



ASX RELEASE - 17 APRIL 2012

Nullagine Iron Ore Joint Venture (“**NJV**”) (BC Iron 50%: Fortescue Metals Group 50%)

OPERATIONS

- On track to reach guidance target production rate of 5Mtpa by end of FY2012
- On track to ship forecasted 3.5Mt for FY2012
- A record 809,753 tonnes mined for the quarter
- A record 1,033,290 tonnes shipped for the quarter
- 2.1Mt shipped for the financial year to date
- Average sales price for the quarter of ~US\$124/dmt CFR
- Operations achieve production rate >4Mtpa during the quarter

EXPLORATION & RESOURCE DEVELOPMENT

- Ore Reserve increased to 42.4Mt (up from 34.7Mt) grading 57% Fe (64.8% CaFe)
- Includes Bonnie East Ore Reserve of 7.7Mt at 57.2% Fe (65% CaFe)
- DSO Resource Estimate increased to 55.1Mt grading 57% Fe (64.7% CaFe)
- 25% increase to Bonnie East direct shipping ore (“**DSO**”) Resource to 10.8Mt grading 57% Fe (64.8% CaFe)
- Total Channel Iron Deposit (“**CID**”) Mineral Resource of 106.2Mt (up from 102.9Mt) grading 54.1% (61.8% CaFe)

CORPORATE

- Business Development Manager appointed
- Cash on hand of \$52.5M on 31 March 2012 up from \$35.6M at 31 December 2011

BC IRON LIMITED

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ASX Code: BCI

Listed: 15 December 2006

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1. OPERATIONS

Summary results - Nullagine Joint Venture (BC Iron - 50%, Fortescue – 50%)

BC Iron Nullagine Pty Ltd, a wholly owned subsidiary of BC Iron Limited (“**BC Iron**” or “**the Company**”), is the Operator and Manager of the Nullagine Iron Ore Joint Venture (“**NJV**” or “**JV**”), a 50:50 JV with Fortescue Metals Group Limited (“**Fortescue**”). The project is located approximately 140km north of Newman in the East Pilbara region of Western Australia.

Production and shipments for the March quarter were as follows (Tables 1 and 2):

TABLE 1: ORE PRODUCTION, HAULING & SHIPPING

	Mar Quarter '12 (t)	Dec Quarter '11 (t)	Variance Quarter (t)	Variance Quarter (%)
Mined	809,753	681,135	128,618	19%
Crushed	861,281	676,038	185,243	27%
Hauled	978,828	772,050	206,778	27%
Railed	977,154	813,030	164,124	20%
Shipped	1,033,290	683,718	349,572	51%

TABLE 2: STOCKPILE INVENTORY

	Mar Quarter '12 (t)	Dec Quarter '11 (t)
ROM*	104,426	183,677
DSO Product (<i>Site</i>)	1,286	84,160
Project (<i>Xmas Creek ROF*</i>)	137,203	149,938
Port	111,023	169,140
Low Grade Stocks (<i>Site</i>)	366,137	143,488

*Note: Run of Mine (“**ROM**”) figures reported may include low grade ore blended into the final DSO product.
“**ROF**” – Rail Outload Facility at Christmas Creek.



Mining, crushing and screening

The Company is pleased to report that it has been able to maintain overall production forecasts without any major disruptions to operations despite significant rainfall and two cyclones during the Pilbara wet season. During the quarter, the NJV achieved an instantaneous production rate of 4.1Mtpa. This rate continues to improve and the NJV is on target to reach the forecast production rate of 5Mtpa by the end of FY2012.

Despite the above average rainfall and the impact of Cyclones Heidi and Lua, BC Iron's mining, crushing and screening rates during the quarter were in line with expectations as follows:

- 809,753t of DSO and Low Grade ("LG") mined and sent to the ROM pad;
- Additional 222,649t of LG mined and stockpiled; and
- 861,281t of ROM (DSO + LG) crushed.

ROM includes both DSO and some LG ore that is blended to achieve the required specification export grade. The remaining LG ore is being stockpiled for future blending or use following finalisation of ongoing beneficiation studies.

