



BC IRON LIMITED
Company Update

May 2010

Mike Young
Morgan Ball



Points of difference:

- Near-term, Pilbara iron ore producer & exporter
- Infrastructure secured – *rail and port*
- Quality pisolite - Direct Shipping Ore
- Simple operations – minimised performance risk
- Dynamic team with a record of delivery
- Experienced JV partner – access to expertise and markets
- Project is in 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 - 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
- Native Title agreement and Mining Lease grant – April 2010
- ***Construction underway – Listing to mining in under 4 years***



Capital structure

	Number
Shares	83.9M
Options	12.2M

Fully diluted total **96.1M**

Market cap @ \$1.65 (diluted) **\$158.5 M**

Gross Cash (including share of JV funds) **\$ 32.5M**

Major Shareholders	Number	% Total
Consolidated Minerals	18.2M	22%
Regent Pacific Group	13.6M	16%
BCI Directors	3.5M	4.2%
TOTAL	35.3M	42.2%

Board

Tony Kiernan – Chairman

Mike Young – Managing Director

Glenn Baldwin – 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, port services and marketing via TPI & FMG
- US\$50m prepayments for 20 Mt offtake over 8.5 years

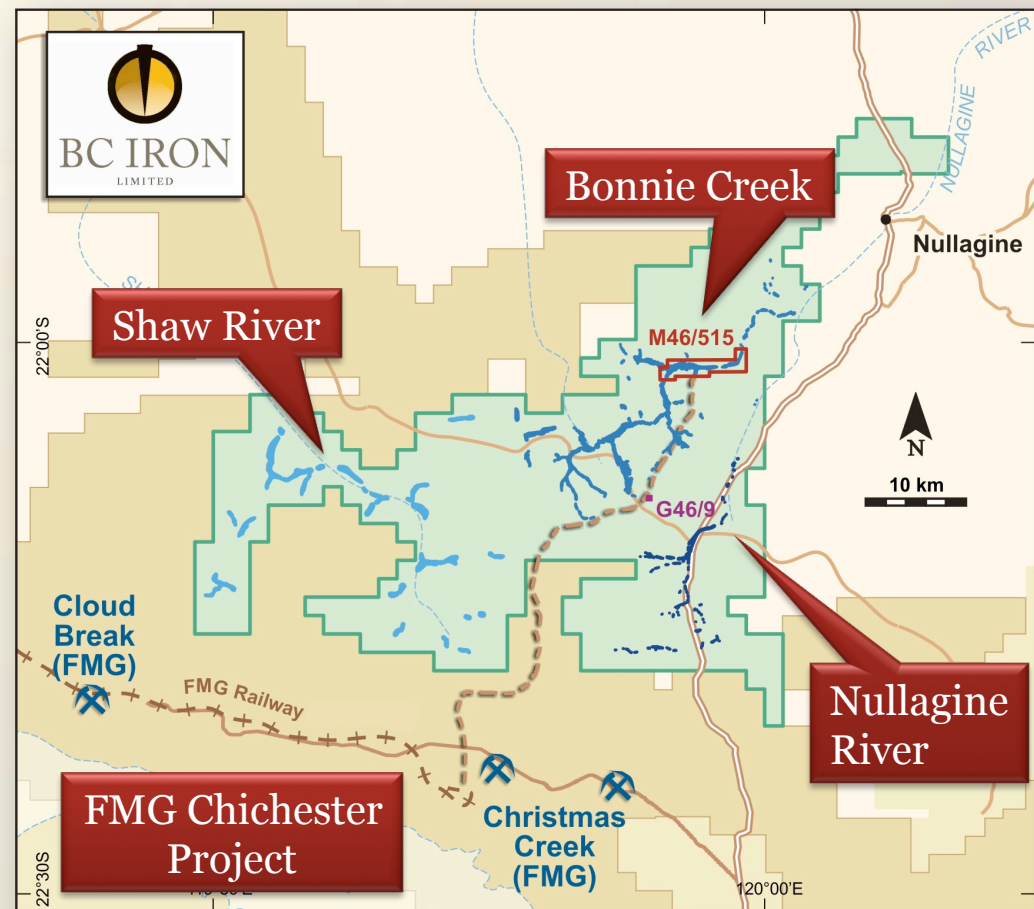




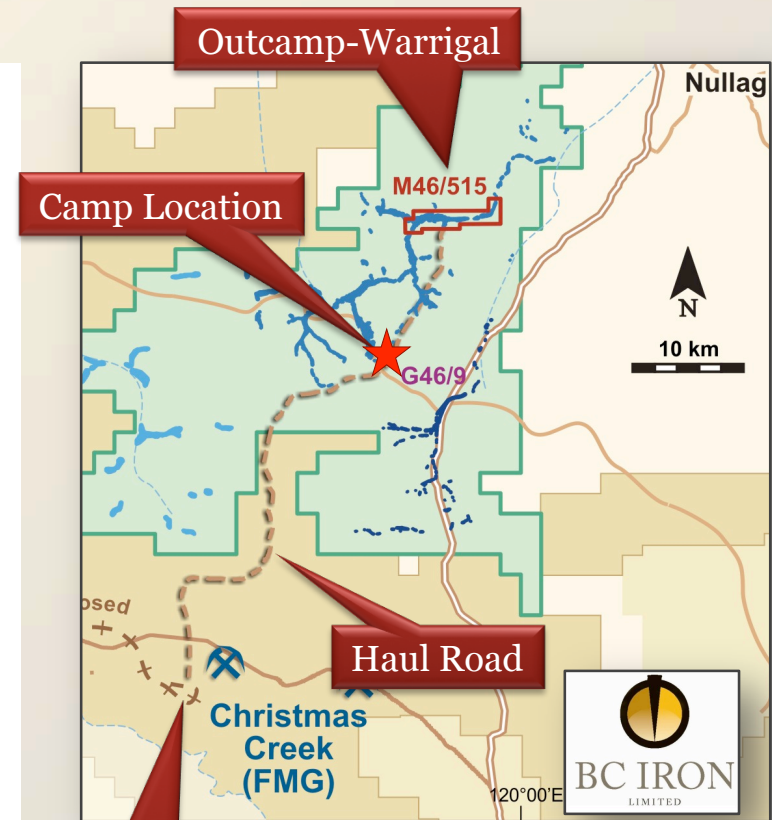
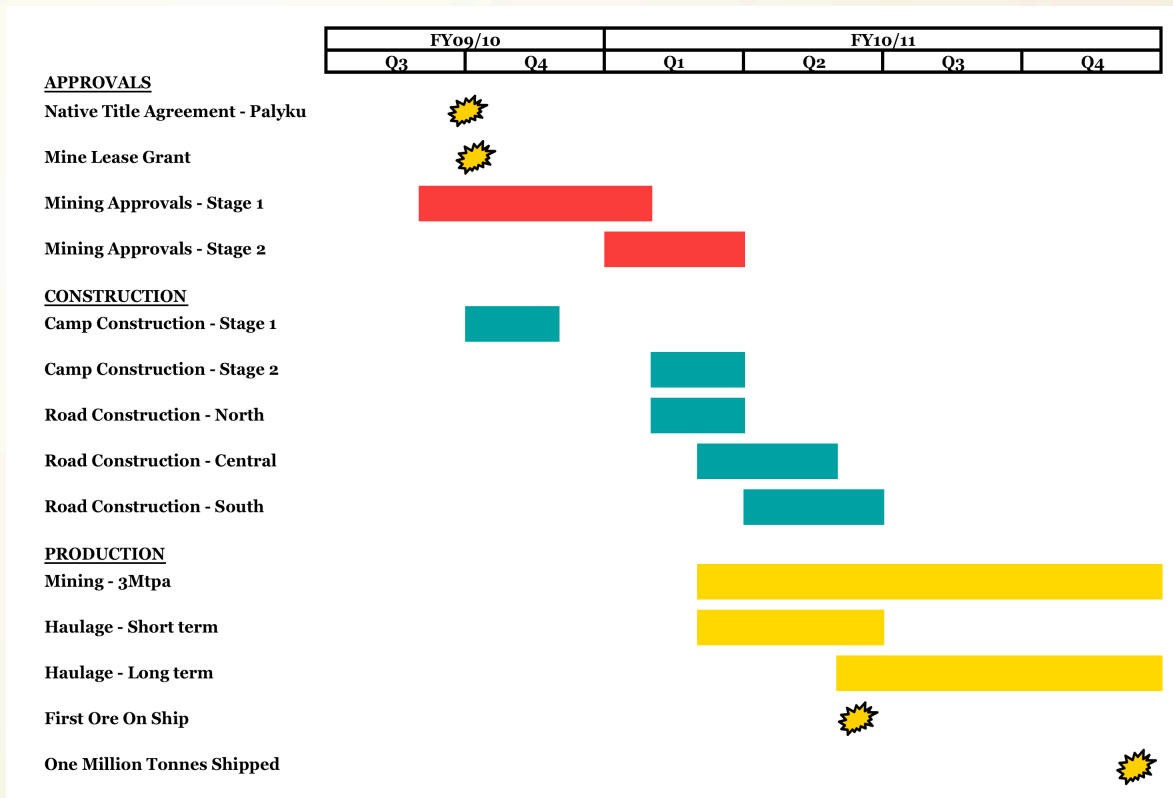
Project parameters – BCI 50%

