



# BC IRON LIMITED

## 2010 Annual General Meeting

November 2010  
Mike Young - MD

## Points of difference:

- Production & revenue imminent
  - Mining has commenced
  - First ore on train in Dec 2010 – on ship in Jan 2011
  - Start up at 3Mtpa moving to 5Mtpa
  - 1Mt shipped by 30 June 2011
- Infrastructure secured – rail and port allocation
  - Nullagine Joint Venture - **BCI:FMG**
  - FMG's Chichester Hub to Port Hedland
- Quality product
  - Direct Ship Ore – Pisolite iron ore
  - Excellent sinter blend with low impurities
  - 20Mt of exports now committed
- Simple operation
  - Minimised performance risk



## Staying Focused

- Dec 2006 BC Iron lists on Australian Securities Exchange
- May 2007 Resource drilling identifies iron ore at Nullagine
- Jul 2007 Memo of understanding with FMG
- 2007-09 Drilling to Feasibility & Ore Reserves
- Jul 2009 Capital raising A\$22m
- Aug 2009 JV with FMG & rail haulage and port agreement
- Nov 2009 US\$50m Project finance and offtake deal with Henghou Industries (Hong Kong) Limited
- May 2010 Site construction commences
- Nov 2010 Capital raising A\$18m
- Nov 2010 JV Agreement signed replacing HoA
- Nov 2010 Mining commences

***Listing to mining in under 4 years***



Discovery hole May 2007



## Board of Directors BC Iron at the Nullagine JV

*The ore stockpile from the Trial Mining carried out in 2H 2009 can be seen in the background.*

*Trial mining was a main recommendation of the Feasibility Study and served to de-risk the project by confirming important assumptions in the Study and confirmed the method of surface mining as viable.*

*The stockpile's tonnage and grade were 13% better than predicted in the resource model supporting the estimation methods.*

**(L to R) Mike Young, Steve Chadwick, Tony Kiernan, Terry Ransted and Glenn Baldwin**

**Mike Young (49) MD and CEO** – a geologist with extensive experience in resource definition and feasibility in variety of commodities including gold, copper, uranium and iron ore. Former NED of Bannerman Resources.

**Tony Kiernan (59) Non-exec Chairman** – a solicitor with extensive experience in management and operation of Australian public companies. Chairman of Venturex Ltd and NED Chalice Gold and Uranium Equities

**Glenn Baldwin (38) Non-exec Director** – a mining engineer experienced in project assessment and development. Group CEO with Consolidated Minerals Limited a >1.2 mtpa Mn producer.

**Steven Chadwick (56) Non-exec Director** - a metallurgist with technical, operational and management roles in base metals and gold mining and processing. A NED of NGM Resources Limited.

**Terry Ransted (54) – Non-exec Director** – a geologist with Alkane Resources managing exploration and development programs. Experience in iron ore at Hamersley and Yandicoogina pisolite deposit.

Code:	ASX:BCI
Shares:	88.1 m
Unlisted Options:	12.5 m
Fully Diluted	<u>100.6 m</u>
Market Cap fully diluted @ A\$2.30	A\$230 m
Gross Cash at Sep '10	A\$40 m
	(BC Iron Limited A\$23 m)
	(NIOJV (50%) A\$17 m)
Major shareholders:	
Consolidated Minerals	22.2%
Regent Pacific	18.6%
Directors	4.0%
Institutions ~ 35% (incl. Regent) / Retail ~ 65%	
50% Australian / 50% Overseas	
~3,300 shareholders	

## Senior Management Team

**Blair Duncan** - Chief Operations Officer

**Morgan Ball** - Chief Financial Officer

**John McCarthy** – Resident Manager, NIOJV

**Greg Hudson** - Chief Geologist

**Gerry Bradley** – Sustainability Manager

**Donna Neill** – HR and OH&S

*The BC Iron team has the breadth of experience and passion to deliver the project outcomes, to grow the company and deliver shareholder value now and into the future*

