



ASX RELEASE - 24 JULY 2012

BC Iron has delivered an outstanding last quarter to achieve all four FY2012 guidance targets ahead of schedule. The continued success of BC Iron is due to the hard work and dedication of the staff, contractors, and Joint Venture partner, Fortescue Metals Group. The Company is now set to move into the next phase of development through measured consideration of business development opportunities.

**Nullagine Iron Ore Joint Venture (“NJV”)
(BC Iron 50%: Fortescue Metals Group 50%)**

OPERATIONS

- JV achieves all four FY2012 guidance targets ahead of schedule
- Ramp up to 5Mtpa production rate achieved with operation now at “steady state” and equipment operating at name-plate capacity or better
- JV exports 3.55Mt for FY2012
- Exported largest JV cape size vessel to date with ~224,000t
- A record 1.48Mt mined for the quarter
- A record 1.43Mt shipped for the quarter
- Average sales price for the quarter of ~US\$122/dmt CFR
- Average C1 cash costs of ~ \$42 per tonne

EXPLORATION & RESOURCE DEVELOPMENT

- Ore Reserve increased to 42.4Mt (up from 34.7Mt) grading 57% Fe (64.8% CaFe)
- Includes Bonnie East Ore Reserve of 7.7Mt at 57.2% Fe (65% CaFe)
- Life of the Nullagine JV extended to 9 years

CORPORATE

- Cash on hand of \$92.8M on 30 June 2012 up from \$52.5M at 31 March 2012
- Non-Executive Director, Jamie Gibson appointed on 16 July 2012
- Business Development an important focus following ramp-up

BC IRON LIMITED

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Listed: 15 December 2006

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1. OPERATIONS

Summary results - Nullagine Joint Venture (BC Iron - 50%, Fortescue Metals Group - 50%)

BC Iron Nullagine Pty Ltd, a wholly owned subsidiary of BC Iron Limited (“**BC Iron**” or “**the Company**”), is the Operator and Manager of the Nullagine Iron Ore Joint Venture (“**NJV**” or “**JV**”), a 50:50 JV with Fortescue Metals Group Limited (“**Fortescue**”). The project is located approximately 140km north of Newman in the East Pilbara region of Western Australia.

Production and shipments for the June quarter were as follows (Tables 1 and 2):

TABLE 1: ORE PRODUCTION, HAULAGE & SHIPPING

	Jun Quarter '12 (t)	Mar Quarter '12 (t)	Variance Q-o-Q (t)	Variance Q-o-Q (%)	FY2012 (t)
Mined (ore)	1,479,116	809,753	669,363	83%	3,540,207
Crushed	1,476,290	861,281	615,009	71%	3,540,579
Hauled	1,394,765	978,828	415,937	42%	3,752,444
Railed	1,357,672	977,154	380,518	39%	3,548,388
Shipped	1,431,260	1,033,290	397,970	39%	3,550,696

TABLE 2: STOCKPILE INVENTORY

	Jun Quarter '12 (t)	Mar Quarter '12 (t)
ROM ¹	118,416	104,426
MOC Product ² (Site)	168,122	1,286
RLF Product ³ (Christmas Creek)	143,820	137,203
Port	37,810	111,023
Low Grade Stocks (Site)	480,290	366,137

Notes: 1. Run of Mine (“**ROM**”).
2. “**MOC Product**” – material treated and stockpiled for haulage at Mine Operations Centre.
3. “**RLF Product**” – material ready for rail haul at the Rail Load out Facility at Christmas Creek.
Note that ROM & MOC Product built up during quarter in preparation for the Stage 2 crusher upgrade during Q1 FY13.



Mining, crushing and screening

The Company is pleased to report that it has achieved its sustained target production rate of 5Mtpa of iron ore produced and exported for the Nullagine Project. This milestone was reached in May 2012, well ahead of the target date of 30 June 2012.

BC Iron's mining, crushing and screening rates exceeded forecasts for the quarter with:

- 1,479,116t of ore mined and sent to the ROM pad, an 83% increase from the previous record breaking quarter – annualised at 5.9Mtpa;
- 114,153t of low grade ore mined and stockpiled, and
- 1,476,290t of ROM crushed – annualised at 5.9Mtpa;

ROM includes both Direct Shipping Ore (“**DSO**”) and Low Grade ore (“**LG**”) that is blended to achieve the required specification export grade. The remaining LG ore is being stockpiled for future blending or use following finalisation of ongoing beneficiation studies.

