

## Drill results confirm Direct Shipping Ore at Bonnie East Deposit

### HIGHLIGHTS

- Infill drilling confirms Direct Shipping Ore iron mineralisation at Bonnie East
- Updated and improved resource estimate expected in 3<sup>rd</sup> Quarter, FY12
- Significant Assays include:
  - 10 metres averaging 57.4% Fe (65% CaFe) from 6.5m
  - 5.5 metres averaging 59.1% Fe (66.7% CaFe) from 1m
  - 10 metres averaging 56.8% Fe (65% CaFe) from 3.5m

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Australian iron ore producer BC Iron Limited (“**BC Iron**”) (**ASX:BCI**) advises that its Nullagine Iron Ore Joint Venture (“**NJV**”), a 50:50 joint venture between BC Iron and Fortescue Metals Group Limited (“**Fortescue**”), has intersected direct shipping ore (“**DSO**”) iron mineralisation during infill drilling of the Bonnie East Deposit.

Bonnie East is a Channel Iron Deposit, of DSO quality, hosted within the same palaeochannel as that of the Outcamp and Warrigal deposits and is directly south of the Outcamp Mine. The Bonnie East prospect comprises an Inferred Resource of 8.6Mt at 57% Fe. Resource modelling and grade estimation followed by mine planning assessment are currently underway and are expected to be completed in the March 2012 quarter.

Drilling was done on 100m by 50m pattern to infill previous drilling carried out in 2008 and pending the outcome of the resource estimate, is expected to result in an upgrading of the resource category from Inferred. Drilling was carried out using track-mounted reverse circulation rigs with rotary splitters. Sampling and geological logging was done on 0.5m intervals and Genalysis, Perth, carried out analyses. Collar location data and significant assays are presented below.

A successful mining study would extend the mine life of the Nullagine Project as well as improving the project economics. The proximity to the current mill creates an opportunity to optimise the current mine plan before the more distal deposits, such as Coongan and the northern Warrigal mesas, are brought on line.

- ENDS -

**FOR FURTHER INFORMATION:**

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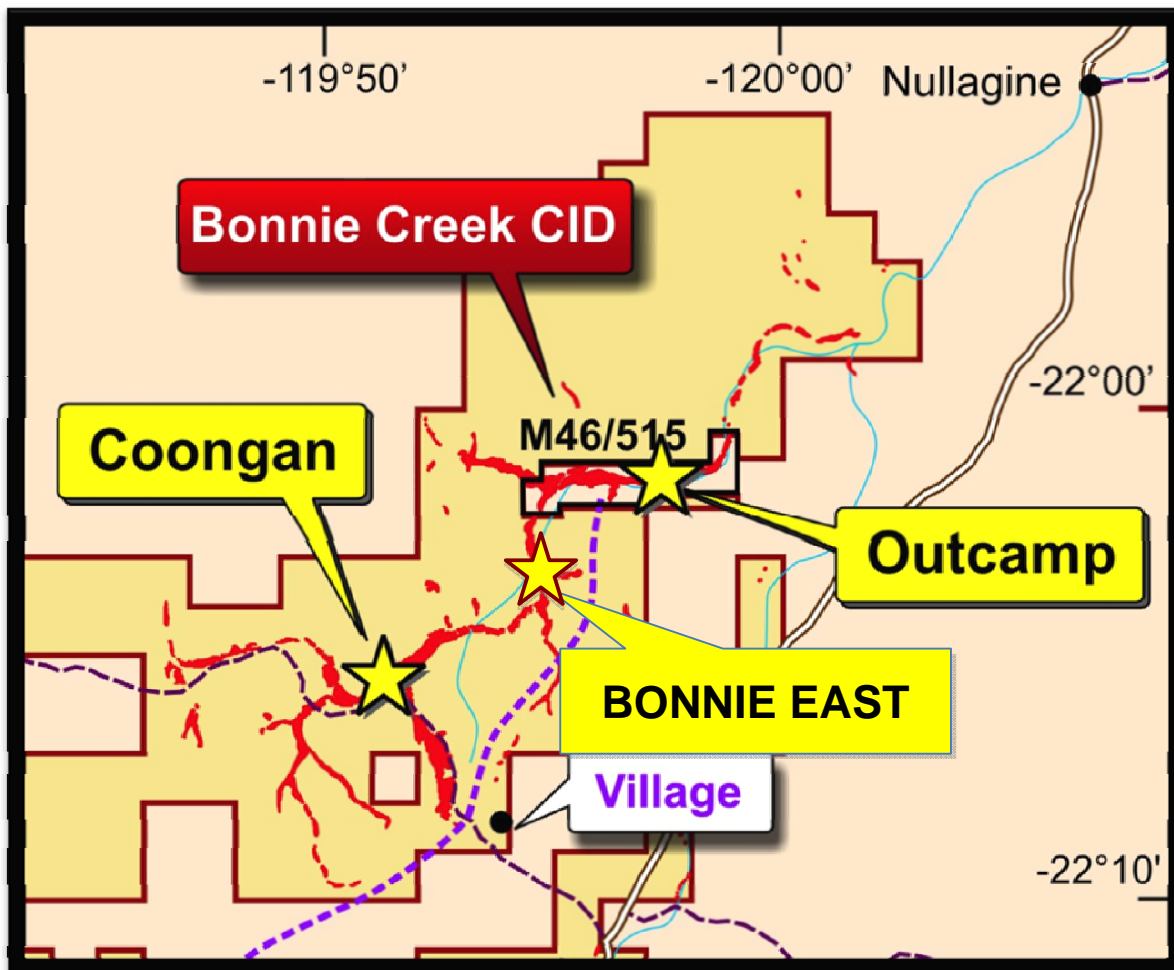