The crushing and screening plant is operating at sustained rates above the initial name-plate capacity of 3Mtpa. The first of two scheduled upgrades commenced during April after which crushing and screening will achieve a rate of 5Mtpa. The second upgrade will occur early in the next financial year and result in a capacity increase to ~5.5Mtpa creating further upside or 'sprint' capacity.

Ore truck haulage

Ore haulage takes place via a private 55km bitumen haul road between the NJV mine site and Fortescue's Christmas Creek Rail Loadout Facility where the ore is loaded onto trains for rail haulage to port. Having a sealed road has resulted in only limited disruption to haulage from the significant wet weather experienced during the wet season.

Since August 2011, BC Iron's haulage contractor, Toll Global Resources, has progressively increased its fleet of PowerTrans pit haulers (~360t payload), which have been supplemented by triple road trains (~110t payload). During this quarter, the sixth PowerTrans pit hauler was commissioned and the seventh was delivered to site. As each PowerTrans unit is delivered, a number of the triple road trains are released resulting in reduced operating costs as each PowerTrans pit hauler carries the equivalent of 3 triple road trains. The NJV plans for Toll to have the scheduled total of eight PowerTrans pit haulers on site during the current quarter.

Rail haulage and port services

Fortescue provide contract rail haulage and port services to the NJV through their wholly owned subsidiary, "The Pilbara Infrastructure Pty Ltd" from the Rail Outload Facility at the Christmas Creek operation to Herb Elliott Port in Port Hedland.



During the quarter, the NJV railed a record total of 977,154WMT of *Bonnie Fines*, 20% more than the record set in the previous quarter.

Shipping

During the quarter, the NJV shipped a record total of 1,033,290WMT of *Bonnie Fines* product on six cape size vessels, a 51% increase on the previous quarter. The NJV has now shipped a total of 2,119,436 tonnes this financial year and remains on track to meet the forecast 3.5Mt shipped for the full financial year.

Marketing

Iron ore shipped for the quarter was 1,033,290WMT. The average Cost and Freight (“CFR”) sales price achieved for the quarter was ~US\$124 per dry metric tonne.

Feedback from the customer base continues to confirm the *Bonnie Fines* product is a high quality DSO with low contaminants and is highly valued in China. Several approaches from new customers occurred during the quarter.

Production guidance

The NJV issued four guidance targets for FY2012. Both targets for the end of Q2 FY2012 were met and the March quarter performance supports the two remaining guidance targets of a sustained production rate of 5Mtpa and exports of 3.5Mt for FY2012.

Development

Preparations have commenced for constructing a 5km haul road to access the Warrigal deposits, which lies east of the Outcamp deposit. Mining is scheduled to commence at Warrigal during August 2012. Construction of this road is anticipated to take approximately 4 months and is being managed by Golder Associates.

2. EXPLORATION AND RESOURCE DEVELOPMENT

Nullagine Joint Venture (BC Iron - 50%, Fortescue – 50%)

During the quarter, BC Iron carried out Mineral Resource estimation based on in-fill Reverse Circulation drilling conducted in the December quarter at the Bonnie East deposit, which is located directly south of the Outcamp mine. Bonnie East is a CID that is an extension of the same paleochannel that hosts the Outcamp and Warrigal deposits. The DSO portion of the Resource Estimate for Bonnie East has increased to 10.8Mt grading 57% Fe (64.8% CaFe).

A mining assessment of the updated Mineral Resource at Bonnie East was completed subsequent to the end of the March quarter. Further to this, Bonnie East now comprises an Ore Reserve of 7.7Mt grading 57.2% Fe (65% CaFe).

The NJV now has an updated Ore Reserve of 42.4Mt grading 57% Fe (64.8% CaFe).



Full details of the Mineral Resources and Ore Reserves for the NJV are presented in Tables 1 to 5 at the end of this report.

Bungaroo Project – Western Pilbara (BC Iron - 100%)

All assays from Bungaroo have yet to be received due to delays at the assay laboratory and prioritisation of samples from Bonnie East and grade control drilling.

Holes for assays that have been received to date, have confirmed the existence of channel deposits, but have not intersected DSO mineralisation. It is unlikely that the remaining holes, all of which were drilled in the channel deposit, will return samples of DSO grade.

Other iron-bearing outcrops of Brockman Iron Formation occur as topographical highs around the channels and will be assessed for potential DSO mineralisation.

