

BC IRON LIMITED

ACN 120 646 924

PROSPECTUS

For a non-renounceable offer of 1 New Share for every 6 Shares held by way of a pro-rata Entitlements Offer at an application price of \$1.10 per New Share to raise approximately \$12.6 million.



UNDERWRITER TO THE OFFER

Investment in the New Shares offered by this Prospectus should be considered speculative.

IMPORTANT NOTICE

1. Prospectus

This Prospectus is dated 24 June 2009. A copy of this Prospectus has been lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Prospectus.

No Shares will be issued or allotted on the basis of this Prospectus later than 13 months after the date of this Prospectus.

BC Iron Limited (BC Iron or the **Company**) will apply to ASX within 7 days of the date of this Prospectus for quotation of the New Shares offered by this Prospectus. ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may quote the New Shares is not to be taken in any way as an indication of the merits of the Company.

In making representations in this Prospectus, regard has been made to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. Further information is provided in Section 6.9 and 6.10 of this Prospectus.

2. Disclaimer

The information contained in this Prospectus is not investment advice. Before deciding to invest in the Company, you should read and understand the entire Prospectus and, in particular, in considering the Company's prospects, you should consider the risk factors that could affect the Company's performance. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks. See 'Risk Factors' in Section 5 of this Prospectus for a discussion of certain risk factors that you should consider before deciding to invest in the Company.

Any references to past performance of the Company are no guarantee of future performance.

3. No Representations other than this Prospectus

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer that is not contained in this Prospectus or has not been released to ASX with the authorisation of the Company.

The Entitlement and Acceptance Form accompanying this Prospectus is important. Please refer to the instructions in Section 4 of this Prospectus regarding the acceptance of your Entitlement. Applications can only be submitted on a valid Entitlement and Acceptance Form that is only available with this Prospectus.

4. No cooling off rights apply to this Offer

Cooling-off rights do not apply to an investment pursuant to this Offer. This means that, in most circumstances, you cannot withdraw your Entitlement and Acceptance Form once it has been lodged.

5. Offer Restrictions on Distribution

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to lodge this Prospectus in any jurisdiction outside of Australia or to otherwise permit a public offering of New Shares in any jurisdiction outside Australia. This Prospectus is not to be distributed in, and no offer of Shares is to be made in, countries other than Australia and New Zealand.

The Shares have not been or will not be registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their Application. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company as a representation that there has been no breach of such laws, that the Applicant is an Eligible Shareholder and that the Applicant is physically present in Australia or New Zealand. Shareholders outside Australia (**Ineligible Foreign Shareholders**) should refer to Section 1.9 of this Prospectus for details of how their Entitlement will be dealt with.

6. Prospectus availability

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

This Prospectus is available in electronic form at www.bciron.com.au only for persons within Australia. Persons who access the electronic form of this Prospectus must ensure that they download and read the entire Prospectus. A printed copy of this Prospectus is available free of charge by calling the Company.

7. Definitions and glossary, financial amounts and time

Definitions of certain terms used in this Prospectus are contained in Section 8. Unless otherwise indicated all references to currency are to Australian dollars and all references to time (such as "WST") are to Perth, Western Australian time, unless otherwise indicated.

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IMPORTANT DATES

Event	Date
Prospectus lodged with ASIC and ASX.	24 June 2009
Settlement of Placement.	26 June 2009
Date that Shares go "Ex" entitlement (Ex Date) Issue of Placement Shares under the Placement and normal trading of those shares expected to commence on ASX.	29 June 2009
Record Date to determine Entitlements under the Entitlement Offer.	3 July 2009
Prospectus and Entitlement and Acceptance Form despatched.	6 July 2009
Closing date for acceptances under the Entitlement Offer	20 July 2009
New Shares quoted on a deferred settlement basis Company notifies ASX of undersubscriptions in Entitlement Offer	21 July 2009
Expected allotment of New Shares and despatch of shareholder statements.	24 July 2009
Trading of New Shares expected to commence	27 July 2009

The above dates are indicative only. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and the Underwriting Agreement, to close the Offer early, to extend the last date for receipt of Entitlement and Acceptance Forms, or to delay or withdraw the Offer at any time without prior notice, in which case all Application Monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable

WHAT YOU NEED TO DO TO APPLY FOR NEW SHARES

Read

Read this Prospectus in full paying careful attention to the benefits and risks associated with acceptance of this Offer.

Consider and Consult

After reading the Prospectus, consider whether the investment is suitable for you in light of your particular financial position and investment objectives. If necessary please consult with your financial or investment adviser before making an investment decision.

Complete Entitlement and Acceptance Form

If you have decided to take up your Entitlement in full or in part, complete the Entitlement and Acceptance Form accompanying this Prospectus and lodge the form together with your application money by **5pm (WST) 20 July 2009**.

If you have any queries concerning your Entitlement or what to do with this Prospectus, please contact:

Advanced Share Registry Services by telephone on:

(08) 9389 8033

Or contact your stockbroker or professional adviser.

LETTER FROM THE CHAIRMAN

Dear Shareholder

On behalf of the Board of BC Iron I am pleased to invite you to participate in the Company's pro-rata Entitlement Offer ("Entitlement Offer") of approximately 11.5 million New Shares at an issue price of \$1.10 per each New Share to raise approximately \$12.6 million.

The Offer entitles Eligible Shareholders on the Record Date of 3 July 2009 to subscribe for 1 New Share for every six (6) Shares held. This Prospectus outlines the details of the Offer.

The Offer closes at 5.00pm (WST) on Monday, 20 July 2009 and is fully underwritten by Argonaut Capital Limited.

The Directors intend to take up their respective full entitlements.

BC Iron recently announced a placement of 8.5 million shares to institutional and sophisticated investors to raise approximately \$9.4 million. The proceeds of the combined Entitlements Offer and institutional placement will be about \$22 million (approximately \$20.8 million after issue costs) and will be used to bolster working capital and to underpin further development of the Company's Nullagine Iron Ore Project.

BC Iron recently entered into an agreement with Chichester Metals Pty Ltd (a wholly owned subsidiary of Fortescue Metals Group Limited) which will, following the completion of a satisfactory feasibility study, see the two companies establish the Nullagine JV with the objective of developing the Nullagine Iron Ore Project into an operational iron ore mine. The Board of BC Iron believes that the funding offered by the Entitlements Offer together with the earlier announced Placement, is a practical and prudent capital raising strategy to ensure the Company's smooth transition into proposed production early next year.

Upon establishing the Nullagine JV with Chichester Metals, the rail haulage and port access agreement with The Pilbara Infrastructure Pty Ltd will become operational and provide the means to get the produced ore to port and loading onto ships. Further particulars of these agreements are detailed in the Prospectus and were announced to ASX on 5 June 2009

Please read this Prospectus carefully before deciding whether to invest. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

I look forward to your support of the Entitlement Offer and your ongoing support as we move ever closer to our ultimate goal of becoming a substantial iron ore producer.

Yours sincerely

Anthony Kiernan
Chairman

1. DETAILS OF THE ENTITLEMENT OFFER

1.1. The Entitlement Offer

The Company is making a non-renounceable pro-rata offer of New Shares to Eligible Shareholders on the basis of 1 New Share for every 6 Shares held at the Record Date, offering in total, approximately 11,461,000 New Shares at the Offer Price of \$1.10 per New Share to raise approximately \$12,607,000 (before Offer costs). The Offer Price is the same price that the Placement Shareholders have agreed to pay for the New Shares in the Placement

Fractional Entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements. No brokerage or stamp duty is payable by Eligible Shareholders on the issue of New Shares under this Prospectus.

1.2. Underwriting

The Entitlement Offer is underwritten by the Argonaut Capital Limited. A summary of the Underwriting Agreement (including the circumstances in which it may be terminated) is set out in Section 6.6.

1.3. Closing Date

The Closing Date for acceptance of your Entitlement is 5.00 pm WST on 20 July 2009.

The Company reserves the right, subject to the Corporations Act the ASX Listing Rules and the Underwriting Agreement, to close the Offer early, to extend the last date for receipt of Entitlement and Acceptance Forms, or to delay or withdraw the Offer at any time without prior notice, in which case all Application Monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable.

1.4. Purpose of the Offer

The Company expects to receive approximately \$12,607,000 under the Entitlement Offer (after Offer costs) and will use the proceeds as set out in Section 2.

