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BC IRON AND KALIUM LAKES ENTER INTO JOINT VENTURE ON CARNEGIE POTASH PROJECT

- **Joint venture agreement with the objective of fast tracking the Carnegie Project to become one of the first sulphate of potash (SOP) developments in Australia**
- **Potential large sub-surface brine deposit which could produce SOP via solar evaporation**
- **SOP is a high quality potassium-containing fertiliser with attractive market fundamentals linked to an increasing population and declining availability of arable land**
- **BC Iron to earn up to a 50% interest in Carnegie by predominantly sole-funding expenditure across several stages up to completion of a feasibility study**
- **Kalium to be manager of the joint venture and leverage existing potash experience and expertise, as well as relevant intellectual property from its 100% owned Beyondie Project**

BC Iron Limited (ASX:BCI) ("BC Iron") and Kalium Lakes Limited (ASX:KLL) ("Kalium") are pleased to advise that the companies have entered into a joint venture agreement ("Agreement") over Kalium's 100% owned Carnegie Project.

The Carnegie Project is a potash exploration project located approximately 220km north-east of Wiluna that comprises one granted exploration licence and two exploration licence applications covering a total area of approximately 1,700km^2 (refer to Figure 1 in the Appendix). The Carnegie Project is highly prospective for hosting a large sub-surface brine deposit which could be developed into a solar evaporation and processing operation that produces sulphate of potash ("SOP").

Under the terms of the Agreement, BC Iron can earn up to a 50% interest in the Carnegie Project, by predominantly sole-funding exploration and development expenditure across several stages. Kalium will be the manager of the joint venture.

Commenting on the transaction, BC Iron's Managing Director, Alwyn Vorster, said: "*Through this agreement with Kalium, BC Iron has gained exposure to a highly prospective project in an agricultural commodity with attractive long term dynamics. Becoming involved in an agricultural commodity has been a clearly articulated objective of BC Iron, and this joint venture agreement with an expert potash company in Kalium provides us with the required exposure at low risk. This move into potash, added to the pending conclusion of a scoping study on BC Iron's Mardie Salt Project, positions BC Iron well in agricultural and other commodities leveraged to a growing global population.*

"Kalium's management team is experienced and competent, with key members known to BC Iron as previous Iron Ore Holdings employees that were instrumental in completing the Buckland Project feasibility study. BC Iron expects the Kalium team will rigorously and rapidly progress the Carnegie Project through the exploration and development phases."

Kalium's Managing Director, Brett Hazelden, said: "*This is an excellent outcome for Kalium. It delivers funding from a strong partner in BC Iron to advance Carnegie, while Kalium continues to focus on its flagship Beyondie Project.*

"Carnegie's large footprint and proximity to other existing SOP exploration projects provides for a unique opportunity that can leverage relevant knowledge and experience generated for Beyondie. This agreement can potentially take Carnegie through to completion of a feasibility study without any significant expenditure contribution by Kalium, while providing a range of future growth options for our company."

Terms of the Agreement

Under the terms of the Agreement, the parties will form an unincorporated joint venture over the Carnegie Project with BC Iron having the right to earn up to a 50% interest in a sequential staged manner.

During an initial Scoping Study Phase (Stage 1), BC Iron can earn a 30% interest in the Carnegie Project by contributing its mobile camp facilities to the joint venture and sole-funding the first $1.5M of expenditure. During a Pre-Feasibility Study Phase (Stage 2), BC Iron can elect to earn a further 10% interest in the Carnegie Project (for a total interest of 40%) by sole-funding a further $3.5M of expenditure through Stage 2. During a Feasibility Study Phase (Stage 3), BC Iron can elect to earn a further 10% interest in the Carnegie Project (for a total interest of 50%) by sole-funding a further $5.5M of expenditure through Stage 3.

Kalium will be appointed the manager of the joint venture, allowing the parties to leverage Kalium's experience and expertise in developing their primary potash project, Beyondie, which is at an advanced pre-feasibility study stage. Kalium will also contribute relevant intellectual property from the Beyondie Project, which is expected to materially reduce the time and cost of progressing the Carnegie Project towards development. The Manager will report regularly to a Joint Venture Management Committee.

