

QUARTERLY ACTIVITIES REPORT TO 31 MARCH 2007

HIGHLIGHTS

- Aboriginal Heritage Survey completed over Bonnie Creek & Nullagine River CIDs
- Start of RC Drilling – 3,200 m completed to April 25.
- Iron-enriched goethite-hematite CID logged, up to 17 m in thickness
- Analyses pending with results due in early May

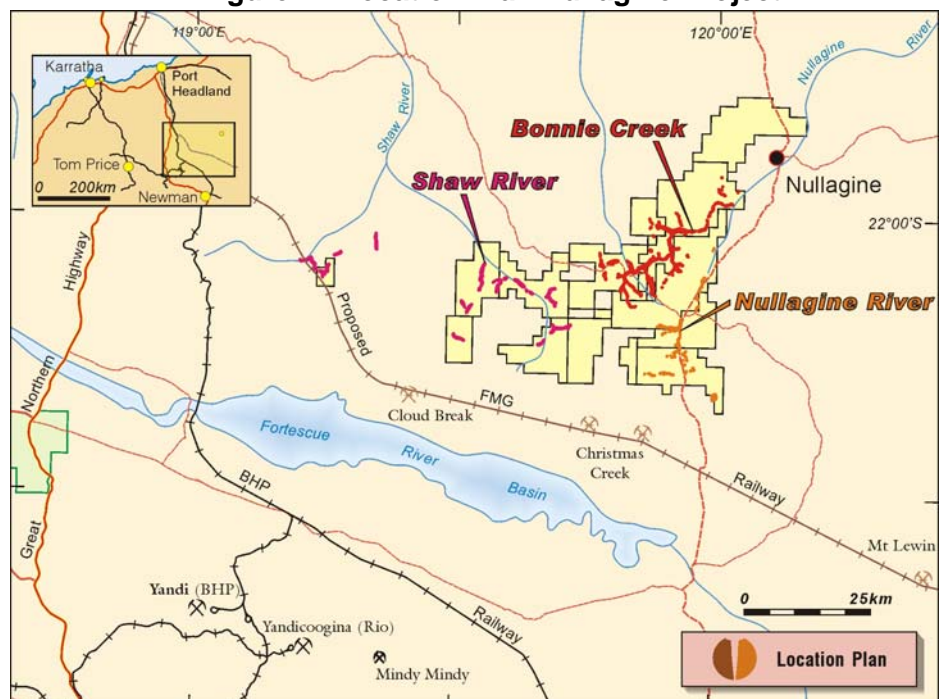
Introduction

BC Iron has commenced the exploration program over the Nullagine Project which comprises three Channel Iron Deposits; the Bonnie Creek, Nullagine River, and Shaw River palaeosystems (Figure 1).

The Project is 150 km north of Newman and 240 km southeast of Port Hedland. The Fortescue Metals Group's Cloud Break to Port Hedland railway crosses the Shaw River CID while the other CIDs lie between 35 and 75 km due east of FMG's line (Figure 2 & 3).

RC drilling is a broad-scale reconnaissance program aimed at identifying areas with the potential to produce significant tonnages of direct shipping quality iron ore product.

