

4 September 2012

Dear Shareholder

BC Iron – Financial Year ended 30 June 2012 and Maiden Dividend

The last financial year has been an excellent one for the Company in which the Nullagine Joint Venture hit targets of a run rate of 5 million tonnes per annum and 3.5 million tonnes exported, and BC Iron finished the year with a solid balance sheet.

It gave the Board considerable pleasure in declaring the Company's maiden dividend comprising a fully franked 15.0 cents per share (payable in early October to all shareholders at the record date of 17 September 2012) which represents a payout ratio of some 31%. The Company encourages you to complete the Direct Credit form included with this letter to ensure the efficient payment of this maiden dividend to shareholders.

The Board's overriding philosophy is to create value for shareholders and the declaration of a dividend is consistent with this.

Enclosed please find the Notice of BC Iron's 2012 Annual General Meeting ("**AGM**") to be held on 20 November 2012 at 11.00am at the Celtic Club, 48 Ord Street, West Perth.

Given the successful year, I would urge as many shareholders as possible to attend the AGM, or alternatively complete a Proxy or Corporate Representation form and return it to the Company's share registry.

With my best wishes



TONY KIERNAN
Chairman