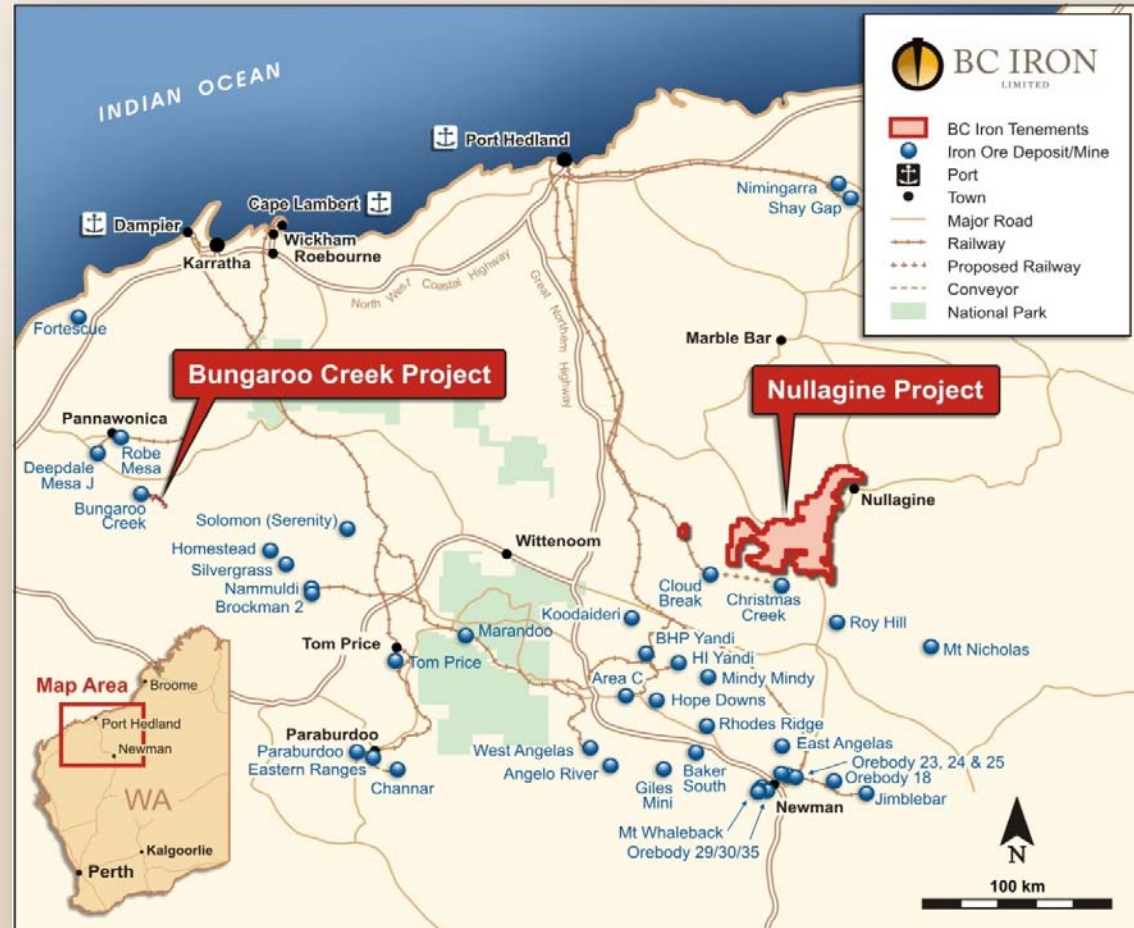
**INTEGRITY - MINING - SUCCESS**

## BC Iron Limited – Pilbara Projects

- Bungaroo near RIO Tinto's Bungaroo Creek & IOH Buckland Hills
- Exploration in 2011 field season

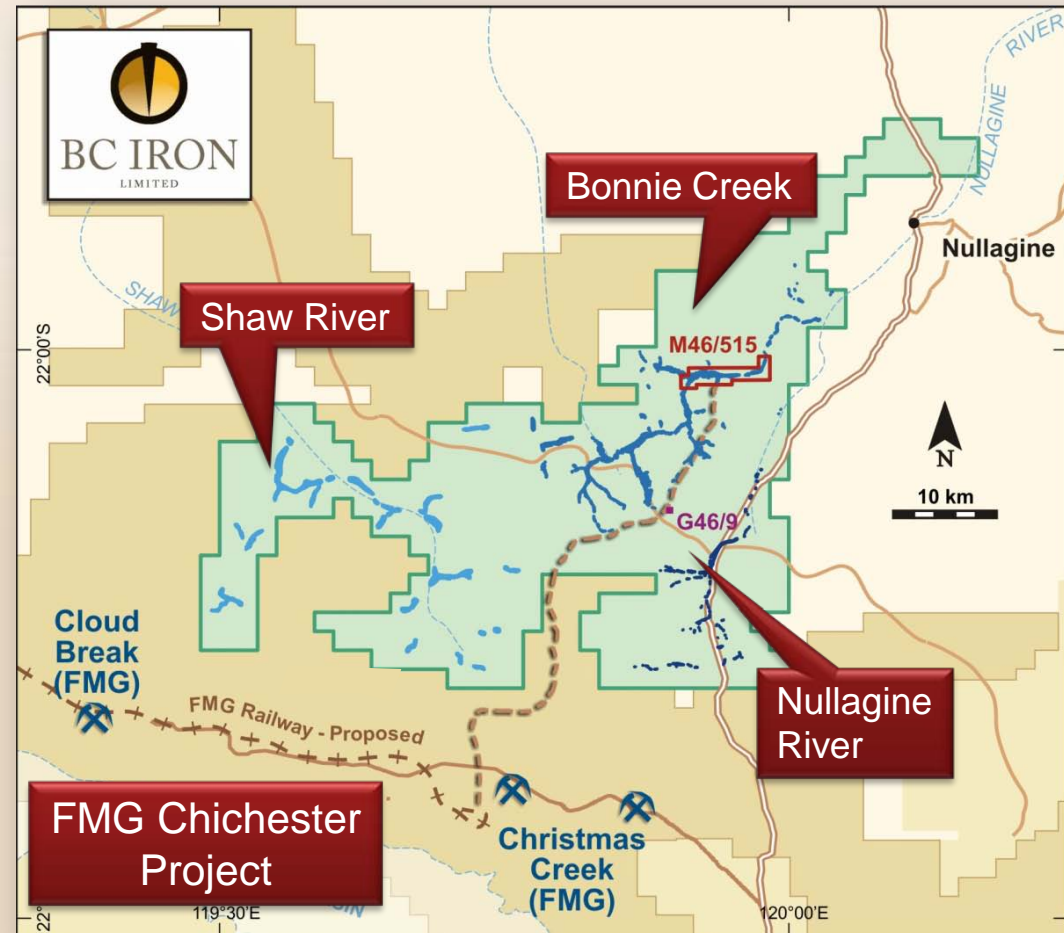
## Nullagine Project

- Directly north of FMG Chichester Operations
- Ore Reserves of 36Mt @ 57% Fe (65% CaFe)
- Mineral Resource of 102Mt @ 54% Fe (61% CaFe)
- Targeting further 10 - 15mt ore through exploration and beneficiation test work