3. SUSTAINABILITY

Occupational Health & Safety

BC Iron's Occupational Health and Safety Policy, "embracing safety in everything we do" aligns the efforts of BC Iron and its contractors in the effective management of risk. Audits of all site-based contractors took place during the quarter and all audits were clear.

Environment

BC Iron maintains a systematic approach to environmental management and is strongly committed to proactively meeting the challenges of mining in a remote environment. No reportable environmental incidents occurred during the quarter.

Native Title and Heritage

During the quarter, the Palyku Native Title Group (with whom BC Iron has a Mining Agreement for the NJV) delivered a Cultural Awareness Presentation to BC Iron employees and contractors.

4. CORPORATE

Business Development

The Company is strongly focused on optimising the resources and reserves from known mineralisation at the NJV through further infill drilling of DSO deposits and a detailed assessment of the suitability for LG ore to be upgraded through simple, low cost, beneficiation.

Since the first discovery of DSO at Nullagine, BC Iron has been committed to bringing the Project into production with a view to then expanding its portfolio from this strong platform. Since moving into a profitable phase, BC Iron has been assessing iron ore opportunities both in Australia and beyond, which present themselves regularly. The Company is committed to maintaining shareholder value during this future any growth and will therefore be selective and persistent while assessing projects.



New appointments

During March, Peter Powell was appointed Business Development Manager with immediate effect. Peter spent four years at Barrick Australia's regional office managing its business development activity. Peter began his career as an exploration geologist in the Pilbara before spending 12 years as a mine geologist. Peter is based in the Perth office and is a member of the Senior Management Team reporting to the Finance Director, Morgan Ball.

Issued Capital

During the quarter, a total of 8,550,000 fully paid ordinary shares were issued following the exercise of employee and financier options. There are now 103,861,000 shares, 1,250,000 unlisted options and 236,102 performance rights on issue.

Cash Position

At 31 March 2012, BC Iron held \$52.5M in cash (including its share of JV funds).

ASIC notice

During the quarter, the Australian Securities and Investments Commission ("**ASIC**") issued an infringement notice relating to a BCI announcement on 21 January 2011. On the strength of a number of expert opinions, BCI considered that the notice should not have been issued in the first instance and should have subsequently been withdrawn once ASIC was provided with the expert opinions.

As ASIC decided not to withdraw the notice, BCI elected to pay a \$66,000 fine to dispense with the issue and avoid a protracted, costly dispute. By making the payment, BCI is not admitting any guilt or liability and BCI cannot be regarded as having contravened the Corporations Act.

- ENDS -

Mike Young / Morgan Ball
Managing Director / Finance Director
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ABOUT BC IRON LIMITED

BC Iron is an iron ore development and mining company with key assets in the Pilbara region of Western Australia. The Company's core focus 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 directly 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 JV is currently in the ramp up phase and is scheduled to reach its guidance target production rate of 5Mtpa by June 2012.

KEY STATISTICS

Shares on Issue:	103.86M	
Cash & equivalents:	31 March 2012	\$52.5M
Board and Management:	Tony Kiernan	Chairman & Non-Executive Director
	Mike Young	Managing Director
	Morgan Ball	Finance Director
	Terry Ransted	Non-Executive Director
	Andy Haslam	Non-Executive Director
	Malcolm McComas	Non-Executive Director
	Linda Edge	Company Secretary
Major Shareholders:	Consolidated Minerals	23.9%
	Regent Pacific Group	21.9%
	Henghou Industries	9.9%

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 Mineral Resource Estimate at Outcamp, Warrigal, and Coongan has been compiled by Mr Richard Gaze who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and an employee of Golder Associates, and Mr Mike Young who is a Member of the Australian Institute of Geoscientists and an employee of BC Iron. The resources were first reported on the ASX on 2 April 2009. The Outcamp resource estimate has been depleted by BC Iron to account for mining which commenced in November 2010. 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, Dandy and Shaw River has been compiled by Mr Mike Young who is a Member of the Australian Institute of Geoscientists and an employee of BC Iron. The Bonnie East resources were first reported on the ASX on 2 April 2009, the Shaw River resources were first reported on the ASX on 30 July 2010 and the Dandy resources were first reported on the ASX on 20 September 2011. 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 Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Young consents to the inclusion of his name 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 Joel van Anen who is an employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy, and Mr Blair Duncan who is an employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr Duncan 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 Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr van Anen and Mr Duncan consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.



