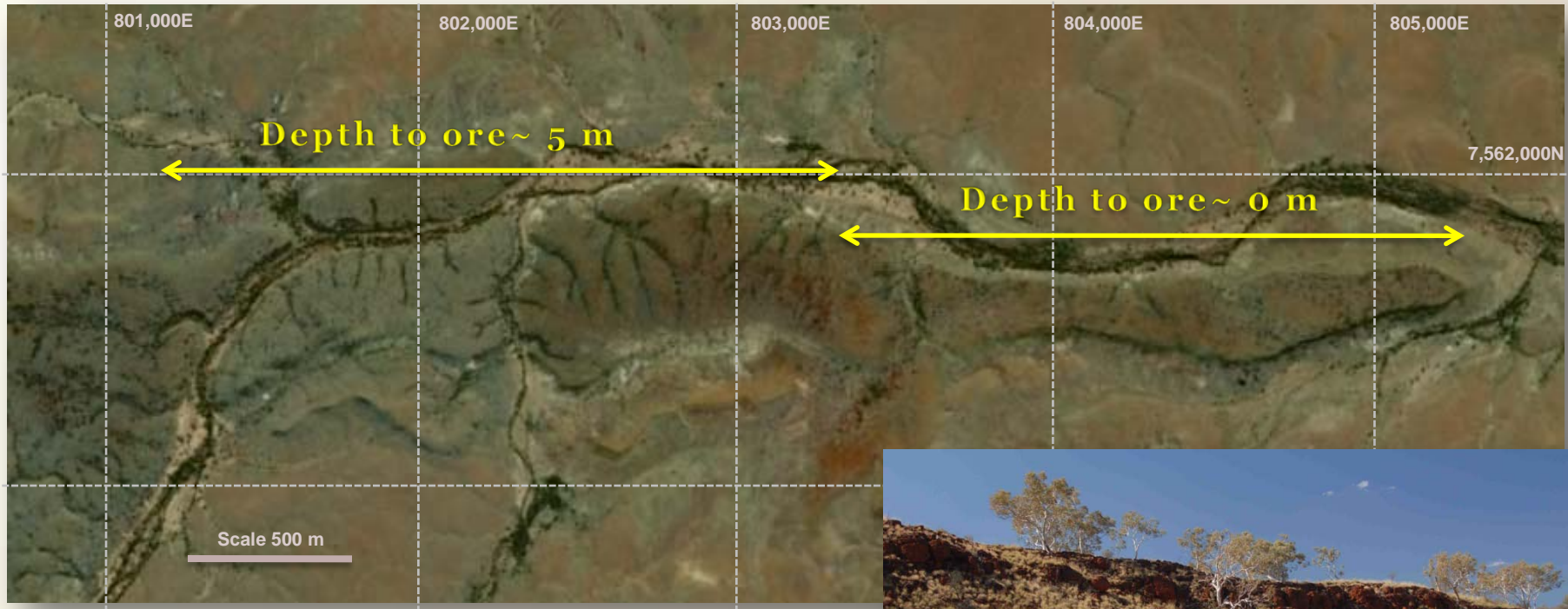
- Ore Reserves 36Mt 57% Fe (65% CaFe)
- Simple mining with low waste to ore
- Start-up 3 Mtpa with simple in-pit crushing and screening
- Ramp-up 5 Mtpa with fixed plant crushing and screening
- CapEx A\$51.5M & Working Cap \$17M
- OpEx ~\$A43/tonne over LOM



## Nullagine joint venture milestones

- Dec to May 2010 – Approval & contracts
- March 2010 – Haulage contract awarded
- April 2010 – Phase 1 camp construction
- June 2010 – Haul road – mine centre construction begins
- **August 2010 – Mining begins**
- October 2010 – Road haulage begins
- December 2010 – First rail & ship
- **Target for FY11 – 1 Mt exported**
- **Target for FY12 – 3Mt exported**