Figure 1 - Location Plan Nullagine Project



Contact Details

For more information visit the BC Iron Limited web site: www.bcion.com.au

BC Iron Limited
Unit 8, 8 Clive Street
West Perth WA 6005

ASX Code: BCI

Managing Director:
Mike Young

Phone: 61 08 9324 3200



Figure 3

Bedrock Geology & Bonnie Creek - Nullagine CID

Date: 29/4/2007

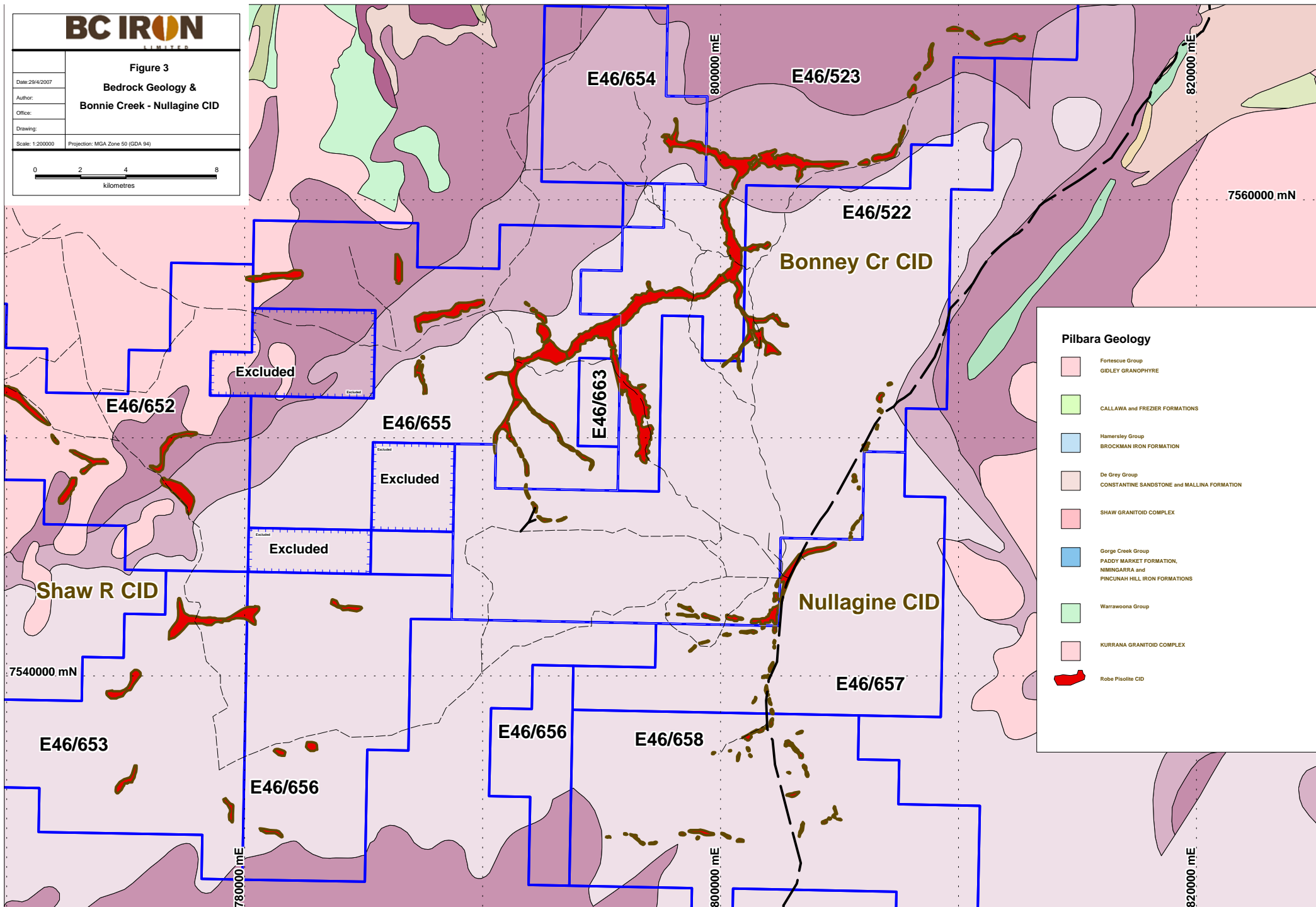
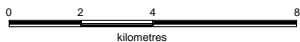
Author:

Office:

Drawing:

Scale: 1:200000

Projection: MGA Zone 50 (GDA 94)



Pilbara Geology

- Fortescue Group
GIDLEY GRANOPHYRE
- CALLAWA and FREZIER FORMATIONS
- Hammersley Group
BROCKMAN IRON FORMATION
- De Grey Group
CONSTANTINE SANDSTONE and MALLINA FORMATION
- SHAW GRANITOID COMPLEX
- Gorge Creek Group
PADDY MARKET FORMATION,
NMINGARRA and
PINCUNAH HILL IRON FORMATIONS
- Warrawoona Group
- KURRANA GRANITOID COMPLEX
- Robe Pisolite CID

