

HIGHLIGHTS

NULLAGINE IRON ORE JOINT VENTURE

Official Mine Opening

- Mine was officially opened on 18 April 2011 by the Honourable Ken Baston MLC and Member for Mining and Pastoral

Iron Ore Shipments

- First Ore on ship occurred at Herb Elliott Port on 24 February 2011
- As at end April, NIOJV has exported ~ 80,000t of iron ore to China
- Targeting full cape size vessel shipments of ~ 180,000t per shipment from June 2011 onwards

Iron Ore Production Targets

- 1Mt target reduced to 0.8Mt by 30 June 2011 due to excessive rain in the Pilbara
- Production ramp up to capacity of 3Mtpa from 30 June 2011
- Production capacity expected to increase to 5Mtpa 1H CY12
- 1.5 - 1.8Mt export targeted during 1H FY12 (July to December 2011)
- 1.5 - 2.5Mt export targeted during 2H FY12 (January to June 2012)

Operations

- 182 person village and Mine Operations Centre complete
- Two Wirtgen surface miners operating at above expected capacity
- Haul road construction impacted by weather
- Ore haulage along private haul road under construction during May using standard 75t triple road trains
- Three PowerTrans 360t road trains expected to be operational in late May
- Five additional PowerTrans units expected on site by January 2012

CORPORATE

- **Regent Pacific purported to terminate Scheme of Arrangement in March relating to cash offer of \$3.30 for each BC Iron share**
- **Takeovers Panel ruled Regent Pacific could not rely on reasons provided to terminate agreement**
- **Regent Pacific confirmed that Scheme can proceed after financing was reinstated**
- **Strong financial position with approximately A\$25.0m in cash at 31 March 2011 and regular revenue being achieved**

OVERVIEW

BC Iron achieved a significant and historical milestone with the Nullagine Iron Ore Joint Venture ("NIOJV") by successfully becoming the first junior mining company to access and utilise third party rail owned by a major company in the Pilbara. This was quickly followed by 'first ore on ship' or 'FOOS' and its first iron ore export in February 2011. BC Iron is the first company to use Fortescue's rail and the third company to use Fortescue's Herb Elliott Port to export iron ore from Port Hedland showing third party access to rail and port infrastructure is a reality.

Other key operational milestones during the Quarter included continuation of haul road construction, completion of the village and Mine Operations Centre and ramping up ore haulage operations to Fortescue Metals Group's ("Fortescue") Christmas Creek operation via public roads.

In January, BC Iron received a cash offer from Regent Pacific Group ("Regent Pacific") to acquire all of the outstanding BC Iron shares not already owned by Regent Pacific for \$3.30 per share by way of a Scheme of Arrangement ("Scheme"). However, in March the Regent Pacific Board decided to terminate the Scheme Implementation Agreement following its decision to withdraw its recommendation. BC Iron referred this purported termination to the Takeovers Panel ("Panel") and in April, the Panel ruled that Regent Pacific could not terminate the agreement under the reasons provided.

In light of Regent Pacific's statements following the Panel's ruling, Regent Pacific determined that the Scheme could proceed given that its finance has been reinstated.

In the upcoming June 2011 Quarter, BC Iron will concentrate on completing construction of the private haul road and ramping up ore production as part of the NIOJV objective to produce at 3Mtpa from 30 June 2011 onwards.

NULLAGINE IRON ORE JOINT VENTURE (BC Iron 50%, Fortescue Metals Group 50%)

Production & Ore Shipments

In January, Fortescue commenced commissioning of the train loadout and interim reclaim systems at Christmas Creek, using NIOJV iron ore. This ore was then transported via rail to the Herb Elliott Port in Port Hedland. This was a significant event for the Pilbara iron ore industry as it marked the first time a junior iron ore miner was able to transport iron ore on a third party's rail infrastructure in the Pilbara.

