BC IRON
LIMITED

Unit 8, 8 Clive Street
West Perth, WA 6005
GPO Box 2811 - Perth WA 6001
Telephone : +61 (0)8 9324 3200
Facsimile : +61 (0)8 9324 3111
Email : info@bciron.com.au
ABN : 21 120 646 924
ACN : 120 646 924
ASX : BCI
Website : www.bciron.com.au

16 October 2009

TRIAL MINING SUPPORTS KEY TECHNICAL ASPECTS OF NULLAGINE IRON ORE PROJECT

- **Results from first phase of trial mining at Outcamp Deposit support key technical and mining assumptions of Feasibility Study**
- **Assay results received to date from the first of three pits have exceeded Robe River ore specifications**
- **Surface miner trials consistent with Feasibility Study expectations and surface mining now confirmed as mining method**
- **Surface mining technique produces a smaller run-of-mine (ROM) feed to the crushing circuit, in turn aiding the crushing and screening performance**
- **Full trial mining results due in December are expected to underpin final commercial elements of Feasibility Study ahead of construction**

Australian iron ore company BC Iron Limited (ASX: BCI; "BCI") is pleased to announce that the first phase of trial mining at the Company's **Nullagine Iron Ore Project** in Western Australia, supports the key technical assumptions of the Project, as outlined in the Nullagine Project Feasibility Study.

Since the commencement of trial mining on 16 September 2009, approximately 65,000 tonnes of ore has been mined and hauled from the east end of the Outcamp Deposit and approximately 43,000 tonnes of ore has been crushed.

Surface miner operations have now concluded, however crushing and screening activities will continue for the rest of October while analysis of ore samples and metallurgical test work will be ongoing together with geological mapping and geotechnical work in the pit.

Trial mining was a key recommendation of the Nullagine Project Feasibility Study (see ASX release of July 2, 2009) and is a major milestone as BC Iron prepares for commercial iron ore

production at Nullagine in 2010 under the Company's Joint Venture with Fortescue Metals Group Ltd (FMG).

To date, assays received from the first of three pits have exceeded Robe River ore specifications in terms of grade and contaminant levels, which is one of the key requirements for the Nullagine Joint Venture. These results are consistent with the pre-mining grade estimate and clearly underpin confidence in the Feasibility Study

One of the most important aspects of the test pit was to determine the viability of surface miners for exploiting the deposit. The results from this work to date are consistent with expectations from the Feasibility Study.
The surface mining technique has also aided in the crushing and screening process, with the benefits of feeding surface run-of-mine (ROM) material to the crushers highlighted during the trial.

The equipment employed to conduct the trial mining is of the same nature and scale as the equipment which would be required to commence the first year of operations at the Nullagine Project. This provides additional confidence in the robustness of the Project.

BC Iron's Managing Director, Mr Mike Young, said he was very pleased with the results coming from the trial mining operation, which to date have demonstrated the technical viability of the proposed mining method and the overall robustness of the Project.

"We are very pleased with the preliminary results we have seen to date across all aspects of the trial mining operation," Mr Young said. "In particular, it is pleasing to note the performance of the surface miners, which have proved to be very effective for the type of deposit that we'll be mining."

It is expected that the full test pit results will be released to the market in the coming months. These results will be used to reassess the final commercial elements of the Feasibility Study ahead of planned construction early next year.

ENDS

RELEASED BY:
NICHOLAS READ
READ CORPORATE
TELEPHONE: +618 9388 1474

ON BEHALF OF:
MR MIKE YOUNG
MANAGING DIRECTOR
BC IRON LIMITED
TELEPHONE: +618 6311 3400

About BC Iron

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 Nullagine Iron Ore Project comprises a Direct Shipping Ore (DSO) Probable Reserve of 36Mt @ 56.9% Fe. The total mineral resource at Nullagine is 50.7Mt @ 57% Fe (64.8% Fe) within an overall Channel Iron Deposit (CID) resource of 89.1Mt @ 54.1% Fe.

BC Iron's competitive advantage is that the Nullagine DSO comprises an outcropping, low contaminant "first grade" sinter feed that is located close to accessible infrastructure. The Company has entered into a Joint Venture with FMG who will provide port and rail infrastructure access for the life of the mining operation.

