



HIGHLIGHTS

NULLAGINE IRON ORE JOINT VENTURE

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
- Nyiyaparli Infrastructure Agreement signed with the Nyiyaparli People enabling the grant of several Miscellaneous Leases covering the Southern Haul Road
- Heritage and Archaeological surveys ongoing

Mining Lease

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

Key Operating Contracts Awarded

- Haul road construction and mining-crushing-screening contracts awarded to Australian construction and mining services company Watpac Limited

Iron Ore Production Targets Remain on Track

- Activities now focussed on securing final approvals, camp construction and commencement of works for the haul road
- First mining expected during H2 2010 with first ore on ship targeted for December 2010
- Production rate of 3Mpta and shipment of 1 million by 30 June 2011

CORPORATE

- US\$20 million (BCI share US\$10M) received in early July under the US\$50 million funding agreement with Henghou Industries (Hong Kong) Limited
- Appointment of Non-Executive Director, Glenn Baldwin
- Appointment of Resident Manager, John McCarthy
- Strong financial position with approximately A\$28.8m in cash at 30 June 2010

BC IRON LIMITED

ABN 21 120 646 924

ASX Code: BCI

Shares On Issue: 83.9m

Listed: 15 December 2006

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OVERVIEW

During the June 2010 Quarter, BC Iron achieved significant project development including grant of the Mining Lease at Outcamp, signing the Native Title Agreement with the Palyku Working Group and the Nyiyaparli Infrastructure Agreement with the Nyiyaparli People. In addition, the Company awarded key haul road construction and mining-crushing-screening contracts for the Nullagine Iron Ore Joint Venture.

In the upcoming September Quarter, BC Iron will continue to focus on the final stages of development and ensure that the last regulatory approvals are progressed ahead of iron ore production which remains targeted for December 2010.



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

Mineral Resources and Ore Reserves as of June 30 2010

The total Ore Reserves for the Project comprise 36Mt at 57% Fe. The total Mineral Resource of the Channel Iron Deposits (CID) at Nullagine comprises 101.6Mt at 54.1% Fe; the Direct Shipping Ore (DSO) component of this material comprises 51Mt at 57% Fe.

The Mineral Resources have been increased by 12.5Mt through the addition of the mineralised CID from the Shaw River Project following a re-assessment of the previously defined Exploration Targets in this area.

Detailed resource tables and JORC Code competent persons' statements are attached to this report.

Mining Leases Granted

During the quarter, the Mining Lease for the Outcamp and southern Warrigal Deposit areas and the General Purpose Lease for the Camp at the Nullagine Project were formally granted by the West Australian Department of Mines and Petroleum (DMP). Applications for the mining leases for the northern Warrigal and Coongan deposits and ancillary roads will be made as the Project progresses as these deposits are scheduled later in the mine plan.



The grant of the Mining Lease is a key milestone, allowing the Company to progress its Mining Plan and Clearing Permit through the DMP for approval. The Company does not foresee any delays on these applications and anticipates these final approvals by early August, which is aligned with the Company's planned schedule to production.

Palyku Native Title Agreement

On 9 April, BC Iron 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. The Agreement which outlines compensation, education and employment protocols for the Palyku People has paved the way for the grant for the Mining and General Purpose Leases.

The Agreement includes ongoing contributions to a Law and Culture Fund and a Training and Scholarship Fund. BC Iron and Palyku have committed to a target of 10 percent Aboriginal employment on site

Nyiyaparli Infrastructure Agreement

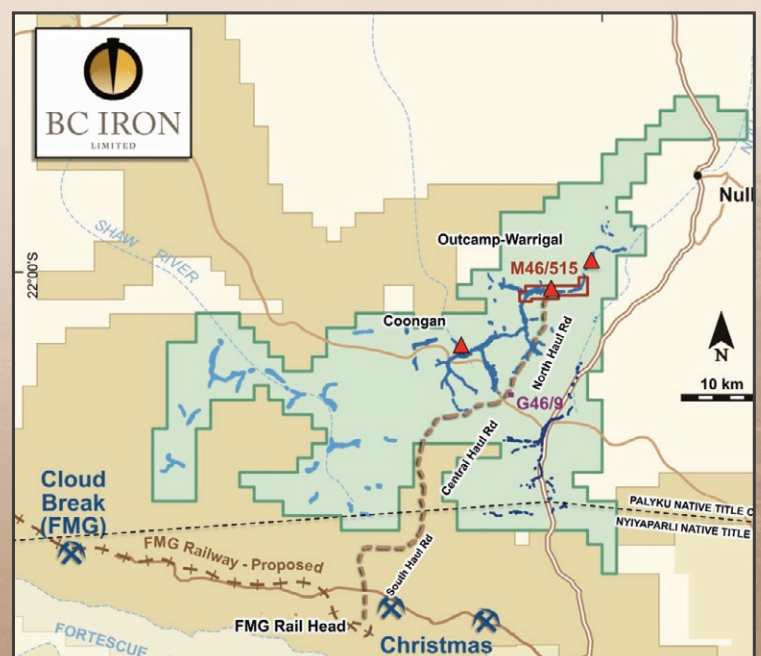
On 1 July, BC Iron signed the Nyiyaparli Infrastructure Agreement with the Nyiyaparli People whose claim covers the southern part of the Project area.

