



# BC IRON LIMITED

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## BC IRON OBTAINS IN-PRINCIPAL ENDORSEMENT FROM FORTESCUE FOR DEVELOPMENT OF NULLAGINE IRON ORE PROJECT

### HIGHLIGHTS

- Fortescue Metals Group (FMG) grants in-principle endorsement of Nullagine Feasibility Study
- Both parties agree to accelerate commissioning of planned test pit – scheduled start-up September 2009
- Formal decision to establish the Joint Venture to be made following the test pit
- BC Iron travelling to China next week to commence negotiations for long-term iron ore sales contracts.

Australian iron ore company BC Iron Limited (ASX: BCI; "BC Iron") is pleased to advise that it has received in-principle endorsement from Fortescue Metals Group Limited (ASX: FMG) for the Company's recently completed Feasibility Study on its **Nullagine Iron Ore Project**, located in the Pilbara Region of Western Australia.

The Study confirmed that the Nullagine Project is an economically and technically robust Direct Shipping Ore (DSO) project based on a **Probable Ore Reserve of 36Mt at 56.9% Fe**. The Nullagine Project will commence production at an initial rate of 1.5Mtpa, subsequently ramping up to 3Mtpa and then 5Mtpa as roads and infrastructure are upgraded.

The Heads of Agreement between BC Iron and FMG of 4 June 2009 contemplated a decision on the joint venture being made within 14 days of BC Iron delivering the Study to FMG. The parties have agreed to vary that arrangement to facilitate completion of a bulk sample test pit. A formal decision on the Joint Venture will be made following the outcome of the test pit.

Following a review of the completed Feasibility Study, FMG and BC Iron have made the decision to fast-track one of the key recommendations in the Study – the completion of a 120,000t bulk sample

test pit. The test pit is intended to confirm some of the underlying assumptions contained in the Feasibility Study in the areas of:

- Surface miner type and performance;
- Dilution and reconciliation;
- Metallurgy;
- Value-in-use; and
- Ore price benchmark determination.

Mining of the test pit is expected to commence in September with mining completed by the end of September. Ore will be crushed, screened and stockpiled for use in test work as well as to provide samples to be used for marketing purposes. The ore will then be used for initial commissioning of the Nullagine Project upon commencement of operations in the first half of 2010.

BC Iron has obtained permission from the Palyku Native Title Claim Group for the test pit with key state mining approvals for the excess tonnage expected within the next two to four weeks.

Senior BC Iron executives will be travelling next week to China to commence negotiations for long-term iron ore sales contracts.

**- ENDS -**

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### Qualifying Statement

This release may include forward-looking statements. These forward-looking statements are based on BC Iron's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of BC Iron Limited, which could cause actual results to differ materially from such statements. BC Iron Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

### JORC Competent Persons Statement

The information relating to the terms "direct shipping ore should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004) and therefore the terms have not been used in this context. It is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Mining Reserve.

The information that relates to the drilling data and geological interpretations is based on information compiled by Michael Young who is a Member of The Australian Institute of Geoscientists and a Director of the Company. The information that relates to the Mineral Resource Estimate at Outcamp, Warrigal Well, and Coongan Well has been compiled by Mr Richard Gaze who is a member of the Australasian Institute of Mining and Metallurgy and an employee of Golder Associates. Both Mr Young and Mr Gaze have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gaze and Mr Young consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.

The information that relates to the Ore Reserve has been compiled by Mr Blair Duncan who is an employee of the Company and a member of the Australasian Institute of Mining and Metallurgy, and Mr Pieter Doelman who is a member of the Australasian Institute of Mining and Metallurgy and an employee of Coffey Partners Pty Ltd. Both Mr Duncan and Mr Doelman have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Duncan and Mr Doelman consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.

#### Ore Reserve Estimate – Nullagine Iron Ore Project

Area	Probable Ore							Waste Mbcm	All Mbcm	W:O
	Mt	Fe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P%	S%	LOI%			
OUTCAMP WELL	19.2	56.8	1.9	3.2	0.01	0.01	12.2	6.1	12.8	0.9
COONGAN WELL	6.0	57.0	1.8	2.5	0.01	0.01	12.4	5.0	7.2	2.3
WARRIGAL WELL	10.3	57.0	2.1	3.7	0.02	0.01	11.7	2.6	6.3	0.7
<b>TOTAL</b>	<b>35.6</b>	<b>56.9</b>	<b>2.0</b>	<b>3.2</b>	<b>0.02</b>	<b>0.01</b>	<b>12.1</b>	<b>13.7</b>	<b>26.4</b>	<b>1.1</b>

Mbcm – million bank cubic metres

W:O – waste to ore ratio

The Ore Reserves were estimated by Coffey Partners Pty Ltd whose Ore Reserve Declaration is provided in the Release to the ASX dated July 3, 2009. The ore reserves are based on estimates of mineral resources carried out by Golder Associates (Table 2) and reported to the ASX by BC Iron on April 2, 2009.

#### Total DSO Resource Estimate – Nullagine Iron Ore Project

##### Outcamp – Warrigal – Coongan Deposits

Resource Class	Mt	Fe	CaFe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	S	P	LOI <sub>1000</sub>
Measured	1.7	57.0	64.8	3.49	2.15	0.016	0.018	12.0
Indicated	38.6	57.0	64.7	3.15	2.09	0.011	0.016	12.0
Inferred	2.1	57.0	64.6	3.41	2.02	0.012	0.023	11.8
<b>TOTAL</b>	<b>42.4</b>	<b>57.0</b>	<b>64.7</b>	<b>3.18</b>	<b>2.09</b>	<b>0.011</b>	<b>0.016</b>	<b>12.0</b>

The resources are from the Outcamp Well, Warrigal Well and Coongan Well deposits. The resources are signed off by Mike Young and Golder Associates. The pit designs also contain 2.3 Mt of inferred resource at 56.8% Fe which was treated as waste during mine planning.

## **About BC Iron**

*BC Iron Limited (ASX: BCI) is an emerging iron ore producer focused on Western Australia's world-class Pilbara region. The Company's core asset is the Nullagine Iron Ore Project, an extensive tenement portfolio which is strategically located 140km north of Newman proximal to Fortescue Metals' Chichester operation.*

*The Nullagine Iron Ore Project comprises a Direct Shipping Ore (DSO) Reserve of 36Mt @56.9% Fe. The total mineral resource at Nullagine is 50.7Mt @ 57% Fe (64.8% Fe) within an overall Channel Iron Deposit (CID) resource of 89.1Mt @ 54.1% Fe.*

*BC Iron's competitive advantage is that the Nullagine DSO comprises an outcropping, low contaminant "first grade" sinter feed that is located close to accessible infrastructure. The Company has a Heads of Agreement to establish a Joint Venture with FMG who will provide port and rail infrastructure access for the life of the mining operation.*

## **Key Statistics**

**Shares on Issue:** 68.8 million

**Board and Management:** Tony Kiernan – Chairman and Non-Executive director  
Mike Young – Managing Director and Chief Executive Officer  
Garth Higgo – Non-Executive Director  
Terry Ransted – Non-Executive Director  
Steven Chadwick – Non-Executive Director

**Major Shareholders:** Consolidated Minerals 23%  
Alkane Resources Ltd 13%  
UBS Wealth Management Aus. Nom 5%