On 24 February, approximately 20,000 tonnes of iron ore from the NIOJV was loaded onto the cape size vessel, M.V Zosco Dalian at Herb Elliott Port for export to China, officially marking the first shipment of iron ore from the NIOJV and promoting BC Iron to being Australia's newest iron ore producer and exporter.

On 29 March, the NIOJV's second shipment of approximately 20,000 tonnes departed from Port Hedland which was followed by a third shipment of ~ 40,000 tonnes on 24 April. Increased exports are scheduled in May moving towards full cape size vessel shipments of approximately 180,000 tonnes per shipment forecast from late June 2011 onwards.

Iron Ore Production Targets

In March, BC Iron announced that subject to weather, it had reduced the NIOJV's production target from 1Mt to 800,000t to be shipped by 30 June 2011. The reduction was a result of haulage and construction delays due to heavy rainfall in the Pilbara region during this year's wet season, twice the annual average. Notwithstanding the delays, the Company maintains its target to export ~2.5Mt by 31 December 2011.

By June 2011, the Company expects to be at a mine and export production rate of 3Mtpa ramping up to 5Mtpa during the first half of 2012.

Actual production between July 2011 and June 2012 is presented below but will depend on the delivery schedule of additional PowerTrans haul trucks, final road construction close-out and infrastructure ramp up at Christmas Creek and Port Hedland by Fortescue.

- Production ramp up to capacity of 3Mtpa from 30 June 2011
- Production capacity planned to increase to 5Mtpa during 1H CY12
- 1.5 - 1.8Mt export targeted during 1H FY12 (July to December 2011)
- 1.5 - 2.5Mt export targeted during 2H FY12 (January to June 2012).

Marketing & Pricing

Fortescue Marketing has developed the NIOJV's own recognised brand of ore known as "Bonnie Fines". This is a pisolite sinter blend containing low impurities, low ultra-fines and low moisture thereby improving sintering productivity at the steel mill. Sinter test work, recently carried out in China, concluded that BC Iron "Bonnie Fines" ore is able to substitute completely for Pilbara Blend, and partially for MAC and Yandi ores offering improved sintering characteristics and sinter ore quality.

Project Development

Mining and Crushing Operations

The NIOJV's Mining and Crushing contractor ("Watpac Ltd") commenced mining at the Outcamp Deposit during November 2010. Despite the wet weather during the March 2011 Quarter, mining continued as scheduled. Two Wirtgen TL2400 surface miners are now fully commissioned and the machines are operating above planned capacity, with lower than expected tooth wear, exceeding the rate of 650 t/hr each. The effective mining rate is currently up to 9,000 tonnes per day (ore and waste) with spare capacity.

The Striker crushing and screening plant was delivered to site in December 2010 and is now fully commissioned and operating at the expected capacity of approximately 6,500 tonnes throughput per shift.

Village & Mine Operations Centre

The construction of the mining village is now complete and has a capacity to house up to 182 persons.

Construction on the Mine Operations Centre was completed in March 2011 and this is now operational but awaiting final installation of fibre optic cable for long term communications.

Ore Haulage & Haul Road Construction

Haulage via the Marble Bar-Newman road is progressing well despite several disruptions to truck haulage to the railhead at Fortescue's Christmas Creek Ore Processing Facility ("OPF") due to heavy rains between January and March.

Truck haulage capacity is dependent on the configuration and size of the haul trucks being used, the use of public versus private roads and the construction status of the private haul road. Currently, haul trucks of 75t payload ("triples") are using a combination of private and public roads over a distance of 120km from the mine site to the railhead.

