



BC IRON LIMITED

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BC IRON MOVES CLOSER TO PRODUCTION AFTER SIGNING KEY NATIVE TITLE MINING AGREEMENT

HIGHLIGHTS

- **Milestone Agreement signed with the Palyku Native Title Claim Group paves the way for the granting of the Mining Lease for the Nullagine Iron Ore JV**
- **WA Government approves construction of the Stage I, 60-man accommodation camp at the Project**
- **BC Iron on track to commence production at Nullagine in the 2nd half of 2010 ~ targeting initial production of 3Mtpa of high-quality DSO iron ore**

Australian iron ore company BC Iron Limited (ASX: BCI), is pleased to advise that it has entered into a Native Title Mining Agreement with the **Palyku Native Title Claim Group** as the Manager of the **Nullagine Iron Ore JV** (BC Iron 50% / FMG 50%) in Western Australia's East Pilbara.

The Agreement – which follows six months of positive consultation with the Palyku comes on top of the development of a strong long-term relationship between the parties over the last three years and paves the way for mining to start later this year.

BC Iron was assisted by Kellie Hill of KHC Consulting whose experience and guidance in the negotiations contributed significantly to this positive and timely outcome. The Palyku Group were assisted by Gavin Maclean, Solicitor, who also strongly contributed to the consultative process that existed between the parties.

David Milroy, Chairman of the Palyku Working Group said: "This represents a very important day for the Palyku people. The Agreement recognises the importance of our culture and heritage and demonstrates that the Palyku are organized and capable of negotiating an appropriate commercial arrangement that delivers benefits to all parties and will leave a positive impact on the people and communities of the region.

"We have enjoyed working with BC Iron and we look forward to progressing this exciting project with them," said Mr Milroy.

BC Iron Managing Director Mike Young said: "We have been working closely with the Palyku for almost three years and we have found them to be very straightforward and a pleasure to deal with. We have been very open in our approach and this has created the foundations for a strong relationship with the traditional owners of the region.

"I believe that this represents a genuine "win-win" outcome for both parties. BC Iron has a strong commitment to education, training and employment for the Palyku people as well as the wider community. This is supported through the establishment of the Nullagine JV Scholarship Fund within the Agreement.

"The Palyku recognises the positive impact the development of the project will have on the local community and we look forward to working with them as a fundamental stakeholder in the development of the Nullagine Iron Ore Project."

Subject to final environmental and regulatory approvals, production is scheduled to start in the 2nd half of 2010 at the rate of 3Mtpa of high-quality, direct shipping iron ore. Construction of the Stage One accommodation camp, to be used for exploration and heritage surveys will commence on site next week.

- 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

Shares on Issue:	83.9 million
Cash & equivalents:	31 December 2009 - \$24.1m
Board and Management:	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
Major Shareholders:	Consolidated Minerals 22% Regent Pacific Group 16%