

CORPORATE UPDATE

HIGHLIGHTS

- **NJV surpasses 10 million tonne export milestone.**
 - **Project Inventory continues to progress, with a contractor appointed to undertake beneficiation trial.**
 - **BC Iron and Cleveland formalise arrangements to earn up to an 80% interest in 3 iron ore exploration projects in Brazil.**
 - **BC Iron recruits experienced iron ore executive, Chris Hunt, as Chief Financial Officer.**
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NJV Export Milestone

BC Iron Limited (ASX:BCI) (“**BC Iron**” or “**the Company**”) is pleased to announce that the Nullagine Iron Ore Joint Venture (“**NJV**”), a 75:25 joint venture with Fortescue Metals Group Limited (“**Fortescue**”), has now shipped more than 10 million tonnes of *Bonnie Fines* product since exports commenced in February 2011. Capesize vessel, *Prosper Sunwaito*, departed Fortescue’s Herb Elliott Port on 11 September 2013 carrying approximately 194,500 wet metric tonnes of *Bonnie Fines*.

BC Iron Managing Director Morgan Ball said, “*Achieving exports of more than 10 million tonnes is a significant milestone for the NJV. It reflects the strong and collaborative relationship between BC Iron and Fortescue and could not have been accomplished without the hard work of our staff and contractors. The NJV continues to operate at its nameplate production rate of 6Mtpa and we are already working towards producing the next 10 million tonnes.*”

Project Inventory Update

BC Iron has appointed Rapid Crushing & Screening Contractors Pty Ltd (“**Rapid**”) to undertake a beneficiation trial at the NJV. The trial will utilise a simple crush and screen process to treat material from the existing low-grade stockpile and newly mined low-grade material to produce a beneficiated product at a similar specification to the *Bonnie Fines* product stream. The beneficiated product will be transported to Port Hedland as a discrete parcel where it will be blended with *Bonnie Fines* for sale. It is expected Rapid will mobilise to site and commence the trial within the next month. The trial is expected to be completed by the end of the 2013 calendar year, followed by sale of the blended product in early 2014.

Brazilian Exploration Projects

On 3 May 2013, it was announced that BC Iron and Cleveland Mining Company Limited (ASX:CDG) (“**Cleveland**”) (together, the “**Alliance**”) signed two Memoranda of Understanding (“**MoU**”) to acquire up to an 80% interest in three early stage iron ore exploration projects across two project areas in the Brazilian states of Bahia and Minas Gerais, via a staged earn-in arrangement.

BC Iron wishes to advise that it has now entered into a number of agreements with Cleveland and Bahia Mineral Exploration Ltda. (“**Bahmex**”) to formalise the proposed earn-in arrangements. The Alliance has entered into binding option agreements with Bahmex to potentially acquire an interest in the two companies which will hold the concessions for the two project areas (each a “**Project Company**”).

Under the option agreements, the Alliance can earn an interest in the relevant Project Company by sole-funding exploration and evaluation expenditure and making option payments to Bahmex.

In the first phase of the earn-in arrangement, the Alliance will sole-fund exploration activities. Following preliminary ground work and target identification, this may include up to 2,000 metres of drilling across each project area, although there is no minimum spend requirement and the Alliance retains the right to withdraw. If the results of phase 1 are promising, the Alliance can elect to acquire a 10% interest in each Project Company by making a US\$2 million payment (BCI share: US\$1 million) to Bahmex.

Following phase 1, there are two additional phases where the Alliance can elect to sole-fund further exploration and evaluation activities and, subject to the results, make option payments to Bahmex. As with phase 1, the additional phases have no minimum spend commitments. If the Alliance completes both additional phases, its interest in a Project Company will increase to 80% and the Alliance and Bahmex will fund further expenditure based on their respective equity interests.

