



DESPATCH OF PROSPECTUS

BC Iron Limited (ASX:BCI) (“BC Iron” or “the Company”) confirms that the Prospectus and personalised Entitlement and Acceptance Form in connection with the renounceable entitlement offer (“Entitlement Offer”) announced on 13 October 2016 were despatched to Eligible Shareholders (as defined in the Prospectus) in the form attached today.

As announced, the Entitlement Offer provides the opportunity for existing Eligible Shareholders to acquire 1 new BC Iron share for every 1 existing share held as at 5:00pm (WST) on Friday, 21 October 2016 at an offer price of \$0.13 per new share.

Further information for Eligible Shareholders

Eligible Shareholders are encouraged to carefully read the Prospectus for further details relating to the Entitlement Offer.

The Entitlement Offer closes at 5.00pm (WST) on Friday, 11 November 2016 unless extended or withdrawn. Applications and associated application monies must be received prior to this time.

The Company notes that some of the Entitlement and Acceptance Forms sent to Eligible Shareholders incorrectly included in the acceptance provisions a row titled “Number of Additional New Shares applied for”. As stated in the Prospectus, Eligible Shareholders may not apply for shares in excess of their entitlement. If an Eligible Shareholder applies for additional shares in excess of their Entitlement, that application will be disregarded and any relevant application monies returned, without interest.

- ENDS -

FOR FURTHER INFORMATION:

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

MEDIA ENQUIRIES:

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PROFESSIONAL PUBLIC RELATIONS
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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 September 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.



BC Iron Limited

ACN 120 646 924

Prospectus

For a renounceable entitlement offer to Eligible Shareholders of up to 196,263,455 Shares at an issue price of \$0.13 per Share on the basis of 1 Share for every Share held on the Record Date to raise up to approximately \$25.5 million before expenses.

The Offer is partially underwritten by Patersons Securities Limited and Foster Stockbroking Pty Ltd to \$20.66 million. In addition, Wroxby Pty Ltd has committed to take up its Entitlement to the value of \$4.86 million.

This Offer closes at 5.00pm WST on 11 November 2016. Valid acceptances must be received before that date.

IMPORTANT NOTICE

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents, or are in doubt as to the course you should follow, you should consult your stockbroker, financial or other professional adviser.

The Shares offered by this Prospectus should be considered speculative.

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Important notes

This Prospectus is dated 17 October 2016 and was lodged with the ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Shares issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

The Company will apply to ASX for Official Quotation of the Shares offered pursuant to this Prospectus within 7 days after the date of this Prospectus.

Eligible Shareholders should read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered speculative.

Applications for Shares by Eligible Shareholders will only be accepted where they comply with the instructions on the Entitlement and Acceptance Form accompanying this Prospectus as described in section 1.7.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus. Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers to whom investors may consult.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, it would not be lawful to make such an offer or invitation.

Neither this document nor the Shares the subject of the Offer have been, nor will be, registered under the United States Securities Act of 1933, as amended or under the securities legislation of any state of the United States of America, or any applicable securities laws of a country of jurisdiction outside of Australia and New Zealand. Accordingly, subject to certain exceptions, the Shares the subject of the Offer may not, directly or indirectly, be offered or sold within a country or jurisdiction outside of Australia and New Zealand or to or for the account or benefit of any national resident or citizen of, or any person located in a country or jurisdiction outside of Australia and New Zealand.

New Zealand notice

The Offer to New Zealand investors pursuant to this Prospectus are regulated offers made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

The Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. The Australian Corporations Act and Corporations Regulations set out how the Offer must be made. There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

Privacy

The Company collects personal information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the personal information in the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and

may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), the ASX, ASIC and other regulatory authorities.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

If an Applicant becomes a security holder of the Company, the Corporations Act and Australian tax legislation requires the Company to include information about the security holder (including name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

The Company will not disclose the personal information of Applicants to entities outside Australia.

The Company's privacy policy contains information about how an Applicant may access and correct the personal information the Company holds about them.

Key definitions

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion. Please refer to section 7 for a list of defined terms.

Key risks

For a summary of the key risks associated with further investment in the Company, please refer to the Investment Overview. A more detailed description of the key risks is set out in section 4.

Corporate Directory

Directors	Mr Anthony Kiernan (Non-Executive Chairman) Mr Alwyn Vorster (Managing Director) Mr Martin Bryant (Non-Executive Director) Mr Andrew Haslam (Non-Executive Director) Mr Brian O'Donnell (Non-Executive Director)	Lawyers	Gilbert + Tobin 1202 Hay Street WEST PERTH WA 6005 Telephone: +61 8 9413 8400 Facsimile: +61 8 9413 8444
Company Secretary	Ms Hayley McNamara	Auditors	BDO Audit (WA) Pty Ltd 38 Station Street SUBIACO WA 6000 Telephone: +61 8 6382 4600 Facsimile: +61 8 6382 4601
Registered and principal office	Level 1 15 Rheola Street WEST PERTH WA 6005 Telephone: +61 8 6311 3400 Facsimile: +61 8 6311 3449 Web: www.bciron.com.au	Share Registry*	Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace PERTH WA 6000 Enquiries: 1300 787 272
Underwriters	Patersons Securities Limited Foster Stockbroking Pty Ltd	ASX Code	BCI

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

Important dates*

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) despatched 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.

Chairman's letter

Dear Shareholder

On behalf of the BC Iron Board, I am pleased to invite you to participate in a 1 for 1 pro-rata renounceable entitlement offer at an offer price of \$0.13 per share to raise approximately \$25.5 million (before costs). The offer closes at 5.00pm WST on 11 November 2016.

During the last six months, BC Iron's Board and management team have given serious consideration to the Company's future direction. On 6 September 2016, the Company released an updated corporate presentation and letter from the Chief Executive Officer and Managing Director, Alwyn Vorster, which outlined the strategy to focus on growth via maximising the value of our existing assets and seeking new opportunities in a range of commodities.

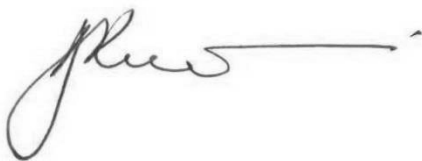
BC Iron requires new funds to support the Company and this strategy. In particular, funds raised from the entitlement offer will be used to:

- Pursue strategies to develop a more 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;
- 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; and
- Strengthen the Company's balance sheet by retiring remaining debt obligations when due and create a buffer against adverse market conditions.

The entitlement offer is underwritten by Patersons Securities Limited to \$10.33 million and Foster Stockbroking Pty Ltd to \$10.33 million and BC Iron's major shareholder, Wroxby Pty Ltd has indicated it will take up its entitlement of approximately \$4.86 million in full. Wroxby will also be sub-underwriting the Offer to \$11 million. I thank Wroxby for the continued support of the Company and its strategy.

In summary, the Company is excited by the opportunities presented by our existing assets and the potential new opportunities in the market. I urge all eligible shareholders to read the prospectus in full and consider taking up your Entitlement and participating in BC Iron's journey to grow the Company.

Yours sincerely



Anthony Kiernan
Non-Executive Chairman

Brief instructions for Eligible Shareholders

The number of Shares to which you are entitled to apply for under the Offer is shown in the Entitlement and Acceptance Form. You may participate in the Offer as follows:

<p>If you wish to accept your Entitlement in full:</p> <ul style="list-style-type: none"> • pay the amount indicated on your Entitlement and Acceptance Form via BPAY® using the BPAY® code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or • complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form. <p>Please refer to section 1.7 for further details on applying for Shares.</p>	<p>If you only wish to accept part of your Entitlement:</p> <ul style="list-style-type: none"> • pay a lesser amount than indicated on your Entitlement and Acceptance Form via BPAY® using the BPAY® code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or • complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form. <p>Please refer to section 1.7 for further details on applying for Shares.</p>
<p>If you wish to transfer all or part of your Entitlement (other than on market using ASX):</p> <p>Please forward</p> <ul style="list-style-type: none"> • a completed standard renunciation and transfer form (obtainable from your stockbroker or the Company's share registry); and • the Entitlement and Acceptance Form completed by the transferee; and transferee's cheque for the amount due in respect of the Shares; <p>to the Company's share registry not later than 5.00pm WST on the Closing Date or such later date as the Directors advise. Cheques should be made payable to "BC Iron Limited" and crossed "Not Negotiable".</p> <p>Please refer to section 1.7 for further details.</p>	<p>If you wish to sell all or part your Entitlement on ASX:</p> <p>Please follow the instructions set out on the front of the Entitlement and Acceptance Application Form under the section marked "Sale of your Entitlement rights in full or in part by your Stockbroker".</p> <p>Rights trading commences on 20 October 2016. You must deal with your Entitlement by close of trading on the ASX on 4 November 2016, when rights trading ceases.</p>
<p>If you do not wish to accept all or part of your Entitlement, you are not obliged to do anything. If Eligible Shareholders do not take up their Entitlement, their existing interest in the Company will be diluted. Please refer to sections 2.4 and 4.2.</p>	

Investment overview

This section provides a summary of information that is key to a decision to invest in Shares. This is a summary only. Potential investors should read this entire Prospectus carefully.

If you are unclear in relation to any aspect of the Offer, or if you are uncertain whether Shares are a suitable investment for you, you should consult your financial or other professional adviser.

Question	Response	Where to find more information
Why is the Company conducting the Offer?	<p>The Company is currently transitioning to a new phase, 'resetting for growth' and focusing activities on more actively generating value from existing assets while also continuing to investigate and consider, in a disciplined manner, other new opportunities.</p> <p>Additional funds are required to support this strategy. In particular, to:</p> <ul style="list-style-type: none"> • Pursue strategies to develop a more 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; • 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; and • Strengthen the Company's balance sheet by retiring remaining debt obligations when due and create a buffer against adverse market conditions. <p>Availability of funds to pursue new opportunities will enhance the Company's ability to assess, structure and transact on attractive new opportunities.</p>	Section 1.2
What is being offered and at what price?	<p>The Company is offering to issue Shares to Eligible Shareholders by a pro-rata renounceable entitlement offer.</p> <p>Under the Offer, Eligible Shareholders may subscribe for 1 Share for every Share held on the Record Date, at a price of \$0.13 per Share.</p> <p>The Offer price of \$0.13 per Share is a 37.2% discount to the volume weighted average price of Shares as traded on ASX on the 30 Business Days prior to the Company entering into a trading halt ahead of announcing the Offer on 13 October 2016.</p>	Section 1.1
How many new securities will be issued?	The maximum number of Shares that will be issued under the Offer (if the Offer is fully subscribed) is 196,263,455.	Section 2.3
What is the amount that will be raised under the	The Company is seeking to raise approximately \$25.5 million before costs. The Offer is partially underwritten to approximately \$20.66 million. In addition, Wroxby has committed to take up its Entitlement in full to the value of	Section 1.2