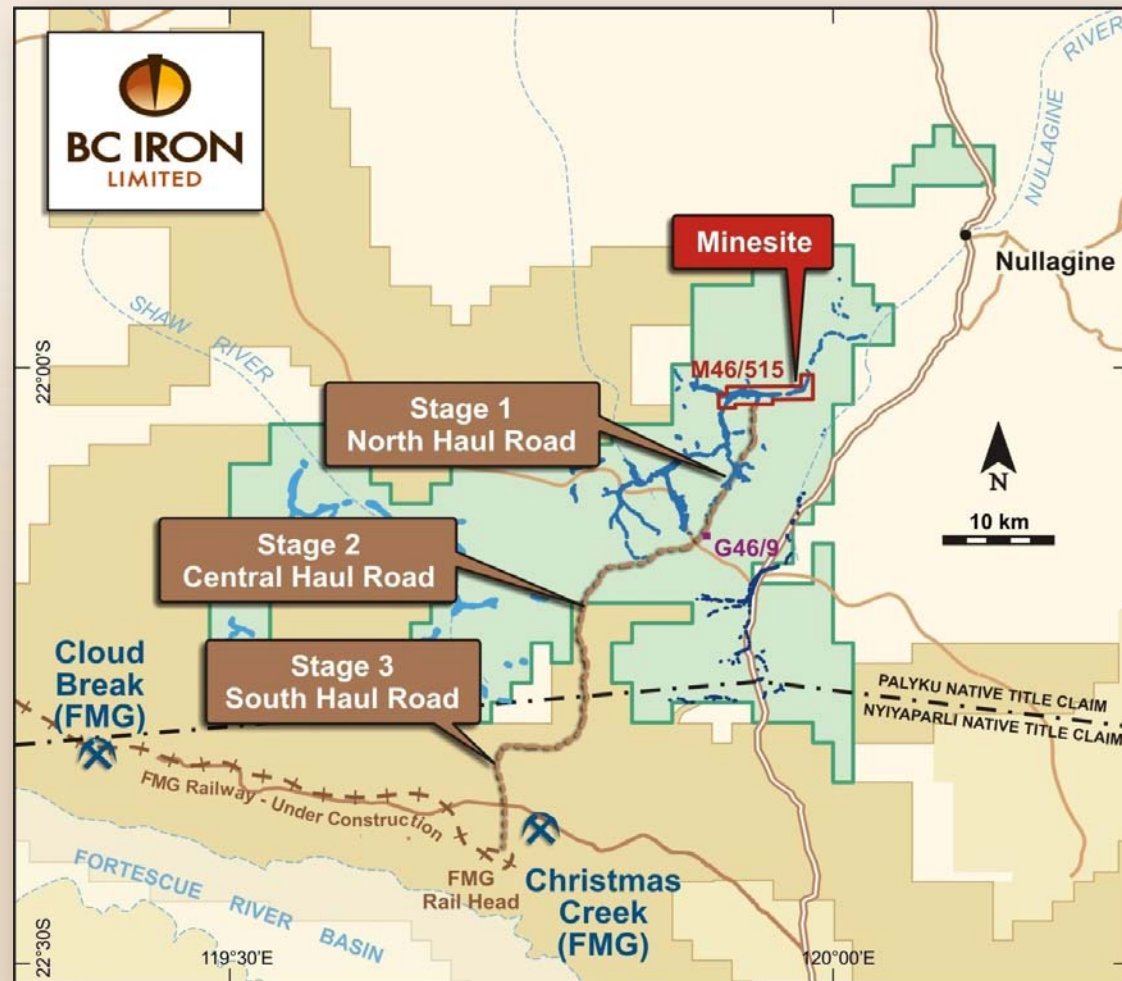
## Nullagine Iron Ore Joint Venture

- Joint Venture with FMG (50:50)
- Detailed JV Agreement executed in November 2011 replacing binding Heads of Agreement
- BC Iron Nullagine (BCIN) is the Manager of the Project
- BCIN contracts TPI to provide rail & port services on a fixed price per tonne basis indexed to CPI
- FMG provides marketing services
- Each shipment 'joint & several' with proceeds direct to the Joint Venture
- 50/50 distribution of Project profits
- Expansion to 5mtpa with FMG ramp-up to 95mtpa ~ 2012



## Project Metrics (BCI 50%)

- Production: 1mt shipped in FY10/11  
3mt shipped in FY11/12
- Mine Life: 8.5 years + growth
- Mining: Wirtgen surface miners & front-end loaders
- Crush/screen: Striker 2° and 3° only
- Haulage: 361t Power Trans road haul via private road
- Rail & Port: Contracted to TPI(FMG)
- Capital & WC: A\$72m
- Cash costs: ~A\$43/tonne life of mine  
*(excl. royalties, admin, marketing)*





## Production Profile

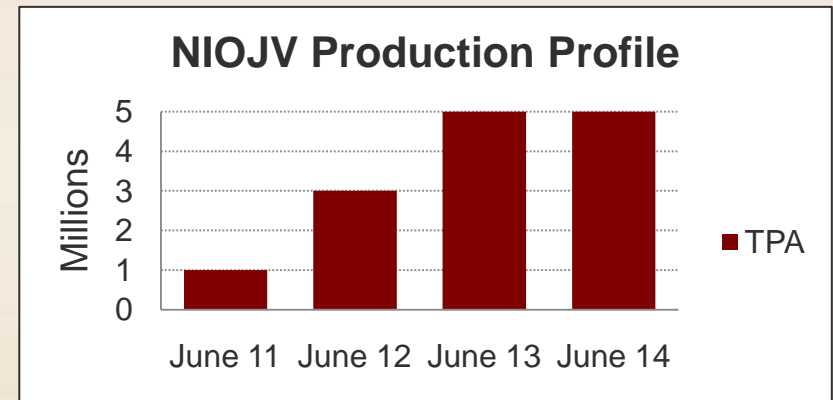
- 1Mtpa shipped by 30 June 2011
- 3Mtpa to 5Mtpa when FMG expands its Chichester Hub – expected by 2H 2012
- 20Mt committed to Henghou Industries (HK) Limited

## West Australian CID

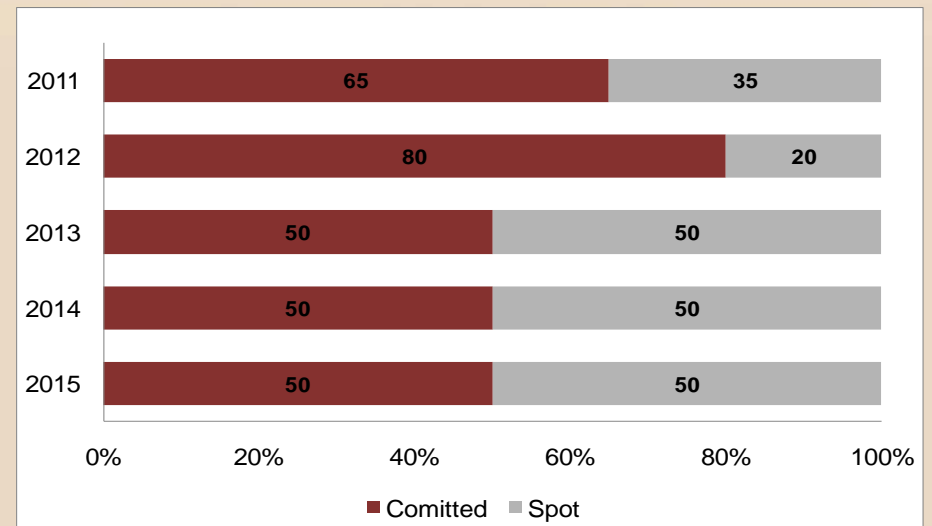
- Fines only pisolite similar to *Robe, Yandi, Solomon*
- Low impurities, low ultra-fines, low moisture yielding excellent sintering performance
- “*Bonnie Fines*” sinter blend improves sintering efficiency and productivity at mill