One of the key elements that aided the ramp-up to 5Mtpa production in May was the successful completion of the first stage upgrade to the crushing and screening plant during April.

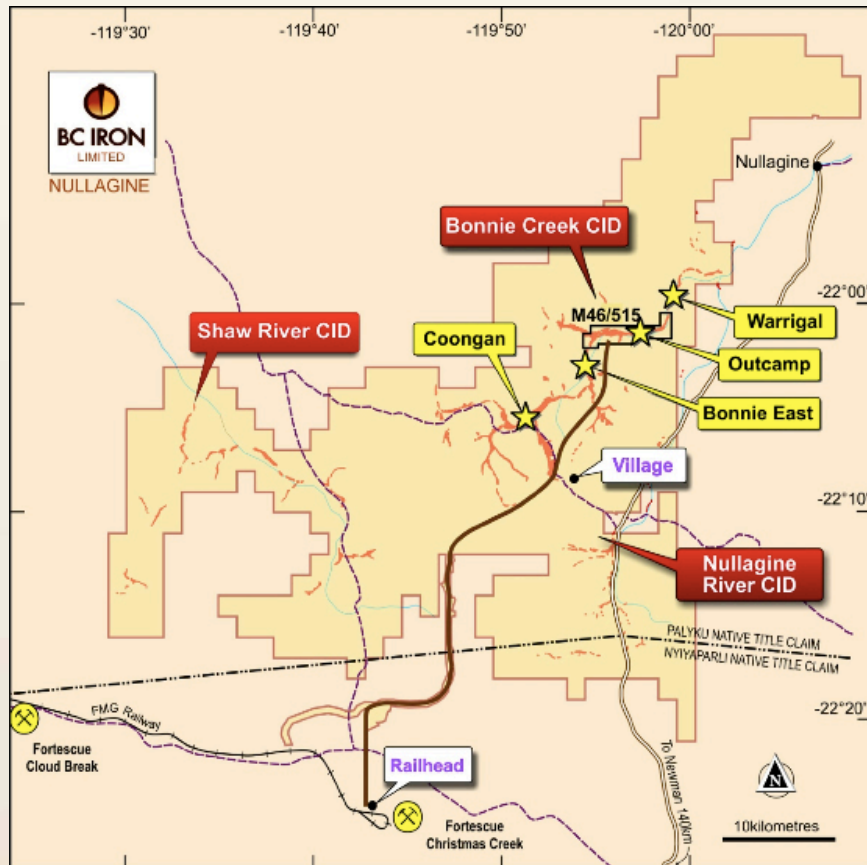
In addition, the Department of Environment & Conservation has approved BC Iron's Mining Proposal for the second stage upgrade to the crushing plant. The second upgrade will occur during July and result in a name plate capacity increase to approximately 5.8Mtpa, creating greater upside or 'sprint' capacity. This will give the operation potential excess capacity of approximately 1Mtpa within each of its mining, crushing and haulage areas.

Ore truck haulage

Ore haulage takes place via a private 58km bitumen haul road between the NJV mine site and Fortescue's Christmas Creek RLF where the ore is loaded onto trains for rail haulage to port (refer Figure 1 below).

During the June quarter, BC Iron's haulage contractor, Toll Mining Services (“**TMS**”), delivered the eighth PowerTrans pit hauler (360t payload). Each pit hauler transports in excess of 700,000t per annum. Raising the fleet to eight (8) PowerTrans pit haulers was one of the key elements that led to the successful ramp up to a 5Mtpa production rate and a reduction in cash operating costs. In addition, TMS has three additional triples on stand-by at site to supplement the haulage activity.

Figure 1: Nullagine JV Location Map



Rail haulage and port services

Fortescue provides contract rail haulage and port services to the NJV from the Christmas Creek RLF to the Herb Elliott Port in Port Hedland.

During the quarter, the NJV railed a record total of 1,357,672t of *Bonnie Fines*, 39% more than the record set in the previous quarter. The NJV ore now moves through the Fortescue system at the same rail loading and ship loading rates as those of Fortescue's products ensuring a high and efficient operating standard.