Question	Response	Where to find more information
Offer?	approximately \$4.86 million, and accordingly, through this and the Underwriting Agreement, the Company has received commitments under the Offer to raise \$25.5 million before expenses.	
Who is eligible to participate in the Offer?	<p>The Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia, New Zealand on the Record Date.</p> <p>If you are not an Eligible Shareholder, you are not able to participate in the Offer. However, your Entitlements will be issued to Patersons as nominee, the sale of your Entitlements will be arranged and the proceeds (if any) net of expenses will be distributed to you in proportion to your Entitlements.</p>	Section 1.11
What are the alternatives for Eligible Shareholders?	<p>The Offer is renounceable so you may trade your Entitlements. As an Eligible Shareholder, you may:</p> <ul style="list-style-type: none"> • take up all of your Entitlements; • sell all of your Entitlement on ASX; • take up part of your Entitlements, and sell the balance on ASX; • take up part of your Entitlements, and allow the balance of your Entitlements to lapse; • deal with part or all of your Entitlement other than on ASX; or • allow all of your Entitlements to lapse. 	Section 1.7
Can I apply for Shares in excess of my Entitlement?	<p>No. You may not apply for Shares in excess of your Entitlement.</p> <p>Employees of the Company will be permitted to apply for any Shares not taken up by Eligible Shareholders under the Offer (Employee Priority Offer). The Employee Priority Offer will be capped at \$100,000.</p> <p>Any Shares not taken up by Eligible Shareholders and not taken up under the Employee Priority Offer may become available as Shortfall and will be dealt with in accordance with the Underwriting Agreement. See further details in Section 1.8.</p>	Section 1.8
Is the Offer underwritten?	<p>The Offer is partially underwritten to approximately \$20.66 million by Patersons as to approximately \$10.33 million and Foster as to approximately \$10.33 million.</p> <p>In addition, Wroxby has committed to take up its Entitlement in full to the value of approximately \$4.86 million, and</p>	Sections 1.6 and 5.4

Question	Response	Where to find more information
	<p>accordingly, through this and the underwriting arrangements, the Company has received commitments under the Offer to raise approximately \$25.5 million before expenses.</p> <p>None of the Underwriters are related parties of the Company.</p> <p>The Underwriters must apply for their proportion of Shortfall Shares up to their respective underwritten amounts as set out above and in accordance with the terms of the Underwriting Agreement.</p> <p>Patersons and Foster have entered into a sub-underwriting arrangement with Wroxby for Wroxby to subscribe for 84,615,385 Shares, equating to subscription funds of \$11 million.</p> <p>Mr Alwyn Vorster (Managing Director of the Company) has entered into an agreement with Patersons and Foster to sub-underwrite the Offer up to \$200,000. Mr Martin Bryant (Non-Executive Director) has entered into an agreement with Patersons and Foster to sub-underwrite the Offer to \$100,000. These sub-underwriting arrangements will not be part of the Employee Priority Offer, but the sub-underwriters may be allocated Shares which become available as Shortfall and will be dealt with in accordance with the Underwriting Agreement.</p> <p>In addition to Wroxby and Messrs Vorster and Bryant, Patersons and Foster have also entered into sub-underwriting arrangements with various investors to subscribe for 71,968,532 Shares.</p> <p>Allocation of any shortfall to sub-underwriters will be on a pro-rata basis.</p> <p>Save as noted above, the sub underwriters are not related parties of the Company and will not be substantial shareholders of the Company on completion of the Offer. Due to the sub-underwriting arrangements, neither Patersons nor Foster will be substantial shareholders of the Company on completion of the Offer.</p>	
<p>What are the highlights of further investment in the Company?</p>	<p>BC Iron is an ASX-listed development and mining company with a unique portfolio of assets primarily located in the Pilbara region of Western Australia, which spans the full mine development pipeline from exploration to feasibility studies to operating mines. The Company's key assets include Iron Valley, Buckland and Nullagine.</p> <p>Iron Valley is a mine that is operated by Mineral Resources Limited (MIN) under an ore purchase agreement with BC Iron. Iron Valley is generating low risk royalty-like earnings for BC Iron, with future upside potential from MIN's innovative bulk ore transport system (BOTS) initiative.</p> <p>Buckland is a strategic mine-to-port development project</p>	<p>Section 3</p>

Question	Response	Where to find more information
	<p>located in the West Pilbara region. The project comprises a proposed mine at Bungaroo South and a proposed independent infrastructure solution incorporating a private haul road and transhipment port at Cape Preston East. Buckland is approaching a construction-ready status and the Company believes that it has potential to provide significant future value.</p> <p>Nullagine is an unincorporated 75:25 joint venture with FMG Pilbara Pty Ltd. As announced on 10 October 2016, the Company has entered into a legally binding conditional terms sheet with Fortescue in connection with the disposal of the Company's interest in the Nullagine project (and related assets). BC Iron will retain exposure to Nullagine via an ongoing royalty.</p> <p>BC Iron also holds a number of other exploration stage projects in a range of commodities and three other potential iron ore royalties over the Koodaideri South, Extension and Breakaway tenements. The Company is currently transitioning to a new phase, 'resetting for growth' and focusing activities on more actively generating value from existing assets. The Company is also continuing to consider and investigate, in a disciplined manner, new opportunities with a strong value proposition and near-term earnings potential, including in commodities other than iron ore.</p> <p>Looking ahead, the Company is excited by the opportunities presented by the suite of existing assets and the potential new opportunities in the market. The Company is continually assessing potential new opportunities. If any opportunities are identified and/or progressed, the Company will update the market in accordance with its legal obligations. There can be no assurance that any investments will be identified, completed or successful.</p>	
<p>What are the key risks of further investment in the Company?</p>	<p>Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. Some of the more significant risks which affect an investment in the Company are:</p> <ul style="list-style-type: none"> • <u>Potential for significant dilution if Shareholders do not participate in the Offer</u> <p>Upon completion of the Offer, assuming all Entitlements are accepted, the number of Shares in the Company will increase from 196,263,455 to 392,526,910. This increase equates to approximately 50% of all the issued Shares in the Company following completion of the Offer.</p> <p>Shareholders should note that if they do not participate in the Offer, their holdings will be diluted. Examples of the dilutionary impact of the Offer on Shareholders in different scenarios are set out in the table in Section 2.4.</p> <ul style="list-style-type: none"> • <u>Underwriting risk</u> 	<p>Section 4</p>

Question	Response	Where to find more information
	<p>The Company has entered into the Underwriting Agreement with Patersons and Foster who have agreed to partially underwrite the Offer, subject to specified terms and conditions. If certain conditions are not satisfied or certain events occur, the Underwriters may terminate the Underwriting Agreement. A summary of the key terms of the Underwriting Agreement is set out in Section 5.4.</p> <p>If the Underwriting Agreement is terminated and the Offer does not proceed or does not raise the funds required for the Company to meet its stated objectives, the Company would need to find alternative financing to meet its funding requirements. There is no guarantee that alternative funding could be sourced, either at all or on satisfactory terms and conditions. Termination of the Underwriting Agreement could materially adversely affect the Company's business, cash flow and financial position.</p> <ul style="list-style-type: none"> • <u>Acquisitions risk</u> <p>A key purpose of the Offer is to enable the Company to pursue and assess new mineral investment opportunities. There can be no assurance that any appropriate investments will be identified, completed or successful. If an investment is completed, the investment will itself be subject to specific risks depending on the nature of the investment.</p> <ul style="list-style-type: none"> • <u>Iron ore price risk</u> <p>The Company's revenues and cash flows are currently derived from the Iron Valley project. MIN operates the mine entirely at its cost and purchases Iron Valley product from BC Iron at a price linked to MIN's realised iron ore sales price. The Company's financial performance is therefore exposed to fluctuations in the iron ore price, which has been particularly volatile in recent times.</p> <p>In the future, BC Iron anticipates deriving revenues and cash flow from the sale of iron ore from the Buckland project (either directly or indirectly). The Company's future prospects in relation to Buckland are therefore dependent on iron ore prices.</p> <p>Iron ore prices may be influenced by numerous factors and events that are beyond the control of the Company, including increased global supply, decreased demand, currency exchange rates, general economic conditions, regulatory changes and other factors.</p> <p>The Company cannot provide any assurance as to the future iron ore price. Changes in iron ore prices may have a positive or negative effect on the Company's financial performance, as</p>	

Question	Response	Where to find more information
	<p>well as its future project development and production plans and activities, together with its ability to fund those plans and activities.</p> <ul style="list-style-type: none"> • <u>Operating and development risks</u> <p>MIN is the operator of the Iron Valley mine. The ability of MIN to achieve production targets within anticipated time lines, or at all, or meet operating and capital expenditure estimates cannot be assured.</p> <p>The Company's assets and mining operations are subject to uncertainty with respect to (among other things): ore tonnes, grade, metallurgical recovery and impurities, ground conditions, operational environment, funding for development, regulatory changes, accidents, contractual risks and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment, cyclones, storms, floods, bushfires or other natural disasters. If faced by the Company or MIN, these circumstances could result in the operational or development plans not being realised or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on the Company's financial and operational performance.</p> <p>In addition, for development projects, estimates of proven and probable mineral reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.</p> <ul style="list-style-type: none"> • <u>Divestment risk</u> <p>As noted above, the Company has entered into a legally binding conditional terms sheet with Fortescue in connection with the disposal of the Company's interest in the Nullagine project (and related assets). This terms sheet is subject to the satisfaction or waiver of a number of conditions. There can be no assurance that those conditions will be satisfied or waived, and completion will occur. If completion does not occur, the Company will continue to hold its interest in the Nullagine Project and will continue to fund the asset and/or seek alternate options, including a restart or a disposal of its interest to another third party. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares</p>	

Question	Response	Where to find more information
	<p>in the future. Accordingly, an investment in the Company should be considered speculative. Investors should consider consulting their financial or other professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.</p>	
<p>What is the effect on control of the Company?</p>	<p>The effect on the control of the Company will depend on the take-up of Entitlements by Eligible Shareholders.</p> <p>As noted above, due to the sub-underwriting arrangements, neither Patersons, Foster nor any of the sub-underwriters aside from Wroxby will be substantial shareholders of the Company on completion of the Offer.</p> <p>As at the date of this Prospectus, Wroxby has a relevant interest in 37,371,845 Shares which equates to 19.04% of the issued Shares in the Company. As noted above, Wroxby has committed to take up its Entitlement in full and has entered into a sub-underwriting arrangement with Patersons and Wroxby to sub-underwrite the Offer to \$11 million. Accordingly, depending on take-up of Entitlements by Eligible Shareholders, there is a possibility that Wroxby could significantly increase its shareholding in the Company. Details of Wroxby's intentions in relation to the Company are set out in Section 2.5.</p>	<p>Section 2.5</p>

1 Details of the Offer

1.1 Offer

This Prospectus invites Eligible Shareholders to participate in a pro-rata renounceable entitlement offer of up to 196,263,455 Shares on the basis of 1 Share for every Share held at 5.00pm (WST) on the Record Date at an issue price of \$0.13 per Share for the purpose of raising up to approximately \$25.5 million less expenses of the Offer.

As at the date of this Prospectus, the Company has 196,263,455 Shares and 7,196,747 performance rights on issue. Subject to Shareholder approval to be sought at the Company's 2016 Annual General Meeting to be held on 25 November 2016, Board approval has been granted for the Company to issue an additional 5,950,000 performance rights. None of the performance rights will vest prior to the Record Date.

The Company does not currently have any options on issue. All of the Shares offered under this Prospectus will rank equally with the Shares on issue as at the date of this Prospectus. Please refer to section 5.6 for further information regarding the rights and liabilities attaching to the Shares.

1.2 Purpose of the Offer and use of funds

The purpose of the Offer is to raise up to approximately \$25.5 million (before expenses). The Offer is partially underwritten to \$20.66 million. In addition, Wroxby has committed to take up its Entitlement in full to the value of \$4.86 million, and accordingly, through this and the underwriting arrangements, the Company has received commitments under the Offer to raise \$25.5 million before expenses.

