

## Chairman's Statement to 2010 AGM

Clearly 2010 has been an excellent year for BC Iron.

As noted in my report in this year's Annual Report, the highlights have included:

- \$22 million capital raising in July 2009;
- the test pit confirming the assumptions used in the Feasibility Study were sustainable;
- formal establishment of the Joint Venture over the Nullagine Iron Ore Project with FMG and securing of rail haulage and port facilities with FMG's subsidiary The Pilbara Infrastructure;
- US\$50 million in project funding from Henghou Industries (which has been fully drawn down);
- Native Title Agreement with the Palkyu People.

Since year end, BC Iron raised a further \$18 million to give greater strength to its balance sheet. This raising is done in 2 tranches, the second of which of 4m shares at \$2.30 for \$9m is subject to shareholder approval and a meeting will be held in December for this purpose. The first tranche has been completed.

As you will see from Mike Young's presentation which he will give at the end of the meeting, construction is well advanced and mining is underway.

BC Iron listed on the stock exchange in December 2006 with the objective of bringing the Nullagine Iron Ore Project into production as quickly as possible....an objective which is now being realised.

As is widely appreciated, in the bulk commodities game, not only does a company need a robust ore body, iron ore companies need access to infrastructure to enable its product to get to port to allow overseas shipping. Shareholders will be aware that there are iron ore companies that at this point in time don't have access to infrastructure and therefore are not in a position to take advantage of an extremely strong demand for iron ore.

Clearly the decision the Board made to enter into the Joint Venture with FMG and secure rail and port facilities was an excellent decision.

FMG has proven to be an excellent JV partner and, notwithstanding the differential in size as between FMG and BC Iron, FMG endeavours to provide support wherever it can.

Another pleasing aspect has been the continued increase in BC Iron's share price and strengthening of its balance sheet. BC Iron only has 88.5m million shares on issue and with a strong cash position is well positioned to move forward.

Management has done a commendable job over the past 12 months and no doubt will continue to be as diligent and hard working in the future.

Shareholders continue to provide support to the Company which is greatly appreciated.

At the conclusion of the meeting Mike will make a presentation and Shareholders should feel free to ask any question of management or the Board.

I will now move to business of the meeting.

**TONY KIERNAN**