

ASX RELEASE – 25 OCTOBER 2010

Project Update - Nullagine Iron Ore Joint Venture

Key Points:

- **Mining Approvals for Stages 2 & 3 have been received from the DMP;**
- **Haul Road construction well underway;**
- **Mining to commence end of October 2010;**
- **Haulage via public roads to Christmas Creek to commence during November;**
- **First Ore on Ship on track for December 2010.**

Australian iron ore development company **BC Iron Limited (ASX: BCI)** is pleased to advise that final mining approvals have been received from the Department of Mines and Petroleum (DMP) for the Nullagine Iron Ore Joint Venture Project (BC Iron 50%: FMG 50%) in the Pilbara region of Western Australia. The receipt of approvals for Stages 2 and 3 of the purpose built haul road completes the DMP approvals process and mean that permitting from the mine to the railhead at Christmas Creek is now complete.

Construction and operations at the Nullagine Project have already commenced on Stage 1, which was approved by the DMP in August 2010 and includes the Mining Lease and Northern Haul Road section. Approvals for Stage 1 also ensured access from the Mining Lease to public roads which will allow for the haulage of the first ore via the Newman-Marble Bar Road during November 2010.

As well as mining approvals, application for Section 18 approval for Stage 3 of the heritage surveys has now been submitted to the Department of Indigenous Affairs (DIA). As the application has the consent of the Nyiyaparli Native Title Claimants, it is expected to be approved during the December Quarter.

In addition, during September, both BC Iron and FMG made further equity contributions towards the NIOJV in accordance with the JV Agreement between the parties. These funds will be applied to development activities and working capital associated with bringing the Project into production during Q4 2010.

Mining to Commence

Mining at the Project will commence in the last week of October 2010 adding to the 66,000 tonnes of test pit ore currently stockpiled on site. Haulage of sheeting material required for the stockpile areas at Christmas Creek and FMG's port facility at Port Hedland will commence in mid-November, with ore haulage to follow thereafter.

The Joint Venture partners remain committed to achieving first ore on ship in December 2010.

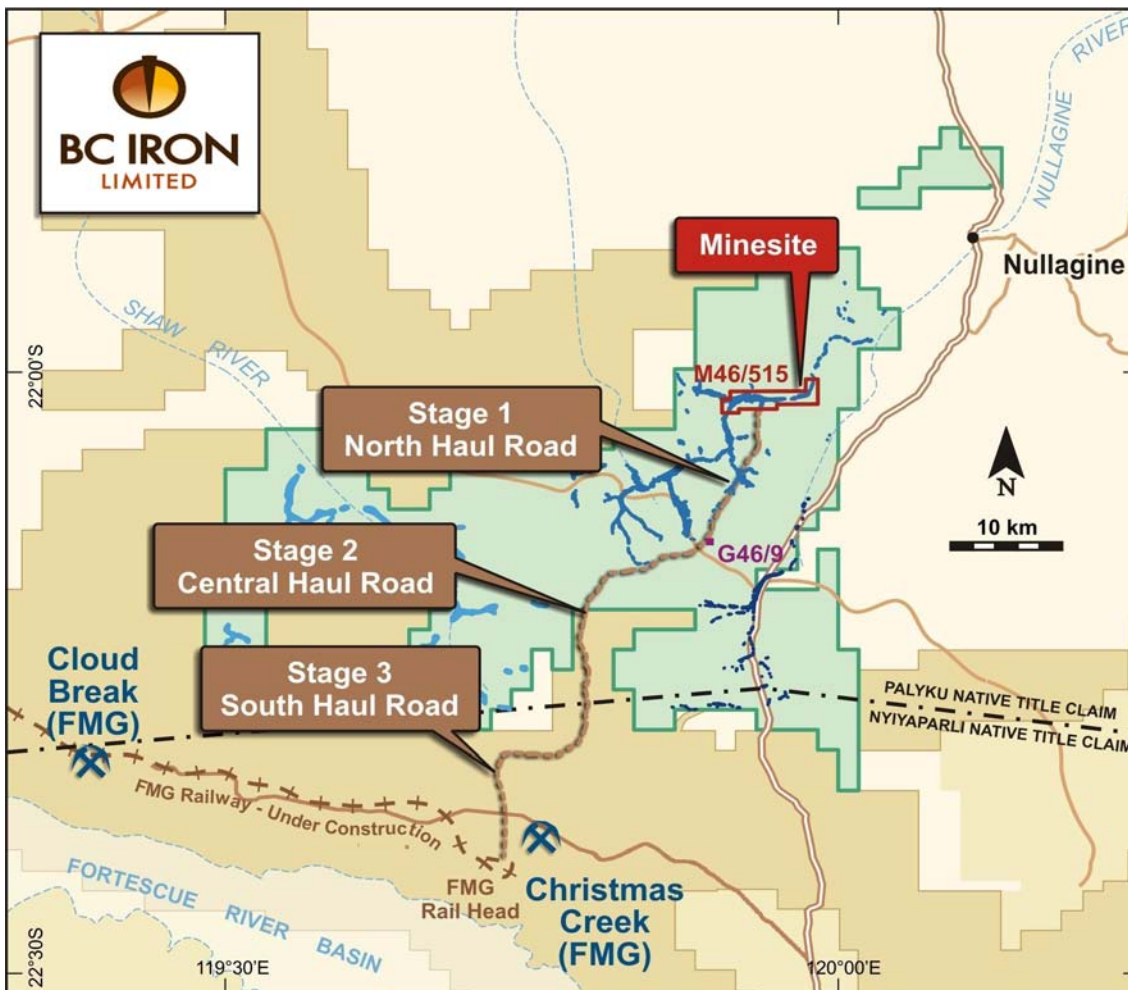


Figure 1: Project location plan and purpose built haul road stages

Haul Road Construction Progress

BC Iron split the haul road construction into three sections to expedite approvals and commence construction as early as possible.

- Stage 1 - Mine site to Hillside Road (0km to 15km from mine);
- Stage 2 - Hillside Road to Native Title Boundary (15km to 35km); and
- Stage 3 - Native Title Boundary to Christmas Creek Ore Processing Facility (35km to 56km).

Within Stage 3, the road intersects three important thresholds, the FMG mining leases (40km mark), the Cloud Break Access Road (48 km mark) upon which short term haulage will occur and the OPF Stockpile and turning loop (56km).

Construction of the haul road is well underway with sub-grade pavement including culverts completed up to the 7km mark. Earthworks are continuing on the 7km to 15km section, and clearing has been completed to 35km. Once heritage sites have been protected, surveying will be done from the 35km to 40km mark (boundary of FMG mining leases). Clearing approvals within FMG's leases (40km to 56km on the haul road) have been granted.

- ENDS -

RELEASED BY:

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About BC Iron Limited

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 Company has entered into a 50/50 Joint Venture with FMG who will provide port and rail infrastructure access for the life of the mining operation.

BC Iron's competitive advantage is that the Nullagine DSO comprises an outcropping, low contaminant "first grade" sinter feed that is very attractive to steel producers.

Key Statistics

Shares on Issue:	83.9 million	
Cash & equivalents:	30 September, 2010	~\$34m

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
	Morgan Ball	Chief Financial Officer & Company Secretary

Major Shareholders:	Consolidated Minerals:	23.3%
	Regent Pacific Group:	16.8%

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.