



BC IRON
LIMITED

5 January 2010

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Dear Sir / Madam,

BC Iron (**ASX:BCI**) advises that it has received notice from Tennant Metals Pty Ltd referring to arbitration, the termination by BC Iron of the Off-take Agreement of February 2009 between the Company and Tennant Metals in relation to the Nullagine Iron Ore Project.

BC Iron is surprised at the referral by Tennant Metals given the express termination provisions within the Agreement.

Notwithstanding this dispute, BC Iron wishes to make it clear it appreciates the advice and assistance that Tennant Metals provided to it in the past.

BC Iron will strongly defend any action Tennant Metals may take in this regard.

Yours faithfully,

Morgan Ball
Company Secretary