

16 February 2009

ASX Limited
Level 6, Exchange Plaza
2 The Esplanade
Perth WA 6000

Attention: Peter Tranter

Dear Sir

PRICE AND VOLUME QUERY



Unit 8, 8 Clive Street
West Perth, WA 6005
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Email : info@bciron.com.au
ABN : 21 120 646 924
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In response to your letter of 16 February 2009, I wish to advise as follows:

1. The Company is aware of no information concerning it that has not been announced, which, if known, could be an explanation for recent trading in the securities of the Company.
2. As explained above, there is no information not in the market place or additional to that contained in the following recent announcements: -

- 12/02/2009 Boardroom Radio Interview -- offtake agreement
- 12/02/2009 Offtake agreement -- additional information
- 11/02/2009 BC Iron secures first offtake agreement
- 30/01/2009 Quarterly cash flow report
- 28/01/2009 Quarterly activities report
- 09/01/2009 Boardroom Radio interview -- 64% increase in DSO resource
- 08/01/2009 64% increase in direct shipping ore resource to 46 Mt

3. Following the announcement of the Offtake agreement, BC Iron received substantially increased press coverage, including major newspapers (The Australian, The Sydney Morning Herald, The Age and the Australian Financial Review, as well as regional newspapers throughout Australia).

The Company is not aware of any other contributing factors to explain the price change and increase in volume in the securities of the Company, other than the release of the aforementioned announcements and the recent up surge in the Baltic Dry Index price and recent positive sentiment in iron ore.

4. On behalf of the Board, I confirm that the Company is in compliance with the listing rules, and in particular, listing rule 3.1.

Yours faithfully,
for BC IRON LIMITED

A handwritten signature in black ink, appearing to be 'M C Young', written over a white background.

M C Young
Managing Director



16 February 2009

Mr Simon Storm
Company Secretary
BC Iron Limited
Suite 8, 8 Clive Street
West perth 6001

By Facsimile: 02 9324 3111

Dear Simon

ASX Markets Supervision Pty Ltd
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2 the Esplanade
Perth WA 6000

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BC Iron Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from \$0.42 on 13 February 2009 to an intraday high of \$0.57 today.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by facsimile on **facsimile number (08) 9221 2020**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than 3.30pm (W.D.S.T.) today**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

Peter Tranter
Senior Adviser - Issuers