
HIGHLIGHTS

- **100% interest acquired in the Nullagine Project tenements after meeting all expenditure commitments.**
- **MoU signed with Fortescue Metals Group for future provision of bulk handling services for Nullagine Project.**
- **Infill drilling confirms continuity and quality of Channel Iron Deposits (CIDs) at the Outcamp and Coongan Well Prospects.**
- **Significant results not previously reported include:**
 - **11m @ 57.2% Fe from surface and**
 - **10m @ 57.6% Fe from 5m, at Outcamp Well; and**
 - **6m @ 59.0% Fe from 8m and**
 - **7m @ 57.6% Fe from surface, at Coongan Well.**

Introduction

During the Quarter, BC Iron continued drilling at the Nullagine Project in the Pilbara region, Western Australia. The Nullagine Project comprises three channel iron deposits (CIDs), the Bonnie Creek, Nullagine River, and Shaw River palaeosystems (pBC, pNR, and pSR respectively). All of the identified and prospective targets lie within 68 km by road from Fortescue Metals Group's Cloud Break Project, from where Fortescue will rail its ore to Port Hedland.

RC drilling is being carried out on a broad-scale aimed at identifying areas with the potential to produce significant tonnages of direct shipping quality iron ore (DSO) product. To date, two Exploration Targets containing iron mineralisation capable of producing DSO have been outlined. Also, several areas have been identified which contain lesser quality material which may be amenable to simple beneficiation.

The Company progressed future development options for the Nullagine Project by signing an MoU with Fortescue Metals Group covering the future provision of bulk commodity transport services for the Project.

During the Quarter, BC Iron met all of its expenditure commitments under Joint Venture agreements with Consolidated Minerals Limited and Alkane Resources Ltd. As a result of this, the Company now owns 100% of the iron ore rights to the Nullagine Project tenements.

EXPLORATION

Native Title and Heritage

BC Iron obtained heritage clearance over the entire Shaw River CID and the remaining part of the Bonnie Creek system. No further clearances are required for the initial phase of drilling.

RC Drilling

During the quarter, BC Iron completed Reverse Circulation drilling comprising 208 holes for 5,093 metres on the Bonnie Creek and Nullagine River palaeochannels, including 117 holes which were reported in the March 2007 Quarterly Activities Report and 25 holes (BD0184 – 0208) that have not been previously reported.



Figure 1. Project Location (Newman-Hedland Rail)

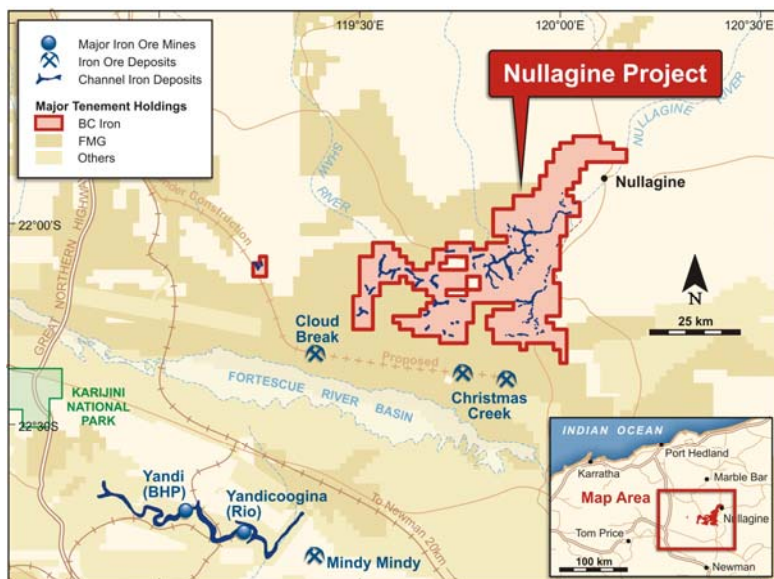


Figure 2. Project Tenements and Cloud Break

The 25 drill holes completed during June included several in-fill holes at the Outcamp Well and Coongan Well Prospects. The results confirm the presence of significant amounts of DSO quality iron ore with low contaminants. Furthermore, mineralisation is hosted at or near surface and therefore presents an potential for low impact and low cost mining.

Further infill drilling during the next two quarters is expected to raise the level of confidence in the resources and a JORC compliant resource estimate is expected by December 2007.

Complete tables of collar location data and intersection summaries for all drill holes to June 30 2007 are provided at www.bciron.com.au under Company Presentations in the Investor Relations section.

Outcamp Well DSO Prospect (BCI: 100%)

Previously unreported results for latest infill drilling (BD0184 – 189) were received during the quarter and are included in Table 1. These comprise an infill line of holes (Figure 3) which confirm both continuity and tenor of the mineralisation at Outcamp. The recent Heritage survey successfully cleared the remaining in fill drilling required to carry out a JORC compliant resource.