- 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

(excludes state government royalties)

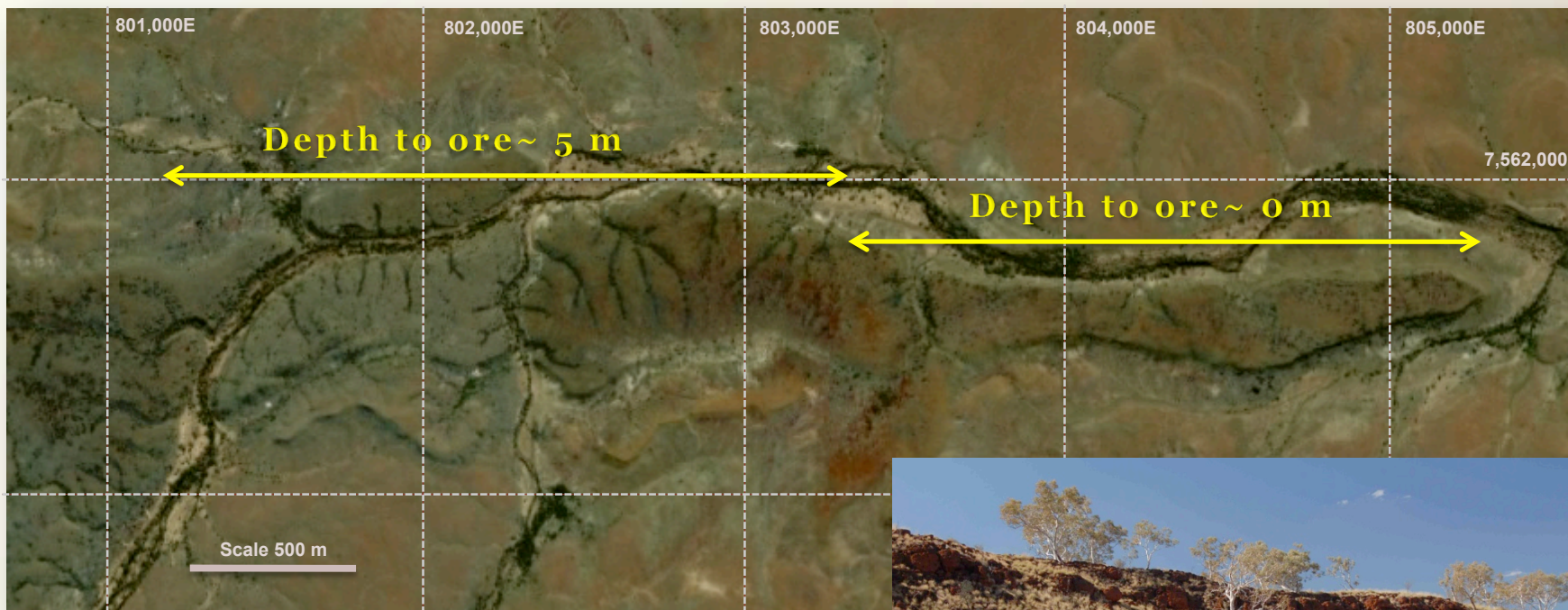


Nullagine joint venture milestones



- Target for 30 June '11 – 1 Mt exported

Christmas Ck OPF

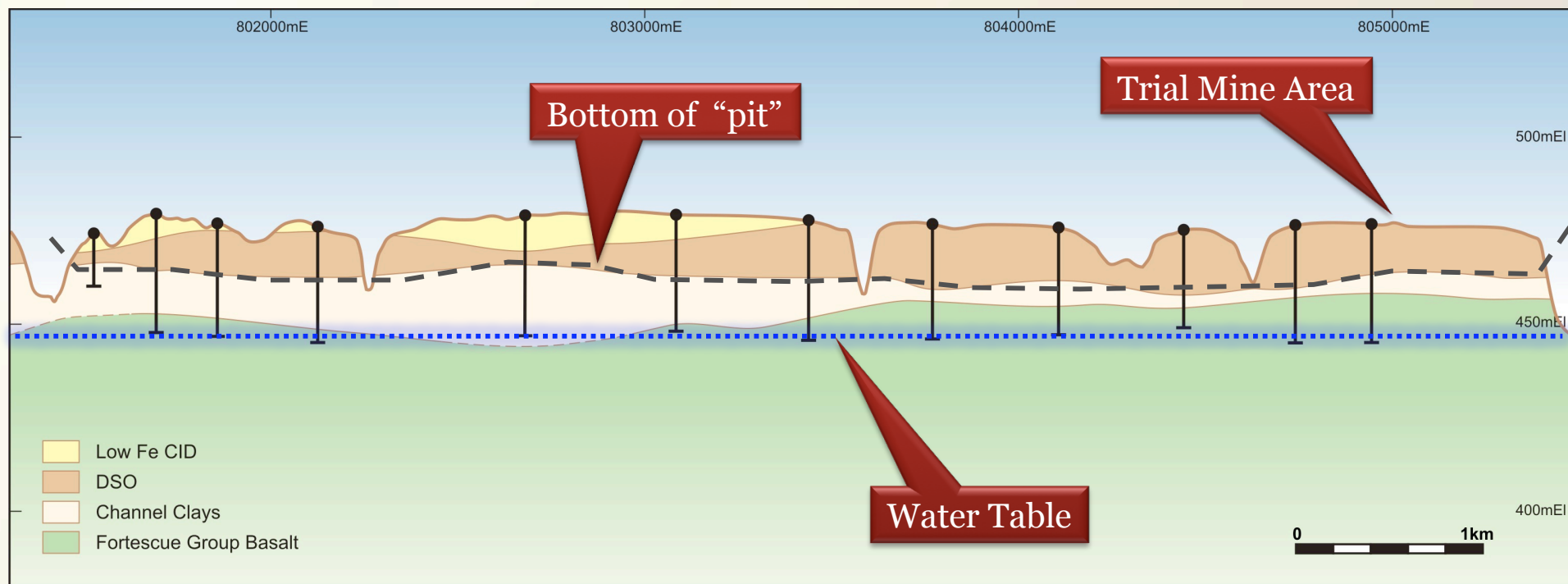


Outcamp-Warrigal deposit

- 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



Recent Accomplishments:

- Native title mining agreement
- Mining lease granted
- All key contracts awarded
- Camp construction commenced

Upcoming Milestones

- Mining Proposal approval
- Environmental approval
- Haul road construction begins



Phase 1 camp under construction



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

Major Contracts

- Watpac Ltd – mining and crushing & screening
- Watpac Ltd – haul road construction
- Mitchell West - ore haulage
- Complete Portables – camp and mine ops centre

Mining, crushing & screening

- Wirtgen 2500 selected for mining
- Kleeman Mobirex for crushing & screening



Kleeman - Mobirex MR170Z Crusher



Wirtgen 2500 at Outcamp well



Complete Portables - Phase 1 camp units under construction and installation



Haul road route aerial survey



June 2009 – Reserves and Resources Statement

Probable Ore Reserves

Pit	Mt	Fe%	CaFe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%	LOI ₁₀₀₀
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
TOTAL	35.6	56.9	64.7	3.23	1.96	0.02	0.01	12.1

DSO Resource Estimate

Class	Mt	Fe%	CaFe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%	LOI ₁₀₀₀
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
TOTAL	50.7	57.0	64.8	3.19	2.07	0.015	0.011	12.0

