

20 December 2010

Company Announcements Office  
Australian Securities Exchange

**BC Iron Limited (ASX:BCI)**

Please find attached a copy of the BC Iron Limited Share Trading Policy, lodged with the ASX in accordance with ASX Listing Rule 12.9 which takes effect on 1 January 2011.

Yours sincerely



**Morgan Ball**  
Company Secretary



## SHARE TRADING POLICY

### **Purpose**

This policy sets out the Company's policy regarding the trading in the Company's securities which includes shares, options, warrants, debentures and any other security on issue from time to time ("Company's securities"). This policy is separate from and additional to the legal constraints imposed by the common law, the Corporations Act and ASX Listing Rules.

This policy applies to all Directors and employees (permanent and casual) of the Company and their associates (including spouses, children, family trusts and family companies) as well as contractors, consultants, advisers and auditors of the Company (in this policy collectively referred to as "Designated Officers").

### **Requirements**

It is illegal to trade in the Company's securities while in possession of "inside information" (or as it is often termed "unpublished price sensitive information") concerning the Company. Under the Corporations Act a person with inside information must not, and must not procure another person, to deal in the securities of a body corporate or enter into an agreement to deal in the securities of a body corporate. Inside information is defined in the Corporations Act as information that:

- is not generally available; and
- if generally available, a reasonable person would expect it to have a material effect on the price or value of the securities of the Company.

### **General Prohibition on Insider Trading**

All Designated Officers are prohibited from trading in the Company's securities while in the possession of inside information concerning the Company. In addition, while in possession of inside information, Designated Officers must not advise others to trade in Company's securities or communicate the information to another person knowing that the person may use the information to trade in, or procure someone else to trade in, the Company's securities.

Examples of inside information or unpublished price sensitive information include:

- a proposed major acquisition or disposition;
- drill or exploration results;
- a significant business development or a proposed change in the nature of the Company's business;
- details of material contracts that are being negotiated by the Company;
- potential litigation that would have a substantial effect on the Company;
- a proposed change in the Company's dividend policy; and
- a major change to the Board or senior management.

## **Restrictions on Short-Term Trading by Directors and Employees**

The Company encourages Directors and employees to adopt a long-term attitude to their investment in the Company's securities. Consequently, Directors and employees may not engage in short-term or speculative trading of the Company's securities.

## **Prohibition on dealing in Shares during Non Trading Periods**

In addition to the overriding prohibition on dealing when a Designated Officer is in possession of inside information, Designated Officers are at all times prohibited from dealing in the Company's securities during:

- each period of 5 days immediately prior to the intended date upon which the Company:
  - releases its annual financial statements to the ASX;
  - releases its half-yearly financial statements to the ASX;
  - holds its annual general meeting or any general meeting of shareholders;
- each period of 2 days immediately after the date upon which the Company issues an ASX announcement or holds any general meeting of shareholders; and
- any other period determined by the Chairman and Managing Director from time to time when the board of the Company is considering matters to which Listing Rule 3.1 may apply; this Listing Rule describes the limited circumstances where a company may legitimately not disclose price sensitive information,

These periods are each a **Non Trading Period. Permission to Trade for Directors and Employees**

Designated Officers may trade in the Company's securities outside of any Non Trading Period so long as:

- they are not in possession of any inside information; and
- in the case of a trade by a Director or Company Secretary, the Chairman approves that trade and the relevant Director or Company Secretary satisfies the Chairman that he or she does not possess inside information about the Company; or
- in the case of a trade by an employee, the Managing Director or Company Secretary approves that trade and the relevant employee satisfies the Managing Director or Company Secretary that he or she does not possess inside information about the Company.

