ASX RELEASE – 5 APRIL 2012

BC IRON INCREASES MINE LIFE BY 1.5 YEARS AT NULLAGINE

HIGHLIGHTS

- **Updated Ore Reserve of 42.4Mt grading 57.0% Fe (64.8% CaFe) for NJV;**
- **Includes maiden Bonnie East Ore Reserve of 7.7Mt grading 57.2% Fe (65.0% CaFe);**
- **"*Bonnie Fines*" product is a high quality DSO with low contaminants highly valued by customers in China;**
- **Life of the Nullagine JV extended by 1.5 years**
- **Ongoing assessment of NJV resources and exploration targets**

Australian iron ore producer BC Iron Limited ("**BC Iron**" or "**the Company**") (**ASX:BCI**) is pleased to provide an update to the Ore Reserve at the Nullagine Iron Ore Joint Venture ("**NJV**"), a 50:50 unincorporated joint venture between BC Iron and Fortescue Metals Group ("**Fortescue**"), following an assessment of the updated Mineral Resource at its Bonnie East Deposit.

The Ore Reserve for Bonnie East is summarised below and in Table 1 of the Mineral Resource Statement and Ore Reserves (appended):

Probable Ore Reserves - Bonnie East							
Mt	**Fe%**	**CaFe%**	**Al_2O_3%**	**SiO_2%**	**P%**	**S%**	**LOI**
7.7	57.2	65.0	1.9	3.0	0.014	0.010	12.0

The update (Tables 1 to 5 appended) brings the total Ore Reserves for the NJV to the following:

- **42.4Mt @ 57.0% Fe (64.8% CaFe)**

The updated Ore Reserve estimate is based on the results of the mining study completed on the Mineral Resource estimate for the Bonnie East deposit (below) which was released to the ASX on 30 mARCH2012. Note that the Ore Reserves for the Outcamp Deposit have been estimated using mined surfaces as of 30 June 2011. Since then, as at 29 February 2012, a further 1,785,694t of ore has been mined from the Outcamp deposit.

Bonnie East Mineral Resource Estimate:

- Direct Shipping Ore ("**DSO**") 10.8Mt @ 57% Fe, (65% CaFe);
- Channel Iron Deposit ("**CID**") 15.9Mt @ 55% Fe, (63% CaFe) – CID is inclusive of DSO

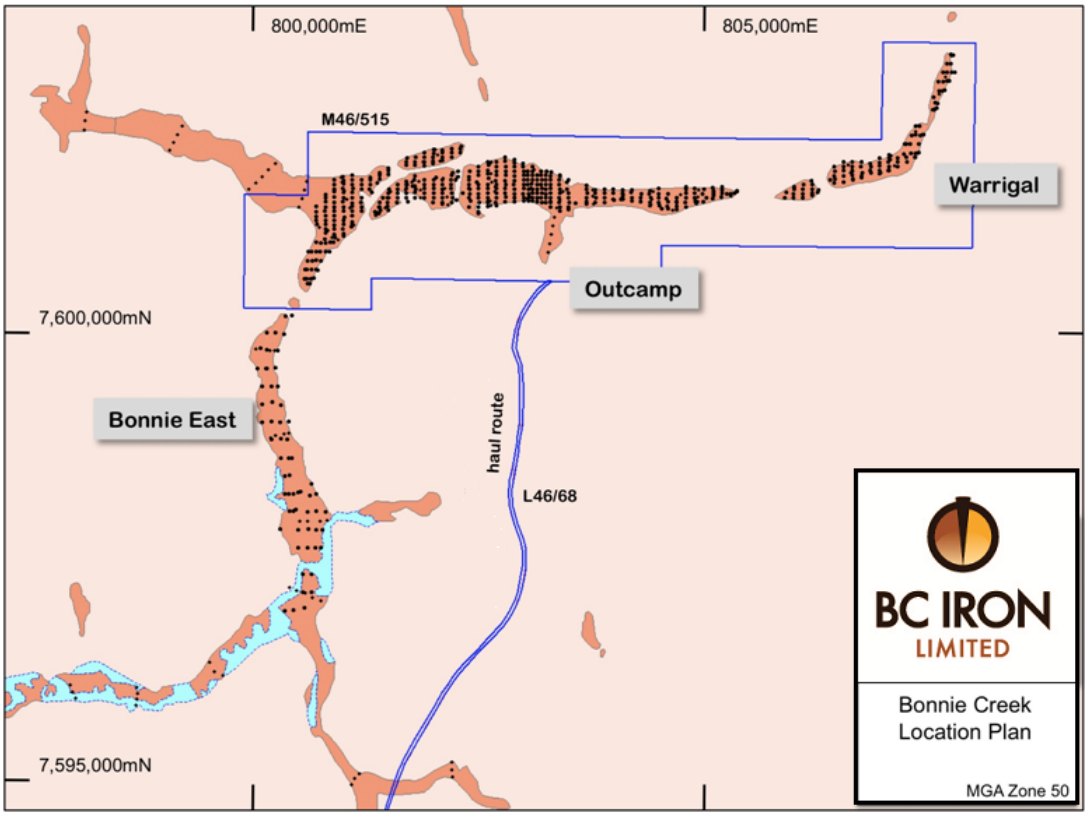
Bonnie East is a CID hosting DSO located within the same palaeochannel as the Outcamp and Warrigal deposits, and is directly south of the operating Outcamp Mine. DSO is material which is mined and processed at an iron grade suitable for direct sale to customers. Other than crushing to the required "fines" sizing, it needs no beneficiation or upgrading. DSO is hosted by the larger, lower-grade channel iron formation.