## Marketing & Pricing

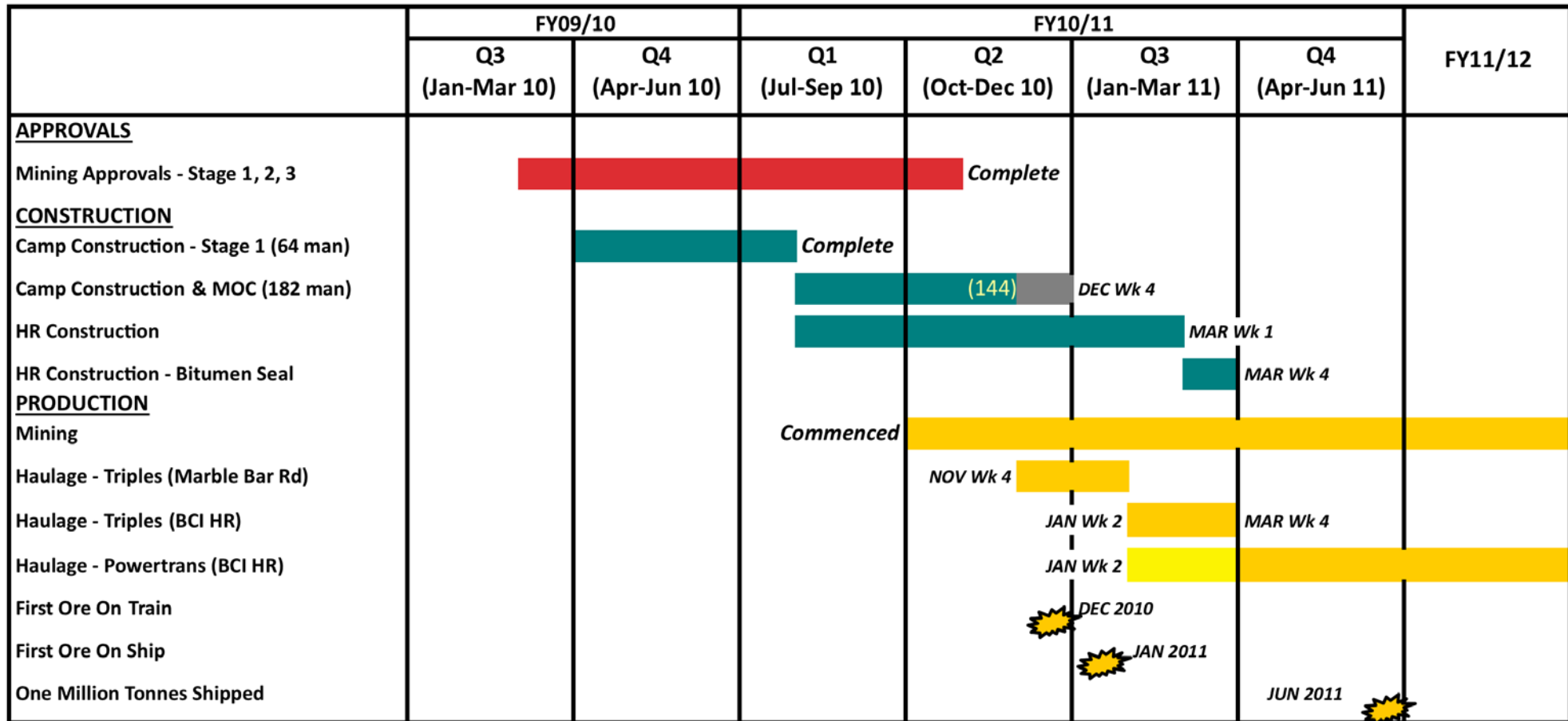
- FMG provides marketing services to JV
- Uncommitted ore to be sold on the spot market based on the Platts 62% Fe CFR
- Ore committed to Henghou sold at an agreed discount based on Platts 62% Fe CFR



## Distribution of spot sales versus Henghou



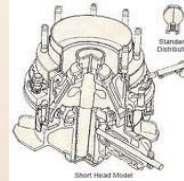
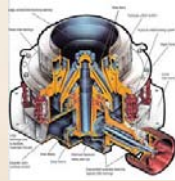
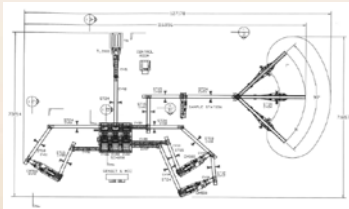
## Nullagine Iron Ore Joint Venture – Project Schedule





- Wirtgen 2500SM Surface Miner x 2
- CAT 777D Dump Trucks x 3
- CAT 992 FEL's x 2

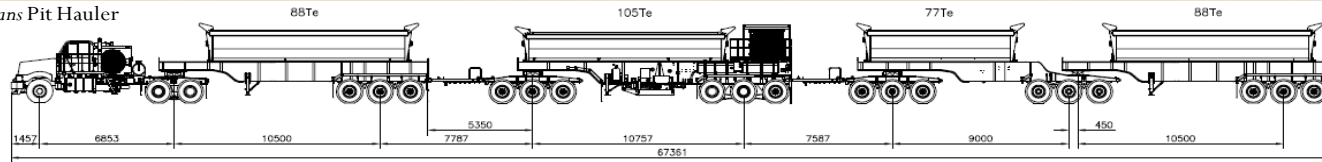
## Mining



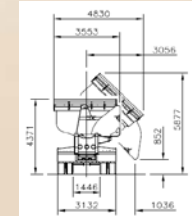
- Striker Crushing & Screening Plant
- TL 2000 Apron Feeder
- Three stage screening plant
- CM 500 Cone Crushers x 2
- Sampling Station
- 600 tonnes per hour