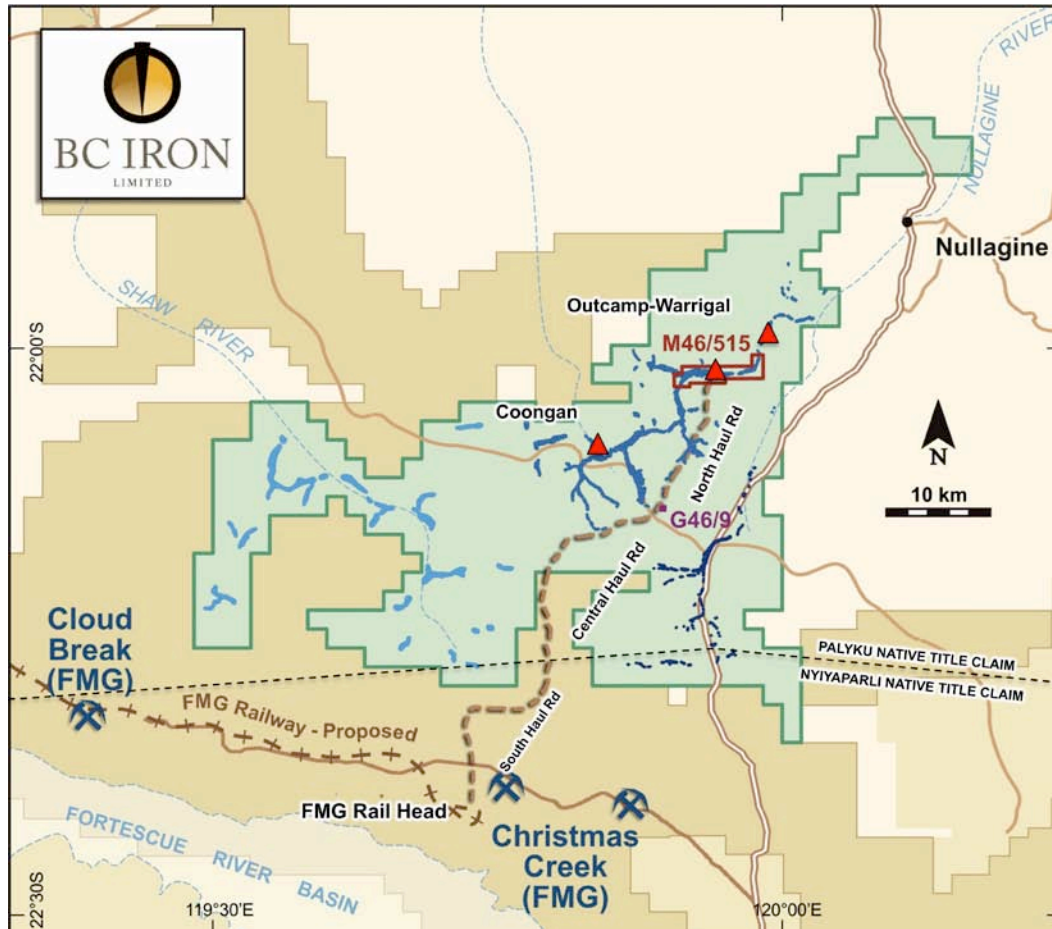
During May, the private haul road should be suitable for "haulage under construction" and triples will be able to haul 110t each with the haulage distance reduced to 55km. By late May, the private haul road will be suitable for use of the 360t payload PowerTrans units and together with the existing triples, total haulage capacity will exceed the haulage production rates required to operate at 3Mtpa.

Two of the 360t Power Trans road trains (with a third due in coming weeks), operated by Mitchells West, are on site and will operate on the haul road from late May. Mitchells have ordered five more units and a total of eight units will be operational by the first quarter of calendar 2012 with a total available haulage capacity of ~5Mtpa.

Official Mine Opening Ceremony

On 18 April 2011, BC Iron and Fortescue hosted an official Mine Opening Ceremony at the Nullagine Iron Ore Project including Honourable Ken Baston MLC, Member for Mining and Pastoral, Barry Haase MP, Federal Member for Durack, representatives from the local Palyku, Irrungadji and Nyiyaparli people, senior staff from Fortescue and the media to recognise the importance of this achievement.

