



BC IRON LIMITED

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BC IRON FORMALLY ENTERS INTO NULLAGINE JV WITH FMG

HIGHLIGHTS

- **BC Iron and Fortescue Metals Group (FMG) formalise Nullagine Joint Venture**
- **Test pit proposal has received DMP Ministerial & Native Title Approval – scheduled pit start-up September 2009**
- **Senior BC Iron delegation completes initial marketing trip to China**

Australian iron ore company BC Iron Limited (ASX: BCI; "BC Iron") is pleased to advise that it has **formally entered into the Nullagine Joint Venture** ("NJV") with its 50:50 infrastructure Joint Venture partner, Fortescue Metals Group Limited (ASX: FMG; "FMG"), for development of the Nullagine Iron Ore Project, located in Western Australia's Pilbara region.

The formation of the NJV is a landmark achievement for BC Iron and opens the way for construction of the Nullagine Project to commence later this year ahead of planned production in the first half of 2010.

The formalisation of the NJV follows last month's in-principle endorsement from FMG for the Company's recently completed Feasibility Study on the Nullagine Project. The Study confirmed that it is an economically and technically robust Direct Shipping Ore (DSO) project based on a **Probable Ore Reserve of 36Mt at 56.9% Fe**. The Project will commence production at an initial rate of 1.5Mtpa, subsequently ramping up to 3Mtpa and then 5Mtpa as infrastructure is upgraded.

BC Iron's Managing Director, Mr Mike Young, said the decision to formalise the NJV ahead of a planned test pit is designed to enable the Nullagine Project to be brought into production as soon as possible:

"We were originally intending to formalise the NJV following completion of the test pit, but after discussions with FMG both parties have agreed that forming the Joint Venture now is in the best interests of fast-tracking the Project to production," Mr Young said.

"The level of cooperation between BCI and FMG has been extremely positive and we acknowledge the role that FMG is playing and the support they are providing in bringing the Nullagine Project to market," he added.

“The Joint Venture team has agreed to a minimum threshold for material from the Nullagine test pit that is comparable to the Value-in-Use for Robe River pisolite.

“Based on the results of the Feasibility Study and our recent marketing trip to China, we expect to well and truly surpass this benchmark,” Mr Young commented.

Test Pit Bulk Sample

A 120,000 tonne bulk sample test pit at the Outcamp deposit is on schedule to commence in mid-September. As previously reported, the test pit was a key recommendation of the Feasibility Study and is designed to confirm some of the underlying assumptions contained in the Study in the following areas:

- Surface miner type and performance;
- Dilution and reconciliation;
- Metallurgy;
- Value-in-use; and
- Ore price benchmark determination

BC Iron has received Approval from the Minister for Mines and Petroleum and Heritage Approval from the Palyku Native Title Claim Group for the removal of excess tonnes and is currently awaiting final environmental approvals from the Department of Mining and Petroleum. These are expected within the next week.

The NJV partners have agreed to a set of test pit thresholds, which if successful, will see the NJV move into the construction phase ahead of production commencing in 2010.

China Marketing Delegation

As part of the Company’s lead-up to production, a delegation of senior BC Iron personnel recently visited China to ascertain interest and opportunities for long-term sales contracts and project finance.

The delegation’s visit, which coincided with Western Australian Premier Colin Barnett’s trip to China, was very successful and included meetings with four steel mills and two iron ore stockists.

Importantly, the mills visited are currently using, or have used Yandi Pisolite ores of the type that BC Iron will be producing and were very interested in entering into long-term sales contracts for the Company’s ore.

Mr Young commented:

“The Chinese Steel mills we visited were impressed with the quality of our ore, in particular the high LOI and calcined attributes in combination with the very low phosphorous levels.

“Following the visit, we are now in talks with these mills regarding long-term sales contracts.”

- ENDS -

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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 relating to the terms "direct shipping ore should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004) and therefore the terms have not been used in this context. It is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Mining Reserve.

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 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 100%)

Area	Probable Ore							Waste Mbcm	All Mbcm	W:O
	Mt	Fe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI%			
OUTCAMP WELL	19.2	56.8	1.9	3.2	0.01	0.01	12.2	6.1	12.8	0.9
COONGAN WELL	6.0	57.0	1.8	2.5	0.01	0.01	12.4	5.0	7.2	2.3
WARRIGAL WELL	10.3	57.0	2.1	3.7	0.02	0.01	11.7	2.6	6.3	0.7
TOTAL	35.6	56.9	2.0	3.2	0.02	0.01	12.1	13.7	26.4	1.1

Mbcm – million bank cubic metres

W:O – waste to ore ratio

The Ore Reserves were estimated by Coffey Mining Pty Ltd whose Ore Reserve Declaration is provided in the Release to the ASX dated July 3, 2009. The ore reserves are based on estimates of mineral resources carried out by Golder Associates (Table 2) and reported to the ASX by BC Iron on April 2, 2009.

Total DSO Resource Estimate – Nullagine Iron Ore Project (BCI 100%)

Outcamp – Warrigal – Coongan Deposits

Resource Class	Mt	Fe	CaFe	SiO ₂	Al ₂ O ₃	S	P	LOI ₁₀₀₀
Measured	1.7	57.0	64.8	3.49	2.15	0.016	0.018	12.0
Indicated	38.6	57.0	64.7	3.15	2.09	0.011	0.016	12.0
Inferred	2.1	57.0	64.6	3.41	2.02	0.012	0.023	11.8
TOTAL	42.4	57.0	64.7	3.18	2.09	0.011	0.016	12.0

Calcined Fe (CaFe) = Fe / (100 – LOI) * 100

The resources are from the Outcamp Well, Warrigal Well and Coongan Well deposits. The resources are signed off by Mike Young and Golder Associates. The pit designs also contain 2.3 Mt of inferred resource at 56.8% Fe which was treated as waste during mine planning.

About BC Iron

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 (Chichester Metals earning 50%), an extensive tenement portfolio that is strategically located 140km north of Newman proximal to Fortescue Metals' Chichester operation.

The Nullagine Iron Ore Project comprises a Direct Shipping Ore (DSO) Reserve of 36Mt @ 56.9% Fe. The total mineral resource at Nullagine is 50.7Mt @ 57% Fe (64.8% Fe) within an overall Channel Iron Deposit (CID) resource of 89.1Mt @ 54.1% Fe.

BC Iron's competitive advantage is that the Nullagine DSO comprises an outcropping, low contaminant "first grade" sinter feed that is highly sought after by Chinese steel mills. The Company has a Joint Venture with FMG who will provide port and rail infrastructure access for the life of the mining operation.

Key Statistics

Shares on Issue:	80.5 million
Board and Management:	Tony Kiernan – Chairman and Non-Executive Director Mike Young – Managing Director and Chief Executive Officer Garth Higgo – Non-Executive Director Terry Ransted – Non-Executive Director Steven Chadwick – Non-Executive Director
Major Shareholders:	Consolidated Minerals – 23% Regent Pacific Group – 13%
Cash on Hand (30 July):	\$23.9M