

ASX RELEASE – 3 FEBRUARY 2010



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NULLAGINE IRON ORE JV – 2ND PROJECT FUNDING INSTALMENT RECEIVED

The Nullagine Iron Ore Joint Venture (BC Iron 50% / Fortescue Metals 50%) is pleased to confirm that it has today received the **US\$15 million**, second instalment of funding (total received to date US\$30M) under the US\$50 million off-take, pre-sales agreement with Henghou Industries (Hong Kong) Limited.

These funds are being applied towards project development activities as the Project progresses toward production in the second half of 2010.

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About BC Iron Limited

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 Company has entered into a Joint Venture with FMG (earning up to 50%) who will provide port and rail infrastructure access for the life of the mining operation.

The Nullagine Iron Ore Project comprises a Direct Shipping Ore (DSO) Probable Reserve of 36Mt @ 57% Fe. The total mineral resource at Nullagine is 89Mt @ 54.1% Fe.

BC Iron's competitive advantage is that the Nullagine DSO comprises an outcropping, low contaminant "first grade" sinter feed that is very attractive to steel producers.