1.5. Entitlement

Eligible Shareholders who are on the Company's Share Register at the close of business on the Record Date, being 3 July 2009, will receive rights to acquire 1 New Share for every 6 Shares held, at the Offer Price of \$1.10 per New Share.

An Entitlement and Acceptance Form setting out your Entitlement to New Shares accompanies this Prospectus.

The Entitlements Offer is non-renounceable, and therefore the Entitlements are not transferable and cannot be traded on the ASX.

Entitlements not accepted by the Closing Date will revert to the Underwriter under the Underwriting agreement.

1.6. The Placement

The Placement was conducted by Argonaut Securities Pty Ltd via a bookbuild process between 17 and 18 June 2009. A total of 8,500,000 Placement Shares will be issued under the Placement with settlement of the Placement to occur on 26 June 2009.

Placement Shareholders who settle by this date will be Eligible Shareholders and able to participate in the Entitlement Offer.

1.7. Actions Required by Eligible Shareholders

A detailed explanation of the actions required by Eligible Shareholders is set out in Section 4.

If you wish to accept the Offer, your acceptance must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form, and may be for the full amount or part amount of the Offer.

You may participate in the Offer as follows:

- **If you wish to take up your Entitlement in full:**

Complete the accompanying Entitlement and Acceptance Form by writing, where indicated, the number of New Shares you are entitled to, and the dollar amount as shown on the form, and attach your cheque or bank draft for that amount.

- **If you wish to take up part of your Entitlement:**

Follow the instructions on the accompanying Entitlement and Acceptance Form by writing where indicated the number of New Shares you wish to take up and the corresponding dollar amount (being the number of New Shares multiplied by the Offer Price, \$1.10) and attach your cheque or bank draft for that amount.

- **If you do not wish to take up any or all of your Entitlement you are not obliged to do anything.**

Eligible Shareholders are not entitled to apply for more than their Entitlement as shown on their personalised Entitlement and Acceptance Form.

1.8. Allotment and Application Money

Applications for New Shares must be made on the Entitlement and Acceptance Form. Please ensure the completed Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency to **"BC Iron limited – Share Issue Account"** and crossed **"Not Negotiable"** in the enclosed envelope are forwarded to Advanced Share Registry Services Pty Limited (the Company's Share Registry) **no later than 5.00pm WST on 20 July 2009.**

Do not send cash.

Please note that payment via BPAY must be made by **no later than 4.00pm WST on 20 July 2009.** Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY

set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

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All Acceptance Monies are payable in full on return of the Entitlement and Acceptance Form enclosed with this Prospectus.

New Shares will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be allotted and shareholder statements despatched on or about 24 July 2009 and normal trading of the New Shares on ASX is expected to commence on or about 27 July 2009.

All Application Money received before New Shares are allotted will be held in a special purpose account. After any Application Money is refunded (if required) and New Shares are allotted to Applicants, the balance of funds in the account plus any accrued interest will be received by the Company.

If the New Shares are not quoted by ASX within three months after the date of this Prospectus, the Company will refund all Application Money in full (without interest).

1.9. Treatment of Overseas Shareholders

The Company is of the view that it is unreasonable to make the Entitlement Offer to Shareholders whose registered address as at the Record Date is outside of Australia or New Zealand having regard to:

- (a) the number of Shareholders outside these jurisdictions;
- (b) the number and value of the New Shares that could be offered outside these jurisdictions; and
- (c) the cost of complying with applicable regulations in jurisdictions outside these jurisdictions.

This Prospectus has not been and will not be registered under the securities laws of jurisdictions outside these jurisdictions. Accordingly, no Entitlement and Acceptance Forms will be sent, and no offer will be made, to Ineligible Foreign Shareholders. This Prospectus will be sent to them for information purposes only.

Non-Australian Eligible Shareholders should note that the Offer is being conducted in accordance with the laws in force in Australia and the ASX Listing Rules.

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 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

Recipients of this Prospectus may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia (other than to Eligible Shareholders).

The Shares have not been or will not be registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

1.10. Quotation and Issue of New Shares

No New Shares will be issued pursuant to this Prospectus until permission is granted by the ASX for quotation of the New Shares during the relevant time periods set out in the Corporations Act. The Company will apply to the ASX within seven days after the date of this Prospectus for the New Shares to be granted quotation.

The fact that the ASX may grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

1.11. Rights attaching to New Shares

The New Shares issued under this Prospectus will rank equally in all respects with existing Shares. Summaries of the important rights attaching to Shares as set out in the Company's Constitution are contained in Section 6.3 of this Prospectus.

1.12. Risk Factors

Applicants should appreciate that there are risks associated with any stock market investment, including an investment in the Company. There are general and specific risks which relate directly to the Company's business and are largely beyond the control of the Company and its Directors because of the nature of the business of the Company. These risks may affect the future operating and financial performance of the Company and the value of an investment in the Company. These risk factors are discussed in more detail in Section 5 of this Prospectus.

2. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER

2.1. Purpose of the Entitlement Offer

The funds raised from the Entitlement Offer will be applied towards the following:

- (a) costs and expenses associated with the Nullagine Iron Ore Project; and
- (b) costs of corporate administration and working capital.

The application of the \$12,600,000 raised under the Entitlement Offer is summarised as follows:

Use of Funds	Amount \$
BC Iron's equity contribution to the Nullagine JV	10,000,000
Corporate administration and working capital	1,917,000
Estimated Issue Costs	683,000
TOTAL	\$12,600,000

2.2. Effect of the Issue

The principal effects of the Entitlement Offer will be to:

- (a) increase the Company's cash reserves by approximately \$11,917,000, (after taking into account the Issue Costs);
- (b) provide the Company with additional capital for the purposes referred to in Section 2.1; and
- (c) increase the total number of issued Shares (refer to Section 2.3).

Pro forma financial information summarising the effects of the Issue is provided in Section 2.4.

2.3. Effect of the Offer on Capital Structure

The ultimate effect of the Offer on the Company's capital structure is dependent on whether Optionholders elect to exercise their Options prior to the Record Date.

Set out below, for illustrative purposes only, is the existing capital structure (as at the date of this Prospectus) together with the impact of the issue of New Shares under the Offer and assuming the Placement is completed on 26 June 2009.

Ordinary Shares	Number
Number of Shares on issue at the date of this Prospectus and on completion of the Placement	68,766,000
New Shares offered pursuant to the Entitlement Offer	11,461,000
Total Issued Capital post completion of the Entitlement Offer	80,227,000

Note: In the circumstances described in Section 2.6, the Company may issue further Shares to ensure that the minimum aggregate number of New Shares that will be allotted to Regent Pacific Group Limited in the Placement and the Entitlement Offer is 6,000,000 Shares.

In addition, the Company has on issue the following unlisted Options to subscribe for Shares as at the date of this Prospectus:

Number	Exercise Price \$	Expiry Date
2,804,000	\$0.25	15.12.2009
500,000	\$0.30	15.12.2009
300,000	\$0.72	19.02.2010
50,000	\$1.50	31.08.2009
25,000	\$1.50	31.08.2009
500,000	\$1.85	15.08.2011
100,000	\$1.25	21.08.2011
250,000	\$0.65	31.03.2012

If any of these Options are exercised prior to the Record Date, the Shares issued on such exercise will be eligible to participate in the Entitlement Offer. Accordingly, the total issued capital of the Company following the Entitlement Offer may be more than the number shown above but will be no more than 84,756,000 Shares assuming that no Additional Shares are issued to Regent Pacific Group Limited.

2.4. Effect of the Offer on the Company's Financial Position

Set out below for illustrative purposes is the unaudited Balance Sheet as at 31 March 2009 and a Pro forma Balance Sheet as at 31 March 2009 including the effect of the Offer assuming that:

- the issue of 8,500,000 Placement Shares offered pursuant to the Placement at \$1.10 to raise \$9,350,000 has been completed;
- the issue of 11,461,000 New Shares offered pursuant to the Entitlement Offer at \$1.10 to raise \$12,607,100 has been completed; and
- the issue costs of the Placement and the Entitlement Offer are \$1,155,000.