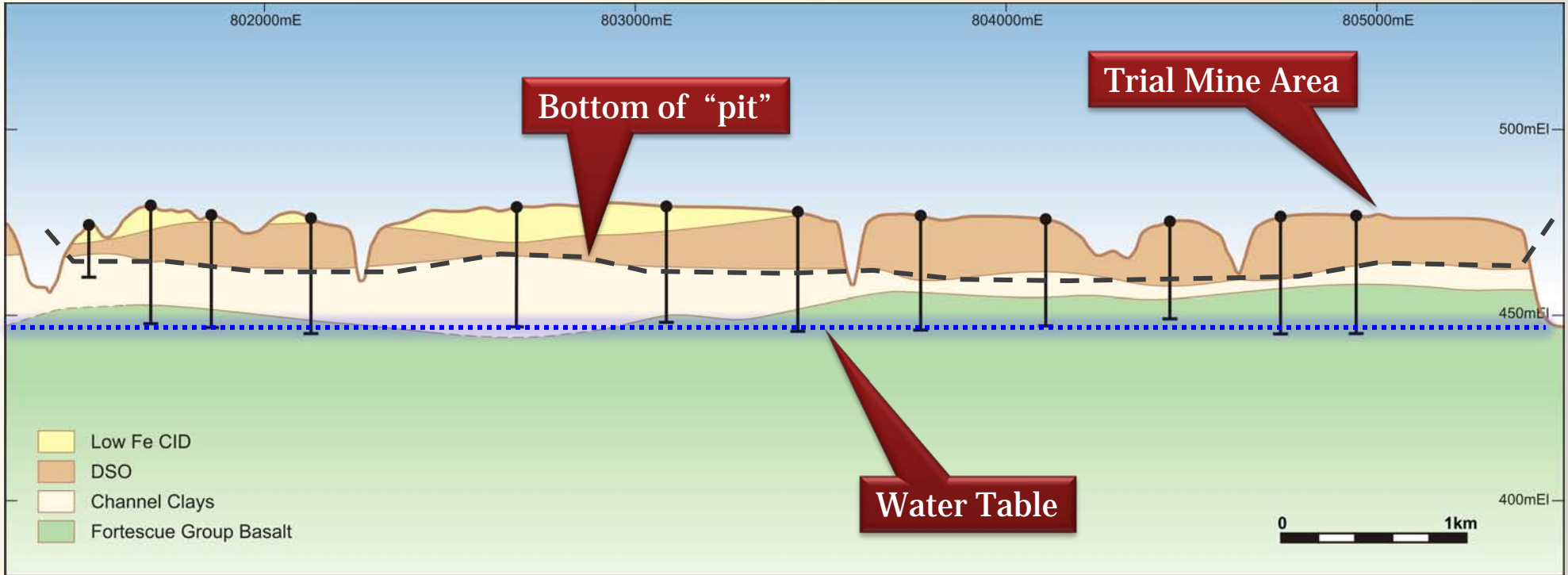
### Outcamp-Warrigal deposit

- Outcropping mesa –style
- Low waste to ore ratio – 1:1 life-of-mine
- Above water table
- No pit – mining off the top



