

Chairman's Statement to the 2011 AGM

It gives me considerable pleasure to provide a short report to shareholders as Chairman of BC Iron as a producing iron ore company, as opposed to one in exploration or development.

Shareholders will have heard me say before that the plan for BC Iron when it listed in December 2006 was to drill out a resource and bring the iron ore project into production as soon as possible.

As I noted in my Report in the 2011 Annual Report, it was very pleasing to see this plan materialise with the first shipment of the Company's iron ore overseas in February 2011, followed by the official mine opening in April 2011.

To achieve this required not only a good ore body but a focused and disciplined management and effective engagement with a range of key stakeholders. Those stakeholders include shareholders, the financial markets, native title claimant groups, the station owner, contractors and of course the provider of the rail and port infrastructure, being Fortescue Metals Group. Now having brought the Project into production, the principal focus of the Board and management is to increase production and the sale of ore overseas.

As shareholders will be aware, the price of iron ore has softened in the last few months; however in the last week or so it has been good to see the spot price tracking upwards. I'm no economist, but my view is that we will get the ups and downs of iron ore pricing in the next three to four years, but in general terms we would expect a healthy market for the sale of our product.

To Mike and his staff - a job well done. In commenting on management and without being overly expansive, I'd like to acknowledge the efforts of senior management in the CFO, Morgan Ball, Chief Operating Officer Blair Duncan, on site Registered Manager John McCarthy and Sustainability Manager Gerry Bradley. To the shareholders – thank you for your support, and I am sure you will appreciate that in the short period of time in which this company has been operating we have been successful in building up value for shareholders, taking it from a market capitalisation on listing of some \$12 million to where in January 2011 we received an unsolicited bid for the Company valuing it at \$330 million.

I would also like to record appreciation for the efforts of our joint venture partner, Fortescue Metals Group and in particular Julian Tapp and Anna Shave from FMG who sit on our JV committee.

I am often asked as to the future of BC Iron. Let me make it clear that the principal objective is, as I mentioned, to increase production, keep operating costs per tonne down and ship ore overseas on an economical basis. Notwithstanding that focus, we do have a business development profile and have been reasonably active in seeking opportunities. I can assure the shareholders that any future business development will only be undertaken if the Board sees value and in the interests of the current shareholders.

Thank you for your support throughout the year, and I will now move to the business of the meeting.

We would be delighted to take questions at the conclusion of the meeting and after Mike has given his presentation.