

## Quarterly Activities Report to 31 December 2006

- **Successful Listing on the Australian Stock Exchange**

BC Iron Limited successfully listed on the Australian Stock Exchange on Friday, December 15<sup>th</sup>, 2006. The IPO was heavily oversubscribed in both the Public and the Alkane Priority offers. BCI came on at \$0.48 and finished the day at \$0.535 making it the seventh best IPO for 2006.

- **Assumption of Heritage Agreements**

BC Iron Limited has entered into Deeds of Assignment and Assumption of Agreement with both Alkane and Consolidated Minerals and the relevant claimants for each Heritage Agreement affecting the Mining Tenements. Under the Deeds, BCI agrees to accept assignment of the Proponents' legal and beneficial rights, obligations and liabilities under the agreements.

- **Phase One Exploration**

During the Quarter, BCI secured a drilling rig from Kennedy Drilling, Kalgoorlie. The rig comprises a small, highly mobile reverse circulation drill with an air capacity of 350 psi and 900 cfm.

The rig will be available from mid-March, and depending on weather and permitting approvals, BCI expects to be drilling from mid-March through to mid- to late-May.

- **Phase One Exploration (Subsequent Events)**

During January, site inspection of the CID outcrops and the proposed drilling sites for Phase 1 program was carried out by four wheel drive and helicopter.

**Michael Young**  
Managing Director

**31 January 2007**

**BC IRON LIMITED**  
Tel: +61 8 9324 3200

# Appendix 5B

## Mining exploration entity quarterly report

Name of entity

**BC IRON LIMITED**

ABN

21 120 646 924

Quarter ended ("current quarter")

31 December 2006

### Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (6 Months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(40)	(66)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	23	23
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(35)	(35)
<b>Net operating cash flows</b>	<b>(52)</b>	<b>(78)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(4)	(4)
1.9 Proceeds from sale of		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(4)</b>	<b>(4)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(56)</b>	<b>(82)</b>

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(56)	(82)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	6,000	6,030
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	114	248
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – costs of issues	(501)	(609)
	<b>Net Financing Cash Flows</b>	<b>5,613</b>	<b>5,669</b>
	<b>Net increase (decrease) in cash held</b>	<b>5,557</b>	<b>5,587</b>
1.20	Cash at beginning of quarter/year to date	30	-
1.21	Exchange rate adjustments to Item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>5,587</b>	<b>5,587</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	27
1.24	Aggregate amount of loans to the parties included in item 1.10	-

Explanation necessary for an understanding of the transactions

Remuneration of Managing Director.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

**Financing facilities available**

*add notes as necessary for an understanding of the position*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outlays for next quarter**

	\$A'000
4.1 Exploration and evaluation	430
4.2 Development	-
<b>TOTAL</b>	430

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the statement of cash flows) to the related items in the accounts is follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	1,156	30
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – investment commercial bills of 6 months or less	4,431	-
<b>Total: cash at end of quarter (item1.22)</b>	5,587	30

**Changes in interests in mining tenements - See attached tenement schedule for details**

	Tenement Reference	Nature of Interest [note (2)]	Interest at Beginning of Quarter	Interest at End of Quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		SEE ATTACHED TENEMENT SCHEDULE		

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preferences securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buybacks, redemptions				
7.3 <b>Ordinary securities</b>	54,000,000	24,000,000		
7.4 Changes during quarter (a) increases through issues  (b) decreases through returns of capital, buybacks	29,999,999 24,000,000	Nil 24,000,000	\$0.001 \$0.25	\$0.001 \$0.25
7.5 <b>Convertible debt securities</b>				
7.6 Changes during quarter (a) increases through issues (b) decreases through securities matured, converted				
7.7 <b>Options</b>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter	3,750,000 500,000	Nil Nil	\$0.25 \$0.30	13/12/09 13/12/09
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does/~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:                      [Signed] .....                      Date:    31/01/2007 .....

(Director/~~Company Secretary~~)

Print name:                      Michael Young .....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address the topic, the Australian standard on that topic (if any) must be complied with.

**Tenement Schedule**  
31 December 2006

Tenement Number	Registered Title Holder	BCI Interests
EL 46/522	Alkane Exploration Ltd	BCI earning 100% from Alkane and Randolph Syndicate
EL 46/523	Alkane Exploration Ltd	BCI earning 100% from Alkane and Randolph Syndicate
EL 46/524	Alkane Exploration Ltd	BCI earning 100% from Alkane and Randolph Syndicate
EL 45/2552	Consolidated Nickel Pty Ltd	BCI earning 100% from Consolidated
EL 45/2717	Consolidated Iron Pty Ltd	BCI earning 100% from Consolidated
EL 46/651	Consolidated Iron Pty Ltd	BCI earning 100% from Consolidated
EL 46/652	Consolidated Iron Pty Ltd	BCI earning 100% from Consolidated
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EL 46/658	Consolidated Iron Pty Ltd	BCI earning 100% from Consolidated
EL 46/663	Consolidated Iron Pty Ltd	BCI earning 100% from Consolidated