Further strengthening the parties' co-operation on solar evaporation projects, BC Iron has provided Kalium with the right to acquire a 50% interest in the Mardie Project at certain development stages. The Mardie Project, which is located on the coast approximately 100km south-west of Karratha, has a large area of natural salt lakes, making it highly prospective for solar salt production with many similarities to other successful solar salt operations in the region. BC Iron is currently completing a high level scoping study on a potential 3 Mtpa solar evaporation salt operation at Mardie, with an aspirational goal to potentially strengthen Australia's position as the largest exporter of solar salt globally in the future.

About BC Iron

BC Iron is an ASX-listed development and mining company with a portfolio of assets primarily located in the Pilbara region of Western Australia. The Company's key assets include Iron Valley and Buckland.

Iron Valley is an iron ore mine located in the Central Pilbara. The mine is operated by Mineral Resources Limited ("MIN") under an ore purchase agreement with BC Iron and is generating low risk royalty earnings for the Company.

Buckland is a strategic iron ore development project located in the West Pilbara region, comprising a proposed mine at Bungaroo South and a proposed infrastructure solution incorporating a haul road and transhipment port at Cape Preston East. It has a completed feasibility study and all primary tenure and approvals secured.

BC Iron holds a number of other exploration stage projects in a range of commodities and potential iron ore royalties over the Nullagine, Koodaideri South, Extension and Breakaway tenements.

The Company is also targeting new opportunities with a strong value proposition and near-term earnings potential, including commodities other than iron ore.

About Kalium Lakes

Kalium Lakes is an exploration and development company, focused on developing the Beyondie Potash Project in Western Australia with the aim of producing SOP for the domestic and international markets.

The Beyondie Potash Project comprises 15 granted exploration licences and a miscellaneous licence covering an area of approximately 2,400 square kilometres. This sub-surface brine deposit will supply an evaporation and processing operation located 160km south east of Newman.

About Sulphate of Potash (SOP)

Potash is the common term for salts which contain potassium (K), which is one of three primary nutrients, or fertilisers, that are essential for plant growth along with nitrogen (N) and phosphorus (P).

Fertilisers are coming into focus as higher yields are required from cropping in order to feed the global population. This is driven by population growth, and an associated decline in arable land. Rapid expansion in the global population is expected to place an increasing demand for food production on an already overburdened agricultural industry. Further, as the population rises and urban areas expand, a reduction in arable land per person available for agriculture ensues. To meet this decrease in arable land per capita and increased demand from a rising world population, farmers are required to apply more fertilisers to increase crop yields and replace nutrients used during the cropping cycle. This equates to increased demand for fertilisers in the near future and continuing for the long term.

Agronomists have labelled potash the regulator because of the key role it plays in controlling critical plant processes such as photosynthesis, protein formation, enzyme activation and starch formation. Potash is vital for healthy plant metabolism and promotes the development of strong roots, stalks and stems. It is also understood to regulate the plant's water content and expansion. As a consequence, potash increases the resilience of a plant to weather stressors such as variable temperatures, drought and high winds. Potash also boosts disease and pest resistance and is often called the quality nutrient because it enhances the appearance, taste, nutritional value and shelf life of the harvested crop.

Potash is available in various forms: potassium chloride (MOP), potassium sulphate (SOP), potassium nitrate and sulphate of potash magnesia (SOPM). Potassium nitrate and SOPM are specialty forms of potash with relatively small market sizes. MOP is the most abundant form of potash and thus is the most commonly utilised potassium fertiliser. However, chloride can be harmful to some sensitive crops and detrimental in acidic soils. SOP is the second major form of

potash. It contains less than 1% chloride, contains sulphur which is a secondary nutrient utilised by the plant for growth and has a lower salinity index than MOP. For these reasons, SOP is considered higher quality form of potash and attracts a price premium over MOP. The preference for SOP over MOP is expected to strengthen as the global population grows and arable land declines.

