BC IRON LIMITED
Company Update

May 2010

Mike Young
Morgan Ball
Points of difference:

- Near-term, Pilbara iron ore producer & exporter
- Infrastructure secured – *rail and port*
- Quality pisolite - Direct Shipping Ore
- Simple operations – minimised performance risk
- Dynamic team with a record of delivery
- Experienced JV partner – access to expertise and markets
- Project is in construction; on the way to production
History of BC Iron – *staying focussed*

- BC Iron lists on Australian Securities Exchange (ASX) in December 2006
- Resource drilling identifies iron ore at Nullagine - May 2007
- Memorandum of understanding with Fortescue Metals Group - July 2007
- Drilling to Feasibility Study & Ore Reserves - 2007 through 2009
- Capital raising $22M – July 2009
- Joint Venture with FMG & rail haulage and port agreement – August 2009
- US$50m Project finance and offtake deal with Henghou Industries (Hong Kong) Limited – November 2009
- Native Title agreement and Mining Lease grant – April 2010
- *Construction underway – Listing to mining in under 4 years*
## Capital structure

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
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<tbody>
<tr>
<td>Shares</td>
<td>83.9M</td>
</tr>
<tr>
<td>Options</td>
<td>12.2M</td>
</tr>
<tr>
<td><strong>Fully diluted total</strong></td>
<td><strong>96.1M</strong></td>
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<tr>
<td><strong>Market cap @ $1.65 (diluted)</strong></td>
<td><strong>$158.5 M</strong></td>
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<tr>
<td><strong>Gross Cash (including share of JV funds)</strong></td>
<td><strong>$32.5M</strong></td>
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## Major Shareholders

<table>
<thead>
<tr>
<th>Major Shareholders</th>
<th>Number</th>
<th>% Total</th>
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<tbody>
<tr>
<td>Consolidated Minerals</td>
<td>18.2M</td>
<td>22%</td>
</tr>
<tr>
<td>Regent Pacific Group</td>
<td>13.6M</td>
<td>16%</td>
</tr>
<tr>
<td>BCI Directors</td>
<td>3.5M</td>
<td>4.2%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>35.3M</td>
<td>42.2%</td>
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</table>

## Board

- **Tony Kiernan** – Chairman
- **Mike Young** – Managing Director
- **Glenn Baldwin** – Non-exec Director
- **Terry Ransted** – Non-exec Director
- **Steven Chadwick** – Non-exec Director

## Management

- **Blair Duncan** – Chief Operations Officer
- **Morgan Ball** – CFO and Company Sec
- **Greg Hudson** – Chief Geologist
- **Gerry Bradley** – Sustainable Development
Nullagine Iron Ore Project

- Pilbara region of WA
- High quality, direct shipping iron ore deposit
- Low impurities, high CaFe
- First grade sinter blend
- 3 to 5 Mt annual production
- Rail haulage, port services and marketing via TPI & FMG
- US$50m prepayments for 20 Mt offtake over 8.5 years
Project parameters – BCI 50%

- Ore Reserves 36Mt 57% Fe (65% CaFe)
- Simple mining with low waste to ore
- Start-up 3 Mtpa with simple in-pit crushing and screening
- Ramp-up 5 Mtpa with fixed plant crushing and screening
- CapEx A$51.5M & Working Cap $17M
- OpEx $A43/tonne over LOM
  (excludes state government royalties)
## Nullagine joint venture milestones

<table>
<thead>
<tr>
<th></th>
<th>FY09/10</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>FY10/11</th>
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<tr>
<td><strong>APPROVALS</strong></td>
<td></td>
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<td>Native Title Agreement - Pulyku</td>
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<tr>
<td>Mine Lease Grant</td>
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<tr>
<td>Mining Approvals - Stage 1</td>
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<td>Mining Approvals - Stage 2</td>
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<tr>
<td><strong>CONSTRUCTION</strong></td>
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<tr>
<td>Camp Construction - Stage 1</td>
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<tr>
<td>Camp Construction - Stage 2</td>
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<tr>
<td>Road Construction - North</td>
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<tr>
<td>Road Construction - Central</td>
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<tr>
<td>Road Construction - South</td>
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<tr>
<td><strong>PRODUCTION</strong></td>
<td></td>
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<tr>
<td>Mining - ≤3Mtpa</td>
<td></td>
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<tr>
<td>Haulage - Short term</td>
<td></td>
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<tr>
<td>Haulage - Long term</td>
<td></td>
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<tr>
<td>First Ore On Ship</td>
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<tr>
<td>One Million Tonnes Shipped</td>
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- Target for 30 June ‘11 – 1 Mt exported
Outcamp-Warrigal deposit