Figure 3

**Bedrock Geology &
Shaw River CID**

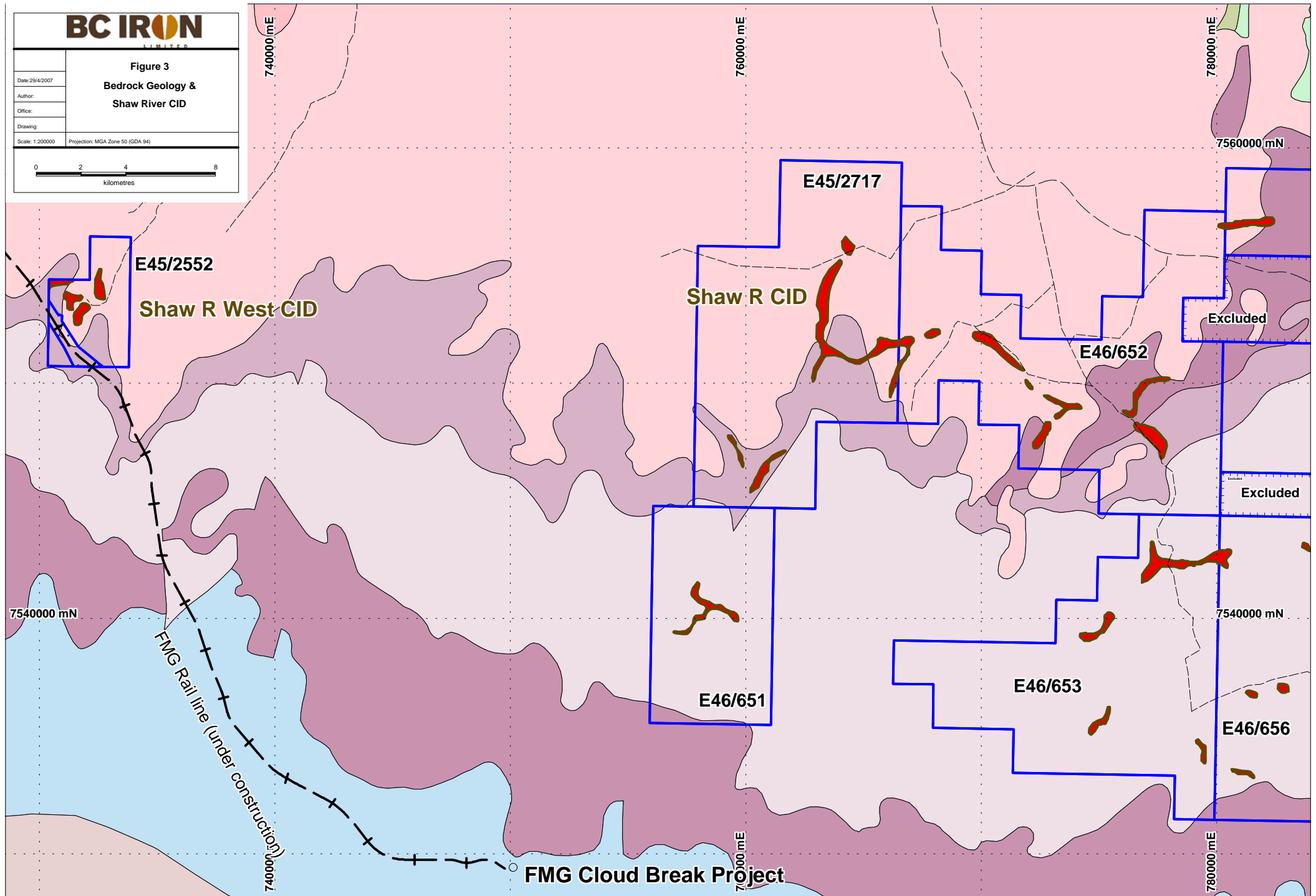
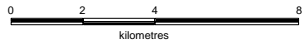
Date: 29/4/2007

Author:

Office:

Drawing:

Scale: 1:200000 Projection: MGA Zone 50 (GDA 94)



E45/2552

Shaw R West-CID

E45/2717

Shaw R CID

E46/652

Excluded

Excluded

7540000 mN

FMG Rail line (under construction)

E46/651

7540000 mN

E46/653

E46/656

FMG Cloud Break Project

740000 mE

760000 mE

780000 mE

7560000 mN

740000 mE

760000 mE

780000 mE



EXPLORATION

Heritage & Native Title

The cyclones which affected the Pilbara region during March resulted in delays to both the Aboriginal Heritage survey and of RC drilling. Despite this set back, and with the grateful assistance of the Pilbara Native Title Service and the Palyku Claimant group, BC Iron was able to obtain heritage clearance over parts of the Bonnie Creek and Nullagine River CID systems.

