

BC Iron delivers Maiden Operational Profit for H1 FY2012

HIGHLIGHTS

- **Net profit before tax of \$8.9 million for H1 FY2012**
- **EBITDA of \$12.2 million for H1 FY2012**
- **Sales revenue of \$62.8 million, up 267% from \$17.1 million for the previous 6 months**
- **Net profit before tax expected to be significantly stronger in H2 FY2012**

Australian iron ore producer BC Iron Limited (“**BC Iron**”) (**ASX:BCI**) is pleased to report its maiden half year operational profit from the Nullagine Iron Ore Joint Venture (“**NJV**”), a 50:50 joint venture between BC Iron and Fortescue Metals Group Limited (“**Fortescue**”).

Managing Director, Mike Young commented, “BC Iron’s operations really began to gather momentum during the second half of the 2011 calendar year. Whilst the operation is still ramping up, the NJV has already achieved its production guidance targets of 1Mt exported by December 2011 and a throughput rate of 3Mtpa since November 2011. It is with great pride that we announce our first operational profit as an iron ore production company.”

Full Year Outlook

BC Iron expects its financial performance during H2 FY2012 to continue to improve as the NJV ramps up its operations towards its targeted production rate of 5Mtpa and reduces its operating costs. Fortescue continues to provide efficient infrastructure services to the NJV with 2 full cape size vessels scheduled for February and a further 3 full cape size vessels scheduled for March.

Whilst the wet season in the Pilbara may affect operations during H2 FY2012, BC Iron remains committed to its next two key operational targets for the NJV of reaching a production rate of 5Mtpa during June 2012 and shipping ~ 3.5Mt for FY2012.

Advice from end users of our ore is that the *Bonnie Fines* product is well regarded by customers in China while the NJV continues to experience strong demand for the product with regular enquiries.

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FOR FURTHER INFORMATION:

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