

ASX RELEASE – 23 MARCH 2010



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## BC IRON AWARDS KEY CAMP AND ORE HAULAGE CONTRACTS FOR NULLAGINE IRON ORE JV

### HIGHLIGHTS

- Development of Nullagine Iron Ore JV gathers momentum with the award of the key camp construction and ore haulage contracts
- Contract for construction of the Stage I, 60-man accommodation camp awarded to WA company, Complete Portables ~ includes camp design, construction and delivery/set-up
- Five-year ore haulage transport contract awarded to WA transport and logistics company, Mitchell West
- Award of these key long-lead time services reflects BC Iron's strategic focus on mitigating development risks as demand for mining services in WA increases
- Contract pricing falls within Feasibility Study parameters
- Agreements signed with pastoralists clearing the way towards access over the entire project area and infrastructure corridor
- BC Iron on track to commence first production at Nullagine by the end of 2010 ~ targeting initial production of 3Mtpa of high-quality DSO iron ore

Australian iron ore company BC Iron Limited (ASX: BCI); ("**BC Iron**") is pleased to advise that it has awarded the first key construction and services contracts for the **Nullagine Iron Ore JV** (BC Iron 50% / FMG 50%) in Western Australia's East Pilbara as development activities gather momentum.

The award of the first key contracts – the value of which falls within Feasibility Study estimates – marks another milestone for BC Iron as it moves rapidly towards bringing the Nullagine Project into production later this year, becoming **the Pilbara's next iron ore exporter**.

The contracts included the construction contract for the Stage I, 60-man camp at site, which has been awarded to the Western Australian company, Complete Portables.

Work will begin immediately on the planning and construction of the first stage of the accommodation village, which will be used for final in-fill drilling and to complete the remaining heritage surveys. Pending receipt of Government and regulatory approvals, the accommodation village will subsequently be expanded to house some 150 employees when production begins at Nullagine later this year.

It is expected that the planning, construction and delivery of Stage I of the camp will take approximately two months to complete with Complete Portables to handle the design, manufacture, transport and set-up of all components of the accommodation.

BC Iron has awarded the ore haulage contract for the Nullagine Project to Western Australian transport and logistics company, Mitchell West. The agreement covers the transport of Nullagine iron ore to the Fortescue Metals Group (FMG) rail infrastructure near Christmas Creek, a journey of some 55km once the final approvals for the heavy haul road are received and the road is built.

Ore will be transported using 360-tonne powered road trains, which are significantly larger than conventional road trains, thus increasing overall efficiency and reducing costs.

These specialised road trains are in high demand at present and as such, BC Iron has moved quickly to finalise this contract and will ensure that other long-lead-time items are managed similarly within the Project timeframe.

Following the decision by FMG to fast track development of the Christmas Creek rail line and loading spur, BC Iron decided to move directly to a targeted start-up production rate of 3Mt/pta based on the construction of the purpose-built haul road.

Commenting on the announcement, Mr Young said: *"We are very pleased to be able to award these key contracts for the Nullagine JV to West Australian companies, helping to ensure that the benefits from our investment in this project flow directly to local enterprises and communities. Both companies have extensive experience in their fields of expertise and we are looking forward to working with them both as we progress development of the Nullagine Project."*

*"Securing these key long-lead-time contracts is an important part of our strategy to ensure that we meet all key project construction and production milestones."*

*"As part of our strategic planning in the lead up to production, we recognised the importance of securing these long-lead-time contracts in a timely fashion, especially as project development in the WA mining sector gathers momentum and access to mining services becomes increasingly difficult."*

*"We are also pleased to have signed key agreements with pastoralists in the Nullagine area, clearing the way for land access to facilitate the construction of the heavy haul road to Christmas Creek. Signing these agreements was a key requirement for project development."*

*"The signing of the pastoralist agreements was a crucial, time critical component of our project development activities and having these in place now means that we can prepare for construction of the heavy haulage road. I would like to take this opportunity to thank all the parties involved for their support in reaching this agreement,"* said Mr Young.

**- ENDS -**

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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 a 50% joint venture in 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 the Nullagine Iron Ore Joint Venture with FMG (50%) which has allowed it to rapidly develop the Project. BC Iron will manage the Project and FMG will provide port and rail haulage services.

The Nullagine Project comprises a Direct Shipping Ore (DSO) Probable Reserve of 36Mt @ 57% Fe. The total mineral resource at the Nullagine Joint Venture 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 and that the Company has a clear path to market.

### **BC Iron Key Statistics**

<b>Shares on Issue:</b>	83.9 million
<b>Cash &amp; equivalents:</b>	31 December 2009 - \$24.1m
<b>Board and Management:</b>	Tony Kiernan – Chairman Mike Young – Managing Director Garth Higgo – Non-Executive Director Terry Ransted – Non-Executive Director Steven Chadwick – Non-Executive Director Morgan Ball – Chief Financial Officer & Company Secretary Blair Duncan – Chief Operating Officer
<b>Major Shareholders:</b>	Consolidated Minerals 22% Regent Pacific Group 16%

### **JORC Competent Persons Statement**

*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 Mineral Resource Estimate at Bonnie East has been compiled by Mr Greg Hudson who is a member of the Australasian Institute of Mining and Metallurgy and an employee of BC iron, and Mr Mike Young who is a member of the Australian Institute of Geologist and an employee BC Iron. Both Mr Young and Mr Hudson 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 Hudson 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 Mining 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 Joint Venture (BCI 50%, FMG 50%)**

Area	Probable Ore						
	Mt	Fe%	Al <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>	P	S	LOI <sub>1000</sub>
<b>OUTCAMP WELL</b>	19.2	56.8	1.9	3.2	0.01	0.01	12.2
<b>COONGAN WELL</b>	6.0	57.0	1.8	2.5	0.01	0.01	12.4
<b>WARRIGAL WELL</b>	10.3	57.0	2.1	3.7	0.02	0.01	11.7
<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>

**Total CID Resource Estimate – Nullagine Project**

Resource Class	Mt	Fe	CaFe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	S	P	LOI <sub>1000</sub>
<b>Measured</b>	2.2	54.5	62.1	4.94	3.65	0.018	0.017	12.1
<b>Indicated</b>	68.8	54.0	61.8	4.48	3.08	0.017	0.011	12.7
<b>Inferred</b>	18.1	54.7	62.3	4.27	2.85	0.013	0.018	12.1
<b>TOTAL CID</b>	<b>89.1</b>	<b>54.1</b>	<b>61.9</b>	<b>4.45</b>	<b>3.05</b>	<b>0.016</b>	<b>0.013</b>	<b>12.6</b>

**Total DSO Resource Estimate – Nullagine Project**

Resource Class	Mt	Fe	CaFe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	S	P	LOI <sub>1000</sub>
<b>Measured</b>	1.7	57.0	64.8	3.49	2.15	0.018	0.016	12.0
<b>Indicated</b>	38.6	57.0	64.7	3.15	2.09	0.016	0.011	12.0
<b>Inferred</b>	10.4	57.0	64.8	3.27	2.00	0.013	0.010	12.1
<b>TOTAL DSO</b>	<b>50.7</b>	<b>57.0</b>	<b>64.8</b>	<b>3.19</b>	<b>2.07</b>	<b>0.015</b>	<b>0.011</b>	<b>12.0</b>

**Note:**

- The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.
- DSO (Direct Shipping Ore) is a subset of the CID (Channel Iron Deposit)
- Calcined Fe (CaFe) = Fe / (100-LOI) \* 10
- LOI measured at 1000°C
- Mbcm – million bank cubic metres
- W:O – waste to ore ratio