While no significant sites were identified during the survey three areas of artefact scatter were found and BC Iron has deferred drilling in these areas until the results of the initial program are assessed and further surveys conducted (Figure 4). The second part of the heritage survey will take place in mid-May with drilling to re-commence shortly thereafter. Approximately 185 holes for 4,000 m remain to be surveyed and drilled. It is still expected that the Phase 1 program will be completed by the end of June.

RC Drilling

Reverse Circulation drilling commence in early April and is continuing with 117 holes drilled for 3,191 m. Approximately 66 holes for 1,500 m remain to be drilled in those areas of the Bonney Creek-Nullagine program which have heritage clearance.

The Channel Iron Deposits (**CID**) at Nullagine comprise two main zones; an upper, iron-enriched pisolitic channel iron (**FeCID**) which becomes clay bearing at depth. The FeCID overlies the second zone – a clay-rich saprolitic channel deposit zone (**cyCID**). The cyCID comprises both transported clays and locally derived, saprolitic iron tholeiite basalt. Each of the zones have minor variations within them such as thin clay-rich or iron-rich seams.

RC Drilling during April focussed on completing the first pass drilling on three prospects, **Outcamp**, **Woggies**, and **Ornamental** (Figure 4).

The FeCID logged at **Outcamp-Woggies** (Figure 5) comprises vitreous goethite + hematite ± limonite and have a consistent thicknesses of between 6 to 8 m from surface overlaying 2 to 5 m of clay - goethite FeCID. The thickest sequence of FeCID logged thus far reaches is 17 m. The FeCID thins towards the west end of the Woggies CID to approximately 3 m from surface.

The FeCID at **Ornamental** CID (Figure 6) is absent to thin on the eastern boundary but thickens towards the west and is up to 6 m thick on the western flank. The topography here is typified by small cliffs and breakaways. The FeCID is dominated by vitreous goethite pisolite with limonitic cores and wood fragments. Goethite is more dominant over hematite in this area as compared to Woggies-Outcamp. This FeCID increases in thickness towards the north near the confluence of the Bonnie Creek CID.

Analytical results are pending and are expected within the first week of May.

Figure 4
Prospect Areas &
RC Drill Collar Plan

Date: 29/4/2007



Author:



Office:

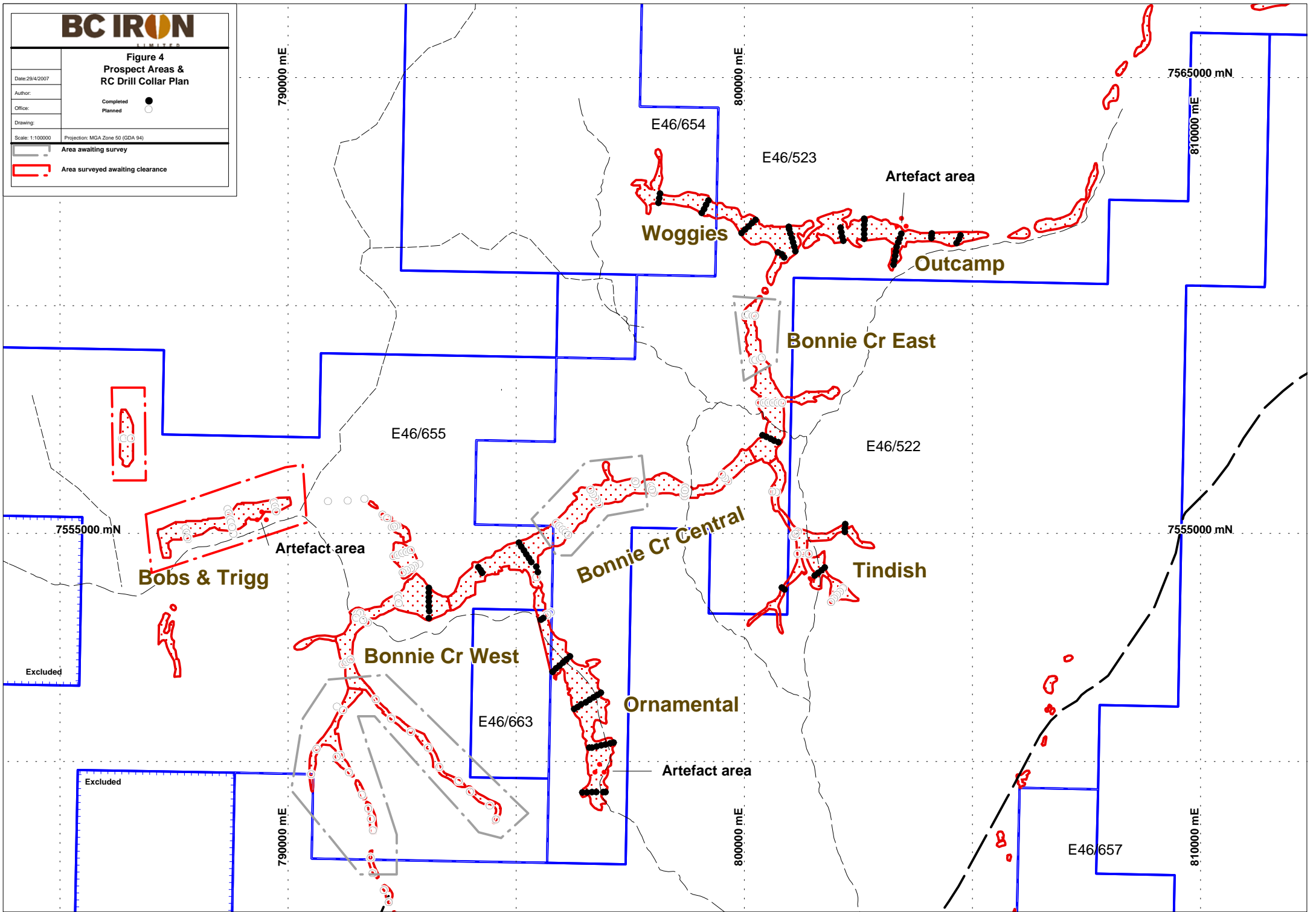
Drawing:

Scale: 1:100000

Projection: MGA Zone 50 (GDA 94)