BC Iron would like to thank everyone involved with the Company and the Project, particularly our joint venture partner, Fortescue, and our major contractors: Watpac, Mitchells West, Precision Catering and Complete Portables.



Tenement Map showing Mining Lease, Proposed Haul Road & Native Title Boundaries

CORPORATE

Regent Pacific Group

In January, BC Iron received a cash offer from Regent Pacific to acquire all of the outstanding BC Iron shares not already owned for \$3.30 per share by way of a Scheme of Arrangement. Following careful consideration, the BC Iron Board unanimously recommended shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the opinion of Independent Expert KPMG concluding that the Scheme was in the best interests of BC Iron shareholders.

However, before the Scheme Booklet and Independent Expert's Report were distributed to shareholders, BC Iron received written notification from Regent Pacific in March seeking to terminate the Scheme Implementation Agreement ("SIA") following its Board's decision to withdraw its recommendation in support of the Scheme. On 22 March 2011, BC Iron applied to the Takeovers Panel to challenge the validity of Regent Pacific's purported termination of the SIA.

In early April, the Panel made a declaration of unacceptable circumstances in response to BC Iron's application to the Panel and made orders that Regent Pacific could not terminate the agreement.

BC Iron immediately requested that Regent Pacific consult with BC Iron in good faith to determine whether the Scheme could proceed given that it was conditional on finance being available. On 14 April, Regent Pacific advised that its finance had been re-instated and its Board was recommending that its shareholders support the transaction. Accordingly, BC Iron has recommenced the process of finalising the Scheme Booklet and Independent Expert's Report with despatch to shareholders expected in early June.

Cash Position

As at 31 March 2011, BC Iron had A\$25.0million in cash (including its share of JV funds).

- ENDS -

Mike Young
Managing Director
BC Iron Limited

Morgan Ball
CFO/Company Secretary
BC Iron Limited

About BC Iron Limited

BC Iron is an iron ore development and mining company with key assets in the Pilbara region of WA. The Company's core asset is the Nullagine Iron Ore Project, a 50/50 joint venture with Fortescue Metals Group Limited. The JV uses Fortescue's infrastructure at Christmas Creek, 50km south of the Mine, to rail its ore to Port Hedland from where it is shipped to customers overseas. Mining commenced in November 2010 and first ore on ship occurred in February 2011 - just over four years from listing on the ASX. The Company plans to export 800,000t by June 2011 at which point BC Iron will be mining at a throughput of 3Mtpa.

Key Statistics

Shares on Issue: 94.4 million

Cash & equivalents: 31 March, 2011 ~\$25.0m

Board and Management:	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
	David Coyne	Alternate Non-Executive Director
	Morgan Ball	Chief Financial Officer & Company Secretary

Major Shareholders: Consolidated Minerals: 21.1%

Regent Pacific Group: 19.9%

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 and Shaw River have 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.

June 30, 2010 Ore Reserve Estimate – Nullagine Iron Ore Project (BCI 50%, FMG 50%)

Area	Probable Ore						
	Mt	Fe%	Al ₂ O ₃	SiO ₂	P	S	LOI ₁₀₀₀
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
TOTAL	35.6	56.9	2.0	3.2	0.02	0.01	12.1

June 30, 2010 Total CID Resource Estimate – Nullagine Project (BCI 50%, FMG 50%)

Resource Class	Mt	Fe	CaFe	Al ₂ O ₃	SiO ₂	P	S	LOI ₁₀₀₀
Measured	2.2	54.5	62.1	3.65	4.94	0.018	0.017	12.1
Indicated	68.8	54.0	61.8	3.08	4.48	0.017	0.011	12.7
Inferred	30.7	54.4	61.8	3.54	4.63	0.016	0.060	11.8
TOTAL CID	101.7	54.1	61.8	3.23	4.54	0.017	0.026	12.4

June 30, 2010 Total DSO Resource Estimate – Nullagine Project (BCI 50%, FMG 50%)

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

Notes:

- 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