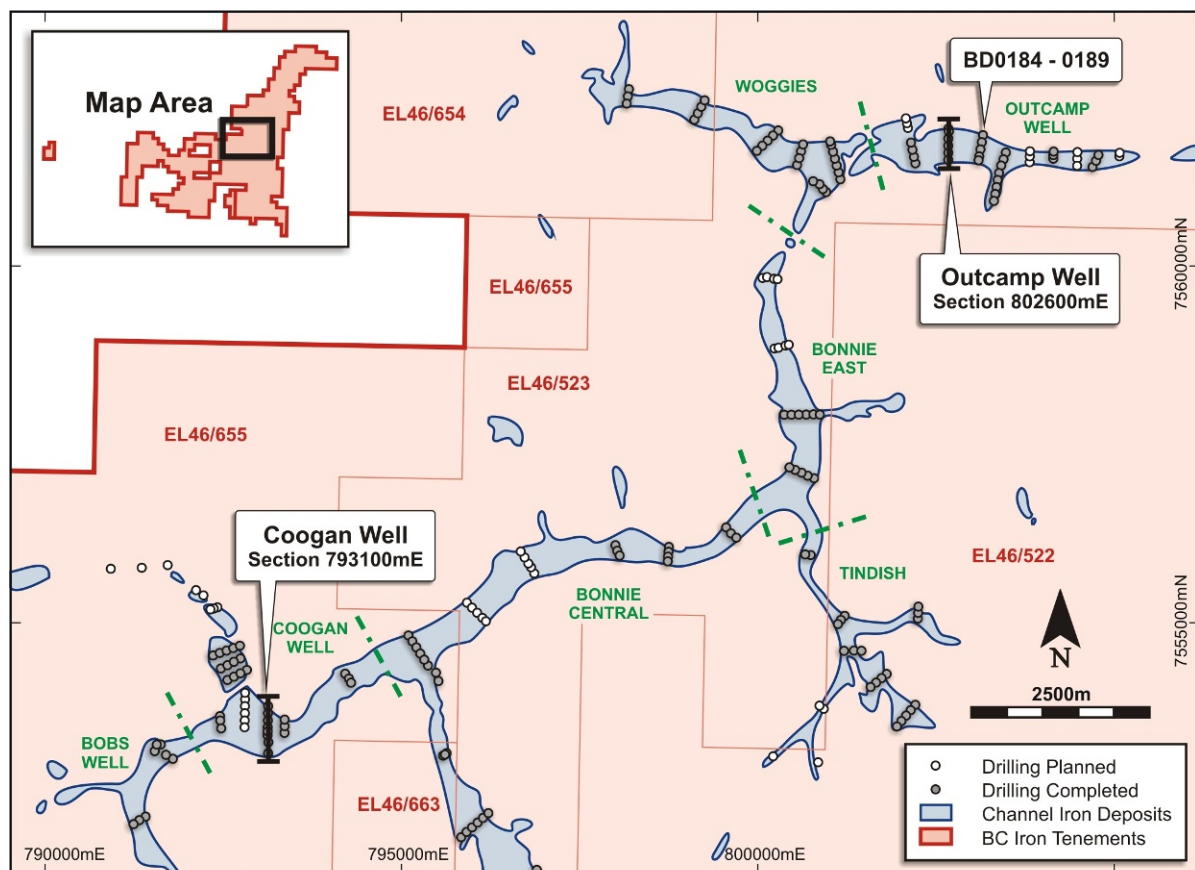


Figure 3. Bonnie Creek Drill Collars

The Outcamp Well DSO Prospect comprises the easternmost CID to be drilled on the Bonnie Creek palaeosystem. The prospect is approximately 3.5km long with an average width of 300m, comprising CID intersections of up to 15 m with an average thickness of 8m. As shown in the section below, (Figure 4) high grade CID is hosted within a wider zone of lower grade CID. This lower grade zone will be assessed for its potential to be upgraded through beneficiation as part of the planned Scoping Study.