MINERAL RESOURCES AND ORE RESERVES AS AT 31 MARCH 2012

TABLE 1: ORE RESERVES NJV (BC IRON 50%, FORTESCUE 50%)

Probable Ore Reserves by Deposit								
Deposit	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Outcamp	18.3	56.8	64.7	1.9	3.2	0.014	0.010	12.2
Coongan	6.0	57.0	65.0	1.8	2.5	0.011	0.012	12.4
Warrigal	10.4	57.0	64.6	2.1	3.7	0.022	0.013	11.7
Bonnie East	7.7	57.2	65.0	1.9	3.0	0.014	0.010	12.0
TOTAL	42.4	57.0	64.8	2.0	3.2	0.015	0.011	12.1

TABLE 2: DSO MINERAL RESOURCE ESTIMATE NJV (BC IRON 50%, FORTESCUE 50%)

DSO Mineral Resources by Deposit								
Deposit	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Outcamp	19.5	56.9	64.8	2.0	3.1	0.014	0.010	12.1
Warrigal	14.4	57.0	64.5	2.3	3.6	0.023	0.013	11.6
Coongan	7.6	57.0	65.1	1.9	2.5	0.011	0.012	12.4
Bonnie East	10.8	57.0	64.8	2.2	3.1	0.014	0.009	12.1
Shaw River: Gap 11	2.8	57.1	63.4	2.9	4.8	0.021	0.029	10.1
TOTAL	55.1	57.0	64.7	2.1	3.2	0.016	0.012	11.9



TABLE 3: CID MINERAL RESOURCE ESTIMATE NJV (BC IRON 50%, FORTESCUE 50%)

CID Mineral Resources by Deposit								
Deposit	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Outcamp	37.9	53.8	61.8	2.8	4.4	0.015	0.010	12.9
Warrigal	23.4	54.5	62.0	3.5	4.7	0.024	0.013	12.0
Coongan	12.8	53.4	61.5	3.2	4.2	0.013	0.013	13.1
Bonnie East	15.9	54.8	62.6	2.9	4.2	0.015	0.010	12.5
Dandy	2.1	53.7	60.2	6.0	5.3	0.023	0.020	10.8
Shaw River: Gap 11	14.0	54.4	61.2	5.1	4.4	0.021	0.027	11.2
TOTAL	106.2	54.1	61.8	3.4	4.4	0.018	0.013	12.4

TABLE 4: DSO MINERAL RESOURCE ESTIMATE NJV (BC IRON 50%, FORTESCUE 50%)

DSO Mineral Resources by Classification								
Category	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Measured	1.4	56.9	64.7	2.2	3.4	0.019	0.016	12.1
Indicated	46.9	57.0	64.8	2.1	3.1	0.016	0.011	12.0
Inferred	6.9	57.0	64.1	2.6	3.9	0.020	0.018	11.1
TOTAL	55.1	57.0	64.7	2.1	3.2	0.016	0.012	11.9

TABLE 5: CID MINERAL RESOURCE ESTIMATE NJV (BC IRON 50%, FORTESCUE 50%)

CID Mineral Resources by Classification								
Category	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Measured	1.8	54.1	61.6	4.0	5.1	0.020	0.018	12.3
Indicated	81.4	54.1	61.9	3.0	4.4	0.017	0.011	12.7
Inferred	23.0	54.3	61.3	4.7	4.5	0.021	0.021	11.6
TOTAL	106.2	54.1	61.8	3.4	4.5	0.018	0.013	12.4

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Notes to the Mineral Resources and Ore Reserves:

- The Mineral Resources and Ore Reserves have been estimated using mined surfaces as of 30 June 2011. Since then as at 31 March 2012, 2,061,091t of ore has been mined from the Outcamp deposit only (as calculated by BC Iron).
- 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) = $Fe / (1-LOI) * 100$.
- LOI measured at 1000°C.
- The CID Mineral Resource is reported using a 45% cut-off grade.
- The DSO Mineral Resource is reported using cut-off grades between 53% and 56% Fe. The cut off grades were selected to achieve a 57% Fe specification grade.