Ore outcrop Outcamp





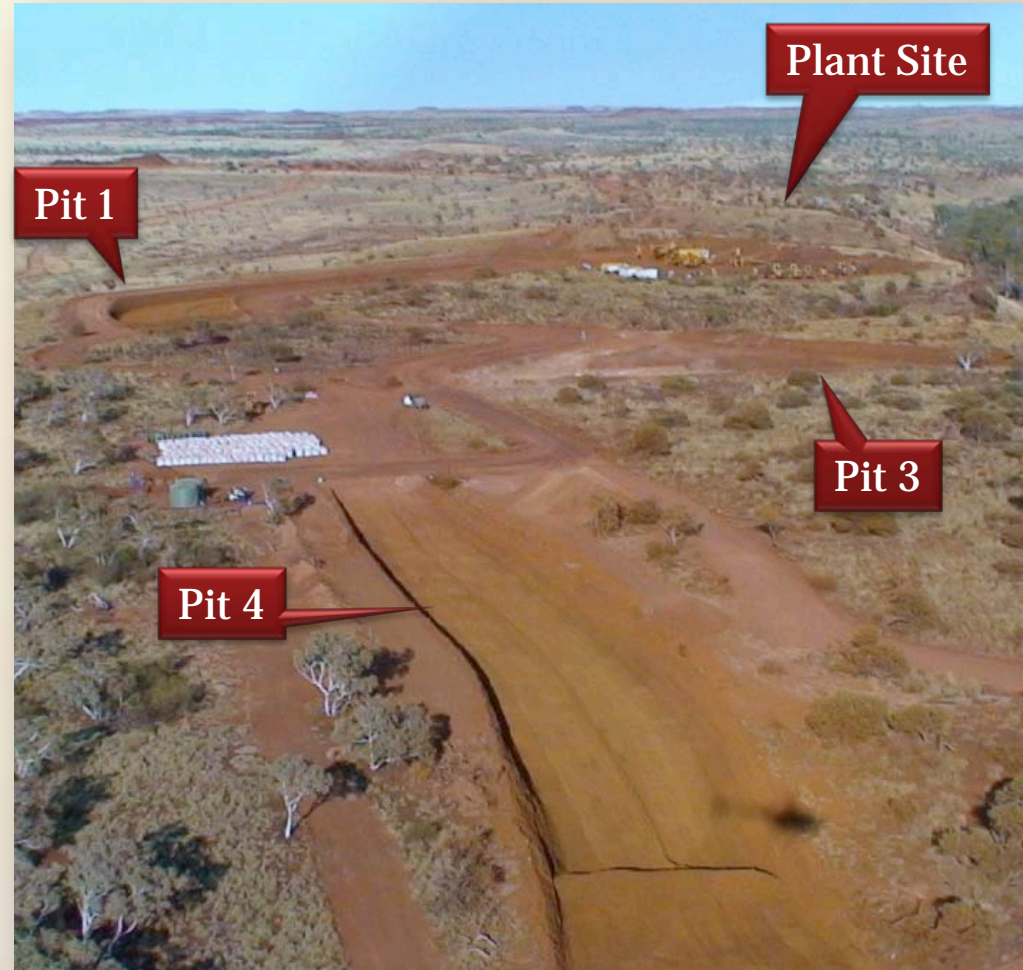
- **Shallow "pits"** mainly above surrounding plains - mining ore from day 1
- **Above water table** - lower environmental impact
- **Low OpEx** - low strip ratio, use of surface miners, efficient crushing and screening



## 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 have assisted with better commercial outcomes than forecast in the Feasibility Study*





*Wirtgen 2500 at Outcamp well*







*Vermeer terrain leveller*



*Cut ore requires no primary crushing*







*Nullagine ore stockpile at Outcamp Trial mine – 66,000 tonnes of quality iron ore*