Shipping

During the quarter, the NJV shipped a record total of 1,431,260 wet metric tonnes ("wmt") of *Bonnie Fines* product on 8 cape size vessels, a 39% increase on the previous quarter. In total, the NJV exported 3,550,696wmt of ore in the 2012 financial year.

Significantly, the NJV dispatched its largest shipment to date, on 26 June 2012, exporting ~224,000wmt of iron ore in one cape size vessel, the *CSB Propitiousness*, from Herb Elliott Port in Port Hedland. This is the largest ever iron ore shipment sent from Australia by a junior iron ore miner.



The cashflow relating to this shipment, ~\$12.7m, was received after 30 June 2012 and therefore is not reflected in the Company's June 2012 quarterly cashflow statement.

Marketing

The final quarter of FY2012 saw a slight softening in the market iron ore price accompanied by a reduction in price volatility. The Platts average Cost and Freight 62 price ("CFR62" - 62% Fe fines delivered into China) for the June quarter was US\$141 per dry metric tonne ("dmt").

The average CFR sales price achieved by the Company for its *Bonnie Fines* product for the quarter was ~US\$122 per dmt. The difference between the CFR62 price and the *Bonnie Fines* realised price is due to price adjustments for iron units and application of the discount agreed with the NJV's primary offtake partner, Henghou Industries (Hong Kong) Limited for its shipments.

Fortescue provides marketing services to the JV, lending strong support in logistics and marketing.

Costs

Freight on Board ("FOB") cash operating costs (C1 costs) for the NJV are expected to be in the range of \$45 to \$50 per tonne over the LOM. The annual cost profile is expected to vary within this range subject to mining location and the waste to ore ratio. Cash operating costs exclude royalties, marketing and head office costs.

The June quarter saw the completion of the NJV's ramp up to an annualised production rate of at least 5Mtpa and accordingly cash operating costs for the quarter trended strongly downwards to ~ \$42 per tonne. Pleasingly, this cost base was below forecast primarily due to the delivery of the eight larger PowerTrans pit haulers replacing the smaller payload triples and also the additional tonnes processed during the June quarter which reflected an annualised mining rate of 5.9Mtpa. The mining rate achieved for the quarter demonstrates the value of the operation's potential excess capacity above name plate to ensure that going forward annual production of 5Mtpa can be sustained.

The Company expects that NJV C1 cash costs for FY2013 will be at the lower end of its LOM range of \$45 to \$50 per tonne. This slight forecast cost increase from the June quarter reflects the introduction of a second mining area at Warrigal with its associated haulage to the ROM pad for processing, an increase in mining strip ratio and planned steady state production of 5Mtpa.

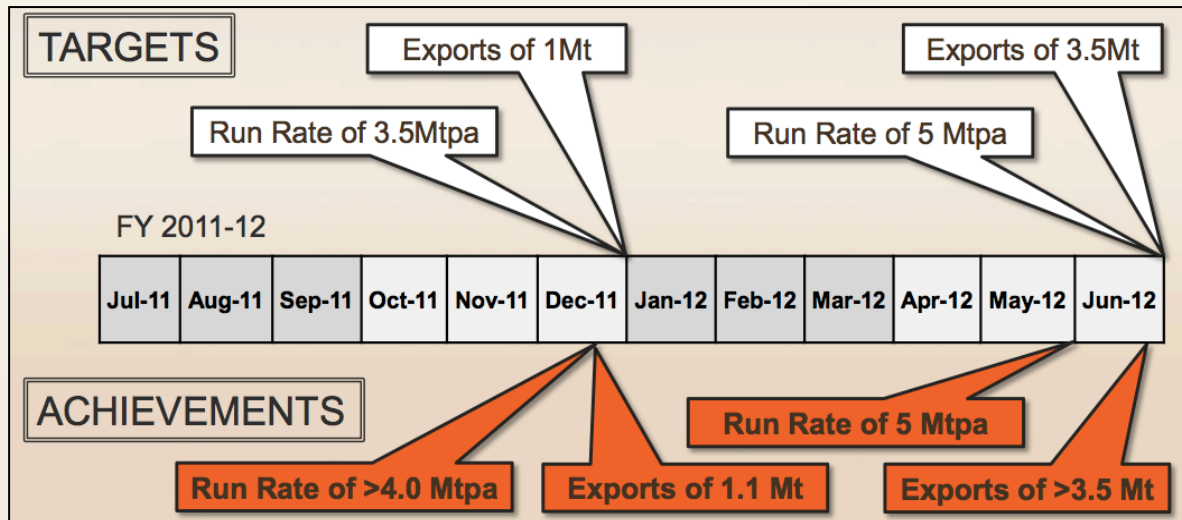
Production guidance

The NJV issued four guidance targets for FY2012 outlined in Figure 2 below.