This Agreement paved the way for the granting of several Miscellaneous Leases that cover the proposed Southern Haul Road completing the link between the Project mining areas and Fortescue Metals Group's (FMG) rail infrastructure at the Christmas Creek Ore Processing Facility.

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 was submitted during the June Quarter and final approval is expected by the end of July. Application for approval for the Southern Haul Road, which lies on the Nyiyaparli Native Title Claim, will be submitted in the September Quarter. To date, surveys have progressed to schedule and no significant delays are expected in the upcoming surveys.



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



Project Development and Key Contracts Awarded

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 over their terms, 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 Ore Processing Facility, or OPF. Work on the haul road is scheduled to commence in early August and FMG's railway is slated for completion to the OPF by October.

The mining contract 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. The decision to combine mining with crushing and screening into a single contract was one of the positive outcomes of the Test Pit Trial Mining conducted late in 2009.

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

Camp Construction

Construction of the first stage 60 man accommodation village has been completed with BCI employees and contractors now based in the village. The accommodation village will subsequently be expanded to house over 150 employees / contractors when production begins at Nullagine later this year. This second stage of the accommodation village and the Mine Operation Centre at the Project is expected to be completed during the September Quarter.

Catering & Janitorial Services

Catering and janitorial services at the Camp have commenced following the completion of the Stage 1, 60-man village and these services, provided by Precision Mining Camps and Services will expand with the camp expansion.

Iron Ore Production Targets Remain on Track

BC Iron expects to commence mining at the Nullagine Iron Ore Joint Venture Project during the second half of 2010 and remains on track for its stated targets of:

- first ore on ship by the end of December 2010, and
- a production rate of 3Mtpa and the shipment of one million tonnes by 30 June 2011



CORPORATE

Project Funding

On 5 July, the Nullagine JV received US\$20 million, representing the third and final installment of funding under the US\$50 million funding agreement with Henghou Industries (Hong Kong) Limited. These funds are being applied towards project development activities as the Project progresses towards production in the second half of 2010.

Appointment of Non-Executive Director

On 21 April, BC Iron appointed experienced mining executive, Mr Glenn Baldwin to its Board. Mr Baldwin is currently the Group Chief Operating Officer of BC Iron's major shareholder, Consolidated Minerals Limited ("ConsMin"). This appointment reinforces 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 would like to thank Mr Higgs for his significant contribution to the Company's development.

Appointment of Resident Manager

During July, BC Iron appointed John McCarthy as the Resident Manager for the Nullagine Iron Ore JV Project. Mr McCarthy will be taking up his role as Head of Mine Site in late August 2010.

Mr McCarthy has significant project management experience, having worked at Downer EDI Mining for the past 18 years. His experience includes various project management roles at the Tanami Gold Mine; the Greenbushes Mine; FMG's Cloudbreak Mine and Rio Tinto's Paraburdoo Mine.

New Institutional Investors

On 15 April 2010, foundation shareholder Alkane Resources Limited 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 30 June 2010, BC Iron had A\$28.8 million 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 Limited (ASX: BCI) is an emerging iron ore producer focussed 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 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 101.6Mt @ 54.1% Fe.

KEY STATISTICS

Shares on Issue:	83.9 million	
Cash & Equivalents:	30 June, 2010	- \$28.8m
Board and Management:	Tony Kiernan	- Chairman & Non-Executive Director
	Mike Young	- Managing Director
	Morgan Ball	- Chief Financial Officer & Company Secretary
	Terry Ransted	- Non-Executive Director
	Steven Chadwick	- Non-Executive Director
	Glenn Baldwin	- Non-Executive Director
Major Shareholders:	Consolidated Minerals	22.7%
	Regent Pacific Group	16.2%



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.



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

Total CID Resource Estimate – Nullagine Project

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	30.6	54.4	61.8	3.54	4.63	0.016	0.021	11.8
TOTAL CID	101.6	54.1	61.8	3.23	4.54	0.017	0.015	12.4

Total DSO Resource Estimate – Nullagine Project

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





Assumptions and Methodology

This Mineral Resource estimate is based on a number of factors and assumptions some of which are as follows:

- All of the available drilling data was used for the Mineral Resource estimation.
- Assays were obtained from reverse circulation drill samples on 1 m intervals. None of the drill holes in the mineralised zones encountered water.
- Sample preparation and assays were conducted at Ultratrace and Genalysis Laboratories, in Perth, Western Australia.
- The CID was modelled based on geological logging guided by using Fe and Al₂O₃ assays. The DSO domains within the CID were modelled based on a cut-off grade of 55% Fe in three dimensions. These domains were used to define geological zones that were used to flag the sample data for statistical analysis and estimation.
- During the modelling of Outcamp, Warrigal and Coongan, Golder completed a review of the QAQC data.
- The QAQC program included company standards, and field duplicates submitted at a rate of about 1% of all assayed samples. No discrepancies were identified.
- Average Dry Bulk Density was assigned to each domain in the block models based on density data from the adjacent Outcamp Deposit.
- The Inverse Distance and Kriging interpolation method was used for resource estimation of Fe, SiO₂, Al₂O₃, P, S, LOI, CaO, K₂O, Mg, Mn, Na₂O and Cu.
- CID grades are reported using a block cut-off grade of 45% Fe, with the exception of Shaw River which has used a block cut-off grade of 50% Fe.
- DSO Grades are reported using variable Fe cut-off grades to achieve a 57.0 % Fe specification grade. No other specification grades are applied.