Figure 1: Bonnie East deposit location

Resource Category	Mt	Fe%	CaFe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	S%	P%	LOI <sub>1000</sub> %
Measured	-	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-	-
Inferred	8.6	56.8	64.7	2.08	3.33	0.014	0.010	12.5
<b>Total</b>	<b>8.6</b>	<b>56.8</b>	<b>64.7</b>	<b>2.08</b>	<b>3.33</b>	<b>0.014</b>	<b>0.010</b>	<b>12.5</b>

Table 1: Mineral Resource Estimate for Bonnie East, June 30, 2011

## 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 operating at a production rate of 3Mtpa moving to 5Mtpa during H1 CY2012*

### Key Statistics

<b>Shares on Issue:</b>	95.3 million	
<b>Cash &amp; equivalents:</b>	31 December 2011	~\$35.6m
<b>Board and Management:</b>	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
<b>Major Shareholders:</b>	Consolidated Minerals:	24.8%
	Regent Pacific Group:	22.3%

Website: [www.bcion.com.au](http://www.bcion.com.au)

## **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 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 Duncan consents to the inclusion of his name in the matters based on his information in the form and context in which it appears.*

## Mineral Resources and Ore Reserves as at 30 June 2011

### Notes to the resource and reserves:

- 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
- 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.

### **Ore Reserve Estimate by Deposit – NJV (BC Iron 50%, Fortescue 50%)**

Deposit	Probable Ore Reserves by Deposit							
	Mt	Fe%	CaFe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P%	S%	LOI <sub>1000</sub>
Outcamp	18.3	56.8	64.7	1.92	3.17	0.014	0.010	12.2
Coongan	6.0	57.0	65.0	1.84	2.54	0.011	0.012	12.4
Warrigal	10.4	57.0	64.6	2.14	3.68	0.022	0.013	11.7
<b>Total</b>	<b>34.7</b>	<b>56.9</b>	<b>64.7</b>	<b>1.97</b>	<b>3.21</b>	<b>0.016</b>	<b>0.011</b>	<b>12.1</b>

### **Combined Mineral Resource Estimate for 57% Fe DSO by Deposit – NJV (BC Iron 50%, Fortescue 50%)**

Deposit	DSO Mineral Resources by Deposit							
	Mt	Fe%	CaFe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P%	S%	LOI <sub>1000</sub>
Outcamp	19.5	56.9	64.8	2.03	3.07	0.014	0.010	12.1
Warrigal	14.4	57.0	64.5	2.29	3.64	0.023	0.013	11.6
Coongan	7.6	57.0	65.1	1.87	2.47	0.011	0.012	12.4
Bonnie East	8.6	56.8	64.7	3.33	2.08	0.014	0.009	12.2
Shaw River: Gap 11	2.8	57.1	63.4	2.88	4.79	0.021	0.029	10.1
<b>Total DSO</b>	<b>52.9</b>	<b>57.0</b>	<b>64.7</b>	<b>2.33</b>	<b>3.07</b>	<b>0.016</b>	<b>0.012</b>	<b>11.9</b>

### **Combined CID Mineral Resource Estimate for by Deposit – NJV (BC Iron 50%, Fortescue 50%)**

Deposit	CID Mineral Resources by Deposit							
	Mt	Fe%	CaFe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P%	S%	LOI <sub>1000</sub>
Outcamp	37.9	53.8	61.8	2.83	4.44	0.015	0.010	12.9
Warrigal	23.4	54.5	62.0	3.46	4.73	0.024	0.013	12.0
Coongan	12.8	53.4	61.5	3.24	4.23	0.013	0.013	13.1
Bonnie East	12.6	55.0	62.9	4.17	2.72	0.016	0.010	12.5
Dandy	2.1	53.7	60.2	6.01	5.28	0.023	0.020	10.8
Shaw River	14.0	54.4	61.2	5.12	4.36	0.021	0.027	11.2
<b>Total CID</b>	<b>102.9</b>	<b>54.1</b>	<b>61.8</b>	<b>3.57</b>	<b>4.28</b>	<b>0.018</b>	<b>0.014</b>	<b>12.4</b>

### **Combined Mineral Resource Estimate for 57% Fe by Classification – NJV (BC Iron 50%, Fortescue 50%)**

Classification	DSO Mineral Resources by Classification							
	Mt	Fe%	CaFe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P%	S%	LOI <sub>1000</sub>
Measured	1.4	56.9	64.7	2.23	3.36	0.019	0.016	12.1
Indicated	38.0	57.0	64.8	2.09	3.14	0.016	0.011	12.0
Inferred	13.5	56.9	64.4	3.03	2.85	0.017	0.014	11.7
<b>Total DSO</b>	<b>52.9</b>	<b>57.0</b>	<b>64.7</b>	<b>2.33</b>	<b>3.07</b>	<b>0.016</b>	<b>0.012</b>	<b>11.9</b>

### **Combined CID Mineral Resource Estimate by Classification – NJV (BC Iron 50%, Fortescue 50%)**

Classification	CID Mineral Resources by Classification							
	Mt	Fe%	CaFe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P%	S%	LOI <sub>1000</sub>
Measured	1.8	54.1	61.6	3.98	5.08	0.020	0.018	12.3
Indicated	68.1	53.9	61.8	3.09	4.48	0.017	0.011	12.7
Inferred	32.9	54.5	61.8	4.58	3.86	0.019	0.018	11.9
<b>Total CID</b>	<b>102.9</b>	<b>54.1</b>	<b>61.8</b>	<b>3.58</b>	<b>4.29</b>	<b>0.018</b>	<b>0.014</b>	<b>12.4</b>