



BC IRON
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8 June 2010

Dear Colleagues

As you all know by now, the Federal Government has introduced a Resource Super Profits Tax or as I call it, the **Mining Tax**. While a lot is being said by the government about why the tax is good, the truth is, it will hurt the industry – in fact, it already has.

For us at BC Iron, our financial and operational planning was done under what we had assumed to be a stable financial regime. Our investors also made their decisions on that basis. You would think these were fair assumptions to make about investing in Australia.

Under the Mining Tax, our project will still go ahead but we will pay a lot more tax. In fact, because we've been innovative and clever in what we've done, the cost to set up the project – the capital costs – are very low and this means that, when implemented, we will be paying almost a 58% tax rate. Does that seem fair? Almost 60% tax when most companies pay 30%?

More tax means less profit and therefore less reinvestment. Less reinvestment means fewer jobs. For some other companies, it means shelving projects or moving offshore. Fewer jobs in Australia.

The very poor introduction of the Mining Tax – with no consultation and out of the blue - means that Australian is now an international laughing stock. Investment in our country's resource industry is on hold and going elsewhere. This is what is called "Sovereign Risk".

Less investment, fewer projects, fewer jobs. Falling housing prices, falling wages falling superannuation returns.

As a general principle BC Iron supports tax reform as part of any modern country's economic evolution - across the board tax reform; not just a new set of principles aimed at the mining sector and being nothing more than a tax grab for political purposes.

But THIS mining tax and the insidious way that the government ambushed the industry is just plain wrong. They simply wrote off Western Australia, but now the rest of the country is sitting up against the Mining Tax. Now the government is backpedalling and trying to paper over the cracks to make it better. It cannot be made better with some sticky tape and glue.

For the Truth on the Mining Tax see

http://www.bciron.com.au/images/stories/company_presentation/the_truth_about_the_super_tax-myths_and_facts.pdf.

BC Iron wants the whole tax taken off the table and we want government and the industry to start from square one.

“SO WHAT CAN I DO?” I hear you say.

It just so happens the Prime Minister Kevin Rudd is coming to Perth. He is speaking at the Press Club at the Hyatt Hotel on Wednesday afternoon and again at a Cabinet meeting at Como Secondary College on Wednesday evening.

BC Iron is part of group called the Association of Mining and Exploration Companies (AMEC); AMEC represents about 220 mining and service related companies almost all of whom will be hurt by the Mining Tax.

AMEC has organised a rally against the Mining Tax at the Hyatt Regency Hotel end of Langley Park on Terrace Road, on Wednesday morning, 9th June, starting at 11.30am. This will coincide with the PM attending the WA Press Club lunch at the Hyatt. We need as many people there as possible, particularly representatives from service industries. If you are aware of any FIFO that are available and willing then that would be great to get them there.

There is also a Public Cabinet Meeting at Como Secondary College, 20 Bruce Street, Como, Western Australia on Wednesday 9 June, 2010 by 5pm. His whole cabinet is going to be there and he needs to see you all there wanting this tax put on hold and properly thought through.

This is very important. A strong show will make a difference and we can change their mind. Call your friends, family, service providers and anyone who works or has worked with us. From the drilling company to the mining contractor to the lab to the recruitment company, to the stockbroker to the environmental consultant to the catering company to the truck drivers. This is their chance to show how they feel about this tax and to make a difference.

Also remember when you are there you are from BC Iron and while need a solid show of support from people they need to represent us or themselves in a positive light, do the right thing.

WE NEED YOU THERE. WE NEED THOUSANDS OF PEOPLE.

I'll see you there.



Mike Young
Managing Director
BC Iron Limited

Dear Members

We are holding a [community rally](#) against the Mining Tax at the Hyatt Regency Hotel end of Langley Park on Terrace Road, **this Wednesday morning, 9th June, starting at 11.30am.**

This will coincide with the Prime Minister attending the WA Press Club lunch at the Hyatt. We need as many people there as possible, particularly representatives from service industries. If you are aware of any FIFO that are available and willing then that would be great to get them there.

We are also looking for general members of the public and community groups who wish to show their disapproval of this mining tax.

Concerned West Australians are going to stand up and be counted and be there to show the PM we do not want this extra 40% tax on mining.

This mining tax will hurt you. It will hurt your family, your friends and all Australians.

It is not just a mining tax, it's a tax on everyone. It will cost thousands of jobs and billions of dollars in individual superannuation.

It has damaged Australia's reputation. It makes our mining industry less competitive and it must be stopped.

You need to be there for your kids, for the people who can't be there and for our future generations.

Forward on this email and bring everyone you can.

Be there by 11.30 am sharp. We will congregate on the Langley Park side of the Hyatt and make our way to the entrance.

Please be aware that this is to be very peaceful and orderly. We have a permit but it does not allow us to block or march down the streets.

Buses will be available to transport people but they must be booked through AMEC - phone 1300 738 184.

Regards

Simon Bennison | Chief Executive Officer

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