-  Area awaiting survey
-  Area surveyed awaiting clearance

-  Completed
-  Planned



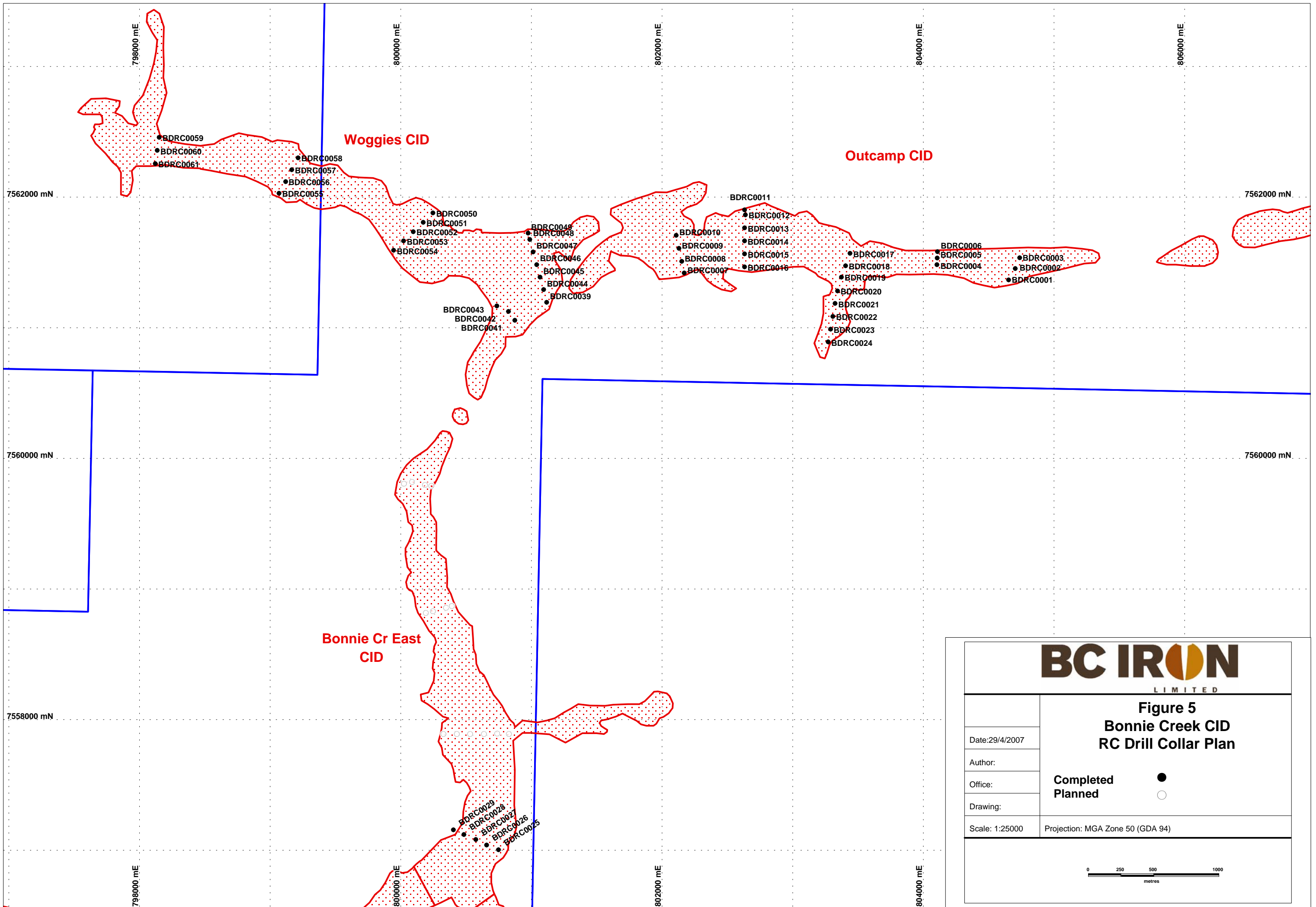
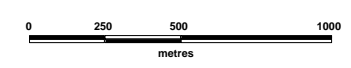


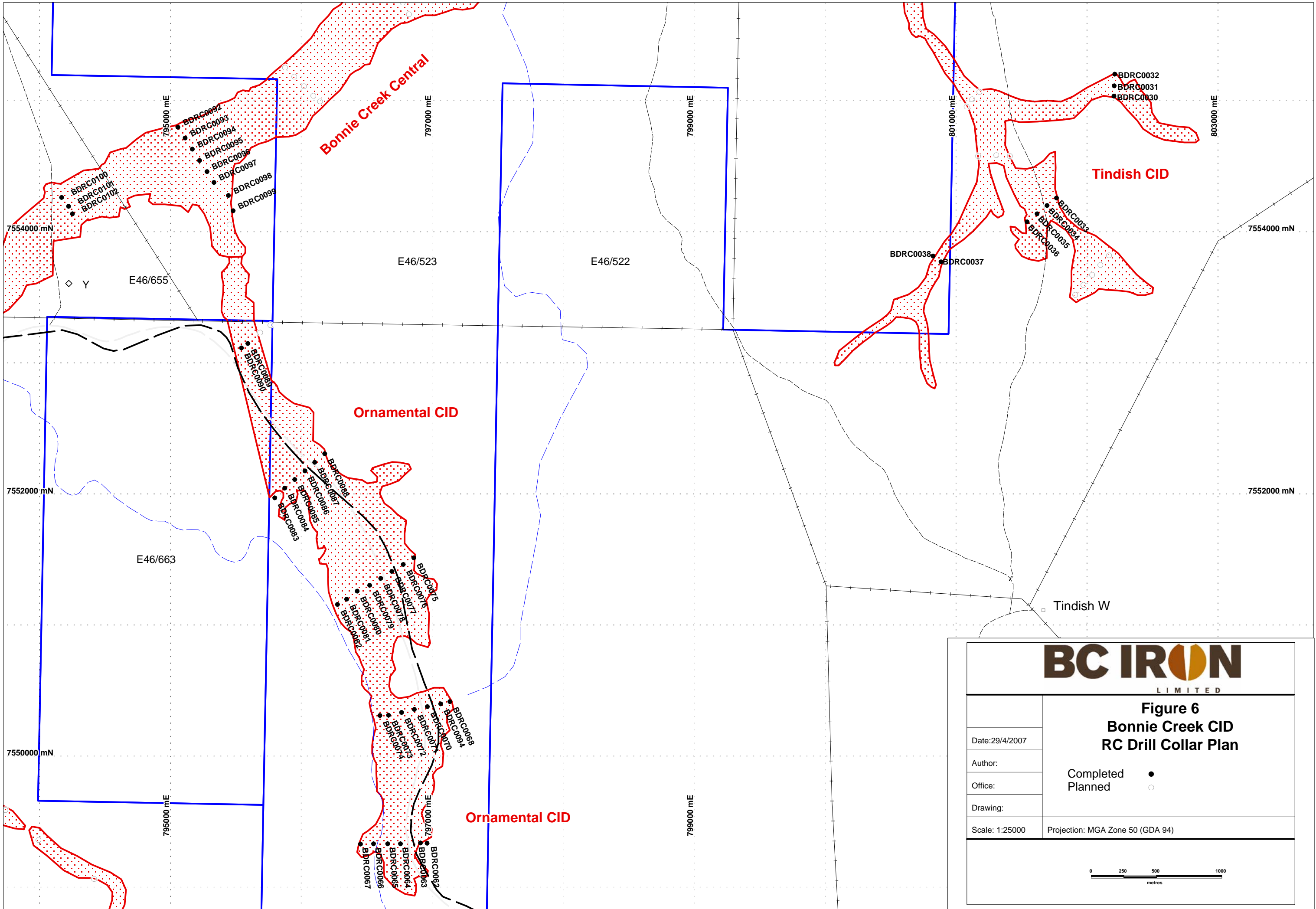
Figure 5
Bonnie Creek CID
RC Drill Collar Plan