BC IRON LIMITED
PRO FORMA BALANCE SHEET AT 31
MARCH 2009

	Unaudited 31-Mar-09	Pro forma 31-Mar-09
	\$	\$
Current Assets		
Cash and cash equivalents	3,897,055	24,699,155
Trade and other receivables	69,902	69,902
Other financial assets	37,005	37,005
Total Current Assets	4,003,962	24,806,062
Non Current Assets		
Plant & equipment	124,178	124,178
Exploration and evaluation assets	8,660,549	8,660,549
Total Non Current Assets	8,784,727	8,784,727
Total Assets	12,788,689	33,590,789
Current Liabilities		
Trade and other payables	317,499	317,499
Total Current Liabilities	317,499	317,499
Total Liabilities	317,499	317,499
NET ASSETS	12,471,190	33,273,290
Equity		
Issued Capital	13,949,727	34,751,827
Reserves	1,063,849	1,063,849
Accumulated losses	(2,542,386)	(2,542,386)
TOTAL EQUITY	12,471,190	33,273,290

The Directors are not aware of any material item, transaction or event outside of the ordinary business of the Company that would require comment on, or adjustment to the half year financial statements as at 31 December 2008 lodged with ASX on 24 February 2009, or that would cause the information in these financial statements to be misleading or deceptive.

2.5. Market Price of Shares

The highest and lowest closing market prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$1.37 on 5 June 2009
Lowest: \$0.435 on 25 March 2009

The volume weighted average sale price on ASX of the Shares during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC was \$0.90.

The latest available market sale price of the Shares on ASX prior to the day of lodgement of this Prospectus with ASIC was \$1.07 on 23 June 2009.

Following the announcement to ASX on 4 June 2009 of the execution of the Nullagine HOA there was a significant rise in the market price of the Shares which the company believes largely accounts for the wide range in the closing market prices shown above.

2.6. Regent Pacific Group Limited

Regent Pacific Group Limited (**Regent**), a diversified mining group focused on the Asian region based in Hong Kong has agreed to subscribe for 2,500,000 Placement Shares in the Placement, which will represent approximately 3.64% of the issued share capital of the Company following completion of the Placement. Consequently, Regent will have an Entitlement in the Entitlement Offer. Regent has indicated to the Underwriter its intention to take up its Entitlement in full. Regent has also agreed with the Underwriter to sub-underwrite the issue of up to 7,500,000 New Shares in the Entitlement Offer. If Regent is required to subscribe for the full amount of its sub-underwriting commitment and takes up its Entitlement in full, Regent will hold 10,416,667 Shares representing approximately 12.98% of the issued capital of the Company

If, following the closure of the Entitlement Offer the aggregate number of Shares allotted to Regent under the Placement and the Entitlement Offer (including as a result of Regent's sub-underwriting commitments) is less than 6,000,000 Shares, the Company has agreed to issue such number of additional Shares at the Offer Price to Regent (**Additional Shares**) to ensure that the minimum aggregate number of Shares that will be allotted to Regent in the Placement and the Entitlement Offer is 6,000,000 Shares.

In the event that Additional Shares are required to be issued, the allotment of any Additional Shares to Regent will be dilutive to Shareholders in the Company but will raise additional capital for the Company. The Company will be able to issue the Additional Shares to Regent post-completion of the Placement and the Entitlement Offer under Listing Rule 7.1 and depending on the number of Additional Shares to be issued, may, in part, require Shareholder approval.

3. OVERVIEW OF BC IRON AND THE NULLAGINE IRON ORE PROJECT

The Company's core asset is the Nullagine Iron Ore Project ("**the Project**") which comprises a 1400 square kilometre tenement portfolio located 140 km north of Newman in Western Australia's Pilbara region and nearby to Fortescue Metals Group Limited's ("**FMG**") Chichester iron ore operations.

The Project comprises a series of channel iron deposits ("**CID**") which consist of pisolitic iron in ancient river channels. Deposits of this type include the Yandicoogina deposits currently being mined by Rio Tinto and BHP and the Robe River deposits at Panniwonica which is mined by Rio Tinto. Several other CID are being assessed in the Pilbara including Aquilla's Western Pilbara CIDs.

The Project hosts a Direct Shipping Ore ("**DSO**") resource of 50.7Mt at 57% Fe (64.8% CaFe) within an overall CID of 89.1Mt @ 54.1% Fe (refer to resource statement below). Due to geological processes and erosion, the deposits are flat hills or mesas, meaning the resource occurs at surface, resulting in low strip ratios, and is very low in contaminants.

In June 2009, the Company entered into an agreement to establish a joint venture ("**the Nullagine JV**") with Chichester Metals Pty Ltd ("**Chichester Metals**"), a wholly owned subsidiary of FMG to develop the Nullagine Iron Ore Project. This agreement was announced to ASX on 5 June 2009. Chichester Metals and the Company have also entered into an agreement with The Pilbara Infrastructure Pty Ltd ("**TPI**"), a wholly owned subsidiary of FMG, to provide rail haulage and port services on a pay per tonne basis which is to take effect upon establishing the Nullagine JV. The agreement with TPI provides the necessary infrastructure to get the ore to port and then loaded on to ships.

The agreement to establish the Nullagine JV is subject to completion of a feasibility study to the satisfaction of the Boards of the Company and Chichester Metals. The study is scheduled for completion by the end of June 2009 following which the Company and Chichester Metals have 14 days to determine acceptance or otherwise. The agreement with TPI is conditional upon the Nullagine JV being established

Under the terms of the Nullagine JV, the Company and Chichester Metals will each contribute equity of up to \$10 million to the project, with the remaining development costs expected to be funded through project finance. The Company will manage the Nullagine JV, including responsibility for all operations, road haulage, marketing and ore sales. TPI will manage all rail and port operations, taking product from the project stockpile at FMG's Chichester operation to ships in Port Hedland.

Project finance repayments will be a first charge on the JV earnings, with surplus earnings being shared equally by the Company and Chichester Metals.

The Nullagine JV will benefit significantly from synergies arising from the proximity to FMG's operations, including access to existing infrastructure, systems and facilities such as the David Forrest airstrip, which will expedite the logistics of the new mine development.

The Nullagine JV Agreement and the agreement with TPI for infrastructure ensures that, subject to completion and sign off of the feasibility study by the Company and Chichester Metals and securing all relevant statutory approvals and debt and equity financing, the Company could commence production at Nullagine in early 2010. The feasibility study is due to be completed at the end of June 2009 and is based on an initial annualised production rate of 1.5 million tonnes.

As noted above, the establishment of the Nullagine JV is subject to Chichester Metals approving the results of the feasibility study.

Under the on-going feasibility work, the Company's estimated capital expenditure requirement for the mine development is approximately \$35 million – \$50 million with a forecast operating cost of approximately \$42 per tonne over the life of the mine. The study is based on the known mineralisation at the Bonnie Creek CID, which includes the Outcamp, Warrigal, and Coongan Prospects. Other CID prospects such as Bonnie East, Dandy, and Shaw River have not yet been included in mining studies but could possibly contribute to the reserve base in the future.

The operation is scheduled for commissioning in early 2010 at an initial production rate of 1.5Mt per annum (Mtpa), ramping up to 3Mtpa upon the commissioning of a heavy haulage road to Chichester. The Company has set a longer-term production target of 5Mtpa which it is able to achieve once the FMG rail has been extended from Cloud Break to Christmas Creek operations and completion of increased port capacity at Anderson Point, Port Hedland.

The resource occurs at or near surface and is flat lying resulting in a low waste-to-ore ratio. The Company has been investigating the use of innovative mining techniques, such as the use of surface miners and in-pit, portable crushing to enable highly selective mining and lower environmental impact.

This year, the Company concluded negotiations with an off-take partner; Australian-based metals and trading house Tennant Metals Pty Ltd will act as agent and/or principal for the sale of up to 50% of iron ore produced at Nullagine for a minimum five year period from the commencement of production. Under the agreement, the price of the ore will be referenced to the long-term benchmark iron ore price, with appropriate adjustments for the premium quality nature of Nullagine iron ore.

The Nullagine iron ore will be mined and marketed as a 'fines' product only. This is typical for pisolite ore from the Pilbara but means that the material must be synthetically made into 'lump' in a process called sintering.

Recent test work undertaken at a university in China indicated that as a sintering blend, the Nullagine ore increases the quantity and quality of the sinter produced. The test work report concluded that adding Nullagine ore to a typical sinter blend results in a sinter product which achieves a 'first grade standard' quality. Combined with the ultra-low Phosphorus in the ore, the Company believes that the Nullagine ore can be successfully marketed in China, Korea and Japan.