It is anticipated that the funds raised from the Offer will be indicatively applied as follows:

Description	Amount raised	
	(\$)	% ¹
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 million	12
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	11.3 million	44
Strengthen the Company's balance sheet by retiring remaining debt obligations when due and create a buffer against adverse market conditions, including general working capital and administrative expenses	10 million	39
Expenses of the Offer ¹	1.2 million	5
TOTAL	25.5 million	100

Notes:

1. Rounded to the nearest whole number.
2. Please refer to section 5.12 for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. It is anticipated that these funds will be applied over the next 12-36 months.

The above proposed use of funds and their relative priority is subject to ongoing review and evaluation by the Company. As with any budget, the actual use of funds raised

under the Offer may change depending on the outcome of the programs as they proceed. The Board reserves the rights to alter the way in which funds are applied on this basis.

The Company's current cash resources and additional capital proposed to be raised by the Offer are sufficient to meet the Company's current stated activities.

1.3 Minimum subscription

There is no minimum subscription in respect of the Offer.

1.4 Rights trading

Entitlements to Shares pursuant to the Offer are renounceable. This enables Shareholders who do not wish to subscribe for some or all of their Entitlement under this Offer to sell their respective Entitlements and also enables Shareholders to purchase additional Entitlements if they wish.

If you wish to sell all or part your Entitlement on ASX, please follow the instructions set out on the front of the Entitlement and Acceptance Application Form under the section marked "Sale of your Entitlement in full or in part by your Stockbroker". Rights trading commences on 20 October 2016. You must deal with your Entitlement by close of trading on the ASX on 4 November 2016, when rights trading ceases.

1.5 Opening and closing dates

The Offer will open for receipt of acceptances at 9.00am WST on 25 October 2016 and will close at 5.00pm WST on 11 November 2016, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine and provided that the Company gives ASX notice of the change at least 3 Business Days prior to the Closing Date.

1.6 Underwriting and sub-underwriting

The Offer is partially underwritten to \$20.66 million, by Patersons as to \$10.33 million and Foster as to \$10.33 million. In the event the Shortfall is less than the full underwritten amount, the underwriting amount will be divided equally between Patersons and Foster. In addition, Wroxby has committed to take up its Entitlement to the value of \$4.86 million, and accordingly, through this and the Underwriting Agreement, the Company has received commitments under the Offer to raise \$25.5 million before expenses.

Employees of the Company will be permitted to apply for any Shares not taken up by Eligible Shareholders under the Employee Priority Offer, which is capped at \$100,000.

Any Shares not taken up by Eligible Shareholders and not taken up under the Employee Priority Offer may become available as Shortfall and will be dealt with in accordance with the Underwriting Agreement.

Patersons, Foster and the Company have entered into an Underwriting Agreement in respect of the underwriting arrangement described above. The key terms of the Underwriting Agreement are summarised in section 5.4. All valid applications for Shares pursuant to this Prospectus received by the Company, from all sources, will be deemed to have been accepted in full by the Company and will reduce the obligations of the Underwriters under the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Company has agreed to pay each of the Underwriters an underwriting fee of 4%(excluding GST) of the value of their respective

Underwritten Amounts as consideration for their underwriting obligation in accordance with the Underwriting Agreement (**Underwriting Fee**).

Patersons and Foster have entered into a sub-underwriting arrangement with Wroxby for Wroxby to subscribe for 84,615,385 Shares, equating to a subscription funds of \$11 million.

Mr Alwyn Vorster (Managing Director of the Company) has entered into a sub-underwriting agreement with Patersons and Foster to sub-underwrite the Offer up to \$200,000. Mr Martin Bryant (Non-Executive Director) has entered into a sub-underwriting agreement with Patersons and Foster to sub-underwrite the Offer to \$100,000. These sub-underwriting arrangements are in addition to the Employee Priority Offer which is capped at \$100,000.

Patersons and Foster will pay a sub-underwriting fee to Wroxby equal to 4% of the amount sub-underwritten by them, and to Messrs Vorster and Bryant equal to 1% of their respective sub-underwritten amounts.

In addition to Wroxby and Messrs Vorster and Bryant, Patersons and Foster have also entered into sub-underwriting arrangements with various investors to subscribe for 71,968,532 Shares.

Allocation of any shortfall to sub-underwriters will be on a pro-rata basis.

Other than as noted otherwise above, Patersons and Foster have (respectively) agreed with each of the sub-underwriters a sub-underwriting fee of 1% of the amount sub-underwritten. Sub-underwriting fees will be satisfied by Patersons and Foster (respectively) through their Underwriting Fee.

Other than as set out above, the sub underwriters are not related parties of the Company and will not be substantial shareholders of the Company on completion of the Offer. Due to the sub-underwriting arrangements, neither Patersons nor Foster will be substantial shareholders of the Company on completion of the Offer.

Please refer to section 2.4 for a description of the potential impact of the Offer on control of the Company and to section 5.4 for a summary of the material terms and conditions of the Underwriting Agreement.

1.7 Entitlements and acceptance

The number of Shares to which you are entitled (**Entitlement**) is shown in the Entitlement and Acceptance Form.

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus.

You may participate in the Offer as follows:

- (a) If you wish to accept your Entitlement in full:
 - (i) pay the amount indicated on your Entitlement and Acceptance Form via BPAY® using the BPAY® code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or

- (ii) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form.
- (b) If you only wish to accept part of your Entitlement:
 - (i) pay a lesser amount than indicated on your Entitlement and Acceptance Form via BPAY® using the BPAY® code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or
 - (ii) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque for the appropriate application monies (at \$0.13 per Share).
- (c) If you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.
- (d) If you wish to sell all or part your Entitlement on ASX, please follow the instructions set out on the reverse of the Entitlement and Acceptance Application Form under the section marked "Sale of your Entitlement rights in full or in part by your Stockbroker". Rights trading commences on 20 October 2016. You must deal with your Entitlement by close of trading on the ASX on 4 November 2016, when Rights trading ceases.
- (e) If you wish to transfer all or part of your Entitlement (other than on market using ASX) then you must forward:
 - (i) a completed standard renunciation form (obtainable from your stockbroker or the Company's share registry);
 - (ii) the Entitlement and Acceptance Form completed by the transferee and transferee's cheque for the amount due in respect of the Shares,to the Company's share registry not later than 5.00pm WST on the Closing Date.

All cheques or bank drafts must be drawn on an Australian branch of a financial institution and made payable in Australian currency to "BC Iron Limited" and crossed "**Not Negotiable**".

Your completed Entitlement and Acceptance Form and cheque must be:

Mailed to
The Registrar
Computershare Investor Services Pty Ltd
GPO Box 505
Melbourne, VIC 3001

and received by no later than **5.00pm (WST) on the Closing Date**.

If you choose to pay via BPAY® you are not required to submit your Entitlement and Acceptance Form. Your BPAY® payment will not be accepted after 3.00pm (WST) on the Closing Date and no Shares will be issued to you in respect of a late application.

If you have multiple holdings you will have multiple BPAY® reference numbers. To ensure you receive your Shares in respect of that holding, you must use the specific biller

code and the customer reference number shown on each personalised Application Form when paying for any Shares that you wish to apply for in respect of that holding.

PLEASE NOTE THAT IF YOU INADVERTENTLY USE THE SAME CUSTOMER REFERENCE NUMBER FOR MORE THAN ONE OF YOUR APPLICATIONS, YOU WILL BE DEEMED TO HAVE APPLIED FOR THE ENTITLEMENT TO WHICH THAT CUSTOMER REFERENCE NUMBER APPLIES AND ANY EXCESS AMOUNT WILL BE REFUNDED.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY®. It is your responsibility to check that the amount you wish to pay via BPAY® does not exceed your limit.

Non-acceptance of Entitlement

If you do not wish to take up any part of your Entitlement under the Offer, you are not required to take any action.

If Eligible Shareholders do not take up their entitlement, their existing interest in the Company will be diluted. Please refer to sections 2.4 and 4.2 for further details.

Taxation Implications

Shareholders should obtain independent advice on the taxation implications arising out of their participation in the Offer.

Further queries

If you have any queries regarding your Entitlement, please contact the Company Secretary by telephone on +61 8 6311 3400 or your stockbroker, financial or other professional adviser.

PLEASE NOTE IF YOU DO NOT ACCEPT YOUR ENTITLEMENT IN FULL IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT ABOVE, ANY PART OF AN ENTITLEMENT NOT ACCEPTED IN FULL WILL FORM PART OF THE SHORTFALL.

1.8 Shortfall

Employees of the Company will be permitted to apply for any Shares not taken up by Eligible Shareholders under the Employee Priority Offer, which is capped at \$100,000. Any Shares not taken up by Eligible Shareholders and not taken up under the Employee Priority Offer may become available as Shortfall and will be dealt with in accordance with the Underwriting Agreement.

The offer of any Shortfall is a separate offer made pursuant to this Prospectus (**Shortfall Offer**).

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place any remaining Shortfall after the Underwriting Agreement, if any, at their discretion within three months after the Closing Date. Shares offered pursuant to the Shortfall Offer will be issued at the same issue price as the Shares offered to Eligible Shareholders under the Offer.

1.9 Allotment of Shares

The Shares are expected to be allotted by no later than 18 November 2016. Until issue and allotment of the Shares under this Prospectus, the application monies will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on application monies will be for the benefit of the Company and will be retained by it irrespective of whether allotment of the Shares takes place.

1.10 ASX listing

Application for Official Quotation of the Shares allotted pursuant to this Prospectus was made to ASX on 13 October 2016.

If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus within three months after the date of this Prospectus (or such period as varied by ASIC), the Company will not allot any Shares and will repay all application monies for the Shares within the time period prescribed under the Corporations Act, without interest.

A decision by ASX to grant Official Quotation of the Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the Shares now offered for subscription.

1.11 Overseas investors

The Company is of the view that it is unreasonable to make an offer under this Prospectus to Shareholders outside of Australia and New Zealand (**Excluded Shareholders**) having regard to:

- (a) the number of Shareholders outside of Australia and New Zealand;
- (b) the number and value of the securities to be offered to Shareholders outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to, and does not, make offers under the Prospectus to Shareholders outside of Australia and New Zealand.

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013*.

Members of the public in Australia and New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any Shares.

All Entitlements that would have been offered to Excluded Shareholders will be allowed to lapse and will form part of the Shortfall.

The Company has appointed Patersons to act as nominee for the Excluded Shareholders. ASIC has approved Patersons acting as nominee for the purposes of section 615 of the Corporations Act. Accordingly, the Company will issue to Patersons, as a nominee, the Entitlements of the Excluded Shareholders that would have been issued to them had they been Eligible Shareholders. The sale of those Entitlements, by Patersons as nominee, will be arranged and the proceeds (if any) net of expenses will be distributed to the Excluded Shareholders for whose benefit the Entitlements have been sold, in proportion to their Entitlements.

Patersons will charge brokerage of \$500 or 1.5% of the total gross dollar value of all Entitlements sold plus applicable GST, whichever is the greater provided that the brokerage charged will not exceed the amount realised for the sale of the Entitlements.

1.12 Market prices of Shares on ASX

The highest and lowest closing market sale prices of Shares on ASX during the three (3) months immediately preceding the date of this Prospectus and the respective dates of those sales were \$0.26 on 26 September 2016 and \$0.135 on 13 September 2016.