"We are very pleased to report these updates for Bonnie East. Not only are we systematically replacing reserves, but we have increased the mine life at Nullagine which underpins our growth plans," said BC Iron's Managing Director, Mike Young.

"Our Business Development plan has a dual focus of looking at other assets as well as ongoing work at Nullagine to optimise our current resources and exploration targets. Our technical team is working diligently to deliver an inventory of every tonne of mineable ore at Nullagine. This includes looking at other DSO resources at Warrigal North, Shaw River and Dandy, as well as assessing the beneficiation of sub-55% Fe low-grade material which is currently mined and stockpiled as waste. We expect that during the next financial year, we will have a complete assessment of every tonne of extractable ore at Nullagine with a commensurate increase in mine life."

Diagram 1 below shows the Drill collar locations for RC Drilling at the Bonnie East deposit.

Diagram 1: Bonnie Creek Project Area



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FOR FURTHER INFORMATION:

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About BC Iron Limited

BC Iron is an iron ore development and mining company with key assets in the Pilbara region of Western Australia. The Company's core focus is the Nullagine Iron Ore Project, a 50/50 joint venture with Fortescue Metals Group Limited. The JV uses Fortescue's infrastructure at Christmas Creek, 50km south of the Mine, to rail its ore to Port Hedland from where it is shipped directly 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 JV is currently operating at a production rate of 3Mtpa moving to 5Mtpa during H1 CY2012.

Key Statistics

Shares on Issue:	103.9 million	
Cash & equivalents:	31 December 2011	~$35.6m
Board and Management:	Tony Kiernan	Chairman & Non-Executive Director
	Mike Young	Managing Director
	Morgan Ball	Finance Director
	Terry Ransted	Non-Executive Director
	Andy Haslam	Non-Executive Director
	Malcolm McComas	Non-Executive Director
	Linda Edge	Company Secretary
Major Shareholders:	Consolidated Minerals:	23.9%
	Regent Pacific Group:	21.9%
	Henghou Group	9.9%

Website: www.bciron.com.au

JORC Competent Persons Statement

The information that relates to the Mineral Resource Estimate at Outcamp, Warrigal, and Coongan has been compiled by Mr Richard Gaze who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and an employee of Golder Associates, and Mr Mike Young who is a Member of the Australian Institute of Geoscientists and an employee of BC Iron. The resources were first reported on the ASX on 2 April 2009. 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, Dandy and Shaw River has been compiled by Mr Mike Young who is a Member of the Australian Institute of Geoscientists and an employee of BC Iron. The Bonnie East resources were first reported on the ASX on 2 April 2009, the Shaw River resources were first reported on the ASX on 30 July 2010 and the Dandy resources were first reported on the ASX on 20 September 2011. 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 Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Young consents to the inclusion of his name 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 Joel van Anen who is an employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy, and Mr Blair Duncan who is an employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr Duncan 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 Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr van Anen and Mr Duncan consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.

