



CHAIRMAN'S STATEMENT – 2009 AGM

The last financial year and the months of late have seen a great deal of progress made by BC Iron in development of its Nullagine Iron Ore Project.

In particular:

1. In June 2009 a feasibility study on the Project was completed and accepted by the Board.
2. In July 2009 the Company completed a capital raising of \$22M by way of placement and shareholders' entitlement issue.
3. In August, BC Iron formalised its joint venture with Chichester Metals (a wholly owned subsidiary of the Fortescue Metals Group Limited). Formalisation of this JV also meant the Rail Haulage and Port Access Agreement with FMG's subsidiary The Pilbara Infrastructure Pty Ltd became unconditional.

4. In October, we completed an 80,000 tonne test pit at the Nullagine Project which supported the key technical and mining assumption aspects used in the feasibility study.
5. Earlier this month we announced that the Joint Venture has secured important offtake agreements which included US\$50M in presales to be used for project finance.

The offtake agreements are for 20m tonnes of iron ore to be supplied over the next 8.5 years. The iron ore pricing under the offtake agreements is related to the annual benchmark iron ore reference price, and if there is no benchmark in place, the ore will be priced according to a pre-agreed index system.

There has been some comment about not identifying our off-take purchaser and provider of the pre-payment. Let me make it clear that we are comfortable with the group and were simply acceding to a request for confidentiality. I can assure you we are not dealing with an impecunious rickshaw driver, this is a serious industrial and property group.

When you consider that BC Iron listed on ASX in December 2006 raising at that time \$6M dollars, the achievement to get to the stage where in November 2009 we have a positive decision to mine, a rail and port infrastructure solution and a significant offtake is in an excellent one.

When we appreciate the Company has only 81M shares on issue, approximately \$18M-19M in the bank and a viable project, all augers well for BC Iron and earnings for its shareholders.

The current situation is a credit to Mike Young and his management team, and also a credit to the influence, guidance and dedication of the Directors.

As well as acknowledging the contribution of management and directors, I would also like to record our appreciation and support of Fortescue Metals.

We will now move on to the more formal part of the meeting and once that is out of the way Mike Young will give a presentation on the Company during which you should feel free to ask any questions. At the conclusion of that I would like you to join us for a cup of tea and a sticky bun.

Shareholders should be pleased with the progress of the Company, but I am sure, as with all the team, we will not be fully satisfied until we have first ore on ship.

Tony Kiernan

18 November 2009