



ALKANE EXPLORATION LTD

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8 November 2006

INFORMATION FOR SHAREHOLDERS BC IRON LIMITED – PRIORITY OFFER TO ELIGIBLE ALKANE SHAREHOLDERS

As you may be aware, **Eligible Alkane Shareholders** will shortly be offered a priority opportunity to subscribe for shares in new float, **BC Iron Limited**.

On 8 November 2006, **BC Iron Limited** lodged a prospectus with ASIC for the issue of up to 24 million fully paid ordinary shares at an issue price of 25 cents each to raise up to \$6,000,000. 12 million of these shares have been set aside for priority applications from **Eligible Alkane Shareholders**.

Eligible Alkane Shareholders are those shareholders registered with at least 10,000 shares in Alkane Exploration Ltd at 5.00pm Perth time on the record date of **16 November 2006**.

Each **Eligible Alkane Shareholder** will be offered the opportunity to apply for a minimum of 8,000 ordinary shares in the capital of **BC Iron Limited** for consideration of \$2,000. **Eligible Alkane Shareholders** may also apply for additional shares at 25 cents per share. Such additional shares will be allocated pro rata to existing Alkane shareholdings (after deducting the total minimum entitlements and rounded to the nearest whole number) and at the discretion of the directors of **BC Iron Limited**.

Eligible Alkane Shareholders will shortly receive a copy of the **BC Iron Limited** prospectus together with a personalised Priority Application Form. **Eligible Alkane Shareholders** wishing to accept the offer should complete this form for a minimum of 8,000 shares plus any additional shares the shareholder may wish to apply for and return it together with payment as per the instructions on the form so as to reach **BC Iron Limited's** share registry by the closing date of the Priority Offer. The closing date of the priority offer is 5.00pm Perth time on **Friday, 1 December 2006**.

Alkane shareholders not eligible for the priority offer may apply through the general offer of 12 million fully paid shares in **BC Iron Limited**. Alkane shareholders applying in this manner will be treated in the same way as other applicants in the general offer. A copy of the prospectus may be obtained from the sponsoring broker to the issue, DJ Carmichael Pty Limited, Level 11, Allendale Square, 77 St Georges Terrace, Perth WA 6000 (Tel: 08 9263 5207). The prospectus will also be available on **BC Iron Limited's** website at www.bciron.com.au.

A copy of Alkane's announcement dated 31 October 2006 outlining the background to the new float is enclosed for your information.

If you have any queries regarding your entitlement or participation in the priority, please do not hesitate to contact Ian Chalmers (08 9328 9411) or Lindsay Colless (08 9227 5677).

Yours sincerely

L A Colless
Company Secretary