

## HIGHLIGHTS

### NULLAGINE IRON ORE JOINT VENTURE (Pilbara, WA – 50% BCI, 50% FMG)

#### **Mining Lease**

- Grant of Mining Lease and General Purpose Lease clears the way for Government approval of final Mining Proposal

#### **Native Title Agreement**

- Milestone Agreement signed with the Palyku Native Title Claim Group leading to the granting of the Mining Lease for the Nullagine Iron Ore JV
- Heritage and Archaeological surveys ongoing

#### **Key Project Development and Operating Contracts Awarded**

- Haul road, mining and crushing contracts awarded to Australian construction and mining services company - Watpac Ltd
- Contract for construction of the Stage I, 60-man accommodation camp awarded to WA company, Complete Portables - includes camp design, construction and delivery/setup
- Five-year ore haulage transport contract awarded to WA transport and logistics company, Mitchell West
- Three year catering and janitorial services contract awarded to WA company Precision Mining Camps & Services
- 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
- Combined contract pricing remains within Feasibility Study estimates

#### **Project Development**

- Department of Mines and Petroleum (DMP) approves construction of Stage I, 60-man accommodation camp
- Agreements signed with pastoralists clearing the way towards access over the entire project area and infrastructure corridor
- Aboriginal heritage and archaeological surveys ongoing on the Mining Lease area and haul road
- Development activities now focused on securing final heritage and environmental approvals, awarding further contracts, camp construction and the commencement of works for the heavy haul road to link the Project with rail infrastructure
- First mining expected during Q3 2010 with first ore on ship targeted for December 2010
- Shipment of the first million tonnes of ore by 30 June 2011
- Initial production rates will quickly reach 3Mtpa increasing to 5Mtpa upon completion of additional infrastructure by FMG

## CORPORATE

- US\$15 million (BCI share US\$7.5M) received during the Quarter, representing the second installment of funding under the US\$50 million off-take, pre-sales agreement with Henghou Industries (Hong Kong) Limited - total received to date US\$30M (BCI share US\$15M)
- Strong financial position with approximately A\$34.0m in cash at the end of the Quarter

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#### **BC IRON LIMITED**

ABN 21 120 646 924

ASX Code: BCI

Shares On Issue: 83.8m

Listed: 15 December 2006

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## OVERVIEW

The March 2010 Quarter was significant in terms of project development, with BC Iron recently being granted its Mining Lease, signing the landmark Native Title Agreement with the Palyku Working Group and awarding of the key construction and services contracts for the Nullagine Iron Ore Joint Venture.

The securing of key long lead-time contracts is an important part of the Company's strategy to ensure that all project construction and production milestones are met, especially as project development in the Western Australian mining sector gathers momentum and access to mining services becomes increasingly difficult.

These milestones mark what are now the final stages of development and the Company is pleased to report that it remains firmly on track to commence iron ore production later this year.

In the upcoming June Quarter, BC Iron will continue to press forward with awarding further project development and operational contracts and ensuring that final regulatory approvals are progressed as rapidly as possible.

## NULLAGINE IRON ORE JOINT VENTURE

### MINING LEASES GRANTED

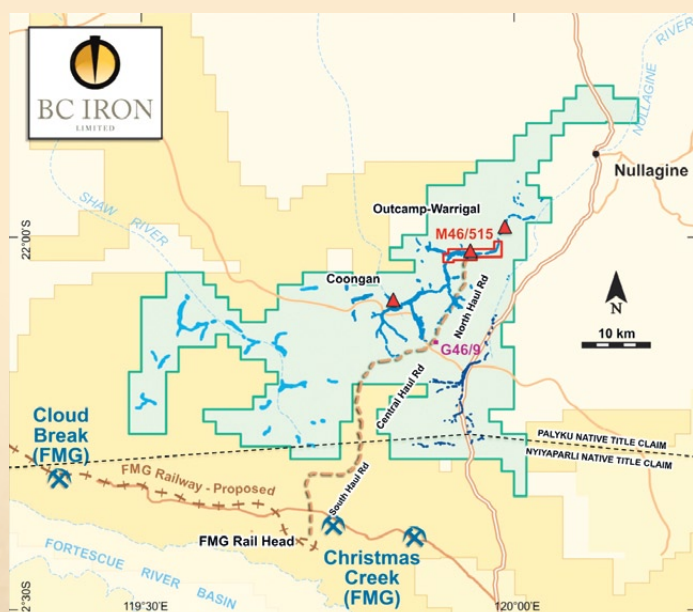
On 22 April, the Company was advised that the Mining Lease for the Outcamp and southern Warrigal Deposits and the General Purpose Lease for the Camp at the **Nullagine Project** had been formally granted by the West Australian Department of Mines and Petroleum. Applications for the mining leases for the northern part of the Warrigal deposit and Coongan deposits and ancillary roads will be made as the project progresses as these deposits are scheduled to be mined later in the mine plan.

The grant of the Mining Lease is a key milestone for BC Iron, allowing the Company to progress its Mining Plan and Clearing Permit through the DMP for approval. The Company does not expect any delays on these applications and anticipates approval within the next two to three months, which is within the Company's planned schedule to production.

### PALYKU NATIVE TITLE AGREEMENT

Earlier this month BC Iron advised that it has entered into a Native Title Mining Agreement with the Palyku Native Title Claim Group. The Agreement was a result of six months of positive consultation with the Palyku and comes on top of the development of a strong long-term relationship between the parties over the last three years. Signing of the Agreement was a prerequisite for the grant for the Mining and General Purpose Leases which has now occurred.

The Agreement includes ongoing contributions to a Law and Culture Fund and a Training and Scholarship Fund. BC Iron has a target of 10% Aboriginal employment on site.