Date: 29/4/2007
 Author:
 Office:
 Drawing:

Completed ●
Planned ○

Scale: 1:25000 Projection: MGA Zone 50 (GDA 94)





BC IRON
LIMITED

**Figure 6
Bonnie Creek CID
RC Drill Collar Plan**

Date: 29/4/2007

Author:

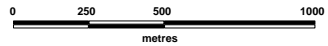
Office:

Drawing:

Scale: 1:25000

Projection: MGA Zone 50 (GDA 94)

Completed ●
Planned ○



JOINT VENTURES & FARM IN AGREEMENTS**Vaalbara Heads of Agreement**

A Heads of Agreement between Vaalbara Resources Pty Ltd and Alkane Exploration Ltd was executed on 4 October, 2004 and was extended by both Alkane December 31, 2006.

Under the Heads of Agreement, Vaalbara have the right to negotiate and execute a full agreement which allows them to earn an 80 % interest in Witwatersrand-style hosted gold, silver and uranium within exploration licences E46/522 – 524.

During the quarter Alkane Exploration Ltd, BC Iron Limited, and Vaalbara Resources agreed to extend the period of time for execution of a full agreement to 30 April 2007.

Alkane Exploration Ltd Farm-in Agreement

The Alkane JV calls for the expenditure of \$192,000 on tenements E46/522-524 by April 24, 2007. The terms of the JV have been met and BCI will become the beneficial owner of the tenements.

Consolidated Minerals Limited Farm-in Agreement

The Farm-in and JV calls for the expenditure of \$380,250 by March 31, 2007. Due to the delays caused by the cyclones, Consolidated Minerals and Consolidated Iron have agreed to extend the JV deadline to June 30, 2007.

Activities for the June Quarter

The following activities will be carried out:

- **Complete RCP drilling at Bonnie Creek CID**
- **Completion of Palyku Heritage Survey**
- **RCP drilling at Shaw River CID**
- **Execution of the Vaalbara JV**
- **Conclusion of Alkane & Consolidated Minerals JVs and transfer of tenement title**

The information that relates to Exploration Results is based on information compiled by Michael Young who is a Member of The Australian Institute of Geoscientists and a Director of the Company. Mr Young has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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 in his name of the matters based on their information in the form and context in which it appears.



Mike Young
Managing Director
BC Iron Limited