The latest available market sale price of Shares on ASX at the close of trading on 14 October 2016 (being the trading day prior to the date of this Prospectus) was \$0.155.

1.13 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and such other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and the Directors.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. Some of these risk factors are set out in section 4.

2 Effect of the Offer on the Company

2.1 Effect of the Offer

The principal effects of the Offer on the financial position of the Company, assuming all Entitlements are accepted are as follows:

- (a) the Company will issue 196,263,455 Shares and the total number of Shares on issue will increase to 392,526,910 Shares; and
- (b) the cash reserves of the Company will increase by approximately \$24.3 million (proceeds of the Offer less the expenses of the Offer) immediately after completion of the Offer.

2.2 Condensed Statement of Financial Position

Set out as follows is the audited Condensed Statement of Financial Position of the consolidated entity as at 30 June 2016, together with the pro-forma Condensed Statement of Financial Position of the consolidated entity as at 30 June 2016 adjusted for the following:

- the issue of 196,263,455 Shares pursuant to this Prospectus to raise \$25.5 million; and
- the estimated expenses of the Offer of approximately \$1.2 million.

Pro-Forma Balance Sheet	Audited	Net	
	30-Jun-16	Proceeds	30-Jun-16
	A\$000's	A\$000's	Pro-forma A\$000's
Cash and cash equivalents	9,450	24,300	33,750
Trade and other receivables	13,694	-	13,694
Current inventory	61	-	61
Non-current receivables	5,986	-	5,986
Property, plant and equipment	52,928	-	52,928
Exploration and evaluation	4,100	-	4,100
Intangibles	23,532	-	23,532
Total assets	109,751	24,300	134,051
Trade and other payables	19,749	-	19,749
Current provisions	415	-	415
Loans and borrowings	2,020	-	2,020
Non-current provisions	10,892	-	10,892
Total liabilities	33,076	-	33,076
Net assets / total equity	76,675	24,300	100,975

Notes to the pro-forma Condensed Statement of Financial Position

The audited financial statements as at 30 June 2016 have been used in the preparation of the Pro Forma Condensed Statement of Financial Position. The audit was undertaken by BDO Audit (WA) Pty Ltd.

The Pro Forma Condensed Statement of Financial Position has been prepared by the Company and is presented in an abbreviated form insofar as it does not comply with all the disclosures required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The pro-forma Condensed Statement of Financial Position:

- 1 includes \$24.3 million comprising gross proceeds raised pursuant to the Offer of \$25.5 million less estimated Offer costs of \$1.2 million;
- 2 does not take into account any transactions between 30 June 2016 and the date of this Prospectus. The pro-forma Condensed Statement of Financial Position reflects only the transactions the subject of this Prospectus; and
- 3 Shareholders should be aware that as announced by the Company on 10 October 2016, the Company has entered into a terms sheet with Fortescue in connection with the Company's 75% interest in the Nullagine project (and related assets). The pro forma balance sheet above does not take into account this transaction. Aside from the proposed transaction with Fortescue, there have been no events since 30 June 2016 which may have an effect on the Company's statement of financial position.

2.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted is set out below.

Shares

	Number
Shares currently on issue	196,263,455
Shares to be issued pursuant to the Offer	196,263,455
Shares on issue after completion of the Offer	392,526,910

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

Performance Rights and options

The Company does not have any options on issue. The Company has 1,196,747 performance rights expiring on 8 September 2022 and 6,000,000 performance rights expiring on 24 May 2023 on issue. Subject to Shareholder approval to be sought at the Company's 2016 Annual General Meeting to be held on 25 November 2016, Board approval has been granted for the Company to issue an additional 5,950,000 performance rights. The performance rights are subject to various vesting conditions and none will vest prior to the Record Date.

2.4 Potential dilutionary impact of Offer

The maximum number of Shares which will be issued pursuant to the Offer is 196,263,455. This equates to 50% of all the issued Shares in the Company following completion of the Offer.

If all Eligible Shareholders take up their Entitlements under the Offer, each Eligible Shareholder's percentage interest in the total issued shares of the Company will remain the same and will not be diluted.

However, Shareholders should note that if they do not participate in the Offer, their holdings will be diluted (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).

The table below shows the dilutionary impact the Offer will have on a Shareholder if the Shareholder does not take up his or her Entitlement, assuming Wroxby takes up its Entitlement and the Underwriters underwrite the Offer to \$20.66 million.

Holding as at Record Date	% at Record Date*	Entitlement under the Offer	Holding if Offer not taken up	% post completion of the Offer*
10,000,000	5.1%	10,000,000	10,000,000	2.5%
5,000,000	2.5%	5,000,000	5,000,000	1.3%
1,500,000	0.8%	1,500,000	1,500,000	0.4%
400,000	0.2%	400,000	400,000	0.1%

*rounded to the nearest decimal point

2.5 Potential impact of Offer on control of the Company

If all Eligible Shareholders take up their Entitlements, the Offer is not expected to have a material effect on the control of the Company.

As detailed in Section 1.6, due to the sub-underwriting arrangements, neither Patersons, Foster nor any of the sub-underwriters other than Wroxby will be substantial shareholders of the Company on completion of the Offer. Accordingly, the underwriting arrangements with Patersons and Foster are not expected to have a material effect on the control of the Company, other than the arrangements with respect to Wroxby.

As at the date of this Prospectus, Wroxby has a relevant interest in 37,371,845 Shares which equates to 19.04% of the issued Shares in the Company. Wroxby has indicated to the Company that it intends to accept its Entitlement in full. In addition, as detailed in Section 1.6, Wroxby has entered into sub-underwriting arrangements with Foster and Patersons to sub-underwrite the Offer to \$11 million. Accordingly, depending on take-up of Entitlements by Eligible Shareholders, there is a possibility that Wroxby could significantly increase its shareholding in the Company which may have an impact on the control of the Company.

The following table shows Wroxby's voting power in the Company in different scenarios depending on the extent to which Eligible Shareholders other than Wroxby take up their Entitlement:

Event	Shares	Voting power
Date of Prospectus	37,371,845	19.04%
Completion of Offer ¹		
▪ Fully subscribed by all Shareholders	74,743,690	19.04%
▪ 75% subscribed by all other Shareholders	96,058,418	24.47%
▪ 50% subscribed by all other Shareholders	117,373,146	29.90%
▪ 25% subscribed by all other Shareholders	138,687,875	35.33%
▪ 0% subscribed by all other Shareholders	160,002,603	40.76%

Note:

1 The table assumes that Wroxby will take up its Entitlement in full, and other Shareholders subscribe for Shares as indicated.

2 Under the Underwriting Agreement, if the Shortfall is less than the full underwritten amount, the underwriting obligations of Patersons and Foster will be scaled back on a pro-rata basis.

3 The table assumes that no Entitlements will be sold during rights trading.

The Board considers it unlikely that no Eligible Shareholders (other than Wroxby) will take up their Entitlement.

Wroxby has informed the Company that it is presently supportive of the Company's current direction and the objectives of the Company as set out in this Prospectus. Wroxby has noted to the Company that it:

- (a) does not currently intend to make any significant changes to the existing businesses of the Company;
- (b) has no present intention to inject further capital into the Company (save for its participation in the Offer);
- (c) does not currently intend to become involved in decisions regarding the future employment of the Company's present employees and contemplates that they will continue in the ordinary course of business;
- (d) does not currently intend for any property to be transferred between the Company and itself or any person associated with it;
- (e) does not currently intend to redeploy the fixed assets of the Company; and
- (f) does not currently intend to change the Company's existing financial or dividend policies.

Wroxby has indicated that its intentions mentioned in this section are based on the facts and information regarding the Company and the general business environment which are known to it as at the date of this Prospectus. Any future decisions will, of course, be reached by Wroxby based on all material information and circumstances at the relevant time. Accordingly, if circumstances change or new information becomes available in the future, Wroxby's intentions could change.

Wroxby has indicated that it is willing to consider any proposals the Board and management may put forward as to how it can support and assist the Company towards its objectives.

The intentions and statements of future conduct set out above must also be read as being subject to the legal obligations of the Directors at the time, including any nominees of Wroxby, to act in good faith in the best interests of the Company and for proper purposes and to have regard to the interests of Shareholders.

The implementation of Wroxby's current intentions in relation to its ownership of the Company will be subject to the law (including the Corporations Act), the ASX Listing Rules and the Company's Constitution.

3 Company overview

3.1 The Company

BC Iron is an ASX-listed development and mining company with a unique portfolio of assets primarily located in the Pilbara region of Western Australia, which spans the full mine development pipeline from exploration to feasibility studies to operating mines. The Company's key assets include Iron Valley, Nullagine and Buckland.

Iron Valley is a mine that is operated by MIN under an ore purchase agreement with BC Iron. Iron Valley is generating low risk royalty-like earnings for BC Iron, with future upside potential from MIN's innovative BOTS initiative.

Buckland is a strategic mine-to-port development project located in the West Pilbara region. The project comprises a proposed mine at Bungaroo South and a proposed independent infrastructure solution incorporating a private haul road and transshipment port at Cape Preston East.

Nullagine is an unincorporated 75:25 joint venture with FMG Pilbara Pty Ltd (a wholly owned subsidiary of Fortescue Metals Group Limited) (**Fortescue**), which has the capacity to export up to 6 million tonnes per annum via Fortescue's rail and port infrastructure. Nullagine operated for more than 5 years before the mine was temporarily suspended in early 2016 due to market conditions. As announced on 10 October 2016, the Company has entered into a legally binding conditional terms sheet with Fortescue in connection with the disposal of the Company's interest in the Nullagine project (and related assets).

BC Iron holds a number of other exploration stage projects in a range of commodities and potential iron ore royalties over the Koodaideri South, Extension and Breakaway tenements. The Company is also targeting new opportunities with a strong value proposition and near-term earnings potential, including in commodities other than iron ore. The Company is continually assessing potential new opportunities. If any opportunities are identified and/or progressed, the Company will update the market in accordance with its legal obligations.

3.2 Iron Valley

Iron Valley is an operating mine located in the Central Pilbara, which is being operated by MIN under an ore purchase agreement.

As at 30 June 2016, Iron Valley's Mineral Resource was 238.7Mt at 58.4% Fe and its Ore Reserve was 123.2Mt at 58.8% Fe.

Iron Valley is generating low risk royalty-like earnings for BC Iron. MIN operates the mine entirely at its cost and purchases Iron Valley product from BC Iron at a price linked to MIN's realised sale price. BC Iron retains ownership of the tenements and certain statutory obligations, including payment of royalties.

Iron Valley is a relatively simple Direct Shipping Ore operation which produces both lump and fines. Iron Valley product is currently hauled to Port Hedland utilising road trains and exported via Utah Point. As announced by the Company on 20 May 2016, MIN is assessing a range of improvement initiatives which have the potential to benefit both parties, including beneficiation and an innovative transport solution known as the "bulk ore transport system" or "BOTS".

MIN shipped 6.5M wmt of Iron Valley product during FY16, which generated revenue for BC Iron of A\$39.9M and EBITDA of A\$10.2M.

For July and August 2016, BC Iron's EBITDA from Iron Valley was A\$3.4M from shipments of 1.4M wmt.

3.3 Nullagine

As announced on 10 October 2016 the Company has entered into a legally binding conditional terms sheet with Fortescue in connection with the disposal of the Company's 75% interest in the Nullagine project (and related assets).