Nullagine Iron Ore Project, Mineral Resource Estimate, March 2009

DSO Resource Estimate								
Class	Mt	Fe	CaFe	SiO ₂	Al ₂ O ₃	P	S	LOI ₁₀₀₀
Measured	1.7	57.0	64.8	3.49	2.15	0.018	0.016	12.0
Indicated	38.6	57.0	64.7	3.15	2.09	0.016	0.011	12.0
Inferred	10.4	57.0	64.8	3.27	2.00	0.013	0.010	12.1
TOTAL DSO	50.7	57.0	64.8	3.19	2.07	0.015	0.011	12.0
CID Resource Estimate								
Class	Mt	Fe	CaFe	SiO ₂	Al ₂ O ₃	P	S	LOI ₁₀₀₀
Measured	2.2	54.5	62.1	4.94	3.65	0.018	0.017	12.1

Indicated	68.8	54.0	61.8	4.48	3.08	0.017	0.011	12.7
Inferred	18.1	54.7	62.3	4.27	2.85	0.013	0.018	12.1
TOTAL CID	89.1	54.1	61.9	4.45	3.05	0.016	0.013	12.6

The Mineral Resource estimate is from the Coongan, Outcamp, Bonnie East, and Warrigal Deposits

DSO (Direct Shipping Ore) is a subset of the CID (Channel iron deposit)

Calcined Fe (CaFe) = $\text{Fe} / (100 - \text{LOI}) * 100$

LOI measured at 1000°C

Qualifying Statements

The information relating to the terms "iron ore", "exploration target", "direct shipping ore" and "upgrade" should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004) and therefore the terms have not been used in this context. It is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Mining Reserve. 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 Estimates for Coongan, Outcamp, and Warrigal Deposits have been compiled by Mr Richard Gaze who is a member of the Australasian Institute of Mining and Metallurgy and an employee of Golder Associates.

The information that relates to the Mineral Resource Estimate for the Bonnie East Deposit has been compiled by Mr Michael Young who is a member of the Australian Institute of Geoscientists and a Director of the Company.

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.

4. ACTION REQUIRED BY SHAREHOLDERS

4.1. What Eligible Shareholders may do

The number of New Shares to which Eligible Shareholders are entitled (**your Entitlement**) is shown on the accompanying Entitlement and Acceptance Form.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted.

As an Eligible Shareholder you may:

- take up all of your Entitlement (refer to Section 4.2 below);
- take up part of your Entitlement and allow the balance to lapse (refer to Section 4.3 below);
- allow all or part of your Entitlement to lapse (refer to Section 4.4 below).

Ineligible Foreign Shareholders may not take any of the steps set out in Sections 4.2 to 4.4.

4.2. Taking up all of your Entitlement

If you wish to take up all of your Entitlement, you must complete the accompanying Entitlement and Acceptance Form for New Shares in accordance with the instructions set out in that form.

You must then forward your completed Entitlement and Acceptance Form together with your Application Money to reach the Company's Share Registry by **no later than 5.00 pm WST on 20 July 2009**.

4.3. Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up only part of your Entitlement and allow the balance to lapse, you must complete the accompanying Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the steps required in accordance with Section 4.2.

The balance of your Entitlement will lapse if you take no further action.

4.4. Allow all or part of your Entitlement to lapse

If you wish to allow all or part of your Entitlement to lapse, you are not obliged to do anything in relation to that part of your Entitlement.

Entitlements of Eligible Shareholders are non-renounceable, which prevents Eligible Shareholders who do not wish to accept some or all of their Entitlement from transferring, selling or trading their rights on ASX.

4.5. Payment

The Application Price for New Shares is payable in full on application by a payment of \$1.10 per New Share. The accompanying Entitlement and Acceptance Form must be accompanied by a cheque or bank draft for the Application Monies. Cheques or bank drafts must be drawn in Australian currency on an Australian bank and made payable to

"BC Iron Limited - Share Issue Account" and crossed **"Not Negotiable"**. Applicants must not forward cash. Receipts for payment will not be issued.

You should ensure that sufficient funds are held in relevant account(s) to cover the cheque(s). If the amount of your cheque(s) for Application Money is not sufficient to pay for the number of New Shares you have applied for, you may be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for or your application may be rejected.

Payments may also be paid via BPAY. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form. If you wish to pay the Application Money via BPAY payment must be made by **no later than 4.00pm WST on 20 July 2009**.

It is recommended that if you intend paying by BPAY you should first check with your own financial institution as it may implement earlier cut-off times. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by no later than 4.00pm WST on 20 July 2009.

4.6. Enquiries

If you have any questions about your Entitlement please contact the Company's Share Registry, Advanced Registry Services Pty Limited, the address and contact details for which are given in the Corporate Directory section located at the end of this Prospectus. Alternatively, contact your stockbroker or other professional adviser.

4.7. Brokerage

No brokerage or stamp duty is payable by Shareholders who accept their Entitlement to New Shares.

4.8. Privacy

Applicants for New Shares will provide personal information to the Company and the Share Registry. Company laws and tax laws require some of the information to be collected and kept. The Company will collect, hold and use the information provided by Applicants to process applications and to administer investments in the Company.

If the information requested in the Entitlement and Acceptance Form is not provided, the Company and the Share Registry may not be able to process the relevant Application.

The Company may disclose personal information for purposes related to shareholders' investments to the Company's agents and service providers. The types of agents and service providers that may be provided with personal information and the circumstances in which personal information may be shared are:

- (a) the Share Registry for ongoing administration of the shareholder register,
- (b) printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- (c) the Underwriter and the Manager to confirm applications; and
- (d) legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising, on the Shares and for associated actions.

The Company complies with its legal obligations under the *Privacy Act 1988* (Cth).

Shareholders may request access to their personal information held by (or on behalf of) the Company, and may be required to pay a reasonable charge to the Share Registry in order to access this personal information. Request for access to personal information should be made by writing to or telephoning the Share Registry the address and contact details for which are given in the Corporate Directory section located at the end of this Prospectus.

5. RISKS

5.1. Overview

The New Shares offered under this Prospectus should be regarded as speculative due to the inherent risks associated with the Company's activities. Neither the Company nor the Directors warrant the future performance of the Company or any investment made pursuant to this Prospectus. The exploration and development of resource projects is a speculative activity that involves a degree of risk. No assurance can be given that future exploration will be successful. The Directors recommend that Shareholders and potential investors examine the contents of this document together with previous ASX disclosures and public documents of the Company, including its most recent audited financial statements, and rely on advice of their professional advisers before deciding whether or not to apply for New Shares pursuant to this document.

The following summary, which is not intended to be an exhaustive list, represents some of the major risk factors which potential investors need to be aware of prior to investing with the Company.

5.2. General Economic Risks and Business Climate

Share market conditions in Australia and throughout the world may affect the listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) movements in or outlook on interest rates and inflation rates;
- (c) currency fluctuations;
- (d) commodity prices;
- (e) changes in investor sentiment towards particular market sectors; and
- (f) the demand and supply for capital.

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Company has an interest.

5.3. Market conditions

The market price of securities can be expected to rise and fall and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. The Shares under this Prospectus carry no guarantee of the price at which they may trade on the ASX.

5.4. Joint Venture Parties, Agents and Contractors

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

5.8. Exploration, Development, Mining and Processing Risks

The business of mineral exploration, project development and mining by its nature contains elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (a) the discovery and/or acquisition of economically recoverable ore reserves;
- (b) successful conclusions to bankable feasibility studies;
- (c) access to adequate capital for project development;
- (d) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (e) securing and maintaining title to tenements and compliance with the terms of those tenements;
- (f) obtaining consents and approvals necessary for the conduct of exploration and mining; and
- (g) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of the Company.

5.9. Risks to Tenements

The acquisition and retention of title to tenements in Australia is governed by State legislation. Each tenement is granted for a specific term and carries with it minimum annual expenditure commitments, as well as other conditions requiring compliance in order to retain title to a tenement. Consequently, if tenement conditions were not met or if insufficient funds were available to meet expenditure commitments, the Company could lose title to, or its interest in the tenements.

All of the tenements which the Company has an interest in are subject to applications for renewal at the expiry of the granted term. The renewal of the tenements which are based in Western Australia, is at the discretion of the Western Australian Minister for Mines and Petroleum. If tenements are not renewed, the Company may suffer losses.

5.10. Risks Specific to the Nullagine Iron Ore Project

The Nullagine Iron Ore Project represents the main business activity and focus of the Company and will continue to do so for the foreseeable future.