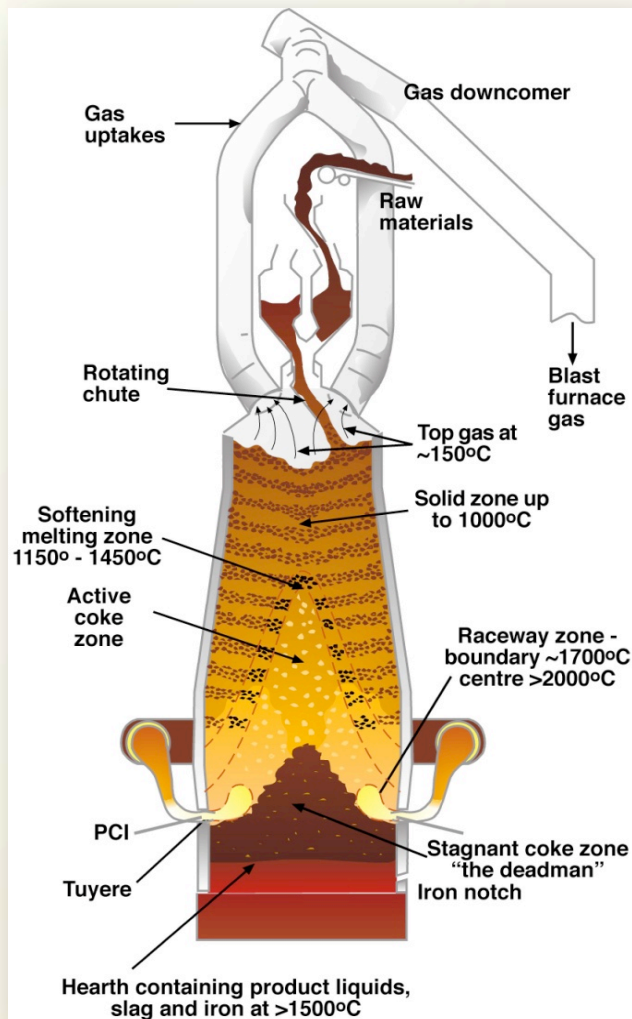
- The Ore Reserve is a subset of the Resource Estimate
- $CaFe = Fe / (100 - LOI) * 100$
- Total for Joint Venture (50% BC Iron)



Element	Nullagine DSO Reserve	Yandi/Robe DSO	Pilbara Fines DSO
Fe%	57	57 – 58.5	58 - 64
Calcined Fe%	65	64	63-65
SiO ₂ %	3.2	3 – 6	3 – 4
Al ₂ O ₃ %	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



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

- Al_2O_3 – affects furnace efficiency → slag
- 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

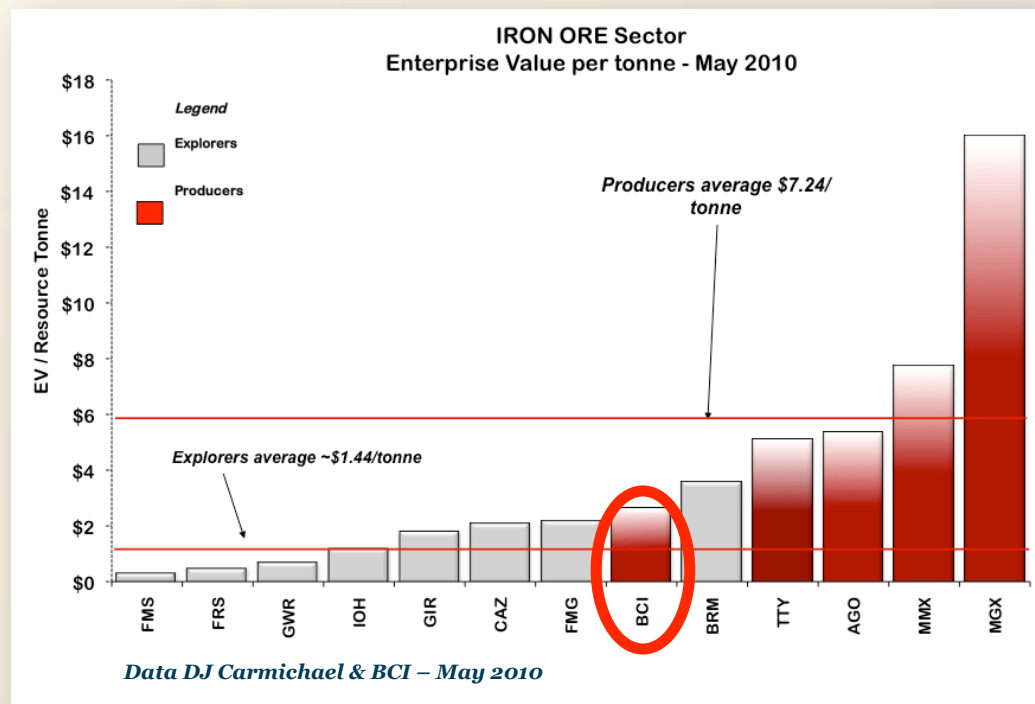
Building a pipeline of projects





BCI is poised for value re-rating:

- ✓ Infrastructure solution secured
- ✓ Approvals in process and on track
- ✓ Key contracts awarded – 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



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 the AusIMM and an employee of Golder Associates. 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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