*Phase 1 camp units under construction*







*Chainage 40.00*



*Haul road route aerial survey*



**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 (50% BC Iron)





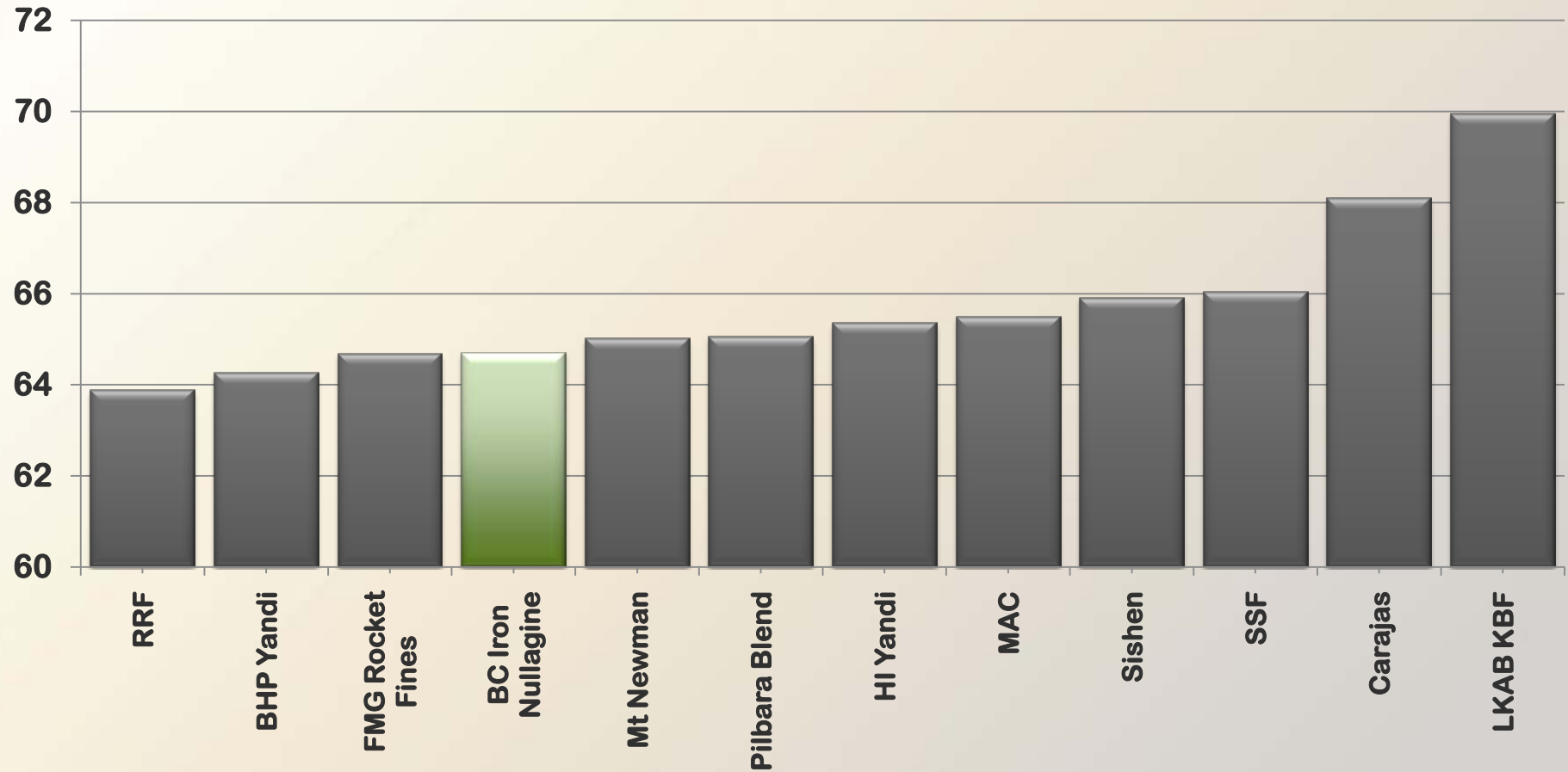
Element	Nullagine DSO Reserve	Yandi/Robe DSO	Pilbara Fines DSO
Fe%	57	57 – 58.5	58 - 64
Calcined Fe%	65	64	63-65
SiO <sub>2</sub> %	3.2	3 – 6	3 – 4
Al <sub>2</sub> O <sub>3</sub> %	1.9	1.4 – 2.7	1.3 – 2.1
P%	<0.02	~0.04	0.05 – 0.09
LOI	12	9-11	3-8
Size -0.15mm	<10%	5-20%	10-30%