The first two targets for the end of Q2 FY2012 were met in 2011, with the two remaining guidance targets of a sustained production rate of 5Mtpa and exports of 3.5Mt for FY2012 met, ahead of schedule, during May and June 2012 respectively.

The NJV is expecting to export its nameplate capacity of 5Mt for FY2013.

Figure 2: Exceeding Guidance



Development

Construction of a 5km haul road to access the Warrigal Deposit, which lies east of the Outcamp Deposit, is now well underway. The road is due for completion during the September quarter and will coincide with mining at Warrigal commencing in August. Construction of this road is being managed by Golder Associates.

Subsequent to the end of the quarter, it was announced that BC Iron has increased the scope of its mining services contract with Watpac Civil and Mining to include haulage of mined ore from the Warrigal deposit to the ROM stockpile at Outcamp over the next four years.

2. EXPLORATION AND RESOURCE DEVELOPMENT

Nullagine Joint Venture (BC Iron - 50%, Fortescue Metals Group - 50%)

Infill drilling of the Coongan deposit, 12 km west of Outcamp, was conducted in the December quarter and results are currently being re-modeled for an updated resource estimate expected in the September quarter. Exploration for mineralisation outside of the current mine plan continues with multiple areas of DSO potential being identified through ground based, low impact techniques. Drilling will commence shortly to investigate these areas more thoroughly.

Bungaroo Project - Western Pilbara (BC Iron - 100%)

All results from last year's drilling have been received and no significant thicknesses of DSO material were identified. The focus of exploration will now be on other iron-bearing outcrops of Brockman Iron Formation. Joint venture and / or farm-out options are also being assessed.



3. SUSTAINABILITY

Occupational Health & Safety

No Lost Time Injuries (“LTIs”) were reported during the quarter.

A safety strategic planning workshop was held in April to define the goals and objectives for safety activities for the 2013 financial year. The Safety Strategic Plan will help drive alignment on direction and priorities for continuous improvement in safety performance across the Company’s operations.

Environment

The NJV mines low, flat-topped hills called mesas using lower impact surface mining technology replacing the more common drill and blast mining method. The surface mining techniques are now well established at Nullagine providing environmental benefits such as reduction of material running off hill tops, management of rain water run-off and prevention of siltation of local creeks.

The Department of Environment and Conservation conducted a Compliance Audit against site licence conditions during the quarter. Preliminary feedback was very positive and we are awaiting the regulator’s final report.

Native Title and Heritage

During the quarter, senior community representatives from the Palyku Native Title Group (with whom BC Iron has a Mining Agreement for the NJV) delivered cross-cultural awareness presentations to BC Iron employees and contractors on site. Opportunities for working relationships with the Palyku included discussions on the potential for involvement in proposed mine site rehabilitation work.

BC Iron held an Employment and Training day at the town of Nullagine in partnership with key site contractors. Considerable support from the local community ensured the success of the exercise, which will be repeated with other key stakeholder groups.

The Company is also pleased to note that the Palyku recently advised that Benny Woodley Junior has been selected to participate in the 2012 Country Music Association of Australia Academy of Country Music Senior Course held in Tamworth, New South Wales. This is a result of a long term partnership between BC Iron and the Palyku, which includes an ongoing contribution from BC Iron into a Scholarship Fund designated for the Palyku as part of the Mining Agreement.

4. CORPORATE

Cash Position

At 30 June 2012, BC Iron held \$92.8M in cash, a 77% increase on the previous quarter.



Business Development

In May 2008, the Company delivered a presentation in which it stated that “Cash flow is the key to growth”. Since the first positive drill results from the first drilling campaign in May 2007, BC Iron's Board and management have been focused on delivering potential growth through the cash flows generated by developing the Nullagine Project.