Under the terms sheet, if the transaction completes, Fortescue will pay the Company a royalty on 75% of the future iron ore that is mined from the project tenements. Specifically, the royalty is 1.0%-2.0% of free-on-board revenue received by Fortescue for direct shipping ore ($\geq 55\%$ Fe); and \$0.50-1.50 per tonne for low grade ore ($< 55\%$ Fe), adjusted for 15% yield loss. A 50% reduction in the royalty rate will apply to all iron ore mined above 15 million tonnes, and a 75% reduction for all iron ore mined above 25 million tonnes.

Fortescue will initially pay the Company 33% of the agreed royalty in cash, until the total amount waived by the Company equals \$7.5M. Thereafter, Fortescue will pay the Company 100% of the agreed royalty. The amount to be waived by the Company is intended to offset the obligations Fortescue assumes as part of the transaction, including rehabilitation liabilities.

Fortescue will assume the Company's liabilities and obligations, including the existing rehabilitation liability. The Company will retain its US\$1.5M debt obligation to Henghou Industries and an obligation to pay \$5.2M in deferred State Government royalties.

The transaction is subject to a range of conditions precedent including regulatory approvals, various third party consents and the execution of formal documentation required to implement the sale.

3.4 Buckland

Buckland is a strategic mine-to-port iron ore project located in the West Pilbara region. The project comprises a proposed mine at Bungaroo South and a proposed independent infrastructure solution incorporating a private haul road and transshipment port at Cape Preston East. The project has a total Mineral Resource of 283.3Mt at 56.5% Fe and an Ore Reserve of 134.3Mt at 57.6% Fe.

The Company is aiming for the Buckland Project to achieve a construction-ready status during the June 2017 quarter. A feasibility study has been completed and all primary approvals are in place, including an executed Construction Works Lease and Licence (**CWLL**) with the Pilbara Ports Authority (**PPA**) for a 20 Mtpa transshipment port at Cape Preston East for an initial term of 20 years. On 30 September 2016, the Company announced that PPA has agreed to a 12 month extension to the conditions deadline to 26 June 2018. BC Iron believes the project has potential to provide significant future value.

Feasibility and optimisation studies have been completed for an 8 Mtpa development case and preliminary studies have been completed for an expanded operation which utilises BC Iron's potential Cape Preston East capacity of 20 Mtpa.

BC Iron's infrastructure solution could potentially accommodate throughput greater than 20 Mtpa and the CWLL provides BC Iron with the right to expand its leased area and extend the term (subject to the satisfaction of certain conditions), which could facilitate this.

The Buckland project is well advanced from an approvals perspective, with the following approvals in place:

- all primary federal and state environmental approvals under the Environmental Protection Act and the Environment Protection and Biodiversity Conservation Act;
- all required Native Title and Heritage approvals;
- multiple development applications with the PPA for Cape Preston East (the follow-on construction applications currently under assessment by the PPA); and
- the Mining Proposal and Mine Closure Plan for the Bungaroo South mine and private haul road between the mine and the North West Coastal Highway.

Further approvals required to achieve construction-ready status at the Buckland Project include:

- finalise the taking and vesting of the land for the Cape Preston East site (State Government / PPA);
- finalise all development applications and construction applications with the PPA; and
- secure DMP approval for the private haul road from the North West Coastal Highway to Cape Preston East.

The extensive work completed to date and nature of the relatively few remaining approvals are expected to result in the Buckland Project achieving construction ready status during the June 2017 quarter.

BC Iron and the Australian Premium Iron Joint Venture (**API**) have completed a joint study which confirmed that the parties' contiguous Bungaroo South and Buckland Hills deposits can be mined in a co-operative manner, with increased mineable inventory available to both parties. BC Iron is in preliminary discussions with a number of potential partners for the Buckland Project on a range of concepts, including funding solutions, operating solutions, joint ventures and the provision of third party infrastructure services. There can be no assurance that any agreement will be entered into.

3.5 Other Assets

BC Iron holds a number of other exploration stage projects in Western Australia, which are prospective for a range of commodities including iron ore, gold, base metals and salt. BC Iron is conducting low cost greenfields exploration at the most prospective projects and rationalising low priority projects.

The Company also holds three potential iron ore royalties in the Pilbara, namely Rio Tinto's Koodaideri South tenement, Australian Aboriginal Mining Corporation's Extension tenement and its Breakaway tenement (subject to the exercise of its option to acquire).

4 Risk factors

4.1 Introduction

This section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending investors should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Shares.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company. The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

4.2 Risks specific to the Offer

Control

As detailed in section 2.5, Wroxby may increase its voting power in the Company to a maximum of 40.76% on completion of the Offer depending on take up by Shareholders of their Entitlements. Wroxby's intentions with respect to the Company are set out in section 2.5.

As the Offer may have a significant effect on the control of the Company, there is a risk that ASIC or another party could bring an action to the Australian Takeovers Panel (**Panel**) claiming that the Offer gives rise to unacceptable circumstances. If an action is brought in the Panel and is successful, there are a broad range of orders that the Panel can make, including requiring the Company to amend the terms of the Offer or withdraw the Offer.

Potential for significant dilution

Upon completion of the Offer, assuming all Entitlements are accepted, the number of Shares in the Company will increase from 196,263,455 to 392,526,910. This increase equates to approximately 50% of all the issued Shares in the Company following completion of the Offer.

If you do not accept your Entitlement, the Shares that you will continue to hold will represent a significantly lower proportion of the ownership of the Company. It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer and the Directors do not make any representation to such matters.

The last trading price of Shares on ASX on 14 October 2016 (being the last trading day prior to the Prospectus being lodged) of \$0.155 is not a reliable indicator as to the potential trading price of Shares following completion of the Offer.

Shareholders should note that if they do not participate in the Offer, their holdings will be diluted. Please refer to section 2.4 of this Prospectus for examples of how the potential dilutionary effect of the Offer may impact Shareholders.

Underwriting risk

The Company has entered into the Underwriting Agreement with Patersons and Foster, who have agreed to partially underwrite the Offer up to the amounts detailed in section 5.4 of this Prospectus. One or more of the Underwriters could terminate their obligations under the Underwriting Agreement if any of the termination events detailed in section 5.4 of this Prospectus occurs.

If one or more of the Underwriters terminate their obligations under the Underwriting Agreement, the Company may not raise the full amount it is seeking to raise under the Offer, and the Company may need to find alternative financing to meet its funding requirements. There is no guarantee that alternative funding could be sourced, either at all or on satisfactory terms and conditions. Termination by any of the Underwriters of their obligations under the Underwriting Agreement could materially adversely affect the Company's business, cash flow and financial position.

4.3 Risks specific to the Company

Foreign exchange risk

The Company holds some of its cash on hand in US dollars, whilst costs and revenue received from the Iron Valley project are mainly in Australian dollars. Movements in the AUD:USD exchange rate may adversely or beneficially affect the Company's results of operations and cash flows in relation to currency.

Iron ore price risk

The Company's revenues and cash flows are currently derived from the Iron Valley project. MIN operates the mine entirely at its cost and purchases Iron Valley product from BC Iron at a price linked to MIN's realised iron ore sales price. The Company's financial performance is therefore exposed to fluctuations in the iron ore price, which has been particularly volatile in recent times.

In the future, BC Iron anticipates deriving revenues and cash flow from the sale of iron ore from the Buckland project (either directly or indirectly). The Company's future prospects are therefore dependent on iron ore prices.

Iron ore prices may be influenced by numerous factors and events that are beyond the control of the Company, including increased global supply, decreased demand, currency exchange rates, general economic conditions, regulatory changes and other factors.

The Company cannot provide any assurance as to the future iron ore price. Changes in iron ore prices may have a positive or negative effect on the Company's financial performance, as well as its future project development and production plans and activities, together with its ability to fund those plans and activities.

Temporary suspension risks

The Nullagine project is currently on temporary suspension. There is a risk that the expenses of maintaining the suspension of the Nullagine project could be more than estimated by the Company, or may be prolonged, which may have an adverse effect on the financial position of the Company.

Pursuant to an iron ore purchase agreement, the Company agreed to deliver iron ore from Nullagine to Henghou Industries. Currently the parties to that agreement have effectively suspended the Company's obligations under that agreement until production

recommences. The parties are in the process of formalising this suspension which the parties gave effect to in December 2015.

If the Company seeks to restart the operations at Nullagine, there is a risk that this may take longer than planned and that the costs may be higher than expected.

Alternatively, if the Company seeks to dispose of its interest in the Nullagine project to another third party, there is a risk that a buyer may not be found or an agreement reached on acceptable terms. Any such disposal would also be subject to the pre-emptive rights held by Fortescue.

Nullagine divestment

As announced on 10 October 2016 the Company has entered into a legally binding conditional terms sheet for the disposal of the Company's interest in the Nullagine project (and related assets). That agreement is subject to and conditional on the satisfaction (or waiver) of a number of conditions. There can be no assurance that those conditions will be satisfied or waived, and completion will occur. If the Company is unable to complete the sale of its interest in the Nullagine project to Fortescue, the Company will be obliged to continue to hold its interest in the Nullagine project and continue to fund the asset and/or seek alternate options, including a restart or a disposal of its interest to another third party. Further, the Company will retain its obligations to both fund future rehabilitation of the Nullagine mine and fulfil any outstanding obligations under the iron ore purchase agreement with Henghou Industries referred to above. If that is the case, BC Iron will continue to assess a potential restart of operations or a divestment of its joint venture interest to another party.

If the conditions are satisfied or waived, and completion occurs, Fortescue will assume all historical liabilities (including rehabilitation obligations) and the Company will not have any further ongoing liabilities in connection with the Nullagine project. However, as noted in Section 3.3, the Company will retain its US\$1.5M debt obligation to Henghou Industries and an obligation to pay \$5.2M in deferred State Government royalties.

New resource opportunities

As noted, the Company will pursue and assess other new mineral investment opportunities in addition to the existing assets it holds in Western Australia. These new investments may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, or direct equity participation.

There can be no assurance that any investments will be identified, completed or successful.

If an investment is completed, the Directors will need to reassess, at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or the raising of additional capital (if available). Any fundraising may dilute Shareholders. Furthermore, notwithstanding that an investment may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

Any new investment may change the risk profile of the Company, particularly if the new project is located in another jurisdiction, involves a new commodity and/or changes the Company's funding requirements. Should the Company propose or complete an investment in a new project, investors should re-assess their investment in the Company in light of that project.

Operating and development risks

MIN is the operator of the Iron Valley mine. The ability of MIN to achieve production targets within anticipated time lines, or at all, or meet operating and capital expenditure estimates cannot be assured.

The Company's assets and mining operations (including Iron Valley) are subject to uncertainty with respect to (among other things): remote area access and remote area work, variability of ore tonnes, variability of grade, variability in efficiency of metallurgical recovery and impurities, ground conditions, operational environment, mining of ore from below the natural water table, funding for development, regulatory changes, timely approval of requests submitted to the Regulator, accidents, contractual risks and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment, cyclones, storms, floods, bushfires or other natural disasters. If faced by the Company or MIN, these circumstances could result in the operational or development plans not being realised or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on the Company's financial and operational performance.

In addition, for development projects, estimates of proven and probable mineral reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.

Future funding requirements

In the ordinary course of operations and development, the Company is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial, regulatory and credit market assessments, and its own financial position.