Key Statistics

Shares on Issue:	80.6 million
Board and Management:	Tony Kiernan – Chairman and Non-Executive Director
	Mike Young – Managing Director
	Garth Higgo – Non-Executive Director
	Terry Ransted – Non-Executive Director
	Steven Chadwick – Non-Executive Director
Major Shareholders:	Consolidated Minerals – 23%
	Regent Pacific Group – 14%

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 Michael Young who is a Member of The Australian Institute of Geoscientists and a Director of the Company. Mr Young has 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 consents 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 100%)

Area	Probable Ore							Waste	All	W:O
	Mt	Fe%	Al_2O_3%	SiO_2%	P%	S%	LOI%	Mbcm	Mbcm	
OUTCAMP WELL	19.2	56.8	1.9	3.2	0.01	0.01	12.2	6.1	12.8	0.9
COONGAN WELL	6.0	57.0	1.8	2.5	0.01	0.01	12.4	5.0	7.2	2.3
WARRIGAL WELL	10.3	57.0	2.1	3.7	0.02	0.01	11.7	2.6	6.3	0.7
TOTAL	**35.6**	**56.9**	**2.0**	**3.2**	**0.02**	**0.01**	**12.1**	**13.7**	**26.4**	**1.1**

Mbcm – million bank cubic metres

W:O – waste to ore ratio

The Ore Reserves were estimated by Coffey Partners Pty Ltd whose Ore Reserve Declaration is provided in the Release to the ASX dated July 3, 2009. The ore reserves are based on estimates of mineral resources carried out by Golder Associates (Table 2) and reported to the ASX by BC Iron on April 2, 2009.

Total DSO Resource Estimate – Nullagine Iron Ore Project (BCI 100%)

Outcamp – Warrigal – Coongan Deposits

Resource Class	Mt	Fe	CaFe	SiO_2	Al_2O_3	S	P	LOI_{1000}
Measured	1.7	57.0	64.8	3.49	2.15	0.016	0.018	12.0
Indicated	38.6	57.0	64.7	3.15	2.09	0.011	0.016	12.0
Inferred	2.1	57.0	64.6	3.41	2.02	0.012	0.023	11.8
TOTAL	**42.4**	**57.0**	**64.7**	**3.18**	**2.09**	**0.011**	**0.016**	**12.0**

*Calcined Fe (CaFe) = Fe / (100 – LOI) * 100*

The resources are from the Outcamp Well, Warrigal Well and Coongan Well deposits. The resources are signed off by Mike Young and Golder Associates. The pit designs also contain 2.3 Mt of inferred resource at 56.8% Fe which was treated as waste during mine planning.

Total DSO Mineral Resource - Nullagine Project

Res Cat	Mt	Fe	CaFe	SiO_2	Al_2O_3	S	P	LOI_{1000}
Measured	1.7	57.0	64.8	3.49	2.15	0.016	0.018	12.0
Indicated	38.6	57.0	64.7	3.15	2.09	0.011	0.016	12.0
Inferred	10.4	57.0	64.8	3.27	2.00	0.010	0.013	12.1
TOTAL	**50.7**	**57.0**	**64.8**	**3.19**	**2.07**	**0.011**	**0.015**	**12.0**

*Calcined Fe (CaFe) = Fe% / (100 – LOI%) * 100*

Total CID Mineral Resource - Nullagine Project

Res Cat	Mt	Fe	CaFe	SiO_2	Al_2O_3	S	P	LOI_{1000}
Measured	2.2	54.5	62.1	4.94	3.65	0.017	0.018	12.1
Indicated	68.8	54.0	61.8	4.48	3.08	0.011	0.017	12.7
Inferred	18.1	54.7	62.3	4.27	2.85	0.018	0.013	12.1
TOTAL	**89.1**	**54.1**	**61.9**	**4.45**	**3.05**	**0.013**	**0.016**	**12.6**

*Calcined Fe (CaFe) = Fe% / (100 – LOI%) * 100*

The Direct Shipping Ore (DSO) Resource is a subset of the Channel Iron Deposit (CID) resource