

## BC IRON SUCCESSFULLY COMPLETES A\$47 MILLION PLACEMENT

### HIGHLIGHTS

- **Successful completion of a A\$47 million institutional placement**
  - **Significant support from both existing and new institutional shareholders**
  - **Placement price at a premium to BC Iron's closing price and 5 day VWAP prior to transaction announcement**
  - **Ensures all funding required is in place to complete acquisition of an additional 25% interest in the Nullagine Iron Ore JV**
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Further to its announcement of 10 December 2012, Australian iron ore producer, BC Iron Limited (“**BC Iron**” or the “**Company**”) (ASX: **BCI**), is pleased to announce the successful completion of a fully underwritten institutional placement of ordinary shares to raise approximately A\$47 million (“**Placement**”).

The final issue price under the Placement was A\$3.04 per new fully paid ordinary share (“**Placement Price**”). The Placement Price represents a 3.8% premium to the last close of \$2.93 on 7 December 2012 and a 6.0% premium to the 5 day volume weighted average price for the period ending on 7 December 2012 of approximately \$2.87 per share.

BC Iron will use the funds raised under the Placement to partially fund the transaction (“**Transaction**”) announced on 10 December, which comprises:

- Acquisition of an additional 25% interest in the Nullagine Iron Ore JV (“**NJV**”) from Fortescue Metals Group (“**Fortescue**”);
- A formal increase in the capacity available to the NJV on Fortescue's rail and port to 6 Mtpa for the life of the NJV; and
- BC Iron to make a once-off prepayment of rail haulage and port charges for 3.5 Mt (wet) of its share of production from the NJV.

Settlement of the Placement is expected to occur on 17 December 2012, with the new shares expected to be allotted and to commence trading on the ASX on 18 December 2012. The new shares will rank equally with existing shares.

Upon settlement of the Placement, BC Iron will draw down on its US\$130 million debt facility, following which all conditions required to complete the Transaction will have been met. The Transaction is expected to complete on or about 18 December and be effective from 1 January 2013.

BC Iron's Managing Director, Mike Young, said, “*The Placement was very well supported by both new and existing institutional shareholders. This strong support is evidenced by the Placement price*”

*achieved at a premium to BC Iron's last closing price, affirming our view that this is a strategically compelling Transaction which is expected to be accretive for all BC Iron shareholders. This Transaction has also allowed BC Iron to grow its institutional shareholder base which is expected to increase investor interest and improve liquidity."*

Macquarie Capital (Australia) Limited acted as Sole Lead Manager, Underwriter and Bookrunner to the Placement. Argonaut and Octa Phillip Securities Limited each acted as broker to the Placement. Azure Capital Limited acted as BC Iron's independent corporate adviser on the Transaction and its financing.

### **Share purchase plan**

As announced on 10 December 2012, BC Iron will also conduct a share purchase plan ("SPP"). Under the SPP, eligible BC Iron shareholders at the record date will be invited to subscribe for up to a maximum of A\$15,000 per shareholder. The SPP will be subject to an overall cap of A\$10 million, with BC Iron reserving the right to scale-back allocations if the cap is exceeded.

The SPP price will be the lower of the Placement Price and the volume weighted average price of BC Iron shares on the ASX over the 5 business days immediately prior to the SPP opening date (rounded down to the nearest cent). The record date for the SPP is 7pm Sydney time on 7 December 2012 and the SPP is expected to open on 19 December 2012. The SPP is not underwritten. Further details of the SPP, including instructions on how to apply, will be released on the ASX and distributed to eligible shareholders in due course.

BC Iron has requested that the trading halt be lifted and expects that the Company's shares will recommence trading this morning.

**- ENDS -**

**FOR FURTHER INFORMATION:**

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## About BC Iron Limited

BC Iron is an iron ore development and mining company with key assets in the Pilbara region of Western Australia. The Company's core focus is the Nullagine Iron Ore Project, a unincorporated joint venture with Fortescue Metals Group Limited. The NJV uses Fortescue's infrastructure at Christmas Creek, 50 km south of the Nullagine mine, to rail its ore to Port Hedland from where it is shipped directly to customers overseas.

BC Iron has had outstanding success since listing in December 2006. Iron ore exports commenced in February 2011 and the NJV exported approximately 3.55Mt of iron ore during FY2012. As of May 2012, the NJV is operating at its nameplate production rate of 5Mtpa.

In August 2012, BC Iron entered into an Iron Ore Strategic Alliance with Cleveland Mining to acquire and co-develop new iron ore projects in Brazil. Under the terms of this 50:50 Joint Venture, BC Iron acquired a 5% equity stake in Cleveland Mining.

On 10 December 2012, BC Iron announced that it had entered into an agreement to increase its interest in the NJV to 75% while also reaching agreement with Fortescue to increase the available infrastructure capacity and hence production of the NJV to 6Mtpa with BC Iron's attributable production being 4.5Mtpa.

The Company is now set to move into the next phase of development through measured consideration of business development opportunities.

### Key Statistics

**Current shares on Issue:** 103.9 million  
**Shares on issue post the placement and prior to the SPP:** 119.4 million

### **Cash & equivalents:**

30 September 2012 ~\$81m  
Pro-forma cash post placement & acquisition (prior to SPP)<sup>1</sup> ~\$57m

|                              |                 |                                   |
|------------------------------|-----------------|-----------------------------------|
| <b>Board and Management:</b> | Tony Kiernan    | Chairman & Non-Executive Director |
|                              | Mike Young      | Managing Director                 |
|                              | Morgan Ball     | Finance Director                  |
|                              | Terry Ransted   | Non-Executive Director            |
|                              | Andy Haslam     | Non-Executive Director            |
|                              | Malcolm McComas | Non-Executive Director            |
|                              | Jamie Gibson    | Non-Executive Director            |
|                              | Linda Edge      | Company Secretary                 |

Website: [www.bcion.com.au](http://www.bcion.com.au)

<sup>1</sup> Based on 30 September cash position adjusted down by approximately \$23.6 million reflecting BC Iron's estimated cash reserves required to supplement the Placement and debt facility proceeds.