- Outcropping mesa – style
- Low waste to ore ratio – 1:1 life-of-mine
- Above water table
- No pit – mining off the top
Shallow “pits” mainly above surrounding plains - mining ore from day 1

Above water table - lower environmental impact

Low OpEx - low strip ratio, use of surface miners, efficient crushing and screening
Recent Accomplishments:

- Native title mining agreement
- Mining lease granted
- All key contracts awarded
- Camp construction commenced

Upcoming Milestones

- Mining Proposal approval
- Environmental approval
- Haul road construction begins

*Phase 1 camp under construction*
Nullagine ore stockpile at Outcamp Trial mine – 66,000 tonnes of quality iron ore
Major Contracts

- Watpac Ltd – mining and crushing & screening
- Watpac Ltd – haul road construction
- Mitchell West - ore haulage
- Complete Portables – camp and mine ops centre

Mining, crushing & screening

- Wirtgen 2500 selected for mining
- Kleeman Mobirex for crushing & screening
Complete Portables - Phase 1 camp units under construction and installation
Chainage 40.00

Haul road route aerial survey
June 2009 – Reserves and Resources Statement

### Probable Ore Reserves

<table>
<thead>
<tr>
<th>Pit</th>
<th>Mt</th>
<th>Fe%</th>
<th>CaFe%</th>
<th>SiO₂%</th>
<th>Al₂O₃ %</th>
<th>P%</th>
<th>S%</th>
<th>LOI₁₀₀₀</th>
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<tbody>
<tr>
<td>Outcamp</td>
<td>19.2</td>
<td>56.8</td>
<td>64.8</td>
<td>3.21</td>
<td>1.92</td>
<td>0.01</td>
<td>0.01</td>
<td>12.2</td>
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<tr>
<td>Warrigal</td>
<td>10.3</td>
<td>57.0</td>
<td>64.5</td>
<td>3.67</td>
<td>2.13</td>
<td>0.02</td>
<td>0.01</td>
<td>11.7</td>
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<tr>
<td>Coongan</td>
<td>6.0</td>
<td>57.0</td>
<td>65.1</td>
<td>2.52</td>
<td>1.82</td>
<td>0.01</td>
<td>0.01</td>
<td>12.4</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>35.6</strong></td>
<td><strong>56.9</strong></td>
<td><strong>64.7</strong></td>
<td><strong>3.23</strong></td>
<td><strong>1.96</strong></td>
<td><strong>0.02</strong></td>
<td><strong>0.01</strong></td>
<td><strong>12.1</strong></td>
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</tbody>
</table>

### DSO Resource Estimate

<table>
<thead>
<tr>
<th>Class</th>
<th>Mt</th>
<th>Fe%</th>
<th>CaFe%</th>
<th>SiO₂%</th>
<th>Al₂O₃ %</th>
<th>P%</th>
<th>S%</th>
<th>LOI₁₀₀₀</th>
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<tbody>
<tr>
<td>Measured</td>
<td>1.7</td>
<td>57.0</td>
<td>64.8</td>
<td>3.49</td>
<td>2.15</td>
<td>0.018</td>
<td>0.016</td>
<td>12.0</td>
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<tr>
<td>Indicated</td>
<td>38.6</td>
<td>57.0</td>
<td>64.7</td>
<td>3.15</td>
<td>2.09</td>
<td>0.016</td>
<td>0.011</td>
<td>12.0</td>
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<tr>
<td>Inferred</td>
<td>10.4</td>
<td>57.0</td>
<td>64.8</td>
<td>3.27</td>
<td>2.00</td>
<td>0.013</td>
<td>0.010</td>
<td>12.1</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>50.7</strong></td>
<td><strong>57.0</strong></td>
<td><strong>64.8</strong></td>
<td><strong>3.19</strong></td>
<td><strong>2.07</strong></td>
<td><strong>0.015</strong></td>
<td><strong>0.011</strong></td>
<td><strong>12.0</strong></td>
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</table>