Risks specific to the Nullagine Iron Ore Project include the following:

(a) Commencement of the Joint Venture

The Company is currently undertaking a feasibility study which is expected to be completed before the end of June 2009. It is a condition of the agreement with Chichester Metals that the joint venture will not commence until such time as Chichester Metals has accepted the results of that study. Chichester Metals has 14 days within which to advise the Company of its decision. If Chichester Metals decides not to approve the results of the study, the Nullagine JV will not commence. In the event that the Nullagine JV has not commenced, the rail haulage and port access agreement with TPI will terminate.

In these circumstances whilst the Company will retain 100% ownership of the Nullagine Iron Ore Project it will be required to negotiate alternative access arrangements with TPI over TPI's rail and port infrastructure. This will result in delays to any development of the Nullagine Iron Ore Project and will have a material adverse effect on the Company.

(b) Resource Estimate

Resource estimates are based on knowledge, judgment, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could have either a positive or negative effect on the Company's operations.

(c) Operating Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (i) geological conditions;
- (ii) limitations on activities due to seasonal weather patterns and cyclone activity;
- (iii) alterations to joint venture programs and budgets;
- (iv) unanticipated operational and technical difficulties encountered in seismic survey, drilling and production activities;
- (v) mechanical failure of operating plant and equipment;
- (vi) adverse weather conditions, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- (vii) industrial action, disputation or disruptions;
- (viii) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (ix) shortages or unavailability of manpower or appropriately skilled manpower;

- (x) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
 - (xi) prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals.
- (d) **Commodity Prices**

The Company expects to derive its revenue from the sale of commodities. Consequently, the Company's expected earnings will be closely related to the price of these commodities. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for the specific commodity, commodity trading on the futures markets, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

(e) **Currency**

The Company's expected revenue and costs will be in USD while its cash is predominantly in AUD, consequently the USD/AUD exchange rate will have an impact on the Company's expected earnings and expenses in AUD.

The USD/AUD exchange rate is affected by numerous factors beyond the control of the Company.

These factors include Australia's and the USA's economic conditions and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

(f) **Environment**

The Company's projects are subject to laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by applicable laws and regulations.

(g) **Title**

The exploration licences comprising some of the tenements which the Company holds or in which it has an interest may be the subject of applications for extension in the future. If a tenement is not extended, the Company may suffer significant damage through loss of the opportunity to discover and/or develop any mineral resources on that tenement.

In addition, the Company cannot guarantee that those tenements that are applications for tenements will ultimately be granted in whole or in part.

6. ADDITIONAL INFORMATION

6.1. Nature of the Prospectus

This Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act which allows the issue of a transaction specific prospectus in relation to offers of securities where those securities are of a class which have been quoted for 12 months before the date of that prospectus.

6.2. ASX listing

Application will be made within 7 days of the date of issue of this Prospectus for the New Shares to be granted official quotation by ASX.

If such an application is not made within these 7 days, or official quotation of the securities is not granted by ASX within 3 months of the date of issue of this Prospectus, then all Application Monies received pursuant to this Prospectus will be repaid as soon as practicable, without interest.

The Company participates in CHESS and will despatch holding statements in lieu of share and option certificates that set out the number of New Shares issued to each successful Applicant under this Prospectus.

It is the responsibility of Applicants to determine their allocation before trading in the New Shares. Applicants who sell New Shares before they receive their statement do so at their own risk.

6.3. Rights attaching to New Shares

The Company is incorporated in Australia and is subject to the Australian Corporations Act. As a company listed on the ASX, the Company is also regulated by the ASX Listing Rules.

The rights attaching to ownership of Shares (including New Shares) are:

- (a) described in the Constitution; and
- (b) regulated by the Corporations Act (the **applicable law**); and
- (c) the ASX Listing Rules and the general law.

The New Shares to be issued pursuant to this Prospectus will rank *pari passu* with all other Shares presently on issue, including those issued under the Placement. The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to all shares:

(a) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares in accordance with the Constitution:

- (i) each member entitled to vote may vote in person or by proxy or by representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy or representative of a shareholder has one vote; and

- (iii) on a poll, every person who is a shareholder or a proxy or representative of a shareholder present has one vote for each share held.

(b) Dividend Rights

The Company in general meeting may from time to time determine to distribute the profits of the Company by way of dividend but no amount shall be declared in excess of the amount recommended by the Board.

Subject to the rights of holders of shares issued with any special or preferential rights (at present there are none), the dividend will be declared and paid to shareholders so entitled to those dividends in proportion to the shares held by them respectively, according to the amount paid up, or credited as paid up, on the shares.

(c) Rights on Winding Up

Subject to the rights of holders of shares with special rights (at present there are none), if the Company is wound up, the liquidator may, at its discretion and with the authority of a special resolution and any other sanction required by the applicable law, divide among the shareholders in specie or in kind, the whole or any part of the assets of the Company that may be legally distributed among the shareholders.

(d) Transfer of Shares

Subject to the Constitution, the applicable law and the ASX Listing Rules, Shares in the Company are freely transferable.

(e) Future Issues

Subject to the Constitution, the applicable law and the ASX Listing Rules, the Directors may allot, issue or grant options over, or otherwise deal with the unissued shares in the Company at the times and on the terms and conditions that the Directors think proper and a share may be issued with preferential, deferred, qualified or special rights, privileges or conditions or restrictions including, but not limited to, restrictions in regard to dividends, voting or return of capital as the Directors from time to time determine.

(f) Variation of Rights

Subject to the Constitution and the applicable law, unless otherwise provided by the terms of issue of shares of a certain class (at present there are no such shares), the rights attached to shares of that class may, whether or not the Company is being wound up, from time to time be varied, modified or abrogated either with the consent in writing of the holders of three quarters of the issued shares of the relevant class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

(g) Alteration of Constitution

The Constitution can only be amended by a special resolution (that is, a resolution that has been passed by at least three-quarters of the votes cast by shareholders entitled to vote on the resolution). While the Company is listed, at least 21 days written notice of the special resolution must be given.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company, at Unit 8, 8 Clive Street, West Perth, Western Australia during normal business hours.

6.4. Indemnification of Directors

To the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company and indemnifies every person who is or has been an officer of the Company against reasonable legal costs incurred in defending an action for a liability incurred or allegedly incurred by the person as an officer of the Company.

6.5. Taxation

The Directors consider that it is not appropriate to give advice regarding the taxation consequences associated with the acquisition, or the subsequent disposal of any Shares subscribed for under this Prospectus.

The Directors recommend that all Eligible Shareholders consult their own professional tax advisers.

6.6. Material Contracts

Underwriting Agreement

Pursuant to an Underwriting Agreement dated 24 June 2009 between the Company and Argonaut Capital Limited ("**Underwriter**"), the Underwriter has agreed to underwrite all of the Entitlement Offer pursuant to this Prospectus.

Pursuant to the Underwriting Agreement, the Company will pay the Underwriter an underwriting commission equal to 5% of the total value of the funds raised pursuant to the Entitlements Offer in this Prospectus.

In addition, the Company must pay, indemnify and keep indemnified the Underwriter for all costs reasonably and properly incurred by the Underwriter in connection with the Entitlement Offer, including legal expenses, marketing and promotional materials and expenditure and travel and accommodation costs.

The Company has given warranties and covenants to the Underwriter which are usual in an agreement of this nature.

