

ASX RELEASE – 18 AUGUST 2010



Level 1, 15 Rheola Street
West Perth, WA 6005
GPO Box 2811 - Perth WA 6001
Telephone : +61 (0)8 6311 3400
Facsimile : +61 (0)8 6311 3449
Email : info@bciron.com.au
ABN : 21 120 646 924
Website : www.bciron.com.au

Mine Infrastructure Construction begins at Nullagine JV First iron ore shipment by December 2010

Key Points:

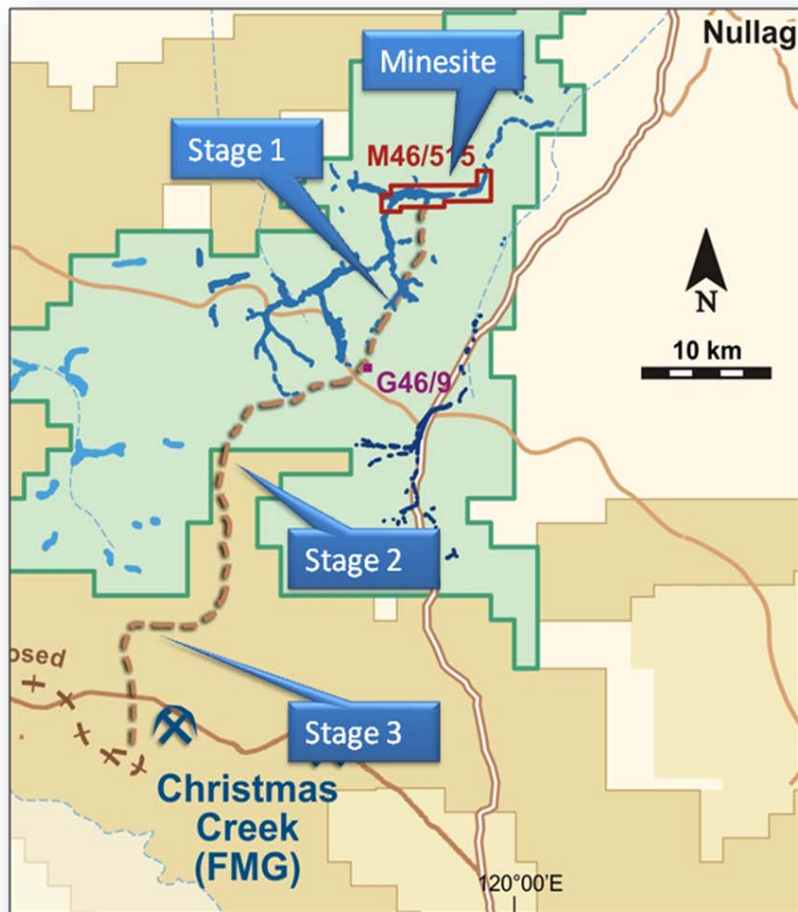
- Mining approvals granted for Stage 1 of the Nullagine Iron Ore JV
- Mining approvals for Stages 2 and 3 in progress
- Northern haul road construction commences
- Mining to commence in September Quarter 2010
- Full and continuous tenure granted from mine site to rail head
- Finalised JV and Infrastructure agreement with FMG:
 - Initial 3mtpa production capacity increasing to 5mtpa;
 - Rail and Port rate confirmed;
 - 50/50 share of Project revenues;
 - BCI Management Fee confirmed; and
 - FMG Marketing Fee confirmed.
- Key timelines remain:
 - 1Mt shipped by 30 June 2011; and
 - First ore on ship by December 2010.

Australian iron ore development company **BC Iron Limited (ASX: BCI)** is pleased to announce that mining infrastructure construction has commenced at the Nullagine Iron Ore Joint Venture (BC Iron 50% : Fortescue Metals Group 50%) in the Pilbara region of Western Australia.

Approvals have been received for Stage One of the Project from the Department of Mines and Petroleum (“DMP”). The approvals comprise the Project Management Plan, the Mining Proposal and the Clearing Permit which allowed work to commence on Stage 1 haul road construction. These approvals will also allow mining to start during Q3 2010. Approvals for Stage 1, permit access from the Mining lease to public roads which will allow for the haulage of the first ore via the Newman-Marble Bar Road.

In addition, continuous mining tenure has been secured for the Project between the Project mining areas and Fortescue Metals Group’s (FMG) rail head at the Christmas Creek Ore Processing Facility.

The Project Approval process has been split into three Stages to allow construction and operations to commence on the Mining lease and northern haul road whilst approvals progress on the central and southern haul road areas.



Approval has been received for the Project Management Plan for Stage 2 (central haul road) and Stage 3 (southern haul road) with the Mining Proposals and Clearing Permits currently being assessed by the DMP. Approvals from the DMP for Stages 2 and 3 are expected during Q4 2010.

Section 18 approval for Stage 2 has been granted by the Department of Indigenous Affairs and heritage surveys for Stage 3 are underway. If required, applications for section 18 approval for Stage 3 will be submitted during the current quarter.

BC Iron has also finalised the key components of its JV and Infrastructure agreements with the Fortescue Metals Group. These include confirmation of the Project's initial 3mtpa production capacity, which will increase to 5mtpa once FMG's increased infrastructure capacity is completed (expected by 30 June 2012), operational matters in relation to rail haulage and port services, rail and port rates, a joint 50/50 share of the Project revenues as well as BCI's JV management fee and FMG's marketing fee.