- The Ore Reserve is a subset of the Resource Estimate
- CaFe = Fe / (100 – LOI) * 100
- Total for Joint Venture (50% BC Iron)
### PILBARA IRON ORE FINES

<table>
<thead>
<tr>
<th>Element</th>
<th>Nullagine DSO Reserve</th>
<th>Yandi/Robe DSO</th>
<th>Pilbara Fines DSO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fe%</td>
<td>57</td>
<td>57 - 58.5</td>
<td>58 - 64</td>
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<tr>
<td>Calcined Fe%</td>
<td>65</td>
<td>64</td>
<td>63-65</td>
</tr>
<tr>
<td>SiO$_2$%</td>
<td>3.2</td>
<td>3 - 6</td>
<td>3 - 4</td>
</tr>
<tr>
<td>Al$_2$O$_3$%</td>
<td>1.9</td>
<td>1.4 - 2.7</td>
<td>1.3 - 2.1</td>
</tr>
<tr>
<td>P%</td>
<td>&lt;0.02</td>
<td>~0.04</td>
<td>0.05 - 0.09</td>
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<tr>
<td>LOI</td>
<td>12</td>
<td>9-11</td>
<td>3-8</td>
</tr>
<tr>
<td>Size -0.15mm</td>
<td>&lt;10%</td>
<td>5-20%</td>
<td>10-30%</td>
</tr>
</tbody>
</table>

**Direct Shipping Ore (DSO)**

- Typically bedded hematite or pisolitic channel iron deposits
- No beneficiation required – simple mining, crushing and screening, and transport
- At or close to accepted specifications
Blast furnace reduces iron ore to iron metal

- Coal and *lump* ore added at the top
- Burden travels down, hot gases travel up
- Hot metal and slag removed from the bottom
- Fines ore ‘sintered’ to make synthetic lump

Effects of deleterious elements

- $\text{Al}_2\text{O}_3$ – affects furnace efficiency $\Rightarrow$ slag
- $\text{SiO}_2$ – affects furnace and iron $\Rightarrow$ slag/steel
- P – affects iron quality $\Rightarrow$ steel/brittle
- Counter $\Rightarrow$ flux / de-phos / blend low DE ore
Excellent sinter blend ore

- Sintering ➔ changing fines to lump by heat agglomeration
- Low impurities, low ultrafines – improved performance
- Nullagine sinter blend improves sintering efficiency and productivity

Marketing advantages of Nullagine DSO

- China prefers West Australian hematite and pisolite ores over all others
- 40% of WA’s exported iron ore is pisolite ore (Robe R, Yandi)

Marketing

- Offtake agreement with Henghou Industries – secures offtake, provides finance
- Strong competition for remaining product
- Exposure to spot/index markets
Targeted M & A

- Experienced Pilbara iron ore junior
- Use in-house experience and IP
- Use developed relationships (FMG, Henghou)

Commodity and geography

- Realistic targeting
- Quality and technical & commercial thresholds
- Bulks (Fe, coal, Mn, etc)
- Favourable geopolitics

Building a pipeline of projects
BCI is poised for value re-rating:

- Infrastructure solution secured
- Approvals in process and on track
- Key contracts awarded – long lead items locked in
- Mining commences Q3 2010
- Iron ore exports commence Q4 2010
- Bullish outlook on iron prices – *higher margins*
- Revenue stream in 2011 – key to long term growth
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The information that relates to the drilling data and geological interpretations is based on information compiled by Michael Young who is a Member of The Australian Institute of Geoscientists and a Director of the Company. The information that relates to the Mineral Resource Estimate has been compiled by Mr Richard Gaze who is a member of the AusIMM and an employee of Golder Associates. Both Mr Young and Mr Gaze have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Gaze and Mr Young consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.

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