Mineral Resources and Ore Reserves Nullagine Iron Ore Project

Table 1: Ore Reserves NJV (BC Iron 50%, Fortescue 50%)

Deposit	Probable Ore Reserves by Deposit							
	Mt	Fe%	CaFe%	Al_2O_3%	SiO_2%	P%	S%	LOI
Outcamp	18.3	56.8	64.7	1.9	3.2	0.014	0.010	12.2
Warrigal	10.4	57.0	64.6	2.1	3.7	0.022	0.013	11.7
Coongan	6.0	57.0	65.0	1.8	2.5	0.011	0.012	12.4
Bonnie East	7.7	57.2	65.0	1.9	3.0	0.014	0.010	12.0
Total	**42.4**	**57.0**	**64.8**	**2.0**	**3.2**	**0.015**	**0.011**	**12.1**

Table 2: DSO Mineral Resource Estimate NJV (BC Iron 50%, Fortescue 50%)

Deposit	DSO Mineral Resources by Deposit							
	Mt	Fe%	CaFe%	Al_2O_3%	SiO_2%	P%	S%	LOI
Outcamp	19.5	56.9	64.8	2.0	3.1	0.014	0.010	12.1
Warrigal	14.4	57.0	64.5	2.3	3.6	0.023	0.013	11.6
Coongan	7.6	57.0	65.1	1.9	2.5	0.011	0.012	12.4
Bonnie East	10.8	57.0	64.8	2.2	3.1	0.014	0.009	12.1
Shaw River: Gap 11	2.8	57.1	63.4	2.9	4.8	0.021	0.029	10.1
Total DSO	**55.1**	**57.0**	**64.7**	**2.1**	**3.2**	**0.016**	**0.012**	**11.9**

Table 3: CID Mineral Resource Estimate NJV (BC Iron 50%, Fortescue 50%)

Deposit	CID Mineral Resources by Deposit							
	Mt	Fe%	CaFe%	Al_2O_3%	SiO_2%	P%	S%	LOI
Outcamp	37.9	53.8	61.8	2.8	4.4	0.015	0.010	12.9
Warrigal	23.4	54.5	62.0	3.5	4.7	0.024	0.013	12.0
Coongan	12.8	53.4	61.5	3.2	4.2	0.013	0.013	13.1
Bonnie East	15.9	54.8	62.6	2.9	4.2	0.015	0.010	12.5
Dandy	2.1	53.7	60.2	6.0	5.3	0.023	0.020	10.8
Shaw River	14.0	54.4	61.2	5.1	4.4	0.021	0.027	11.2
Total CID	**106.2**	**54.1**	**61.8**	**3.4**	**4.4**	**0.018**	**0.013**	**12.4**

Table 4: DSO Mineral Resource Estimate NJV (BC Iron 50%, Fortescue 50%)

Deposit	DSO Mineral Resources by Classification							
	Mt	Fe%	CaFe%	Al_2O_3%	SiO_2%	P%	S%	LOI
Measured	1.4	56.9	64.7	2.2	3.4	0.019	0.016	12.1
Indicated	46.9	57.0	64.8	2.1	3.1	0.016	0.011	12.0
Inferred	6.9	57.0	64.1	2.6	3.9	0.020	0.018	11.1
Total DSO	**55.1**	**57.0**	**64.7**	**2.1**	**3.2**	**0.016**	**0.012**	**11.9**

Table 5: CID Mineral Resource Estimate NJV (BC Iron 50%, Fortescue 50%)

Deposit	CID Mineral Resources by Classification							
	Mt	Fe%	CaFe%	Al_2O_3%	SiO_2%	P%	S%	LOI
Measured	1.8	54.1	61.6	4.0	5.1	0.020	0.018	12.3
Indicated	81.4	54.1	61.9	3.0	4.4	0.017	0.011	12.7
Inferred	23.0	54.3	61.3	4.7	4.5	0.021	0.021	11.6
Total CID	**106.2**	**54.1**	**61.8**	**3.4**	**4.5**	**0.018**	**0.013**	**12.4**

Notes to the Mineral Resources and Ore Reserves:

- The Mineral Resources and Ore Reserves have been estimated using mined surfaces as of June 30, 2011. Since then as at 29 February 2012, 1,785,694t of ore has been mined from the Outcamp deposit only.
- The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.
- The Channel Iron Deposit (CID) Mineral Resource is inclusive of the Direct Shipping Ore (DSO) mineral resource.
- DSO is all material which is mined, dressed and exported with no upgrade or beneficiation.
- Loss of Ignition (LOI) measured at 1000°C
- Calcined Fe (CaFe) = Fe / (1-LOI) * 100
- The CID Mineral Resource is reported using a 45% cut-off grade
- The DSO Mineral Resource is reported using cut-off grades between 53% and 56% Fe. The cut off grades were selected to achieve a 57% Fe specification grade.