The Underwriting Agreement provides that the Underwriter may, by giving written notice to the Company at any time prior to the issue of the Underwritten Shares, including Shortfall Shares, terminate its obligations under the Underwriting Agreement ("**Termination Event**") if:

- (a) **Prospectus:** any of the following occurs in relation to the Prospectus:
 - (i) it is not lodged with ASIC by 24 June 2009 (or such later date as agreed by the Underwriter);
 - (ii) the Underwriter reasonably forms the view that there is a material omission, it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive;
 - (iii) the Underwriter reasonably forms the view that any projection of forecast in the Prospectus becomes, to a material extent, incapable of being met or unlikely to be met in the projected time;
 - (iv) ASIC gives notice of intention to hold a hearing under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or

- (v) Any person other than the Underwriter who consented to being named in the Prospectus withdraws that consent.
- (b) **Supplementary Prospectus:** the Underwriter reasonably forms the view that a supplementary or replacement document (as appropriate) must be lodged with ASIC under section 719 or section 724 of the Corporations Act and the Company does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required by the Underwriter;
- (c) **ASX listing:** ASX does not give approval for the Underwritten Shares to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
- (d) **Index changes:** the S&P/ASX All Ordinaries Index (ASX Code: XAO) or the S&P/ASX Small Resources Index (ASX Code: XSR) falls more than 10% from the date of the Underwriting Agreement for a period of 3 continuous Business Days;
- (e) **indictable offence:** a director of the Company or any Related Corporation is charged with an indictable offence;
- (f) **return of capital or financial assistance:** the Company or a Related Corporation takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter and it causes a Material Adverse Effect;
- (g) **banking facilities:** the Company's bankers terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility and it causes a Material Adverse Effect;
- (h) **change in laws:** any of the following occurs:
 - (i) the introduction of legislation into the Parliament of the Commonwealth of Australia or any State or Territory of Australia; or
 - (ii) the public announcement of prospective legislation or policy by the Federal Government, or the Government of any State or Territory; or
 - (iii) the adoption by ASIC, its delegates, ASX, the Reserve Bank of Australia or any other regulatory authority of any regulations or policy,
 which does or is likely to prohibit, restrict or regulate the principal business of the Company, the Placement, Entitlement Offer or the operation of stock markets generally and it causes a Material Adverse Effect;
- (i) **failure to comply:** the Company or any Related Corporation fails to comply with a provision of its constitution, any statute, a requirement, order or request, made by or on behalf of ASIC or any governmental agency, or any material agreement entered into by it;
- (j) **alteration of capital structure of constitution:** except as described in the Offer Document or Prospectus, the Company alters its capital structure or its constitution without prior written consent of the Underwriter and it causes a Material Adverse Effect;
- (k) **hostilities:** there is an outbreak of hostilities or a material escalation of hostilities after the date of the Underwriting Agreement involving one or more of Australia, Philippines, Indonesia, Japan, Russia, the United Kingdom, the United States of

America or the Peoples Republic of China other than hostilities involving Afghanistan or Iraq, any country bordering Afghanistan or Iraq or any Arab country and it causes a Material Adverse Effect;

- (l) **extended Force Majeure:** a Force Majeure, which prevents or delays an obligation under the Underwriting Agreement, lasting in excess of 2 weeks occurs and it causes a Material Adverse Effect;
- (m) **default:** the Company is in default of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under the Underwriting Agreement;
- (n) **adverse change:** any adverse change occurs which materially impacts or is likely to impact the assets, operational or financial position of the Company or Related Corporation;
- (o) **investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Corporation and it causes a Material Adverse Effect;
- (p) **due diligence:** there is a material omission from the results of the due diligence investigation performed in respect of the Placement and Entitlement Offer or the results of the investigation or the verification material are false or misleading;
- (q) **Prescribed Occurrence:** a Prescribed Occurrence occurs, other than as described in the Prospectus;
- (r) **Suspension of debt payments:** the Company suspends payment of its debts generally;
- (s) **Event of Insolvency:** an Event of Insolvency occurs in respect of a Related Corporation;
- (t) **Judgment against a Related Corporation:** a judgment of an amount exceeding \$50,000 is obtained against the Company or a Related Corporation and is not set aside or satisfied within 7 days; or
- (u) **Feasibility Study:** Chichester Metals Pty Ltd elects to reject the feasibility study and elects not to establish the Joint Venture by the expected date of allotment of New Shares as described in the Timetable.

The following terms used in this Section 6.6 in respect to the Underwriting Agreement are defined in the Underwriting Agreement as follows:

"Business Days" has the same meaning as in the Listing Rules;

"Entitlements Issue" means the non-renounceable pro-rata offer outlined in Recitals B and C on the terms and conditions contained in the Prospectus;

"Event of Insolvency" means:

- (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 legislation 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;

"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 control of the parties;

"HOA" means the heads of agreement for the establishment of the Nullagine Iron Ore Joint Venture between the Company, Chichester Metals Pty Ltd and BC Iron Nullagine Pty Ltd dated 4 June 2009;

"Joint Venture" has the meaning given to it in the HOA;

"Material Adverse Effect" means:

- (a) an event which could, in the reasonable opinion of the Underwriter, give rise to a liability of the Underwriter under Corporations Act in respect of the Entitlement Offer; or
- (b) an actual material adverse effect on the assets, financial condition, financial position or financial prospects of the Company and Related Corporations as a whole.

"Offer Document" means the document(s) (including any presentation material) and accompanying Application Form given to Institutional Investors by the Company or the Underwriter in relation to the Placement;

"Prescribed Occurrence" means

- (a) a Related Corporation converting all of its shares into a larger or smaller number of shares;
- (b) a Related Corporation resolving to reduce its share capital in any way;
- (c) a Related Corporation entering into a buy-back agreement or resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
- (d) a Related Corporation 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;
- (e) a Related Corporation issuing, or agreeing to issue, convertible notes;
- (f) a Related Corporation disposing or agreeing to dispose, of the whole, or a substantial part of its business or property;
- (g) a Related Corporation charging, agreeing to charge, the whole, or a substantial part of its business or property;
- (h) a Related Corporation resolving that it be wound up;

- (i) the appointment of a liquidator or provisional liquidator to a Related Corporation;
- (j) the making of an order by a court for the winding up of a Related Corporation;
- (k) an administrator of a Related Corporation, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) a Related Corporation executing a deed of company arrangement; or
- (m) the appointment of a receiver, or receiver and manager, in relation to the whole, or a substantial part of the property of a Related Corporation;

“Related Corporation” means a “related body corporate” of the Company as that expression is defined in the Corporations Act and includes a body corporate which is at any time after the date of this Underwriting Agreement a “related body corporate” but ceases to be a “related body corporate” because of an amendment, consolidation or replacement of the Corporation Act;

“Shares” means fully paid ordinary shares in the capital of the Company;

“Underwritten Shares” means 11,461,000 new Shares being offered to Company shareholders pursuant to the Entitlements Issue and does not include any entitlement arising from conversion of any of the Company’s options, which are not underwritten or covered by this Agreement;

“Timetable” means the timetable for the Placement and Entitlements issue as annexed to this Agreement, as varied by any written agreement between the Company and the Underwriter.

Offer Arrangement Agreement

Pursuant to the Offer Arrangement Agreement, the Manager was appointed to manage the Placement. The Manager will be paid a fee of 5% on the amount of the Placement.

6.7. Consents and Interests of Parties

Each of the parties referred to in this section does not make, or purport to make, any statement in this Prospectus other than as specified in this section and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name or a statement included in this Prospectus with the consent of that party as specified in this section.

Argonaut Securities Pty Limited has given, and not before the date of this Prospectus (including any electronic version) withdrawn its consent to being named in this Prospectus in the form and context in which their name has been included. Argonaut Securities Pty Limited makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Argonaut Securities Pty Limited. To the maximum extent permitted by law, Argonaut Securities Pty Limited expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

Argonaut Capital Limited has given, and not before the date of this Prospectus (including any electronic version) withdrawn its consent to being named in this Prospectus in the form and context in which their name has been included. Argonaut Capital Limited makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Argonaut Capital Limited. To the maximum extent permitted by law, Argonaut Capital Limited expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

Advanced Share Registry Services Pty Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. Advanced Share Registry Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Advanced Share Registry Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of this Prospectus.

Middletons has given and not before the date of this Prospectus withdrawn its consent to being named in this Prospectus in the form and context in which their name has been included. Middletons has not caused the issue of or in any way authorised this Prospectus and takes no responsibility for the issue of this Prospectus.

Argonaut Capital Limited has agreed to act as Underwriter to the Entitlement Offer and will receive fees as described in Section 6.6. Argonaut Capital Limited and Argonaut Securities Pty Ltd have been paid approximately \$30,000 (excluding GST) in other fees for services to the Company in the previous 2 years.

Middletons are entitled to be paid approximately \$25,000 (excluding GST) for advice and assistance in relation to the due diligence and other services related to the Prospectus. Middletons has been paid approximately \$135,000 (excluding GST) in other fees for services to the Company in the previous 2 years.

No expert, nor any firm in which such expert is partner, has or had in the past two years any interest in the promotion or formation of the Company nor have any amounts been paid or agreed to be paid (whether in cash, shares or otherwise) to an expert or to a firm in which an expert is a partner for services rendered by the expert in connection with the promotion of the Company other than set out below.

As noted in Section 3 both Mr Gaze and Mr Young have consented to the inclusion of their names in the matters based on their information in the form and context in which it appears.