### 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

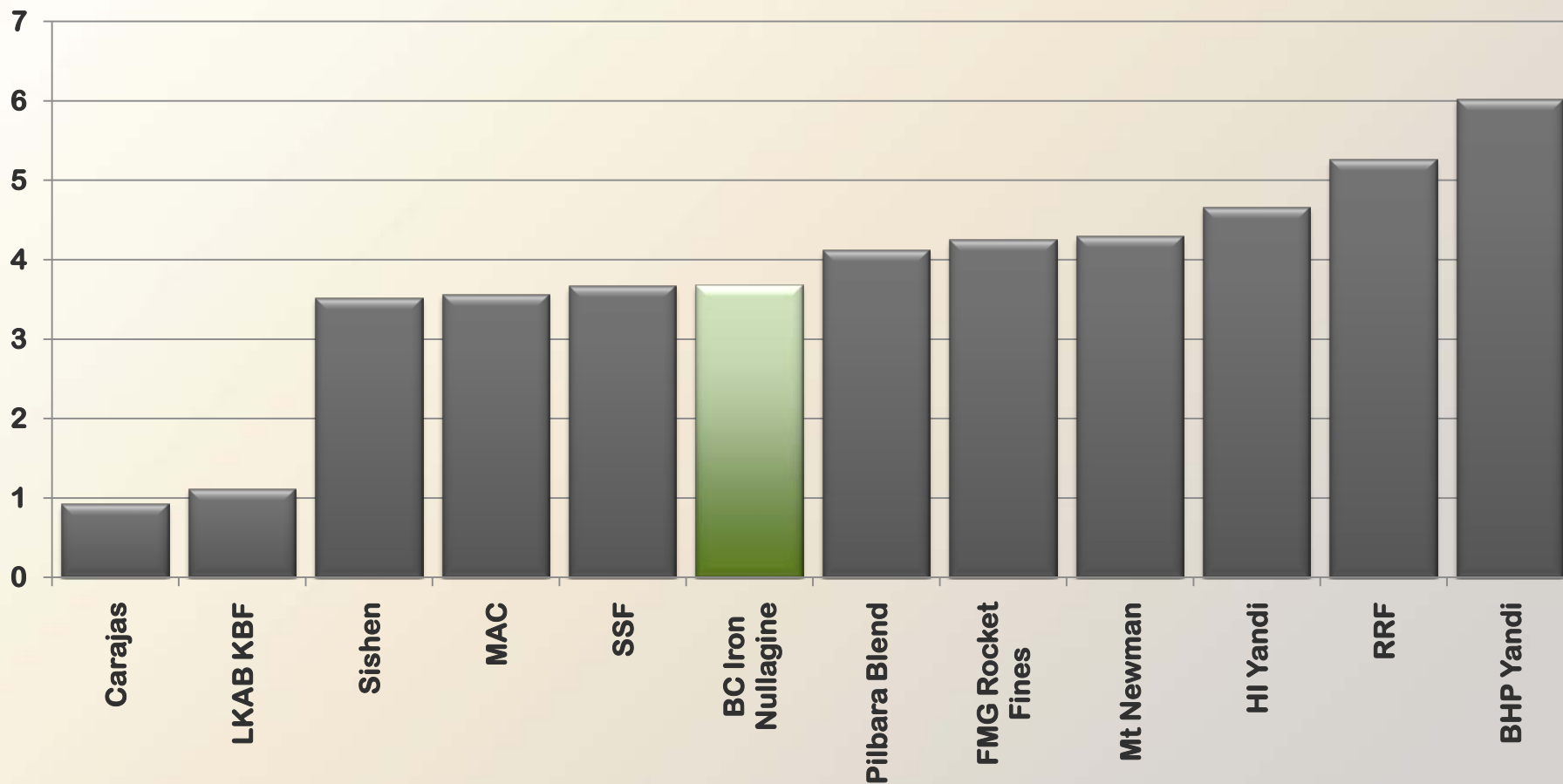


### Calcined Fe



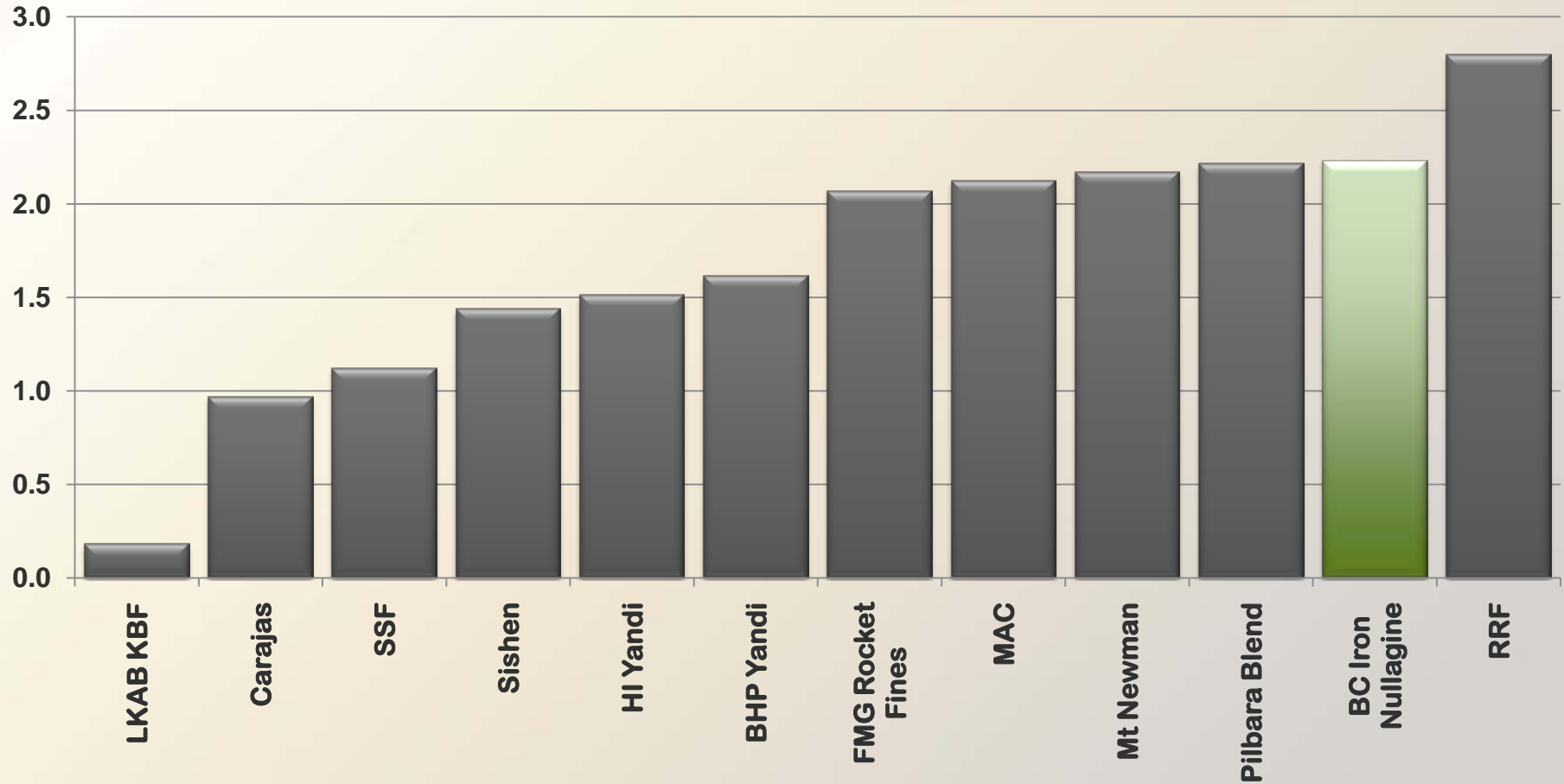