## Crushing & Screening

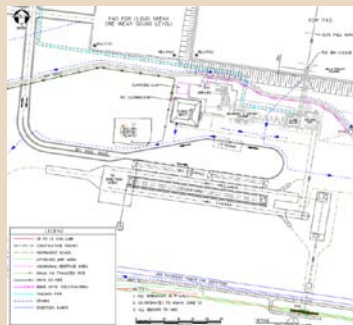
Powertrans Pit Hauler



•55 km private haul road •360 tonne Pay load



## Road Haulage



## Project Stockpile

### Rail



Christmas Creek

291 km

### Port



Herb Elliott Port

Port Hedland

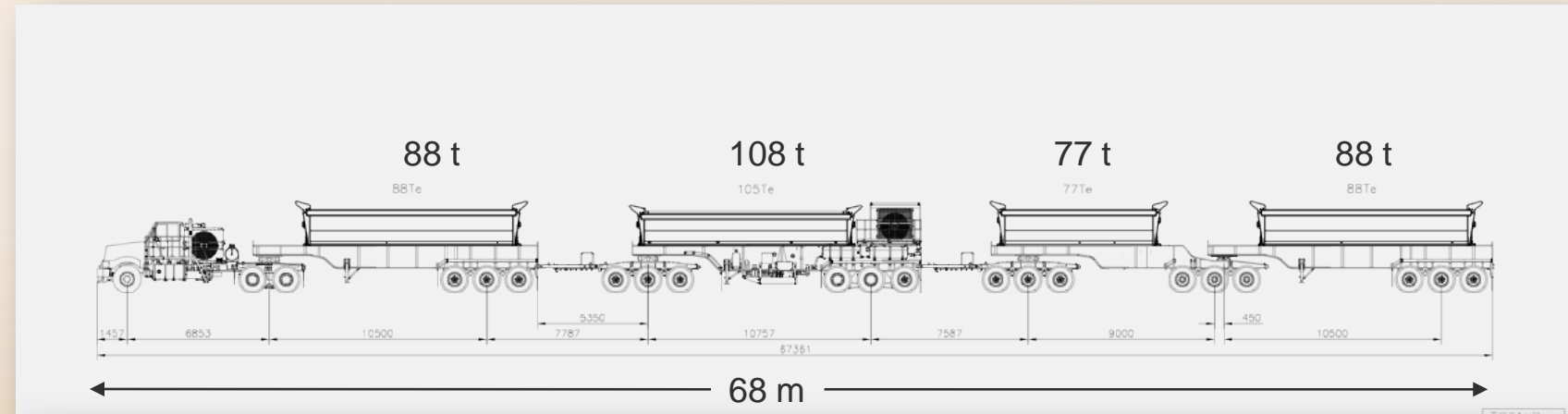
### Ship to Market

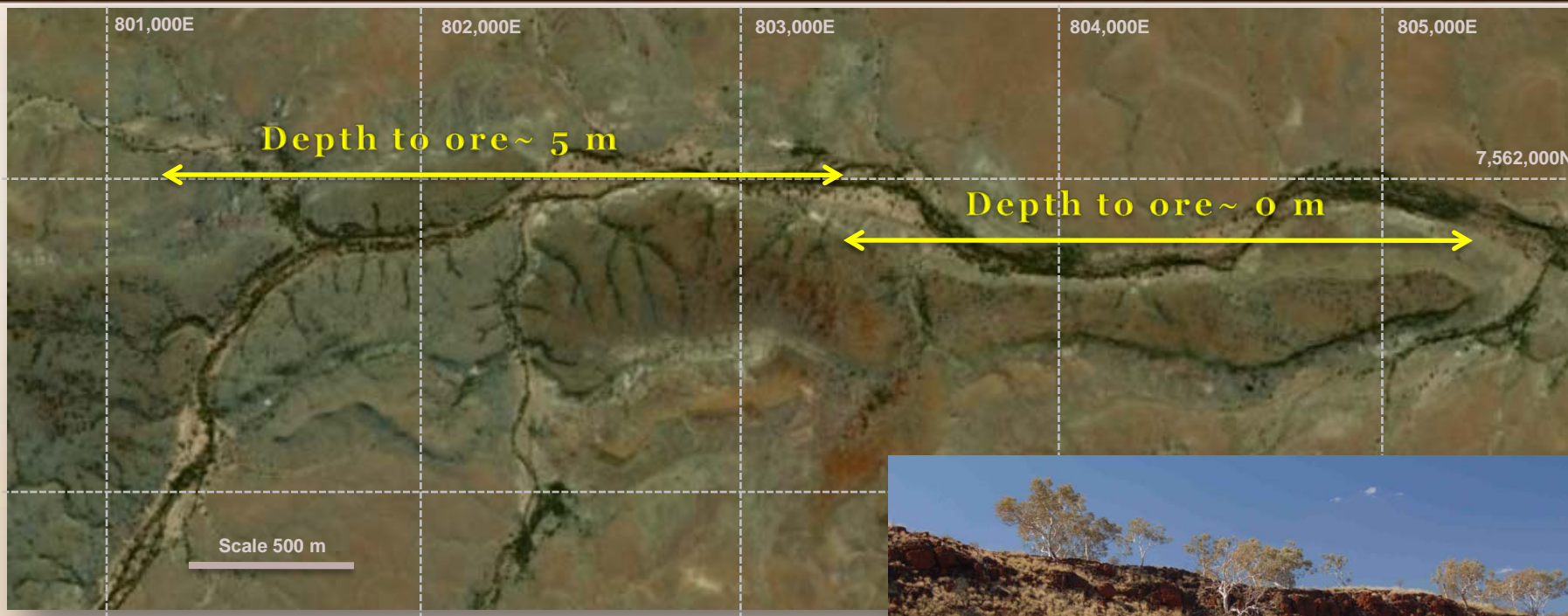


3.0 Mtpa  
in 2011

5.0 Mtpa  
in 2013

Comparative size of Power Trans rig versus Boeing 747-400 with four intact engines.





