

ENTITLEMENT OFFER TO RAISE \$25.5 MILLION

- **1 for 1 pro-rata renounceable entitlement offer at an issue price of \$0.13 per share to raise \$25.5 million (before costs)**
- **Major shareholder, Wroxby Pty Ltd, has committed to take up its entitlement of \$4.9 million**
- **Balance of \$20.6 million underwritten by Patersons Securities and Foster Stockbroking (of which \$11 million is sub-underwritten by Wroxby Pty Ltd)**
- **Issue price at attractive discount to recent market prices to encourage shareholder participation**
- **Funds will be applied to developing a robust development case for the Buckland mine-to-port project, considering new mineral investment opportunities and strengthening the Company's balance sheet**

BC Iron Limited (ASX:BCI) ("BC Iron" or "the Company") is pleased to announce a pro-rata renounceable entitlement offer ("Offer") to raise approximately \$25.5M before costs.

BC Iron is currently transitioning to a new phase, 'resetting for growth' and focusing activities on actively generating value from existing assets while also considering, in a disciplined manner, other new opportunities. The Company is seeking to raise funds to support this strategy and also strengthen its balance sheet.

Offer Details

Under the Offer, eligible BC Iron shareholders (registered address in Australia and New Zealand) will be invited to subscribe for 1 new share for every 1 share held on the record date at an issue price of \$0.13 per share.

Major shareholder, Wroxby Pty Ltd ("Wroxby"), has committed to take up its entitlement of approximately \$4.9M in full and underwriting has been secured for the balance of approximately \$20.6M through Patersons Securities Limited ("Patersons") and Foster Stockbroking Pty Ltd ("Foster"). This will ensure the entire \$25.5M will be raised, provided that the underwriting agreement is not terminated.

Wroxby has also agreed to sub-underwrite \$11M of the underwritten amount. Alwyn Vorster, Managing Director, has agreed to sub-underwrite \$200,000 and Martin Bryant, Non-executive Director, has agreed to sub-underwrite \$100,000. Allocation of any shortfall to sub-underwriters will be on a pro-rata basis. Employees of the Company will have the opportunity to apply for up to a total of \$100,000 of shares not taken up by eligible shareholders (in priority of the underwriting).

To encourage shareholder participation, the Offer has been attractively priced at \$0.13 per share. This represents discounts of:

- 39.5% to the closing price on 10 October 2016 (being the last trading day prior to the Company entering into a trading halt ahead of this announcement) of \$0.215 per share; and
- 37.2% to the 30-day volume weighted average price up to and including 10 October 2016 of \$0.207.

As the Offer is renounceable, eligible shareholders who do not wish to participate can sell part or all of their entitlement on market. Eligible shareholders and new investors can also purchase entitlements on market.

Patersons has been appointed to sell the entitlements of ineligible shareholders (registered address outside of Australia and New Zealand). The net proceeds of the sale will be remitted to these shareholders.

Use of Proceeds

Funds raised under the Offer will be applied towards supporting BC Iron's strategy and strengthening the Company's balance sheet. Indicatively, funds raised via the Offer will be used to:

- Pursue strategies to develop a robust development case for the overall Buckland mining and infrastructure project and position Cape Preston East as an attractive new port for the West Pilbara region (\$3.0M);
- Position the Company to selectively evaluate and potentially transact on new opportunities (iron ore and non-iron ore) with a strong value proposition and near term earnings potential (\$11.3M);
- Strengthen the Company's balance sheet by retiring remaining debt obligations when due and create a buffer against adverse market conditions (\$10.0M); and
- Expenses of the Offer (\$1.2M).

Important Dates

Important dates relating to the Offer are set out in the table below.

Event	Date*
Announcement of Offer	13 October 2016
Lodgement of Appendix 3B with ASX	13 October 2016
Prospectus lodged at ASIC and ASX	17 October 2016
Notice sent to Shareholders	19 October 2016
"Ex" Date (date Shares are quoted ex-rights)	20 October 2016
Rights trading commences	20 October 2016
Record Date to determine Entitlements	5.00pm (WST) 21 October 2016
Prospectus (together with Entitlement and Acceptance Form) sent to Shareholders	26 October 2016
Opening Date	26 October 2016
Rights trading ends	4 November 2016
Closing Date**	11 November 2016
Notification to ASX of under subscriptions	15 November 2016
Issue date	18 November 2016

* These dates are indicative only. The Directors reserve the right to vary the key dates without prior notice, subject to the Listing Rules.

** The Directors may extend the Closing Date by giving at least three Business Days' notice to ASX prior to the Closing Date. As such, the date the Shares are expected to commence trading on ASX may vary.

BC Iron is encouraged by the opportunities presented by its existing assets and potential new opportunities in the market. The Company urges all eligible shareholders to read the prospectus in full and consider taking up your Entitlement to participate in BC Iron's journey to grow the Company.

- ENDS -

FOR FURTHER INFORMATION:

ALWYN VORSTER
MANAGING DIRECTOR
BC IRON LIMITED
TELEPHONE: +61 8 6311 3400

MEDIA ENQUIRIES:

DAVID TASKER / TONY DAWE
PROFESSIONAL PUBLIC RELATIONS
TELEPHONE: +61 8 9388 0944

ABOUT BC IRON LIMITED

BC Iron is an iron ore mining and development company with assets in the Pilbara region of Western Australia, including Iron Valley, Buckland and Nullagine. BC Iron is listed on the ASX under the code 'BCI'.

Iron Valley is a mine located in the Central Pilbara with Ore Reserves of 123.2Mt at 58.8% Fe.¹ The mine is operated by Mineral Resources Limited ("MIN") under an iron ore sale agreement, whereby MIN operates the mine at its cost and purchases Iron Valley product from BC Iron at a price linked to MIN's realised sale price. MIN is currently evaluating a range of initiatives that have the potential to improve the long term viability of Iron Valley and its value to both parties.

Buckland is a development project located in the West Pilbara region, comprising a proposed mine at Bungaroo South and its own proposed independent infrastructure solution incorporating a haul road and transshipment port at Cape Preston East. It has Ore Reserves of 134.3 Mt at 57.6% Fe,² a completed and announced feasibility study, and all primary tenure and licences secured.

Nullagine is an unincorporated 75:25 joint venture with Fortescue Metals Group Limited ("Fortescue"), which commenced exports in February 2011. The Nullagine Joint Venture has the capacity to rail and export up to 6Mtpa of ore on Fortescue's infrastructure. Operations are temporarily suspended due to market conditions. On 10 October 2016, BC Iron entered into a conditional binding terms sheet for the sale of its 75% interest to Fortescue.

BC Iron also has an interest in a number of other exploration stage projects in the Pilbara and potential royalties over the Koodaideri South and North Marillana tenements.

KEY STATISTICS

Shares on issue:	196.3 million	
Cash and cash equivalents:	A\$9.5 million	as at 30 June 2016
Board:	Tony Kiernan	Non-Executive Director Chairman
	Alwyn Vorster	Managing Director
	Martin Bryant	Non-Executive Director
	Andy Haslam	Non-Executive Director
	Brian O'Donnell	Non-Executive Director
Major shareholders:	Wroxby Pty Ltd	19.0%

Website: www.bciron.com.au

1: Refer to ASX announcement released on 30 August 2016.

2: Refer to BC Iron's 2015 Annual Report released on 26 August 2015.