

MINERAL RESOURCE & ORE RESERVE FOR 30 JUNE 2012

Nullagine Iron Ore Joint Venture

- Ore Reserves of 41Mt grading 57.1% Fe (64.9% CaFe) – an increase of 10Mt for FY12
- DSO Mineral Resource Estimate of 55Mt grading 57.0% Fe (64.7% CaFe)
- CID Mineral Resource of 108.7Mt grading 54.1% Fe (61.7% CaFe)
- “*Bonnie Fines*” product is a high quality DSO with low contaminants which continues to be highly valued by customers in China
- Mining study underway to investigate extension of NJV mine life

Australian iron ore producer BC Iron Limited (“**BC Iron**” or “**the Company**”) (**ASX:BCI**) advises of an update to the Mineral Resource and Ore Reserve Estimate at the Nullagine Iron Ore Joint Venture (“**NJV**”), a 50:50 unincorporated joint venture between BC Iron and Fortescue Metals Group (“**Fortescue**”).

As of 30 June 2012, the Outcamp 1 and 2 deposits are upgraded to Measured Resources and Proved Ore Reserves. In the process of grade control drilling each deposit, BC Iron carries out resource definition standard, vertical RC drilling at 25m by 25m spaced centres throughout the entire ore body. The subsequent Resource Estimates are classified as Measured based on drill density, geological and grade continuity, and the excellent reconciliation of the ore mined at these deposits to date. Following mining studies, the Measured Resources were assigned to Proved Reserves.

At 30 June 2011, the Ore Reserves comprised 34.7Mt and during FY12, 3.54Mt of ore was mined from the NJV. Therefore, the current Ore Reserve represents an increase of 10Mt for the year. Furthermore, at 30 June 2012, there is approximately 447Kt of Run of Mine (“**ROM**”) ore and product stockpiled throughout the NJV logistics chain. This is not included in the updated Ore Reserve.

Following the successful development of the Outcamp mesa and understanding of the surface miners’ capabilities, it is apparent that potential exists to extend the mine life at Nullagine. Smaller mesas exist throughout the NJV which comprise Direct Shipping Ore (“**DSO**”) material but have up until now been considered too small for economic extraction. Furthermore, there is an abundance of lower grade material, between 50% Fe and 55% Fe, which may be amenable to simple beneficiation – known as Beneficiate Before Shipping Ore (“**BBSO**”) – or in fact may be sold as low grade DSO. A study known as Project Inventory is currently underway to assess these possibilities and is expected to deliver outcomes in Q3 FY13.

- ENDS -

FOR FURTHER INFORMATION:

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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 Nullagine mine, to rail its ore to Port Hedland from where it is shipped directly to customers overseas.

BC Iron has had outstanding success since listing in December 2006. Iron ore exports commenced in February 2011 and the JV exported ~3.55Mt of iron ore during FY2012. As of May 2012, the JV is operating at its nameplate production rate of 5Mtpa.

The Company is now set to move into the next phase of development through measured consideration of business development opportunities.

Key Statistics

Shares on Issue: 103.9million

Cash & equivalents: 30 June 2012 \$92.8M

Board:	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
	Jamie Gibson	Non-Executive Director
	Linda Edge	Company Secretary

Major Shareholders:	Consolidated Minerals	23.9%
	Regent Pacific Group	23.1%
	Henghou Industries	10.2%

Website: www.bcion.com.au

Mineral Resources and Ore Reserves as at 30 June 2012

Table 1: Proved and Probable Ore Reserves - NJV (BC Iron 50%, Fortescue 50%)

Deposit	Ore Reserves							
	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Proved	13.0	57.3	65.0	1.8	3.1	0.013	0.013	11.9
Probable	28.0	57.0	64.8	2.0	3.1	0.016	0.011	12.1
Total	41.0	57.1	64.9	1.9	3.1	0.015	0.012	12.0

Table 2: DSO Mineral Resource Estimate - NJV (BC Iron 50%, Fortescue 50%)

Classification	DSO Mineral Resources by Classification							
	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Measured	17.9	57.1	64.8	1.9	3.1	0.013	0.012	12.0
Indicated	30.2	57.0	64.8	2.1	3.2	0.017	0.012	12.0
Inferred	6.9	57.0	64.1	2.6	3.9	0.023	0.014	11.1
Total DSO	55.0	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%)

Classification	CID Mineral Resources by Classification							
	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Measured	25.3	54.7	62.5	2.6	4.1	0.014	0.012	12.6
Indicated	52.4	54.1	61.8	3.3	4.5	0.018	0.012	12.6
Inferred	31.1	53.7	60.8	4.2	5.4	0.023	0.016	11.7
Total CID	108.7	54.1	61.7	3.4	4.7	0.019	0.013	12.3

*note some rounding errors do occur

Table 4: Stockpile Inventory - NJV (BC Iron 50%, Fortescue 50%)

Stockpile	DSO Stocks			
	Tonnes	Fe%	Al ₂ O ₃ %	SiO ₂ %
ROM ¹	113,063	56.1	2.1	3.9
MOC Product ²	160,523	56.8	2.2	3.5
RLF Product ³	137,319	56.9	2.2	3.5
Port	36,101	56.9	2.2	3.5
Total	447,006	56.7	2.2	3.6

- NB:
1. "ROM" – Run Of Mine
 2. "MOC Product" – material treated and stockpiled for haulage at Mine Operations Centre.
 3. "RLF Product" – material ready for rail haul at the Rail Load out Facility at Christmas Creek.

Notes to the Mineral Resources and Ore Reserves:

- The Mineral Resources have been estimated using mined surfaces as of 30 June 2012.
- 3.54Mt of ore was mined during FY2012.
- The Ore Reserves have been generated from the Measured and Indicated Resources.
- DSO (Direct Shipping Ore) is a subset of the CID (Channel Iron Deposit).
- Calcined Fe (CaFe) = $\text{Fe} / (100 - \text{LOI}) * 100$.
- LOI measured at 1000°C
- The CID Mineral Resource is reported using a 45% Fe 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.
- The Ore Reserve does not include active ore stockpiles (ROM, Product, Rail and Port).

JORC Competent Persons Statement:

The information that relates to the Mineral Resource Estimate at Outcamp, Coongan, and Warrigal has been compiled by Mr Mike Young who is a Member of the Australian Institute of Geoscientists and an employee of BC Iron, and Mr Rob Williams who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of BC Iron. The resources were first reported on the ASX on 2 April 2009. Both Mr Young and Mr Williams 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 Young and Mr Williams 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 Warrigal North has been compiled by Mr Paul Hogan who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of BC Iron. This is a maiden resource estimate for Warrigal North. Mr Hogan 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 Hogan consents to the inclusion of his name in the matters based on the 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.

Mining schedules may differ from Ore Reserves due to the inclusion of Inferred Resources and low grade for scheduling purposes.

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.

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.