## Outcamp-Warrigal deposit

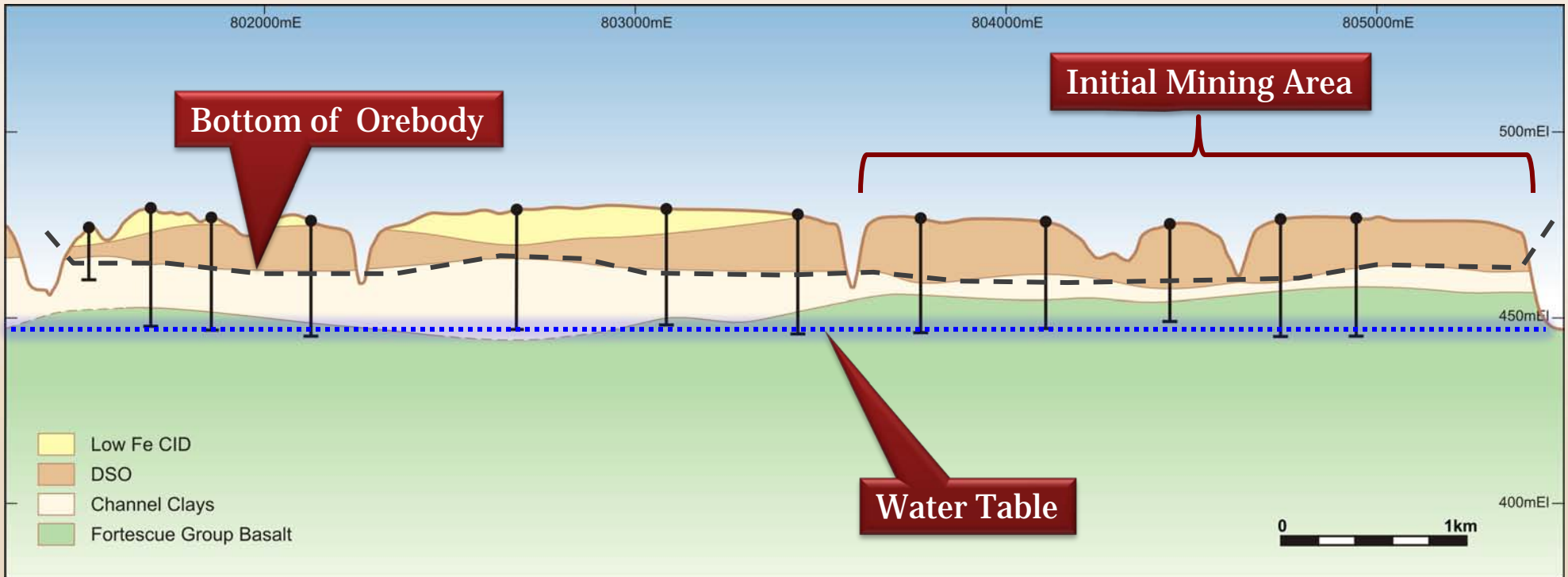
- Outcropping mesa (Spanish for 'table')
- Above water table
- No pit – mining off the top of mesa



Ore outcrop Outcamp



Outcamp mesa looking southwest. Initial mining started in the foreground.



- **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

## June 2010 – 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>

### Total CID 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	2.2	54.5	62.1	4.94	3.65	0.018	0.017	12.1
Indicated	68.8	54.0	61.8	4.48	3.08	0.017	0.011	12.7
Inferred	30.6	54.4	61.8	4.63	3.54	0.016	0.021	11.8
<b>TOTAL</b>	<b>101.6</b>	<b>54.1</b>	<b>61.8</b>	<b>4.54</b>	<b>3.23</b>	<b>0.017</b>	<b>0.015</b>	<b>12.4</b>

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



## Targeted M & A

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

## Commodity and geography

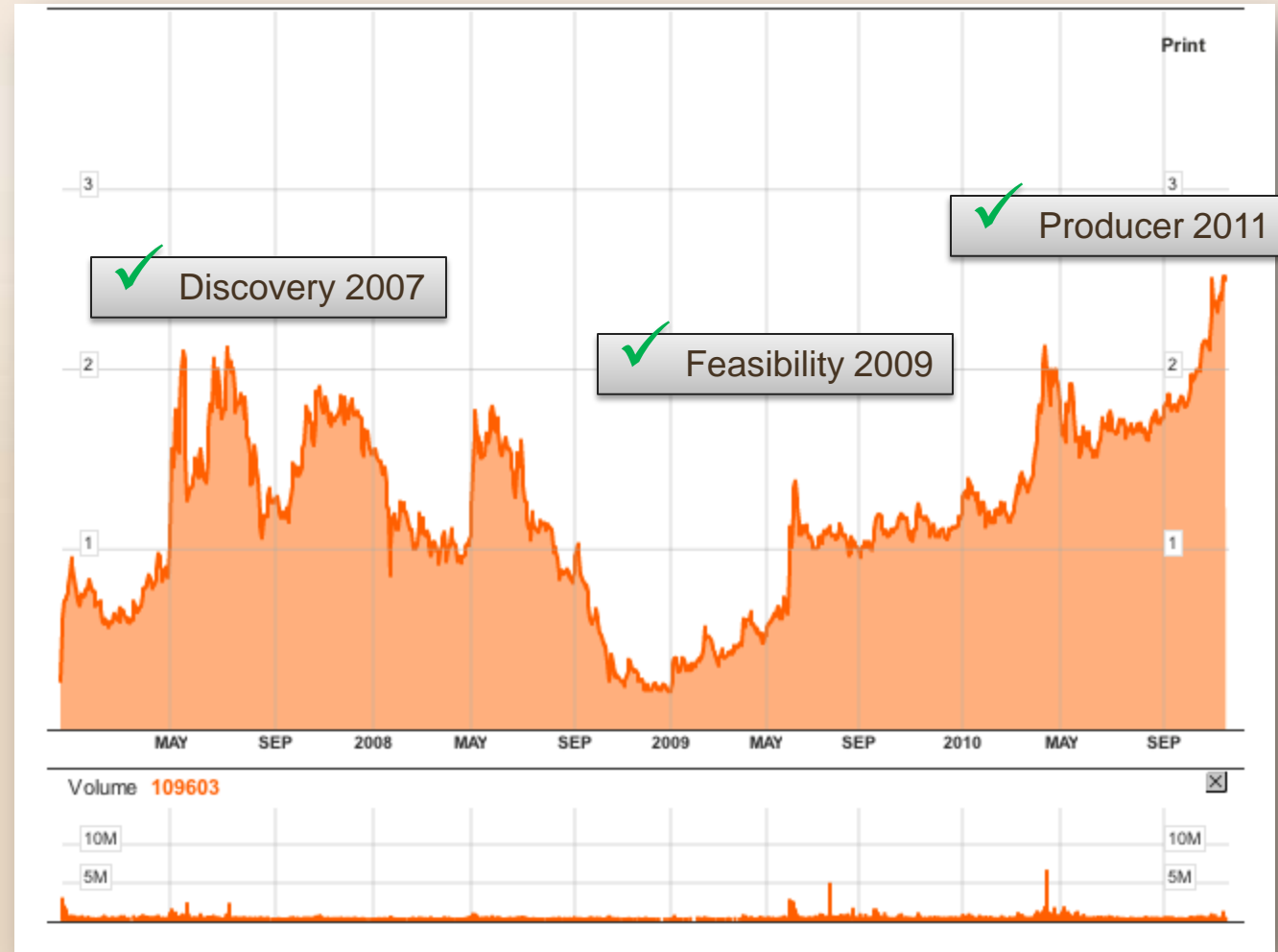
- Realistic targeting of sufficient quantity, quality and technical & commercial thresholds
- Active in bulks (Fe, coal, Mn, etc)
- Favourable geopolitics

