



BC IRON LIMITED

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BC IRON COMMENCES TRIAL MINING AT THE NULLAGINE IRON ORE PROJECT

Australian iron ore company BC Iron Limited (ASX: BCI; "BCI") is pleased to announce the commencement of trial mining at the Company's **Nullagine Iron Ore Project**, located in the Pilbara Region of Western Australia.

The 120,000 tonne test pit marks another key step towards the planned commencement of commercial mining at Nullagine in 2010 under BC Iron's Joint Venture with Fortescue Metals Group (FMG).

Trial mining was a key recommendation of the Nullagine Project Feasibility Study (see ASX release of July 2, 2009). The trial is intended to assess the performance of the continuous miners that will be used for commercial mining operations; test grade control techniques and reconciliation; and collect geological information.

The Nullagine Iron Ore Project comprises a Probable Mining Reserve of 36Mt @ 56.9% Fe (64.6% CaFe) within a Channel Iron Deposit Mineral Resource of 80Mt @ 54% Fe (61% CaFe).

Mining is currently taking place over the east end of the Outcamp Deposit. Three costeans or trenches will be excavated to remove approximately 100,000 tonnes of ore and 20,000 tonnes of waste material. The ore will be crushed and screened to produce a 'fines' ore product. This material will be stockpiled and incorporated into the first parcel of ore to be exported when the mine is commissioned in early 2010.

Surface mining is being conducted by UAE using the Vermeer 1255TL Terrain Leveller and by WA Surface Mining using the Wirtgen 2500SM Surface Miner. Rapid Crushing and Screening are providing the crushing and screening services as well as logistical support and earthmoving. Mining will take approximately three weeks and crushing and screening a further seven weeks.

"The start of trial mining comes less than three weeks after we formalised the Joint Venture with FMG, reflecting our determination to fast track the Nullagine Project towards commercial production as rapidly as possible," said BC Iron's Managing Director, Mike Young.



Vermeer 1255T (above) and Wirtgen (below) surface miners commence cutting at the Outcamp deposit yesterday



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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, an extensive tenement portfolio which 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 located close to accessible infrastructure. The Company has a Heads of Agreement to establish 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%

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 Partners 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.