The first phase of BC Iron's growth is now complete with the completion of the ramp-up to name plate capacity at 5mtpa. The next phase of growth sees the Company focused on three tiers:

- Growing the existing resource base at the Nullagine JV,
- Exploring other opportunities in the Pilbara leveraging off our strong relationships with key stakeholders, and
- Developing strategic relationships in other iron ore jurisdictions.

The Company's primary focus is to expand the resource base to extend the Nullagine mine life by a further three to five years. This “Project Inventory” will establish the amount of total mineable DSO and Beneficiate Before Shipping Ore (“**BBSO**”) available for economic extraction from the NJV Project.

Board appointments

Following the end of the quarter, on 16 July, Mr Jamie Gibson was appointed to the Board of BC Iron as a Non-Executive Director. Mr Gibson is Chief Executive Officer of Regent Pacific Group Limited, BC Iron's second largest shareholder. Regent Pacific is a diversified mining group focused, primarily, on the Asia Pacific region. Mr Gibson has spent the majority of his professional career with Regent Pacific specialising in corporate finance, direct equity investments and structuring emerging market investment products. The Company is pleased to welcome Mr Gibson during this important next phase of growth.

During the quarter, current Non-Executive Director, Mr Malcolm McComas was appointed to the Board of Consolidated Minerals Limited, BC Iron's largest shareholder.

Under the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations, the Company notes that both Mr McComas and Mr Gibson may not be considered as Independent. Neither Mr McComas nor Mr Gibson holds a relevant interest in these shareholdings. The Board considers that Mr McComas and Mr Gibson are capable of demonstrating independence, consistently making decisions and taking action designed to be in the best interest of the Company.

- ENDS -



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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 Nullagine mine, to rail its ore to Port Hedland from where it is shipped directly to customers overseas.

BC Iron has had outstanding success since listing in December 2006. Iron ore exports commenced in February 2011 and the JV exported 3.55Mt of iron ore during FY2012. As of May 2012, the JV is operating at its nameplate production rate of 5Mtpa.

The Company is now set to move into the next phase of development through measured consideration of business development opportunities.

KEY STATISTICS

Shares on Issue:	103.9million	
Cash & equivalents:	30 June 2012	\$92.8M
Board:	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
	Jamie Gibson	Non-Executive Director
	Linda Edge	Company Secretary
Major Shareholders:	Consolidated Minerals	23.9%
	Regent Pacific Group	23.1%
	Henghou Industries	9.9%



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 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 AS AT 30 JUNE 2012*

TABLE 1: ORE RESERVES NJV (BC IRON 50%, FORTESCUE 50%)

Probable Ore Reserves by Deposit								
Deposit	Mt	Fe%	CaFe%	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI
Outcamp	18.3	56.8	64.7	1.9	3.2	0.014	0.010	12.2
Coongan	6.0	57.0	65.0	1.8	2.5	0.011	0.012	12.4
Warrigal	10.4	57.0	64.6	2.1	3.7	0.022	0.013	11.7
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%)

DSO Mineral Resources by Deposit								
Deposit	Mt	Fe%	CaFe%	Al ₂ O 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	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%)

CID Mineral Resources by Deposit								
Deposit	Mt	Fe%	CaFe%	Al ₂ O 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: Gap 11	14.0	54.4	61.2	5.1	4.4	0.021	0.027	11.2
TOTAL	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%)

DSO Mineral Resources by Classification								
Category	Mt	Fe%	CaFe%	Al ₂ O 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	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%)

CID Mineral Resources by Classification								
Category	Mt	Fe%	CaFe%	Al ₂ O 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	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 30 June 2011. Since then as at 30 June 2012, 3.54Mt 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.
- DSO (Direct Shipping Ore) is a subset of the CID (Channel Iron Deposit).
- Loss on Ignition (LOI) is measured at 1000°C.
- Calcined Fe (CaFe) = $Fe / (100 - LOI) * 100$.
- The CID Mineral Resource is reported using a combination of geology and Fe, Al_2O_3 , and CaO values.
- The DSO Mineral Resource is reported using cut-off grades between 53% and 56% Fe. The cut off grades are dynamic and are selected to achieve the 57% Fe specification grade for *Bonnie Fines* product.