

Termination of Scheme Implementation Agreement

- Independent Expert concludes Scheme is not fair and not reasonable and therefore, is not in the best interests of non-associated shareholders.
- In light of the Independent Expert's conclusion and having received Senior Counsel's opinion, the BC Iron Board has withdrawn its recommendation in respect of the Scheme.
- BC Iron has terminated the Scheme Implementation Agreement.
- Nullagine Iron Ore Joint Venture Project de-risked and progressing well.

Australian iron ore producer **BC Iron Limited (BC Iron or the Company)** (ASX:BCI) wishes to advise that its independent expert, KPMG, has concluded that Regent Pacific Group Limited's (**Regent Pacific**) proposed Scheme of Arrangement (**Scheme**) is not fair and not reasonable and therefore, is not in the best interests of shareholders.

Termination of Scheme

Having regard to the conclusion of the Independent Expert and a specific written opinion from a Senior Counsel on the matter, the BC Iron Board has, pursuant to clause 9.3 of the Scheme Implementation Agreement (**SIA**), determined in good faith and acting reasonably that its fiduciary and statutory duties to BC Iron, including having regard to the best interests of BC Iron shareholders, require it to withdraw its recommendation in respect of the Scheme.

Accordingly, BC Iron has withdrawn its recommendation and terminated the SIA in accordance with clause 15.2(d) of the SIA, effective immediately. No break fee will be payable.

Material operational changes since the Scheme announcement

BC Iron entered the SIA on 20 January 2011. Since that time, BC Iron has continued to advance the Nullagine Iron Ore Joint Venture (**NIOJV**) through the final construction stages and into production including the export and sale of iron ore. BC Iron considers that this progress has significantly de-risked the Project.

- **First production**

BC Iron successfully became an iron ore producer in February 2011, with first ore from the NIOJV loaded onto a cape size vessel at Fortescue's Herb Elliot Port in Port Hedland, for export to China. This milestone reflects BC Iron's status as the first Australian iron ore miner able to transport iron ore on a third party's rail infrastructure in the Pilbara.

A total of three iron ore shipments have now been exported totalling approximately 80,000t. The NIOJV's target of ~ 800,000t shipped by mid 2011 remains on track (weather permitting) and the NIOJV expects to have exported ~ 2.5Mt by 31 December 2011.

BC Iron also notes the Federal Court's recent decision to deny third party access on Rio Tinto's Hamersley rail line. In the Company's view this reinforces the strategic value of its infrastructure agreement with Fortescue and its status as an Australian iron ore producer.

- **Timing to Full Production**

The NIOJV management committee recently approved an accelerated timetable for the ramp up in production to 5 million tonnes per annum (Mtpa) during the first quarter of 2012. BC Iron is well advanced in completing its private haul road to facilitate the use of its 360t payload PowerTrans road trains during this month. This expansion to 5Mtpa is dependent upon the timely delivery of five additional PowerTrans road trains, which have been ordered by Mitchells West, with the last unit (the 8th) due on site in January 2012.

- **Additional drilling**

BC Iron is planning to undertake further drilling both at the NIOJV Project and its 100% owned Bungaroo Project, with a view to defining new resources and converting existing resources to the reserve category.

BC Iron Comment

Tony Kiernan, Chairman of BC Iron stated:

“After careful consideration and taking into account the conclusions of the Independent Expert and Senior Counsel, the BC Iron Board has determined that the withdrawal of its recommendation for, and termination of, the Scheme of Arrangement is in the best interests of our shareholders. This decision largely reflects the positive changes in your company’s value since announcing the Scheme.

Looking forward, the Board and management are excited at the opportunities to grow BC Iron for the benefit of all shareholders. Our status as Australia’s latest iron ore producer at a time of very strong iron ore prices makes the Company extremely well placed to consider future strategic opportunities.”

- ENDS -

FOR FURTHER INFORMATION:

**TONY KIERNAN / MIKE YOUNG
CHAIRMAN / MANAGING DIRECTOR
BC IRON LIMITED
TELEPHONE: +61 8 6311 3400**

RELEASED BY:

**DAVID TASKER / JAMES HARRIS
PROFESSIONAL PUBLIC RELATIONS
TELEPHONE: +61 8 9388 0944**

About BC Iron Limited

BC Iron is an iron ore development and mining company with key assets in the Pilbara region of WA. The Company’s core asset is the Nullagine Iron Ore Project, a 50/50 joint venture with Fortescue Metals Group Limited. The JV will use Fortescue’s infrastructure at Christmas Creek, 50 km south of the Mine, to rail its ore to Port Hedland from where it will be shipped to customers overseas. Mining commenced in November 2010 and first ore on ship occurred in February 2011 - just over four years from listing on the ASX. The Company plans to export 0.8Mt by mid 2011 at which point BC Iron will be mining at a throughput of 3Mtpa. It expects to have shipped 2.5Mt by end 2011 and will move to a throughput rate of 5Mtpa during the first quarter of calendar year 2012.

Website: www.bciron.com.au