## Calcined SiO<sub>2</sub>





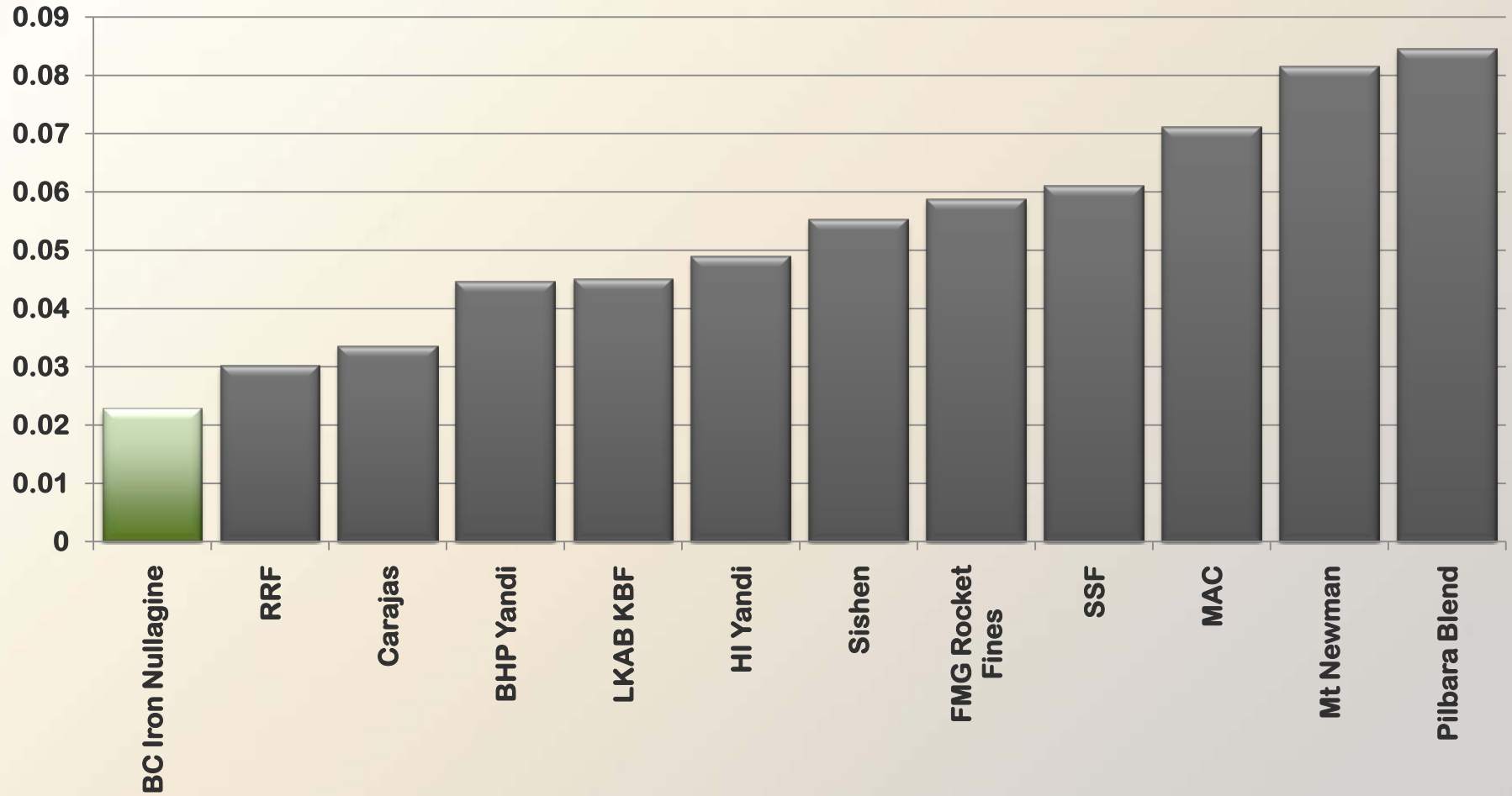
**Calcined  $Al_2O_3$**







### Calcined P

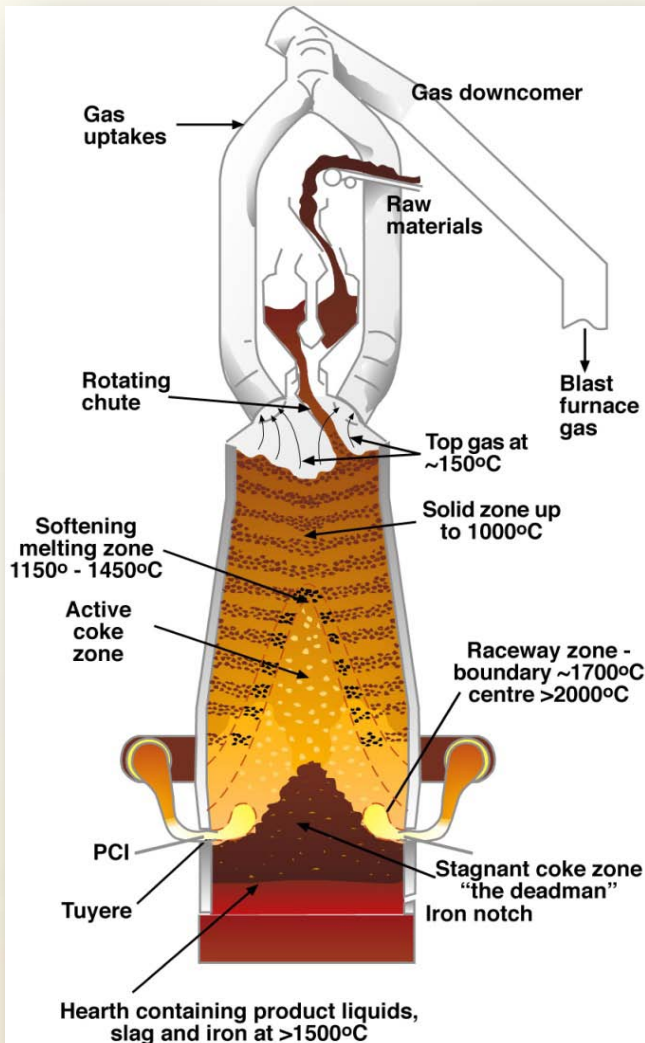


## Blast furnace reduces iron ore to iron metal

- Coal and *lump* ore added at the top
- Burden travels down, hot gases travel up
- Hot metal and slag removed from the bottom
- Fines ore 'sintered' to make synthetic lump