While the Company anticipates being able to meet its debt repayments when they fall due, deteriorating economic or project specific events may cause this to change leading to adverse consequences.

In addition, the Company may require additional financing for development and exploration and for other capital expenditure and there can be no guarantee that such funding will be obtained at all or on acceptable terms. If the Company seeks to obtain funding by way of an equity raising, this may be dilutive to existing shareholders.

Exploration risk

Exploration activities are speculative by nature and therefore are often unsuccessful. Such activities also require substantial expenditure and can take several years before it is known whether they will result in additional mines being developed.

Accordingly, if the exploration activities undertaken by the Company do not result in additional reserves or identified resources cannot be converted into reserves, there may be an adverse effect on the Company's financial performance. In addition, the exploitation of successful discoveries involves obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and the

exercise of discretions by such authorities. Further, the decision to proceed to further exploitation may require the participation of other companies whose interest and objectives may not be the same as those of the Company.

Estimate risk

The Mineral Resources and Ore Reserves for Company's assets are estimates only and no assurance can be given that any particular recovery level will in fact be realised.

These estimates are prepared in accordance with the JORC Code, but they are expressions of judgement based on knowledge, experience and industry practice, and may require revision based on actual production experience which could in turn affect the Company's (or MIN's) mining plans and ultimately its financial performance and value. Estimates that are valid when made may change significantly when new information becomes available.

In addition, iron ore price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render reserves and resources uneconomic and so may materially affect the estimates.

Regulatory risks

Changes in legislative and administrative regimes, taxation laws, interest rates, other legal and government policies in Australia may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of Shares.

Exploration and prospective production are dependent upon the granting and maintenance of appropriate licences, permits and regulatory consents and authorisations (**Authorisations**), which may not be granted or may be withdrawn or be made subject to limitations at the discretion of government or regulatory authorities. Although the Authorisations may be renewed following expiry or granted (as the case may be), there can be no assurance that such Authorisations will be continued, renewed or granted, or as to the terms of renewals or grants. If there is a failure to obtain or retain the appropriate Authorisations or there is a material delay in obtaining or renewing them or they are granted subject to onerous conditions, then the Company's (or MIN's) ability to conduct exploration, development or operations may be adversely affected.

In particular, the Company is responsible for obtaining certain approvals for mining below the water table at the Iron Valley project. If these approvals are not obtained or not obtained within the timeframes required, there is a risk that MIN cannot continue mining operations, which would have a negative effect on the project development and production plans and activities for Iron Valley. It is noted that the Company is well progressed in obtaining these approvals, and expects them to be granted as a matter of course.

Native title may impact on the Company's operations and future plans. For tenements that may still be subject to native title to be validly granted (or renewed), the 'right to negotiate' regime established by the Native Title Act 1993 (Cth) must be followed. Alternatively, an indigenous land use agreement may be entered into between a member of the Company and relevant native title parties.

Cape Preston East vesting

The rights of the Company under its agreement with the PPA for the proposed port at Cape Preston East remain conditional upon the satisfaction of a number of matters, including the State of Western Australia vesting the land for the Cape Preston East multi-

user port in the PPA. On 30 September 2016, the Company announced that PPA has agreed to a 12 month extension to the conditions deadline to 26 June 2018. The initial step to the vesting of the land is the taking of certain existing third party rights. The State of Western Australia published the required Notice of Intent to Take (**NOITT**) on 22 June 2016. The time for objections to be lodged has now passed. However, on 22 August 2016, an objection was lodged to the NOITT by an affected third party. Information as to that objection is not available to the Company. The NOITT cannot be completed unless and until the State of Western Australia finalises that objection. This may delay the vesting of land and may result in the Buckland project being curtailed or the State of Western Australia may impose prescribed conditions that may impact the Buckland project's viability.

Environmental risk

The operations and activities of the Company are subject to the environmental laws and regulations of Australia. As with all mining operations and exploration projects, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations.

The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments which could have material adverse effect on the Company's business, financial condition and performance.

Exploitation of discoveries

It may not always be possible for the Company to exploit successful discoveries that may be made in areas in which it has an interest. Exploitation involves obtaining the necessary Authorisations – as to which, see further at "*Regulatory Risk*" above. Further, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may differ from the Company's.

Counterparty risk

There is a risk of default or financial or managerial failure of any contractor or joint venture partner to which the Company is or may become a counterparty, as well as a general risk of legal or other disputes with counterparties (including participants in any joint venture to which a member of the Company is or could become a party). This could lead to delays in the Company achieving its expected production and may also lead to adverse financial consequences for the Company. There can be no guarantee that the Company would be able to recover the full amount of any loss through legal action.

Labour market and key personnel risks

The Company is dependent upon a number of key management personnel and executives to manage the day-to-day requirements of its businesses. Although Company enters into employment and incentive arrangements with such personnel to secure their services, it cannot guarantee the retention of their services. The loss of the services of one or more of such key management personnel could have an adverse effect on the Company.

The Company needs to be able to recruit appropriately skilled and qualified individuals. There can be no guarantee that personnel with the appropriate skills will be available.

Safety risks and industrial accidents

Some of the Company's operations are carried out under potentially hazardous conditions. Liabilities may arise in the future as a result of accidents, fatalities or other workplace related misfortunes, which may be beyond the Company's control. Such events could lead to significant expenditure by the Company in respect of compensation claims or penalties for failing to comply with occupational health and safety laws and regulations. Further, the occurrence of accidents could delay production, increase costs and result in liability, adverse publicity and reputational damage for the Company. These factors could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

The Company maintains insurance coverage that is consistent with mining industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to the Company at economically viable premiums (if at all) or that, in the event of a claim, the level of insurance carried by the Company now or in the future will be adequate.

Litigation risk

All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be significant, even with respect to claims that have no merit.

The resolution of any particular legal proceedings to which the Company is or may become a party to could have a material effect on its business, results of operations, financial condition and prospects.

Competition

The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company will be able to compete effectively with these companies.

Economic conditions

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, oil prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets, and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war, or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Company's operating and financial performance and financial position.

The Company's future possible revenues and share prices can be affected by these factors, which are beyond the Company's control.

Share market conditions

There are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

The past performance of the Company is not necessarily an indication as to future performance of the Company as the trading price of shares can go up or down. Neither the Company nor the directors warrant the future performance of the Company or any return on an investment in Company.

Discretion in use of capital

The board and management of the Company have discretion concerning the use of the Company's capital resources as well as the timing of expenditures. Capital resources may be used in ways not previously anticipated or disclosed. The results and the effectiveness of the application of capital resources are uncertain. If they are not applied effectively, the Company's financial and/or operational performance may suffer.

Cost risks

While every care has been taken in estimating the capital cost and future operating costs for the Company's projects, including contingency, the actual costs structure experienced in constructing facilities and operating mines may vary from current estimates. A number of factors (such as rising oil prices, macro-economic factors such as inflationary expectations, interest rates, currency exchange rates, as well as general global economic conditions) may lead to an increase in costs which could adversely affect the Company's financial position and performance.

4.4 Speculative nature of investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

5 Additional information

5.1 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, the Company is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its Shares.

The Board has adopted a policy on compliance with the Listing Rules which sets out the obligations of the Directors, officers and employees to ensure the Company satisfies the continuous disclosure obligations imposed by the Listing Rules and the Corporations Act. The policy provides information as to what a person should do when they become aware of information which could have material effect on the Company's securities and the consequences of non-compliance.

5.2 Legal framework of this Prospectus

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are quoted enhanced disclosure (**ED**) securities and the securities are in a class of securities that were quoted ED securities at all times in the 12 months before the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus". In general terms, a transaction specific prospectus is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the requirements of ASX as applicable to disclosing entities from time to time, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 3 months before the issue of this Prospectus.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

5.3 Information available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- (a) the Annual Financial Report for the Company for the year ending 30 June 2016; and
- (b) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report of the Company for the period ending 30 June 2016 and before the issue of this Prospectus:

Date	Announcement
1 August 2016	Appendix 4E and FY16 Financial Report
1 August 2016	FY16 Full Year Results Release
30 August 2016	BC Iron Mineral Resources and Ore Reserves
6 September 2016	Corporate Presentation - Resetting BC Iron for Growth
6 September 2016	Company Update Letter
14 September 2016	Company Update
22 September 2016	Appendix 3B
22 September 2016	Appointment of Managing Director
22 September 2016	Initial Director's Interest Notice – A Vorster
30 September 2016	Cape Preston East Port Lease Agreement Extension
30 September 2016	Date of Annual General Meeting
10 October 2016	BC Iron – Sale of Nullagine Interest
10 October 2016	Trading Halt
13 October 2016	Entitlement Offer
13 October 2016	Entitlement Offer Presentation
13 October 2016	Appendix 3B Entitlement Offer

5.4 Underwriting Agreement

The Underwriters have agreed to partially underwrite the Offer to \$20.66 million (with Patersons underwriting \$10.33 million and Foster underwriting \$10.33 million) under the Underwriting Agreement. A summary of the key terms of the Underwriting Agreement is set out below.

Fees

The Company will pay Patersons and Foster:

- (a) an underwriting fee of 4% (excluding GST) of the value of their respective Underwritten Amounts; and

- (b) a lead manager fee of 1% of the total funds raised under the Offer (to be split 50/50 between them).

If the Company terminates the Underwriting Agreement without cause or if any of the Underwriters terminate for cause, the Company must pay \$255,142.49 to the terminating Underwriters (to be split 50/50 between them), or half of this amount if one of the Underwriters terminate, and reimburse the terminating Underwriter for any expenses incurred or accrued up to the date of termination.

Moratorium

For a period of 3 months from the date of the Underwriting Agreement (**Moratorium Period**), the Company agrees to ensure that (except with the written consent of the Underwriters), no Relevant Company does any of the following:

- (a) reduce its capital or otherwise alter its capital structure other than as disclosed in the Prospectus;
- (b) amend its constitution or other constituent document except as required by the Listing Rules or Corporations Act;
- (c) pass or take steps to pass a resolution under section 260A of the Corporations Act;
- (d) agree to issue or issue any debt security or amend its existing debt facilities or enter into new debt facilities;
- (e) other than the proposed divestment of the Company's interest in the Nullagine Project, dispose or agree to dispose of the whole or a substantial part of its business or property; or
- (f) charge or agree to charge the whole or a substantial part of its business or property other than as contemplated in this Prospectus;

During the Moratorium Period, the Company must ensure no Relevant Company proposes or activates any share buy-back scheme or arrangement or issues any securities except as disclosed in the Prospectus, on exercise of convertible securities or offers existing as at the date of the Prospectus, as disclosed to ASX prior to the date of the Underwriting Agreement or with the prior written consent of the Underwriters.

The Company also agrees to use best endeavours to ensure no Directors dispose of any securities in the Company during the Moratorium Period.

In addition, under the Mandate, the Company agrees that apart from any transaction already disclosed to the ASX or disclosed in this prospectus, it will not enter into any agreement or commitment which is material in the context of the Company and which contains a substantial or onerous obligation without the prior written consent of the Underwriters (such consent not to be unreasonably withheld), prior to the closing date of the Offer.

Indemnities and Warranties

The Company has given warranties to the Underwriter which are usual in an agreement of this nature. Subject to certain exceptions, the Company has agreed to indemnify the Underwriters for loss suffered in connection with the Offer.