The Alliance investigated a number of South American iron ore projects before selecting these projects for further work based on geology, community attitudes to mining and options for port and rail logistics. The projects are located in the Brazilian states of Bahia (the Caetite and Silvestre Projects) and Minas Gerais (the Minas Novas Project), covering 272km² and 1,064km², respectively. The Alliance is targeting itabirite iron mineralisation ranging from 30-45% Fe content that could be upgraded to a higher grade product.

Commenting on these earn-in arrangements, Morgan Ball said, “*Greenfields exploration projects are an important component of a balanced project pipeline and compliment BC Iron’s interest in the NJV operation and the Pilbara, which remains our key focus for growth opportunities. The earn-in structure allows the Alliance to assess the prospectivity of the Brazilian tenure in a staged manner with low initial expenditure and optionality.*”

Chief Financial Officer Appointment

BC Iron is pleased to announce the appointment of Mr Chris Hunt as Chief Financial Officer, effective 9 September 2013. Mr Hunt is a CPA with approximately 20 years' experience, including 17 years in the iron ore industry. Prior to joining BC Iron, Mr Hunt was Chief Financial Officer and Company Secretary at Crosslands Resources Ltd, where he was responsible for the finance, taxation, commercial and treasury functions. Prior to this, Mr Hunt was Chief Financial Officer and Company Secretary of FerrAus Limited and spent six years with Portman Limited / Cliffs Natural Resources Pty Ltd, including three years as General Manager Finance & Administration and Company Secretary. Mr Hunt commenced his career in the iron ore industry with Robe River Iron Associates where he held various site and Perth-based finance roles.

Dividend Payment

BC Iron wishes to remind shareholders that the fully franked final dividend of 30 cents per share is due to be paid on 24 September 2013. In order to facilitate the payment of this and future dividends, BC Iron encourages its shareholders to contact our share registry, Computershare Investor Services Pty Limited ("**Computershare**"), and provide direct credit details for your nominated bank account.

The direct credit payment method provides a number of benefits to shareholders. There will be no delay in waiting for a cheque to be delivered in the mail – your funds should be deposited on the date of payment of the dividend and will be cleared and available for your immediate use. As well as enhanced convenience for shareholders, direct credit dividend payments also minimise the potential for fraud and reduce the processing costs for BC Iron.

If you have any queries regarding the above information or your shareholding in general, please contact Computershare:

Phone: Australia: 1300 850 505
 International: +61 3 9415 4000
Mail: GPO Box 2975
 MELBOURNE VIC 3001
Internet: www.computershare.com; or
 www.investorcentre.com/contact

- ENDS -

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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, an unincorporated 75:25 joint venture with Fortescue Metals Group Limited. The NJV uses Fortescue's infrastructure at Christmas Creek, 50km south of the Nullagine mine, to rail its ore to Port Hedland from where it is shipped directly to customers overseas.

BC Iron has had outstanding success since listing in December 2006. Iron ore exports commenced in February 2011 and since then has exported more than 10M wmt of iron ore. Since April 2013, the NJV has been operating at a nameplate production rate of 6Mtpa.

In August 2012, BC Iron entered into an Iron Ore Strategic Alliance with Cleveland Mining to acquire and co-develop new iron ore projects in Brazil. Under the terms of this 50:50 Joint Venture, BC Iron acquired an equity stake in Cleveland Mining. The Company is now set to move into the next phase of development through measured consideration of business development opportunities.

KEY STATISTICS

Shares on issue:	123.6 million	
Cash & equivalents:	\$138.5 million	as at 30 June 2013
Board:	Tony Kiernan	Chairman and Non-Executive Director
	Morgan Ball	Managing Director
	Andy Haslam	Non-Executive Director
	Malcolm McComas	Non-Executive Director
	Terry Ransted	Non-Executive Director
	Mike Young	Non-Executive Director
	Anthea Bird	Company Secretary
	Linda Edge	Company Secretary
Major shareholders:	Henghou Industries	6.6%
	National Australia Bank	6.1%
	AustralianSuper	6.1%
	Ausbil Dexia	6.0%
	Tribeca Investments	5.5%
	BT / Westpac	5.1%

Website: www.bcion.com.au