## **Exceptions to policy**

The policy does not apply in the following circumstances:

- transfers of the Company's securities already held by a Designated Officer into a superannuation fund or other saving scheme in which the Designated Officer is a beneficiary;
- trading in the Company's securities by a managed securities portfolio where the Designated Officer is not in a position to influence choices in the portfolio;
- where the Designated Officer is a trustee, trading in the Company's securities by that trust provided the Designated Officer is not a beneficiary of the trust and any decision to trade during a Non Trading Period is taken by the other trustees or by the investment managers independently of the Designated Officer;

- undertakings to accept, or the acceptance of, a takeover offer;
- trading under an offer or invitation made to all or most of the security holders of the Company, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board of the Company; this includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for for the take up of the balance of entitlements under a renounceable pro rata issue;
- a disposal of the Company's securities that is the result of a secured lender exercising their rights, for example, under margin lending arrangements;
- the exercise (but not the sale of the Company's securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Non Trading Period and the Company has been in an exceptionally long Non Trading Period or the Company has had a number of consecutive Non Trading Periods and the Designated Officer could not reasonably have been expected to exercise the option or right at a time when free to do so; and
- trading under a non-discretionary trading plan for which has been approved by the Chairman and Managing Director and where:
  - the Designated Officer did not enter into the plan or amend the trading plan during a Non Trading Period;
  - the trading plan does not permit the Designated Officer to exercise any influence or discretion over how, when or whether to trade.

Such a trading plan may not be cancelled during a Non Trading Period other than in exceptional circumstances.

### **Notification of Proposed Trade in Company Securities**

#### *Chairman*

Prior to trading in (either buying or selling) the Company's securities, the Chairman must notify the Managing Director and Company Secretary of his/ her intention to trade and confirm that he/ she is not in possession of any inside information.

#### *Directors*

Prior to trading in (either buying or selling) the Company's securities, Directors must notify the Chairman of their intention to trade and confirm that they are not in possession of any inside information.

#### *Employees*

Prior to trading in (either buying or selling) the Company's securities, employees must notify the Managing Director and/or the Company Secretary of their intention to trade and confirm that they are not in possession of inside information.

The requirement to provide notice of an intention to trade in the Company's securities does not apply to the acquisition of securities through Director, officer or employee share or option plans. However, the requirement does apply to the trading of the securities once they have been acquired or issued.

**Notification of Trade in Company Securities**

Directors must also notify the Company Secretary of any trade in the Company's securities as soon as practicable, but not later than 5 business days of such trade occurring so that the Company Secretary can comply with the ASX Listing Rule 3.19A requirement to notify the ASX of any change in a notifiable interest held by a Director.

The Company Secretary will maintain a register of all trades and holdings in Company securities by Directors.

**Margin Lending**

Margin lending is a form of finance which may be arranged by Designated Officers at the time of purchase of Company's securities or at another time.

If a Designated Officer receives a margin call from the lender in relation to the Company's securities then the Designated Officer has the choice of meeting the call by providing additional cash to the margin lender or meeting the obligation under the margin call by selling Company's securities. A Designated Officer may only sell the Company's securities to meet an obligation under a margin call in accordance with the procedures in this policy.

Directors must disclose margin lending positions involving 5% or more of the Company's shares to the Board and Company Secretary.

**Trading in exceptional circumstances**

In exceptional circumstances (such as financial hardship), the Chairman (in the case of Directors and senior executives) or Managing Director (in the case of other Designated Officers) may waive compliance with the provisions of this policy regarding restrictions on the trading of the Company's securities, by giving notice in writing (a correctly addressed email is sufficient) to the affected Designated Officer.

Designated Officers seeking a waiver from compliance with a provision of this policy because of exceptional circumstances must apply in writing to the Chairman or Managing Director (as applicable) providing details of the exceptional circumstances, the proposed dealing and any other relevant information.

Exceptional circumstances for these purposes include (but are not limited to) severe financial hardship or compulsion by court order. A person may be in severe financial hardship if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling the company's securities.

Except to the extent specified in the notice given to the Designated Officer, any approved dealing in exceptional circumstances must otherwise comply with this policy.

**Trading in derivative products**

Designated Officers are prohibited from trading during a Non Trading Period in financial products issued or created over or in respect of the Company's securities.