

ASX RELEASE – 7 DECEMBER 2010

Project Update - Nullagine Iron Ore Joint Venture

Key Points:

- Mining commenced at Outcamp deposit;
- Haulage of Ore to FMG via public roads to commence this week;
- First Ore on Train during December 2010;
- First Ore on Ship and first Ore revenue in January 2011;
- Private Haul Road construction progressing to plan;
- Village commissioned for 150 people.

Australian iron ore development company **BC Iron Limited (ASX: BCI)** is pleased to provide the following update on progress at the Nullagine Iron Ore Joint Venture Project (“NIOJV”) (BC Iron 50%: Fortescue Metals Group (“FMG”) 50%) in the Pilbara region of Western Australia.

Mining & Crushing Operations

The NIOJV’s Mining and Crushing contractor (Watpac Ltd) commenced mining at the Outcamp Deposit during November using a single Wirtgen surface miner. The second surface miner arrived in late November and both are now mining at the Outcamp Deposit (refer Image 1 below). The two surface miners when fully commissioned will enable the NIOJV to mine at a rate of up to 9,000 tonnes per day on a single shift basis.

Initial mining has included 5,000 tonnes (“t”) of low-grade material to be used as sheeting for the base of the NIOJV stockpile located at FMG’s Christmas Creek operation.



Image 1: Surface Miner in operation at Outcamp

The Striker crushing and screening plant (Image 2 below) has been delivered to site and is currently under construction. It is expected to be commissioned during this week and when operational will initially be operating at a rate of ~ 6,400 tonnes per day on a single shift basis.



Image 2: Striker crushing & screening plant under construction at site

Product Haulage and Shipment

The NIOJV stockpile area at the Ore Processing Facility ("OPF") at Christmas Creek is now accessible and the NIOJV has confirmed the availability of at least 8 standard road trains (77 tonne payload) to commence haulage of the 5,000t of sheeting material and existing 60,000t of product from the test pit via the public road access route.

This haulage will commence this week and 30,000t of ore is expected to be delivered to FMG by mid to late December for loading onto FMG trains.

When the NIOJV ore is transported by train from Christmas Creek to FMG's port facilities in Port Hedland (planned for late December), it will be a significant event for the industry as this will be the **first iron ore ever transported on a 3rd party's train in the Pilbara**. Following this, the NIOJV expects to ship ~ 60,000t during January 2011. The NIOJV remains on track to have shipped 1 million tonnes of iron ore by 30 June 2011.

Ultimately, the NIOJV's 360t payload, four wagon haul trucks will be used for sustainable haulage on the shorter distance private haul road currently under construction. The payload of these haul trucks is ~ 5x the legal weight limit for road trains on public roads. The first two of these units have now been delivered to site.

In late January, the NIOJV will commence haulage down the private haul road whilst still under construction.

Private Haul Road

Further progress continues to be made on the haul road with crews working from both the northern and the southern ends. It is expected that haulage under construction will commence on the haul road during January 2011 with road completion scheduled for March 2011.

Village & Mine Operations Centre

During November, the Village at site was officially commissioned to accommodate 150 people. The next stage of an additional 32 rooms will be completed by the end of the year. Construction of the Mine Operation Centre at Outcamp also commenced during November and will continue this month.

Approvals

The Department of Indigenous Affairs have advised that the NIOJV's final s.18 application for Stage 3 of the Haul Road has now been passed to the relevant Government Minister. Accordingly, this final approval is expected in the coming weeks.

Exploration

The NIOJV will commence a diamond drill program on its Kelly-Ann prospect this week with a view to expanding / upgrading the existing resource at the Shaw River area of the Nullagine Project.

- ENDS -

RELEASED BY:

MIKE YOUNG / MORGAN BALL

MANAGING DIRECTOR / CHIEF FINANCIAL OFFICER

BC IRON LIMITED

TELEPHONE: +61 8 6311 3400

About BC Iron Limited

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 Company has entered into a 50/50 Joint Venture with FMG who will provide port and rail infrastructure access for the life of the mining operation.

BC Iron's competitive advantage is that the Nullagine DSO comprises an outcropping, low contaminant "first grade" sinter feed that is very attractive to steel producers.

Key Statistics

Shares on Issue:	88.5 million	
Cash & equivalents:	November, 2010	~\$40m
Board and Management:		
	Tony Kiernan	Chairman & Non-Executive Director
	Mike Young	Managing Director
	Terry Ransted	Non-Executive Director
	Steven Chadwick	Non-Executive Director
	Glenn Baldwin	Non-Executive Director
	Morgan Ball	Chief Financial Officer & Company Secretary
Major Shareholders:	Consolidated Minerals:	22.0%
	Regent Pacific Group:	18.6%

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.