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FOR FURTHER INFORMATION:

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Appendix

Figure 1: Location of the Carnegie Potash Project

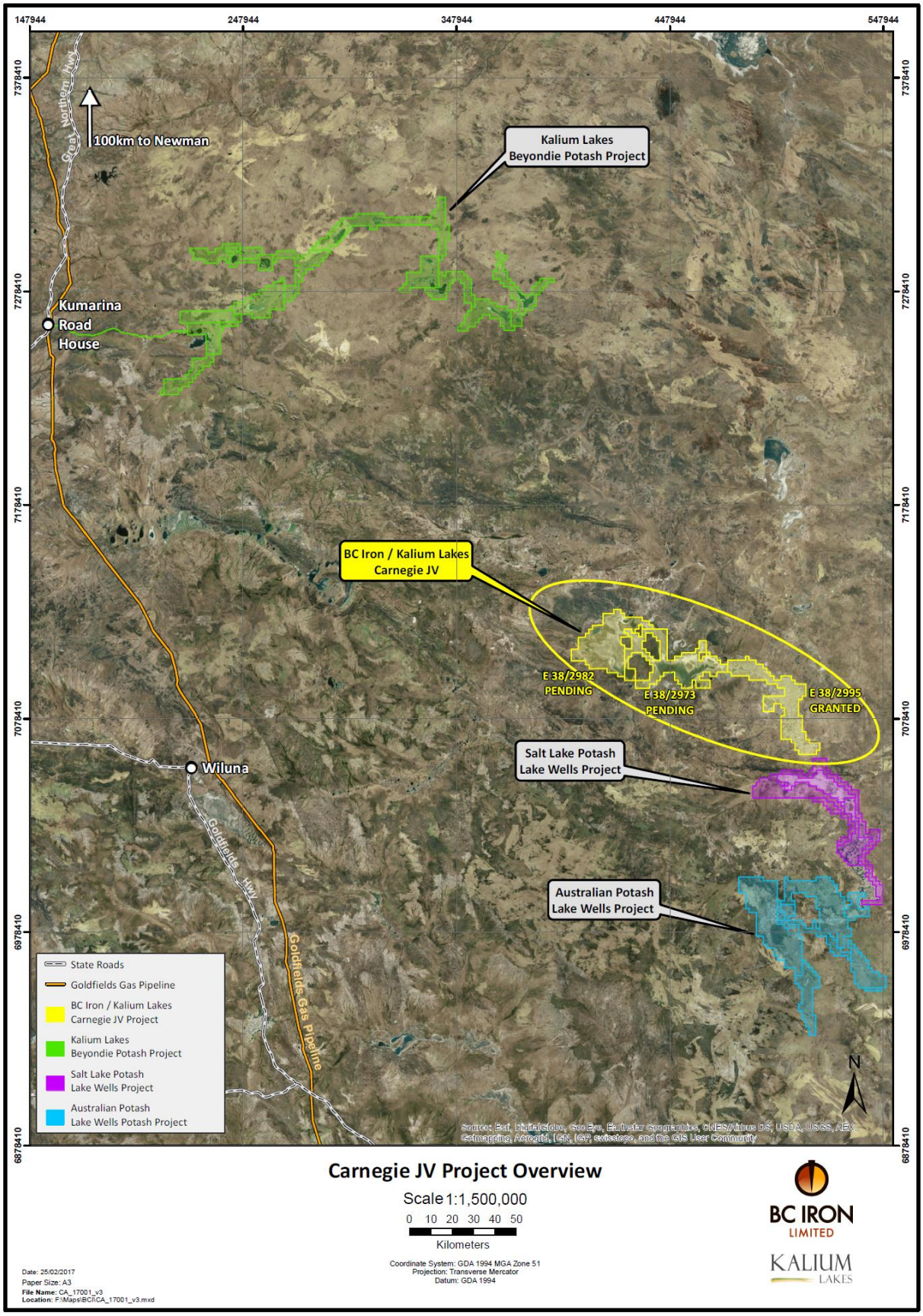

Figure 2: Aerial Image of the Carnegie Lake System

Figure 3: KLL Managing Director, Brett Hazelden and BCI Managing Director, Alwyn Vorster