Termination events

Each of the Underwriters may, acting severally, terminate their obligation under the Underwriting Agreement if:

- (a) **(Indices fall)**: the All Ordinaries Index or the S&P/ASX 200 Materials Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- (b) **(Breach of Material Contracts)**: any of the material contracts or contracts described in the Prospectus is breached, terminated or substantially modified other than as disclosed in the Prospectus;
- (c) **(No Official Quotation)**: Official Quotation has not been granted by the Shortfall Notice Deadline Date or, having been granted, is subsequently withdrawn, withheld or qualified;
- (d) **(Supplementary Prospectus)**:
 - (i) the Underwriters form the view on reasonable grounds that a supplementary or replacement Prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement Prospectus in such form and content and within such time as the Underwriters may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement Prospectus without the prior written agreement of the Underwriters (such agreement not to be unreasonably withheld);
- (e) **(Non-compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act;
- (f) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (g) **(Restriction on allotment)**: the Company is prevented from allotting the Shares offered under the Offer within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (h) **(Withdrawal of consent to Prospectus)**: any person who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (i) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (j) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to

determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;

- (k) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act;
- (l) **(Authorisation)**: any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriters;
- (m) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence;
- (n) **(Acts by Directors)**: any commitment or agreement entered into by a Director as disclosed in the Prospectus is not carried out or adhered to in accordance with its terms, or the agreement is breached, revoked, rescinded or avoided;
- (o) **(Termination Events)**: any of the following events occur, providing that any such event would have a Material Adverse Effect or could reasonably be expected to give rise to a liability of the Underwriters under the Corporations Act or otherwise:
 - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking (other than a breach which is capable of remedy and which is remedied by the Company promptly following request by the Underwriters);
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (iii) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(Failure to disclose)**: it transpires that the Company has in the past failed to disclose to ASX information that is not generally available and which a reasonable would expect to have a material effect on the price of Shares;
 - (v) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change which is reasonably likely to occur after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriters' reasonable opinion, unlikely to be met in the projected time;
 - (vi) **(Error in Due Diligence Results)**: it transpires that any of the results of the due diligence investigations in respect of the Prospectus or any part of the material used to verify the Prospectus was false, misleading or deceptive or that there was an omission from them;

- (vii) (**Significant change**): a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (viii) (**Public statements**): without the prior approval of the Underwriters a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus;
- (ix) (**Misleading information**): any information supplied at any time by the Company or any person on its behalf to the Underwriters in respect of any aspect of the Offer or the Issue or the affairs of any Relevant Company at any time prior to Completion is or becomes misleading or deceptive or likely to mislead or deceive;
- (x) (**Official Quotation qualified**): the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
- (xi) (**Change in Act or policy**): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xii) (**Prescribed Occurrence**): a Prescribed Occurrence occurs and is not otherwise permitted under the Underwriting Agreement;
- (xiii) (**Event of Insolvency**): an Event of Insolvency occurs in respect of a Relevant Company;
- (xiv) (**Suspension of debt payments**): a Relevant Company suspends payment of its debts generally;
- (xv) (**Judgment against a Relevant Company**): a judgment in an amount exceeding \$100,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xvi) (**Litigation**): litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus;
- (xvii) (**Hostilities**): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement directly involving Australia and any one or more of New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world, provided that such circumstance is not existing at the date of the Underwriting Agreement;
- (xviii) (**Board and Senior Management Composition**): there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the consent of the Underwriters;

- (xix) (**Change in shareholdings**): other than as contemplated in the Prospectus, there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xx) (**Timetable**): there is a delay in any specified date in the Offer timetable which is greater than 5 Business Days and the Underwriters have not given their prior written consent;
- (xxi) (**Force Majeure**): a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xxii) (**Certain resolutions passed**): a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriters;
- (xxiii) (**Capital Structure**): any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus;
- (xxiv) (**Breach of Material Contracts**): any of the material contracts of the Company is breached, terminated or substantially modified, other than as disclosed in the Prospectus or during Due Diligence Investigations;
- (xxv) (**Investigation**): any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company;
- (xxvi) (**Market Conditions**): a suspension or material limitation in trading generally on ASX occurs; or
- (xxvii) (**Suspension**): the Company is removed from the Official List or the Shares become suspended from Official Quotation and that suspension is not lifted within 24 hours following such suspension.

If one Underwriter terminates its obligations under the Underwriting Agreement, the other Underwriter may also terminate its obligations, or elect to assume the obligations of the terminating Underwriter.

5.5 Corporate Governance

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent that they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has disclosed the reasons for the departure in its Corporate Governance Statement for the financial year ended 30 June 2015. This can be found in the Annual Financial Report for the Company for the financial year ended 30 June 2015.

A summary of the Company's corporate governance policies and procedures is available on the Company's website at www.bciron.com.au.

5.6 Rights attaching to Shares

The Shares to be issued pursuant to this Prospectus will rank equally in all respects with existing Shares in the Company.

Full details of the rights attaching to the Company's Shares are set out in its Constitution, a copy of which can be inspected at the Company's registered office.

The following is a summary of the principal rights which attach to the Company's Shares:

(a) Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every Share held by him or her, and a proportionate vote for every Share, registered in such shareholder's name on the Company's share register.

A poll may be demanded by the chairman of the meeting, by any five Shareholders entitled to vote on the particular resolution present in person or by proxy, attorney or representative, or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of, or paid up value of, the Shares of all those Shareholders having the right to vote on the resolution.

(b) Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of Shares, (other than a market transfer) where the Company is permitted or required to do so by the Listing Rules or the ASX Settlement Operating Rules. The Company must not prevent, delay or interfere with the registration of a proper market transfer in a manner which is contrary to the provisions of any of the Listing Rules or the ASX Settlement Operating Rules.

(c) Meetings and notice

Each Shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution of the Company, the Corporations Act or the Listing Rules.

(d) Liquidation rights

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) Shareholder liability

As the shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Alteration to the Constitution

The constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days' written notice, specifying the intention to propose the resolution as a special resolution must be given.

(g) ASX Listing Rules

If the Company is admitted to the Official List, then despite anything in the constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

5.7 Litigation

During 2015, two former workers at the Nullagine Joint Venture site commenced separate proceedings in the District Court of Western Australia against BC Iron Nullagine Pty Ltd, a wholly owned subsidiary of the Company, (and others) for personal injuries. In one case, a confidential settlement has been reached and negotiations regarding BC Iron Nullagine Pty Ltd's contributions (through its insurers) to that settlement have been completed, and the matter is expected to conclude in the coming weeks. In the other case, BC Iron Nullagine Pty Ltd denies liability for the claim and is seeking a release from the proceedings. Both matters are being managed by BC Iron Nullagine Pty Ltd's insurers.

As at the date of this Prospectus, save as noted above, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

5.8 Interests of Directors

(a) Directors' holdings

At the date of this Prospectus the relevant interest of each of the Directors in the securities of the Company are as follows:

Director	Number of Shares		Number of Performance Rights	
	Direct	Indirect	Direct	Indirect
Mr Anthony Kiernan	229,515	488,839 ¹	-	-
Mr Alwyn Vorster	-	-	-	6,000,000 ³

Mr Martin Bryant	-	-	-	-
Mr Andrew Haslam	30,000	-	-	-
Mr Brian O'Donnell	-	25,999 ²	-	-

Notes:

- 1 *Shares held by Central Manhattan Pty Ltd <A W Kiernan Super Fund A/C>. Mr Anthony Kiernan has a controlling interest in Central Manhattan Pty Ltd.*
- 2 *Shares held by Rockstone Enterprises Pty Ltd <O'Donnell Super A/C>. Mr Brian O'Donnell is a director and holds 1 of 2 issued shares in Rockstone Enterprises Pty Ltd*
- 3 *Performance rights are held by The Vorster Family Trust. Mr Vorster is the trustee of the trust.*

It is the current intention of Brian O'Donnell (through Rockstone Enterprises Pty Ltd <O'Donnell Super A/C>), to subscribe for some or all of the Entitlements offered to his superannuation fund under this Prospectus. The other Directors may or may not take up their Entitlements. All Directors may or may not purchase additional Shares prior to the Record Date.

Subject to Shareholder approval to be sought at the Company's 2016 Annual General Meeting to be held on 25 November 2016, the Company intends to grant 200,000 performance rights each to Non-Executive Directors Mr Anthony Kiernan, Mr Martin Bryant and Mr Andrew Haslam.

(b) Remuneration of Directors

The Constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting (which is currently \$900,000 per annum).

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Details of remuneration provided to Directors and their associated entities during the financial years ended 30 June 2015 and 30 June 2016 and the current financial year ending 30 June 2017 to 30 September 2016 are as follows:

Director	Financial Year End	Fees/ Salaries (including leave entitlements (\$))	Super-annuation (\$)	Other non-monetary remuneration (\$) ²	Total (\$)
Mr Anthony Kiernan	2017 ¹	35,438	-	4,501	39,939
	2016	157,500	-	15,578	173,078
	2015	166,250	-	10,022	176,272
Mr Alwyn Vorster ³	2017 ¹	98,365	6,149	6,541	111,055
	2016	51,269	2,083	2,645	55,997
	2015	-	-	-	-
Mr Martin Bryant	2017 ¹	12,798	1,216	4,501	18,515
	2016	73,973	7,027	15,578	96,578
	2015	9,407	-	1,153	10,560
Mr Andrew	2017 ¹	20,250	-	4,501	24,751

Director	Financial Year End	Fees/ Salaries (including leave entitlements (\$))	Super-annuation (\$)	Other non-monetary remuneration (\$) ²	Total (\$)
Haslam	2016	90,000	-	15,578	105,578
	2015	92,500	-	10,022	102,522
Mr Brian O'Donnell	2017 ¹	17,774	1,689	4,501	23,964
	2016	78,082	7,418	15,578	101,078
	2015	52,858	5,021	7,304	65,183

Notes:

- 1 *The amounts shown for the financial year ending 30 June 2017 relate to remuneration provided to Directors and their associated entities as at 30 September 2016.*
- 2 *Includes vehicles, fuel, parking, travel and insurances.*
- 3 *Mr Vorster was appointed as CEO on 23 May 2016, and Managing Director and CEO on 22 September 2016.*

(c) Directors' interests

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (iii) the Offer.

Mr Alwyn Vorster (Managing Director of the Company) has agreed to sub-underwrite the Offer to a maximum of \$200,000 and Mr Martin Bryant (a Non-Executive Director of the Company) has agreed to sub-underwrite the Offer to a maximum of \$100,000. Messrs Vorster and Bryant will be paid a sub-underwriting fee of 1% of the amount sub-underwritten.

Mr O'Donnell is a director and an employee of Australian Capital Equity Pty Limited, Wroxby's parent company. As noted earlier, Wroxby intends to accept its Entitlement in full, and has agreed to sub-underwrite the Offer to \$11 million.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offer.

The Company has paid insurance premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings while acting in the capacity of a Director.

5.9 Interests of named persons

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in

connection with the preparation or distribution of the Prospectus, holds, or during the last two years has held, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Patersons is an Underwriter to the Offer. The Company will pay Patersons the fees detailed in Section 5.4 for these services. Patersons will act as nominee of Excluded Shareholders for the purposes of section 615 of the Corporations Act. The Company will pay the fees detailed in Section 1.11 for these services. Patersons has not provided other professional services to the Company during the last two years. Patersons and its related entities do not hold any Shares as at the date of this Prospectus.