6.8. Directors' authorisation

Each Director of the Company has given, and has not withdrawn, his consent to the lodgement of this Prospectus with ASIC.

6.9. Continuous Disclosure and Documents Available for Inspection

The Prospectus is issued pursuant to section 713 of the Corporations Act.

Section 713 of the Corporations Act enables companies to issue transaction specific prospectuses where those companies are and have been for a period of 12 months disclosing entities.

The Company is a "disclosing entity" for the purposes of section 713 of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to ASX any information of which it is, or becomes, aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

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 Company will provide a copy of each of the following documents, free of charge, to any person who asks for it prior to the Closing Date:

- (a) the Annual Report, being the annual financial report most recently lodged with ASIC by the Company;
- (b) any continuous disclosure notices given by the Company after the lodgement of the Annual Report referred to in paragraph (a) above and before the lodgement of this Prospectus with the ASIC.

Such notices are listed below under the heading "Stock Exchange Releases".

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC.

6.10. Stock Exchange Releases

ASX releases of the Company since the Annual Report are listed below:

Date Lodged	Announcement
09/10/2008	Change of Director's Interest Notice x 1
14/10/2008	Change of Director's Interest Notice x 1
29/10/2008	Presentation Mining 08 Resources Convention Brisbane
29/10/2008	Quarterly Cashflow Report
30/10/2008	Quarterly Activities Report
05/11/2008	Low Cost Capital Start-up Development Option
06/11/2008	2008 AGM - MD's Presentation
06/11/2008	Results of Meeting
07/11/2008	Boardroom Radio Broadcast of Corporate Presentation
19/11/2008	Presentation to Australian Mining Congress Sydney
01/12/2008	Release of Restricted Securities from Escrow
02/12/2008	Drilling results continue to confirm DSO quality
15/12/2008	Appendix 3B
08/01/2009	64% Increase in Direct Shipping Ore Resources to 46Mt
09/01/2009	Boardroom Radio - 64% increase in DSO Resource
28/01/2009	Quarterly Activities Report
30/01/2009	Quarterly Cashflow Report
11/02/2009	BC Iron secures first off take agreement
12/02/2009	Boardroom Radio Interview - Offtake Agreement
12/02/2009	Offtake Agreement - Additional information
17/02/2009	Response to ASX Query
18/02/2009	Presentation - RIU Explorers Conference - Fremantle
24/02/2009	Half Year Accounts
04/03/2009	Open Briefing - MD updates Nullagine Progress
24/03/2009	Presentation to AJM Iron Ore and Steel Forecast Conference

02/04/2009	Updated 50.7MT DSO Resource for Nullagine Iron Ore Project
15/04/2009	Appendix 3B
23/04/2009	Appendix 3B
30/04/2009	Quarterly Activities Report
30/04/2009	Quarterly Cashflow Report
13/05/2009	RIU Sydney Presentation May 2009
22/05/2009	Presentation to AMEC Congress
28/05/2009	Infrastructure agreement with FMG
28/05/2009	Trading Halt
01/06/2009	Suspension from Official Quotation
03/06/2009	Appendix 3B
05/06/2009	Reinstatement to Official Quotation
05/06/2009	BC Iron seals company-making deal with FMG
09/06/2009	Boardroom Radio Interview - Company making deal with FMG
09/06/2009	Change of Director's Interest Notice
12/06/2009	Investor Roadshow
15/06/2009	Argonaut's Initiating Coverage on BC Iron Ltd
17/06/2009	Trading Halt
19/06/2009	BC Iron announces A\$22 Million Capital Raising

6.11. Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (c) the formation or promotion of the Company;
 - (d) any property acquired or proposed to be acquired by the Company in connection with its promotion or formation or in connection with the offer of New Shares; or
 - (e) the offer of New Shares, other than as ordinary Shareholders,
- and no amounts or benefits have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director;
- (f) to induce him or her to become, or to qualify him as a Director; or
 - (g) for services rendered by him or her in connection with the promotion or formation of the Company or the offer of New Shares.

The remuneration paid (including non-cash share based payments) to Directors or their related entities during the past two financial years preceding the lodgement of this Prospectus with ASIC is set out below:

Director	2008 Salary and fees \$	2008 Share Based Payments \$	2007 Salary and fees \$	2007 Share Based Payments \$
Anthony Kiernan	50,000	Nil	36,141	60,000
Michael Young	244,999	Nil	150,897	72,000
Steven Chadwick	35,000	Nil	25,298	40,000
Garth Higgo	35,000	Nil	25,298	40,000
Terrence Ransted	35,000	Nil	25,298	40,000

Details of the remuneration paid to Directors or their related entity in the years to 30 June 2008 are set out in the relevant section of the Annual Report in respect of that year which has been lodged by the Company with ASX and ASIC. The Company will provide a copy of this document free of charge to any person on request before the Closing Date.

The Directors are entitled to reasonable travelling, hotel and other expenses incurred by them respectively on or about their performance of their duties as Directors. Subject to the *Corporations Act* and ASX Listing Rules, if a Director is called upon to perform extra duties or make special exertions on behalf of the Company, the Directors may remunerate that Director which may be in addition to or in substitution for their usual Director's fee.

Directors' Share and Option holdings at the date of this Prospectus are:

Director	Shares		Options	
	Direct	Indirect	Direct	Indirect
Anthony Kiernan	180,000	178,026 ¹	750,000	Nil
Michael Young	109,000	125,000 ²	1,500,000	500,000 ²
Steven Chadwick	Nil	200,000 ³	500,000	Nil
Garth Higgo	20,000	Nil	500,000	Nil
Terrence Ransted	Nil	190,800 ⁴	Nil	500,000 ⁵

- (1) Shares held by Central Manhattan Pty Ltd, a company in which the director has a beneficial interest.
- (2) Shares and options held by Mr MC Young and Mrs JT Young <M&J Young Super Fund A/C> in which the director is a trustee and beneficiary.
- (3) Shares held by Spectrum Metallurgical Consultants Pty Ltd, a company in which the director has a beneficial interest.
- (4) Shares held by Kyim Pty Ltd and Multi Metal Consultants Pty Ltd, companies in which the director has a beneficial interest.
- (5) Options held by Kyim Pty Ltd, a company in which the director has a beneficial interest.

6.12. Estimated Issue Costs

The expenses of the Entitlement Offer (exclusive of GST) are estimated to be approximately \$683,000 made up as follows:

Expenses	\$
Underwriter's fees and costs	630,355
Legal	25,000
Printing, postage, share registry	7,712
ASX listing fees	17,923
ASIC lodgement fees	2,010
Total estimated Issue Costs	683,000

7. DIRECTORS' STATEMENT

This Prospectus is issued by BC Iron limited. Its issue was authorised by a resolution of Directors and is signed by Anthony Kiernan on behalf of all Directors.



Anthony Kiernan
24 June 2009

8. DEFINITIONS

In this Prospectus the following terms and abbreviations have the following meanings, unless otherwise stated or unless the context otherwise requires:

\$ or AUD Australian dollar.

Annual Report the 2008 Annual Report of the Company as lodged with ASIC and ASX.

Applicant A person who submits an Entitlement and Acceptance Form.

Application Money Money payable by Applicants in respect of their applications for New Shares under the Entitlement Offer.

Application Price \$1.10 per New Share.

ASIC Australian Securities and Investments Commission.

ASX ASX Limited (ACN 008 624 691).

ASX Listing Rules The official listing rules of the ASX.

BC Iron Nullagine means BC Iron Nullagine Pty Ltd (ACN 137 224 849).

Board The Directors of the Company from time to time.

Business Day Has the meaning ascribed to it in the ASX Listing Rules.

Chichester Metals means Chichester Metals Pty Ltd.

Constitution The Constitution of the Company.

CHESS Clearing House Electronic Subregister System.

Closing Date 20 July 2009 (subject to the right of the Directors to extend this date without notice).

Company or BC Iron BC Iron Limited (ACN 120 646 924).

Corporations Act *Corporations Act* 2001 (Cth).

Directors The Directors of the Company in office at the date of this Prospectus.

Eligible Shareholder A Shareholder of the Company, as at the Record Date who is not an Ineligible Foreign Shareholder.

Entitlement An Eligible Shareholder's entitlement to participate in the Entitlement Offer as it appears on the Entitlement and Acceptance Form.

Entitlement Offer or Offer means the offer to shareholders at the Record Date of 1 New Share for every 6 Shares held at an issue price of \$1.10 per New Share.