## Effects of deleterious elements

- $\text{Al}_2\text{O}_3$  – affects furnace efficiency → slag
- $\text{SiO}_2$  – affects furnace and iron → slag/steel
- P – affects iron quality → steel/brittle
- Counter → flux / de-phos / blend low DE ore



## **Excellent sinter blend ore**

- Sintering → changing fines to lump by heat agglomeration
- Low impurities, low ultrafines – improved performance
- Nullagine sinter blend improves sintering efficiency and productivity

## **Marketing advantages of Nullagine DSO**

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

## **Marketing**

- Offtake agreement with Henghou Industries – secures offtake, provides finance
- Strong competition for remaining product
- Exposure to spot/index markets



## **Targeted M & A**

- Experienced Pilbara iron ore junior
- Use in-house experience and IP
- Use developed relationships (FMG, Henghou)

## **Commodity and geography**

- Realistic targeting
- Quality and technical & commercial thresholds
- Bulks (Fe, coal, Mn, etc)
- Favourable geopolitics

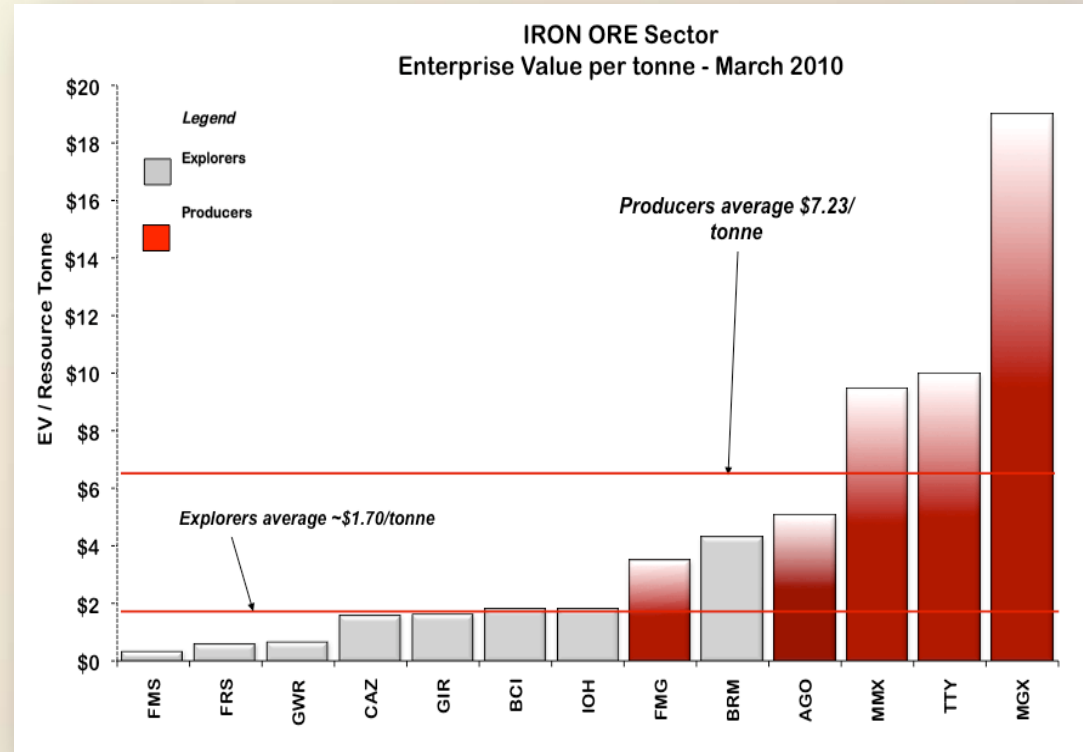
## ***Building a pipeline of projects***





### BCI is poised for value re-rating:

- ✓ Infrastructure solution secured
- ✓ Approvals in process and on track
- ✓ Key contracts being finalised – long lead items locked in
- ✓ Mining commences Q3 2010
- ✓ Iron ore exports commence Q4 2010
- ✓ Bullish outlook on iron prices – *higher margins*
- ✓ Revenue stream in 2011 – key to long term growth



Data courtesy DJ Carmichael – March 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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