Foster is an Underwriter to the Offer. The Company will pay Fosters the fees detailed in Section 5.4 for these services. Foster has provided no other professional services to the Company during the last two years. Foster does not hold any Shares, but a related entity of Foster hold 3,323,416 Shares as at the date of this Prospectus.

Wroxby is a sub-underwriter to the Offer. Wroxby and its related entities hold 37,371,845 Shares as at the date of this Prospectus.

Gilbert + Tobin has acted as solicitors to the Company in relation to the Offer. The Company will pay approximately \$60,000 (plus GST) to Gilbert + Tobin for these services. Gilbert + Tobin has provided other professional services to the Company (or its wholly owned subsidiaries) during the last two years for which the Company has paid fees totalling approximately \$105,000 (plus GST).

BDO Audit (WA) Pty Ltd are the auditors to the Company. They have provided audit services to the Company during the last two years for which the Company has paid \$133,211 (plus GST) for the financial year ended 30 June 2015 and paid fees totalling approximately \$68,467 (plus GST) for financial year ending 30 June 2016.

5.10 Consents

Each of the other parties referred to in this section 5.10:

- (a) has not authorised or caused the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this section; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

- (d) Patersons and Foster as underwriters to the Offer;
- (e) Wroxby, Alwyn Vorster and Martin Bryant as sub-underwriters;
- (f) Gilbert + Tobin as solicitors to the Company in relation to the Offer;
- (g) Patersons as nominee of Excluded Shareholders; and
- (h) BDO Audit (WA) Pty Ltd as auditors to the Company.

Wroxby has given its consent to the inclusion in this Prospectus of statements made by them (or based on statements made by them) in respect of their intentions in relation to taking up their Entitlement and the Company more generally.

BDO Audit (WA) Pty Ltd has given its written consent to the inclusion in section 2.2 of this Prospectus of references to the audited Condensed Statement of Financial Position as at 30 June 2016 and all statements based on that reviewed Condensed Statement of Financial Position in the form and context in which they appear. BDO Audit (WA) Pty Ltd has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as the Company's share registry. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of the Prospectus.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

5.11 Mineral Resources and Ore Reserves

The information in this Prospectus that relates to Mineral Resource and Ore Reserve estimates in relation to:

- (a) Iron Valley is extracted from the Company's ASX announcement on 30 August 2016; and
- (b) Buckland is extracted from the Company's 2015 Annual Report on 26 August 2015.

The ASX announcements referred to above are available on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcements referred to above, and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

5.12 Expenses of the Offer

The estimated expenses of the Offer are as follows:

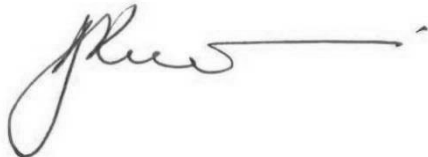
Expense	\$
ASIC fees	2,350
ASX fees	32,000
Underwriting fees	1,100,000
Legal expenses	60,000
Printing and other expenses	4,000
Share registry fees	22,000
Total	\$1,220,350

6 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Dated: 17 October 2016

A handwritten signature in black ink, appearing to read 'A. Kiernan', with a long horizontal stroke extending to the right.

Anthony Kiernan
Non-Executive Chairman
For and on behalf of
BC Iron Limited

7 Defined terms

A\$ and \$	Australian dollars, unless otherwise stated
Applicant	a person who submits an Entitlement and Acceptance Form
Application Form	an Entitlement and Acceptance Form, as the context requires.
ASX Settlement	ASX Settlement Pty Ltd (ABN 49 008 504 532)
ASX Settlement Operating Rules	the operating rules of the settlement facility provided by ASX Settlement as amended from time to time
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the financial market operated by it, as the context requires
BC Iron or the Company	BC Iron Limited (ACN 120 646 924)
Board	the board of Directors
Business Day	every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day
Closing Date	11 November 2016 (unless extended)
Constitution	the constitution of the Company as at the date of this Prospectus
Directors	the directors of the Company as at the date of this Prospectus
Corporations Act	Corporations Act 2001 (Cth)
Corporations Regulations	Corporations Regulations 2001 (Cth)
EBITDA	Earnings before income tax, depreciation and amortisation
Eligible Shareholder	a Shareholder whose details appear on the Register as at the Record Date and who is not an Excluded Shareholder
Employee Priority Offer	has the meaning given on page 8
Entitlement	the entitlement of an Eligible Shareholder to apply for Shares pursuant to the Offer
Entitlement and Acceptance Form	the entitlement and acceptance form either attached to or accompanying this Prospectus
Excluded Shareholder	a Shareholder who does not reside in Australia or New Zealand
Event of Insolvency	(a) a receiver, manager, receiver and manager, trustee, administrator, Controller or similar officer is appointed in respect of a person or any asset of a person; (b) a liquidator or provisional liquidator is appointed in respect of a corporation; (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:

- (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any insolvency provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable act to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

Fe	Iron
Force Majeure	means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the reasonable control of the parties.
Fortescue	FMG Pilbara Pty Ltd (a wholly owned subsidiary of Fortescue Metals Group Limited)
Foster	Foster Stockbroking Pty Ltd (ACN 088 747 148) AFSL 223687
FY	financial year
Listing Rules	the Listing Rules of ASX
Material Adverse Effect	<p>(a) a material adverse effect on the outcome of the Offer or on the subsequent market for Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Shares); or</p> <p>(b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business, operations or tax position of the Company and its subsidiaries either individually or taken as a whole; or</p> <p>(c) the Underwriters' obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of that agreement.</p>
MIN	Mineral Resources Limited (ACN 118 549 910)
Mineral Resource	has the meaning given to it in the JORC Code
Mt	metric tonnes

Mtpa	metric tonnes per annum
Offer	the renounceable entitlement offer of Shares pursuant to this Prospectus
Official List	the Official List of the ASX
Official Quotation	the grant by ASX of "Official Quotation" (as that term is defined and used in the Listing Rules) of the Shares under the Offer when allotted which if conditional may only be conditional on the allotment of those Shares.
Ore Reserve	has the meaning given to it in the JORC Code
Patersons	Patersons Securities Limited (ACN 008 896 311) AFSL 239 052
PPA	Pilbara Ports Authority
Prescribed Occurrence	<ul style="list-style-type: none"> (a) a Relevant Company converting all or any of its shares into a larger or smaller number of shares; (b) a Relevant Company resolving to reduce its share capital in any way; (c) a Relevant Company: <ul style="list-style-type: none"> (i) entering into a buy-back agreement or; (ii) resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act; (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of the Underwriting Agreement; (e) a Relevant Company issuing, or agreeing to issue, convertible notes; (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property; (g) a Relevant Company charging, agreeing to charge, the whole, or a substantial part, of its business or property; (h) a Relevant Company resolving that it be wound up; (i) the appointment of a liquidator or provisional liquidator to a Relevant Company; (j) the making of an order by a court for the winding up of a Relevant Company; (k) an administrator of a Relevant Company, being appointed under section 436A, 436B or 436C of the Corporations Act; (l) a Relevant Company executing a deed of company arrangement; or (m) the appointment of a receiver, or a receiver and manager, in

relation to the whole, or a substantial part, of the property of a Relevant Company.

Prospectus	this prospectus
Record Date	21 October 2016
Relevant Company	the Company or a subsidiary of the Company
Register	the register of Shareholders
Share	an ordinary fully paid share in the capital of the Company
Shareholder	the registered holder of a Share
Shortfall	the Shares offered by this Prospectus, not accepted by Eligible Shareholders or taken up under the Employee Priority Offer
Shortfall Notice Deadline Date	15 November 2016
Shortfall Offer	the offer of the Shortfall on the terms and conditions set out in Section 1.8
Shortfall Shares	the Shares offered by this Prospectus, not accepted by Eligible Shareholders
Underwriters	Foster and Patersons
Underwriting Agreement	the Underwriting Agreement between BC Iron, Foster and Patersons dated 13 October 2016
Underwritten Amount	means a total of \$20,655,909, with the respective Underwritten Amounts of Patersons being \$10,327,955 and Foster being \$10,327,955
Wroxby	Wroxby Pty Ltd (ACN 061 621 921)
WST	Australian Western Standard Time



BC IRON
LIMITED

ABN 21 120 646 924


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BCI
 MR SAM SAMPLE
 123 SAMPLE STREET
 SAMPLETOWN VIC 3000

Make your payment:

 See overleaf for details of the Offer and how to make your payment

Renounceable Rights Issue — Entitlement and Acceptance Form

 **Your payment must be received by 5:00pm (WST) Friday 11 November 2016**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

ASX will quote a market for rights between 20 October 2016 and 4 November 2016. Please refer to the Prospectus for details on how to renounce your rights.

Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Prospectus dated 17 October 2016.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the payment slip with BPAY payment.

By Mail: Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**BC Iron Limited**" and cross "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn over for details of the Offer →

Sale of your Entitlement rights in full by your Stockbroker/ Agent

If you wish to sell your rights entitlement in full, you should instruct your Stockbroker personally and provide details as requested, which appear overleaf.

DO NOT forward your requests for sale to Computershare Investor Services Pty Limited.

Disposal of your Entitlement rights held on the Issuer sponsored sub-register

A Standard Renunciation Form must be used for an off market transfer of Entitlement rights. These forms may be obtained from your Stockbroker or Computershare Investor Services Pty Limited.

Sale of your Entitlement rights in part by your Stockbroker/ Agent and take up the balance

If you wish to sell part of your Entitlement rights and take up the balance you should:

- Instruct your Stockbroker personally and provide details as requested, which appear overleaf, **AND**
- Send the payment slip to Computershare Investor Services Pty Limited with your cheque, bank draft or money order payment **OR** make payment using BPAY, in order to take up the balance of your Entitlement rights.

BC Iron Limited Renounceable Rights Issue
 Payment must be received by 5:00pm (WST) Friday 11 November 2016


© Registered to **BPAY** Pty Limited ABN 69 079 137 518

Entitlement and Acceptance Form

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STEP 1 Registration Name & Offer Details

 For your security keep your SRN/
HIN confidential.

Registration Name: MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Entitlement No: 12345678


Offer Details: Existing shares entitled to participate as at
21 October 2016:

Entitlement to New Shares
on a 1 New Share for every 1 Share basis:

Amount payable on full acceptance
at \$ 0.13 per New Share:

4,000
1
\$0.01

STEP 2 Make Your Payment

	Billir Code: 199851 Ref No: 1234 5678 9123 4567 89
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Contact your financial institution to make your payment from your cheque or savings account.

Pay by Mail:



Make your cheque, bank draft or money order payable to "BC Iron Limited" and cross "Not Negotiable".

Return your cheque with the below payment slip to:

Computershare Investor Services Pty Limited
GPO BOX 505 Melbourne Victoria 3001 Australia

Lodgement of Acceptance

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 5:00pm (WST) Friday 11 November 2016. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor BC Iron Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time. If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5:00pm (WST) Friday 11 November 2016. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor BC Iron Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Detach here

BC Iron Limited Acceptance Payment Details

Entitlement taken up:

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Amount enclosed at \$ 0.13 per
New Share:

A\$

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Entitlement No: 12345678

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Payment must be received by 5:00pm (WST) Friday 11 November 2016

Contact Details

Contact Name _____ **Daytime Telephone** _____

Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

123456789123456789+0000000001-3051+14