Entitlement and Acceptance Form The Entitlement and Acceptance Form accompanying this Prospectus that sets out the Entitlements of Shareholders to subscribe for New Shares pursuant to the Entitlement Offer.

FMG means Fortescue Metals Group Limited (ACN 002 594 872).

Force Majeure 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 control of the parties.

Ineligible Foreign Shareholder A Shareholder, at the Record Date whose registered address is not situated in Australia or New Zealand.

Listing Rules The Listing Rules of ASX.

M Million.

Manager Argonaut Securities Pty Limited.

New Shares Shares to be issued under the Entitlement Offer.

Nullagine HOA means the heads of agreement between Chichester Metals and BC Iron Nullagine dated 4 June 2009.

Nullagine Iron Ore Project means the iron ore project known as the 'Nullagine Iron Ore Project' which is located 140 km north of Newman in Western Australia's Pilbara region currently being developed by BC Iron and includes any variation or expansion of that project.

Nullagine JV means the joint venture to be entered into by Chichester Metals and BC Iron Nullagine pursuant to the terms of the Nullagine HOA.

Offer Arrangement Agreement An agreement dated 16 June 2009 between the Company and the Manager.

Offer Price \$1.10 per New Share.

Option An option to subscribe for a Share and **Optionholder** has a corresponding meaning.

Placement A placement of Placement Shares to Placement Shareholders at the Offer Price pursuant to the bookbuild conducted from 17 June to 18 June 2009 by the Manager to raise approximately \$9,400,000 before costs.

Placement Shareholder A person who participated in the Placement.

Placement Shares Shares to be issued under the Placement.

Prospectus This Prospectus.

Record Date 3 July 2009.

Securities Shares and Options in the capital of the Company.

Share Registry Advanced Registry Services Limited.

Share A fully paid ordinary share in the capital of the Company and **Shareholder** has a corresponding meaning.

TPI means The Pilbara Infrastructure Pty Ltd (ACN 103 096 340).

Underwriter Argonaut Capital Limited (ACN 099 761 547).

Underwriting Agreement An agreement dated 24 June 2009 between the Company and the Underwriter.

USD United States dollar.

References in this Prospectus to Sections are to sections of this Prospectus.

9. CORPORATE DIRECTORY

DIRECTORS

Anthony Kiernan (*Chairman*)
Michael Young (*Managing Director*)
Steven Chadwick (*Non Executive Director*)
Garth Higgo (*Non Executive Director*)
Terrence Ransted (*Non Executive Director*)

COMPANY SECRETARY

Simon Storm

REGISTERED OFFICE

Suite 8
8 Clive Street
West Perth, WA 6005

Tel: (+61 8) 9324 3200
Fax: (+61 8) 9324 3111

WEBSITE

www.bciron.com.au

UNDERWRITER

Argonaut Capital Limited
Level 30, Allendale Square
77 St Georges Terrace
Perth, Western Australia 6000

LEAD MANAGER

Argonaut Securities Pty Limited
Level 30, Allendale Square
77 St Georges Terrace
Perth, Western Australia 6000

SOLICITORS TO THE COMPANY

Middletons
Level 2, 6 Kings Park Road
West Perth, Western Australia 6005

AUDITORS

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
Subiaco, Western Australia 6008

SHARE REGISTRY

Advanced Registry Services Limited
Level 2
150 Stirling Highway
Nedlands, WA 6008

Tel: (+61 8) 9389 7871

Fax: (+61 8) 9389 8033

BC IRON LIMITED
ABN 21 120 646 924

ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT,
PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISOR

REGISTERED OFFICE: Unit 8, 8 Clive Street, WEST PERTH WA 6005

SHARE REGISTRY: Advanced Share Registry Ltd, Unit 2, 150 Stirling Highway NEDLANDS WA 6009

Non-renounceable entitlement issue of approximately 11,461,000 Shares at an issue price of \$1.10 cents per Share, on the basis of 1 New Share for every 6 Shares held.

Non-renounceable entitlement, closing 5.00 pm Western Standard Time on 20/07/09.

88800040139

130101303022300100002
2302302022012113 3026

ABC
shareholder's name

Sub-Register	: ISSUER
HIN/SRN	:
Shareholding at Record Date 5.00pm WST 3 July 2009	:
Entitlement to New Shares on a 1 for 6 basis	:
Amount payable on acceptance at \$1.10 per New Share	:

To the Directors
BC IRON LIMITED

1. I/We the above mentioned, being registered on 03/07/2009 as the holder(s) of ordinary shares in your Company hereby accept the below mentioned securities in accordance with the enclosed Prospectus;
2. I/We enclose my/our cheque made payable to BC IRON LIMITED – TRUST ACCOUNT, for the amount shown being payment at the rate of \$1.10 cents per Share.
3. I/We hereby authorise you to place my/our name(s) on the registers of shareholders and option holders in respect of the number of Shares allotted to me/us and;
4. I/We agree to be bound by the Constitution of the Company.

RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE SHARES
BEING OFFERED

Shares Accepted	Amount Enclosed at \$1.10 per Share

METHOD OF ACCEPTANCE

You can apply for shares and make your payment utilising one of the payment options detailed overleaf.

PLEASE ENTER CHEQUE DETAILS THANKYOU	Drawer	Bank	Branch	Amount
	Billers Code: 212969 Ref No: 838888000401390	You can pay by BPAY. If you choose to pay by BPAY, you do not need to return this form. Please refer overleaf for details. If the amount you pay is insufficient to pay for the number of New Shares you apply for, you will be taken to have applied for such lower number of New Shares as that amount will pay for, or your application will be rejected. If the amount you pay is more than the amount payable for your full Entitlement, you will be taken to have applied for the maximum number of shares you are entitled to apply on this form. The exceed money will be returned to you.		

My/Our contact numbers in the case of enquiry are:

Telephone : () Fax : ()

Email :

NOTE : Cheques should be made payable to BC IRON LIMITED – TRUST ACCOUNT, crossed NOT NEGOTIABLE and forwarded to Advanced Share Registry Services, Unit 2, 150 Stirling Highway, Nedlands, Western Australia, 6000 to arrive no later than 5.00 pm Western Standard Time on 20/07/2009.

Complete this panel and sign below only if a change of address is to be registered with the Company	
New Address :	
Signature(s) :	Date :
Please indicate correct title: Director / Secretary /	

ISSUE CLOSES 5.00 PM WST ON 20/07/2009
THE DIRECTORS RESERVE THE RIGHT TO MAKE AMENDMENTS TO THIS FORM WHERE APPROPRIATE
PLEASE REFER OVERLEAF FOR INSTRUCTIONS

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of Shares which you are entitled to accept.
2. Your entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. You may not apply for Shares in excess of your maximum entitlement.
4. The price payable on acceptance of each Share is \$1.10.
5. You may accept your entitlement in full by completing the Entitlement and Acceptance Form overleaf.

APPLICATION INSTRUCTIONS

Payment Details

You can apply for shares by utilising the payment options detailed below. There is no requirement to return this slip if you are paying by electronic means.

By making your payment using either electronic means or by cheque, bank draft or money order, you confirm that you:

- agree to all of the terms and conditions of the Rights Entitlement offer as enclosed with this form;

Your cheque, bank draft or money order payable to BC Iron Limited in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected. Complete cheque details in the boxes provided.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Entitlement and Acceptance Application. Cash will not be accepted. A receipt for payment will not be forwarded.

Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

Lodgement of Application

If you are applying for shares and your payment is being made by BPAY, you do not need to return this form. Your payment must be received by no later than 4.00pm WST on 20/07/2009. 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. 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, your Application must be received by Advanced Share Registry Ltd (ASW) by no later than 5.00pm WST on 20/07/2009. You should allow sufficient time for this to occur. Return your Application with cheque, bank draft or money order attached.

Neither Advanced Share Registry Ltd (ASW) nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by ASW, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ASW, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ASW. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting ASW. You can contact ASW using the details provided on the front of this form.

If you have any enquiries concerning this form or your entitlement, please contact ASW on 08 9389 8033.

CHESS holders must contact their Controlling Participant to notify a change of address



Telephone & Internet Banking – BPAY

Call your bank, credit union or building society to make this payment from your cheque or saving account. More info: www.bpay.com.au

By Mail

BC Iron Limited
C/- Advanced Share Registry Ltd
PO Box 1156, Nedlands
Western Australia 6909
Or
150 Stirling Hwy
Nedlands
Western Australia 6009