

ENTITLEMENT OFFER – CLOSURE AND NOTICE OF SHORTFALL

BC Iron Limited (ASX:BCI) (“BC Iron” or “the Company”) advises that its pro-rata renounceable entitlement offer of 1 new share for every 1 share held at an issue price of \$0.13 per share to raise approximately \$25.5M before costs as announced on 13 October 2016 (“Entitlement Offer”) closed on Friday 11 November 2016.

The Company advises that the results of the Entitlement Offer are as follows:

Total number of shares offered under the Entitlement Offer	196,263,455
Total number of shares validly applied for under the Entitlement Offer	144,866,967
Shortfall	51,396,488
Percentage Shortfall	26%

As noted above, the Company received valid applications to subscribe for 144,866,967 new shares from eligible shareholders (including Wroxby Pty Ltd) and employees as part of the employee pool. This represents approximately 74% of all shares offered under the Entitlement Offer.

The Entitlement Offer is partially underwritten by Patersons Securities Limited and Foster Stockbroking Pty Ltd to \$20.6m. Accordingly, the Shortfall shares of 51,396,488 representing approximately \$6.7M will be distributed in accordance with the terms of the underwriting agreement.

The new shares to eligible shareholders and the Shortfall shares to the underwriters, or their sub-underwriters, totalling 196,263,455 shares are expected to be issued on 18 November 2016 and commence trading on a normal settlement basis on 21 November 2016.

BC Iron Managing Director, Alwyn Vorster, commented: *“The high participation by existing shareholders coupled with strong demand to sub-underwrite the entitlement offer, including by institutional investors, can be seen as an expression of confidence in the company’s strategy. BC Iron will now apply the funds in a disciplined manner towards its objective of becoming a disciplined minerals portfolio manager with assets delivering earnings and longer term growth prospects.”*

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FOR FURTHER INFORMATION:

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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.