

BC IRON ACHIEVES 5MTPA PRODUCTION MILESTONE

HIGHLIGHTS

- **NJV reaches milestone 5Mtpa sustained production rate**
 - **Eighth PowerTrans pit hauler on site and operating**
 - **3 of 4 production guidance targets now completed for FY2012**
 - **NJV on track to ship forecasted 3.5Mt for FY2012**
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Australian iron ore producer, BC Iron Limited (“**BC Iron**” or “**the Company**”) (**ASX: BCI**) is proud to announce that the Nullagine Iron Ore Joint Venture (“**NJV**”) has achieved its sustained target production rate of 5Mtpa of iron ore produced and exported. The NJV, located in the Pilbara region of Western Australia, is a 50:50 unincorporated joint venture between BC Iron and Fortescue Metals Group (“**Fortescue**”) (**ASX: FMG**).

This marks the third of four operating milestones issued by the Company to the market in early FY2012, namely:

- 3Mtpa production rate by 31 December 2011 which was accomplished in November 2011;
- 1Mt of iron ore exported by 31 December 2011 which was surpassed by 10%; and
- 5Mtpa production rate by 30 June 2012, achieved in May 2012.

The Company remains on track to achieve the fourth milestone of total NJV exports of 3.5Mt by 30 June 2012.

The key elements that led to the successful ramp-up to full production are the arrival and commissioning of the eighth PowerTrans pit hauler (360t payload) and the successful completion of the first stage upgrade to the crushing and screening plant during April. A second stage upgrade is planned for the crushing and screening plant during July which will increase its capacity to ~ 5.8Mtpa creating further upside or ‘sprint’ capacity for the operation.

BC Iron’s Managing Director, Mike Young, said, “I am hugely proud to report that we have hit our 5Mtpa production target before 30 June 2012. This achievement more than confirms our strong relationship with Fortescue. It is a fantastic accomplishment for the NJV as the 5Mtpa rate has been one of our key production targets over the past couple of years. This achievement has involved a significant contribution from our key contractors namely Watpac, Toll Resources and Precision Catering.”

“We set our Company four shipping and production benchmarks to reach before the end of FY2012. We have realised three of these targets and are firmly on track to meet guidance of 3.5Mt shipped for FY2012.”

BC Iron notes that there has been significant media comment recently in relation to the iron ore market and is pleased to confirm that the NJV continues to experience strong demand for the *Bonnie Fines* product and is exporting to schedule.

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FOR FURTHER INFORMATION:

MIKE YOUNG / MORGAN BALL

MANAGING DIRECTOR / FINANCE DIRECTOR

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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 5Mtpa.

Key Statistics

Shares on Issue: 103.9 million

Cash & equivalents: 31 March 2012 ~\$52.5m

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.bcion.com.au