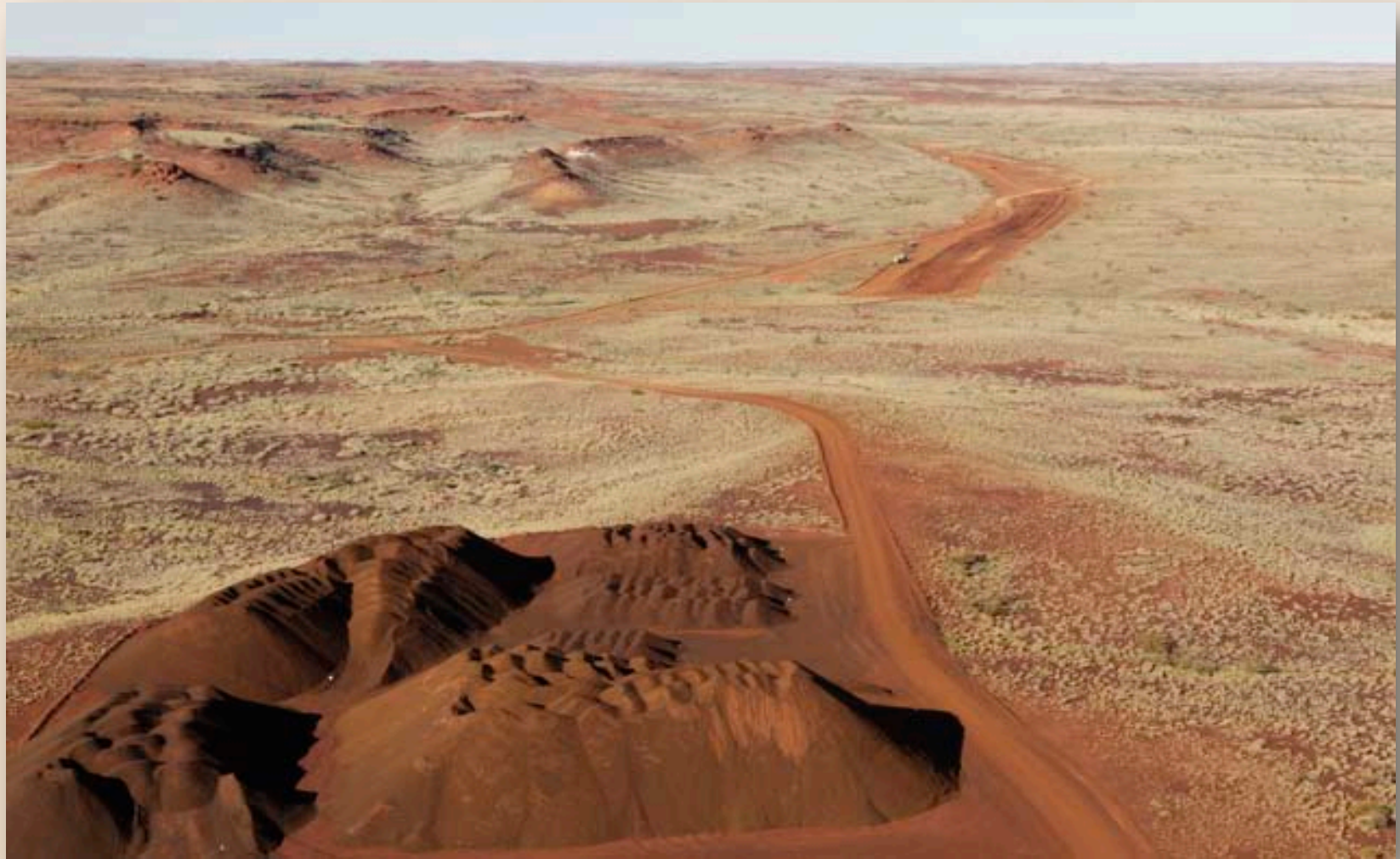
***Building a pipeline of projects!***



## Focus and delivery:

- ✓ Discovery 2007
- ✓ Feasibility 2009
- ✓ Producer 2011





Project stockpile at Outcamp, looking south along haul road corridor

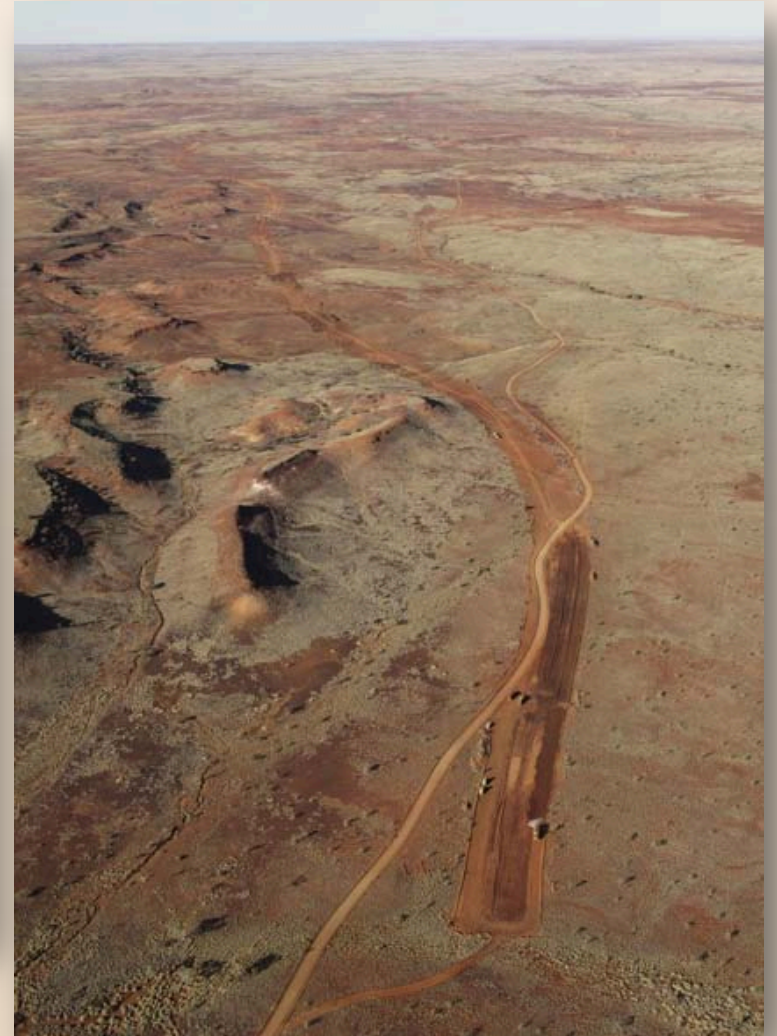
Graders clearing on haul road alignment.



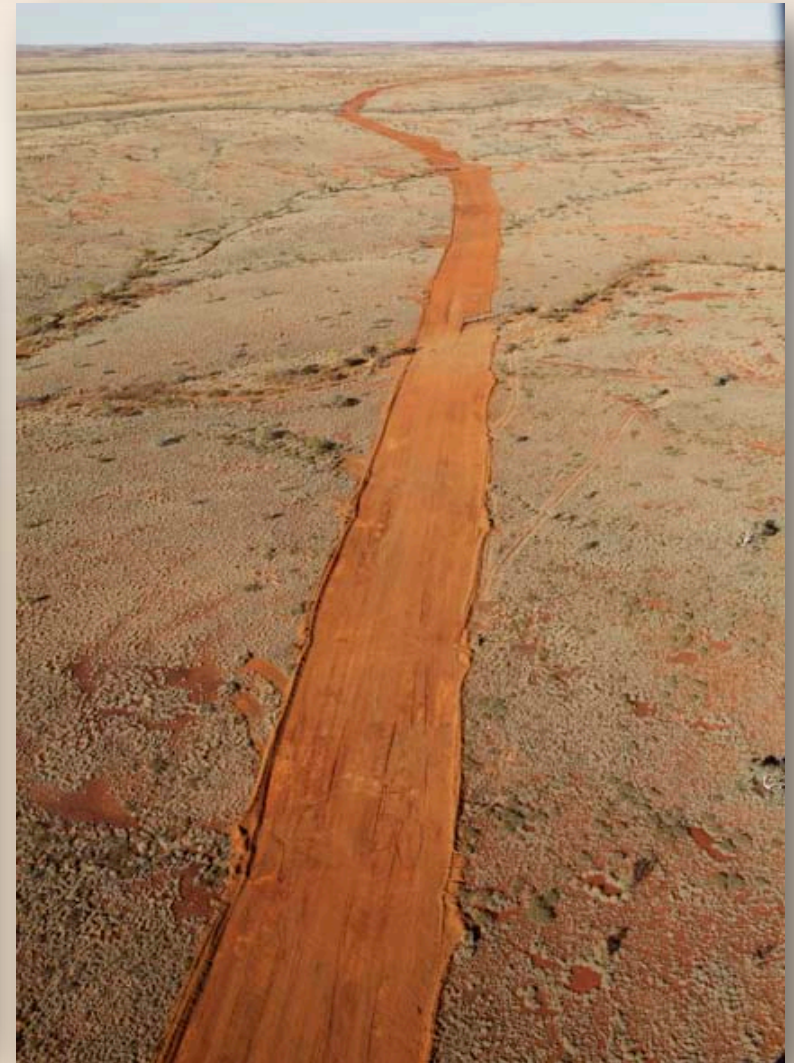
Aerial view of Stage 1 haul road alignment clearing looking north towards Outcamp (right).



Haul road alignment clearing (above).



Aerial views of Stage 1 haul road alignment clearings.





Aerial view looking northwest of Christmas Creek OPF rail loop.  
BC Iron haul road will enter from top right of photo.



Aerial view looking southeast of Christmas Creek OPF rail loop. BC Iron stockyard area will be in the cleared area in the middle right of the photo.





Aerial view of BC Iron first stage, 60-man camp. Expansion underway to final camp which will be 180-man.

This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events as of the time of the release of this document. 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 at Outcamp, Warrigal Well, and Coongan Well has been compiled by Mr Richard Gaze who is a member of the Australasian Institute of Mining and Metallurgy 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 Mineral Resource Estimate at Bonnie East and Shaw River have been compiled by Mr Greg Hudson who is a member of the Australian Institute of Geologists and an employee of BC Iron, and Mr Mike Young who is a member of the Australian Institute of Geologists and an employee BC Iron. Mr Young has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is 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 Hudson 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 Reserve has been compiled by Mr Blair Duncan who is an employee of the Company and a member of the Australasian Institute of Mining and Metallurgy, and 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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