TENEMENT MAP SHOWING MINING LEASE, PROPOSED HAUL ROAD & NATIVE TITLE BOUNDARIES





## ARCHAEOLOGICAL AND HERITAGE SURVEYS

As well as the Native Title Agreement that provides for the grant of mining tenure, mining companies in Western Australia must also carry out archaeological and heritage surveys to identify artefact sites with a view to avoiding disturbance wherever possible. These surveys are done in consultation with the Native Title Traditional Owners. Sites where disturbance cannot be avoided are recorded and salvaged under the WA Department of Indigenous Affairs Ministerial Approval process known as a “Section 18” before they can be disturbed.

To date, Section 18 approval has been received for the northern haul road and the Mining Camp. Application for Section 18 approval for the Mining Lease and central haul road will be submitted during the June Quarter, and application for approval for the southern haul road, which lies on the Nyiyaparli Native Title Claim, will be submitted in the October Quarter.

A Heritage Agreement is currently being negotiated with the Nyiyaparli Native Title Group to allow surveys to progress on the southern haul road.

To date, surveys have progressed to schedule and no significant delays are expected in the upcoming surveys.

## KEY CONTRACTS AWARDED

The award of the key project development and operating contracts – the overall 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.

## MINING, CRUSHING AND HAUL ROAD CONSTRUCTION

On 20 April, BC Iron advised that it had awarded its second series of major construction and services contracts as Manager for the Nullagine Iron Ore Joint Venture.

The contracts, worth in excess of \$300 million, include the mining-crushing-screening contract and the contract for the construction of the 55km dedicated haul road from the Joint Venture’s Nullagine operations to Fortescue Metals’ Christmas Creek Rail line. Work on the haul road is scheduled to commence in June and be completed prior to Christmas this year.

The mining contract commences in September this year and comprises mining, loading and hauling to the run-of-mine (ROM) pad, and crushing, screening and stockpiling of final ore product. The contract is for an initial five-year term with production commencing at around 3 million tonnes per annum (mtpa) and ramping up to 5mtpa during the contract.

Both of these contracts were awarded to Watpac Limited, an ASX-listed company with extensive experience in construction, civil engineering and mining.

## CAMP CONSTRUCTION

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

Work on construction of the first stage of the accommodation village has commenced with earthworks underway and construction of the accommodation units in Perth. The accommodation village will subsequently be expanded to house some 150 employees when production begins at Nullagine later this year, pending receipt of Government and regulatory approvals.





## ORE HAULAGE

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 at 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 ~ 3Mtpa based on the construction of the purpose-built haul road.

## CATERING & JANITORIAL SERVICES

During the Quarter, BC Iron also awarded the contract for the catering and janitorial services at the Camp. This three-year contract was awarded to WA company, Precision Mining Camps and Services and will commence upon the completion of the Stage 1, 60-man village expected in June 2010.

## CORPORATE

### APPOINTMENT OF NON-EXECUTIVE DIRECTOR

On 21 April, BC Iron announced that it had appointed experienced mining executive, Mr Glenn Baldwin to its Board. The appointment of Mr Baldwin – who is currently the Group Chief Operating Officer of BC Iron's major shareholder, Consolidated Minerals Limited ("**ConsMin**"), confirms ConsMin's commitment to BC Iron and further strengthens the Company's Board in the key areas of operational management and strategic planning.

The Company also advises that Mr Garth Higgs has stepped down as a Non-Executive Director after serving on the Board since the Company's inception in 2006. The Directors thanks Mr Higgs for his significant contribution to the Company's development.

### PROJECT FUNDING

In February, the Nullagine JV received US\$15 million, representing the 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.





### NEW INSTITUTIONAL INVESTORS

Subsequent to the end of the March Quarter, BC Iron received notification from foundation shareholder Alkane Resources Limited that it had sold its remaining 5 million shares in the Company, representing a holding of 5.95%, to a number of offshore and domestic institutional investors.

The Company believes that this additional institutional support will provide a strong growth platform for the Company in the lead-up to first production and beyond.

### CASH POSITION

As at 31 March 2010, BC Iron had A\$34.0 million in cash (including its share of JV funds).

- 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 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.

KEY STATISTICS

<b>Shares on Issue:</b>	83.9 million	
<b>Cash &amp; Equivalents:</b>	March 31, 2010	– \$34.0m
<b>Board and Management:</b>	Tony Kiernan	– Chairman & Non-Executive Director
	Mike Young	– Managing Director
	Terry Ransted	– Non-Executive Director
	Steven Chadwick	– Non-Executive Director
	Glenn Baldwin	– Non-Executive Director
	Morgan Ball	– Chief Financial Officer & Company Secretary
<b>Major Shareholders:</b>	Consolidated Minerals	22%
	Regent Pacific Group	16%

*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 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 Australian Institute of Geologists and an employee of BC iron, and Mr Mike Young who is a member of the Australian Institute of Geologists and an employee BC Iron. Mr Young has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is 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 Project (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>
Outcamp Well	19.2	56.8	1.9	3.2	0.01	0.01	12.2
Coongan Well	6.0	57.0	1.8	2.5	0.01	0.01	12.4
Warrigal Well	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>
Measured	2.2	54.5	62.1	4.94	3.65	0.018	0.017	12.1
Indicated	68.8	54.0	61.8	4.48	3.08	0.017	0.011	12.7
Inferred	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>
Measured	1.7	57.0	64.8	3.49	2.15	0.018	0.016	12.0
Indicated	38.6	57.0	64.7	3.15	2.09	0.016	0.011	12.0
Inferred	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



HOT IRON METAL POURING INTO LADLE,  
CHINESE STEEL MILL