The Company confirms that the Project is still on track to deliver two key timelines:

- 1Mt shipped by 30 June 2011; and
- First ore on ship (FOOS) by December 2010.

- ENDS -

RELEASED BY:
DAVID TASKER / JAMES HARRIS
PROFESSIONAL PUBLIC RELATIONS
TELEPHONE: +618 9388 0944

ON BEHALF OF:
MR MIKE YOUNG / MORGAN BALL
MANAGING DIRECTOR / CHIEF FINANCIAL OFFICER
BC IRON LIMITED
TELEPHONE: +618 6311 3400

About BC Iron Limited

BC Iron Limited (ASX: BCI) is an emerging iron ore producer focussed on Western Australia's world-class Pilbara region. The Company's core asset is the 50% share of the Nullagine Iron Ore Joint Venture, a developing iron ore mining operation which is strategically located 140km north of Newman proximal to Fortescue Metals' Chichester operation. The Company has entered into a Joint Venture with FMG who will provide port and rail infrastructure access for the life of the mining operation.

The Nullagine Iron Ore Project comprises a Direct Shipping Ore (DSO) Probable Reserve of 36Mt @ 57% Fe. The total mineral resource at Nullagine is 101.6Mt @ 54.1% Fe.

Key Statistics

Shares on Issue: 83.9 million

Cash & equivalents: 30 June, 2010 \$28.8m

Board and Management:	Tony Kiernan	Chairman & Non-Executive Director
	Mike Young	Managing Director
	Morgan Ball	Chief Financial Officer & Company Secretary
	Terry Ransted	Non-Executive Director
	Steven Chadwick	Non-Executive Director
	Glenn Baldwin	Non-Executive Director

Major Shareholders:

Consolidated Minerals:	22.7%
Regent Pacific Group:	16.2%

Ore Reserve Estimate – Nullagine Iron Ore Project (BCI 50%, FMG 50%)

Area	Probable Ore						
	Mt	Fe%	Al ₂ O ₃	SiO ₂	P	S	LOI ₁₀₀₀
OUTCAMP WELL	19.2	56.8	1.9	3.2	0.01	0.01	12.2
COONGAN WELL	6.0	57.0	1.8	2.5	0.01	0.01	12.4
WARRIGAL WELL	10.3	57.0	2.1	3.7	0.02	0.01	11.7
TOTAL	35.6	56.9	2.0	3.2	0.02	0.01	12.1

Total CID Resource Estimate – Nullagine Project

Resource Class	Mt	Fe	CaFe	Al ₂ O ₃	SiO ₂	P	S	LOI ₁₀₀₀
Measured	2.2	54.5	62.1	3.65	4.94	0.018	0.017	12.1
Indicated	68.8	54	61.8	3.08	4.48	0.017	0.011	12.7
Inferred	30.6	54.4	61.8	3.54	4.63	0.016	0.021	11.8
TOTAL CID	101.6	54.1	61.8	3.23	4.54	0.017	0.015	12.4

Total DSO Resource Estimate – Nullagine Project

Resource Class	Mt	Fe	CaFe	Al ₂ O ₃	SiO ₂	P	S	LOI ₁₀₀₀
Measured	1.7	57.0	64.8	2.15	3.49	0.018	0.016	12.0
Indicated	38.6	57.0	64.7	2.09	3.15	0.016	0.011	12.0
Inferred	10.4	57.0	64.8	2.00	3.27	0.013	0.010	12.1
TOTAL DSO	50.7	57.0	64.8	2.07	3.19	0.015	0.011	12.0

Notes:

- 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

Assumptions and Methodology

This Mineral Resource estimate is based on a number of factors and assumptions as follows:

- Assays were obtained from reverse circulation drill samples on 1 m intervals. None of the drill holes in the mineralised zones encountered water.
- Sample preparation and assays were conducted at Ultratrace and Genalysis Labs, in Perth, WA.
- The CID was modelled based on geological logging guided by using Fe and Al₂O₃ assays. The DSO domains within the CID were modelled based on a cut-off grade of 55% Fe in three dimensions. These domains were used to define geological zones that were used to flag the sample data for statistical analysis and estimation.
- During the modelling of Outcamp, Warrigal and Coongan, Golder completed a review of the QAQC data.
- The QAQC program included company standards, and field duplicates submitted at a rate of about 1% of all assayed samples. No discrepancies were identified.
- Average Dry Bulk Density was assigned to each domain in the block models based on density data from the adjacent Outcamp Deposit.
- The Inverse Distance and Kriging interpolation method was used for resource estimation of Fe, SiO₂, Al₂O₃, P, S, LOI, CaO, K₂O, Mg, Mn, Na₂O and Cu.
- CID grades are reported using a block cut-off grade of 45% Fe, with the exception of Shaw River which has used a block cut-off grade of 50% Fe.
- DSO Grades are reported using variable Fe cut-off grades to achieve a 57.0% Fe specification grade. No other specification grades are applied.

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 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 Mineral Resource Estimate at Bonnie East and Shaw River have been compiled by Mr Greg Hudson who is a member of the Australian Institute of Geologists and an employee of BC Iron, and Mr Mike Young who is a member of the Australian Institute of Geologists and an employee BC Iron. 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 Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hudson 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.