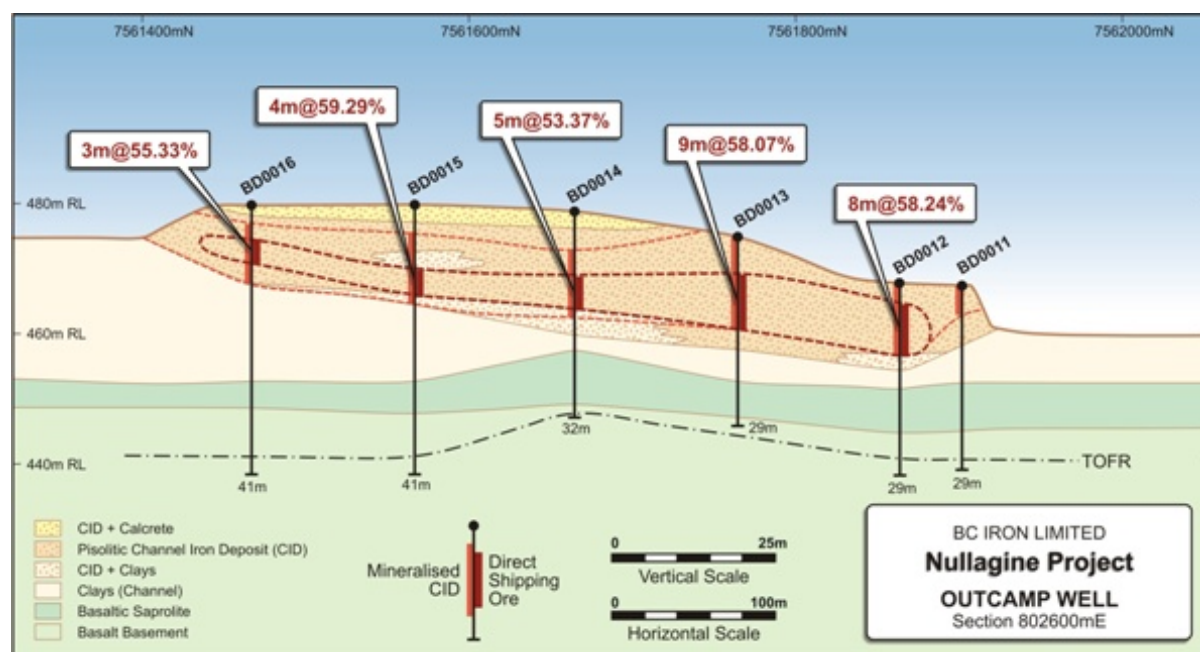


Figure 4. Drillhole Section, Outcamp Well

Table 1 – Significant Drill Intersections - Outcamp Well DSO Prospect

Hole ID	East	North	From	To	Length	Fe	CaFe	SiO ₂	Al ₂ O ₃	P	S	LOI
Not Previously Reported												
BD0184	803,119	7,561,813	0	11	11	57.2	64.9	3.41	1.12	0.01	0.01	11.9
BD0185	803,104	7,561,713	3	10	7	55.4	63.4	4.00	0.98	0.02	0.02	12.7
		<i>including</i>	7	10	3	57.8	65.8	2.31	1.05	0.01	0.02	12.2
BD0186	803,085	7,561,615	0	16	16	54.9	62.8	3.90	1.48	0.02	0.01	12.7
		<i>including</i>	5	15	10	57.6	65.5	2.73	0.83	0.01	0.01	12.1
BD0187	803,069	7,561,514	4	17	13	53.8	61.6	4.37	2.83	0.01	0.01	12.7
		<i>including</i>	5	9	4	57.6	65.7	2.27	0.73	0.01	0.01	12.2
Previously Reported												
BD0001	804,654	7,561,366	0	8	8	56.7	64.2	3.98	2.29	0.02	0.02	11.8
BD0002	804,704	7,561,453	0	8	8	57.2	64.5	3.77	2.45	0.03	0.02	11.4
BD0003	804,738	7,561,535	2	15	13	55.5	62.9	4.18	2.67	0.02	0.01	11.9
BD0004	804,105	7,561,483	0	13	13	56.4	64.0	3.31	3.42	0.02	0.03	11.8
		<i>including</i>	0	7	7	57.2	64.8	2.96	2.90	0.02	0.02	11.7
BD0005	804,106	7,561,533	0	15	15	56.3	63.8	3.06	2.68	0.02	0.02	11.8
BD0005		<i>including</i>	0	6	6	59.2	66.4	2.47	1.41	0.02	0.02	10.9
BD0006	804,109	7,561,582	0	12	12	56.5	64.0	3.84	2.89	0.02	0.02	11.7
		<i>including</i>	0	7	7	59.2	66.9	2.48	0.98	0.02	0.02	11.5
BD0008	802,150	7,561,508	2	8	6	56.8	64.7	3.46	1.22	0.01	0.01	12.2
BD0009	802,129	7,561,607	3	14	11	56.6	64.4	3.28	1.31	0.01	0.01	12.3
		<i>including</i>	9	14	5	58.7	66.4	1.87	1.68	0.01	0.01	11.6
BD0010	802,108	7,561,708	6	9	3	58.9	66.7	2.09	1.13	0.01	0.01	11.7
BD0012	802,639	7,561,864	3	11	8	58.2	66.2	2.24	1.03	0.01	0.01	12.0
BD0013	802,632	7,561,764	5	14	9	58.1	66.0	2.50	1.00	0.01	0.01	12.0
BD0015	802,632	7,561,565	10	14	4	59.3	67.2	1.58	0.88	0.01	0.01	11.7
BD0017	803,439	7,561,569	2	11	9	58.4	65.8	3.15	1.60	0.02	0.02	11.3
BD0018	803,406	7,561,474	1	11	10	57.0	64.3	3.96	2.22	0.01	0.02	11.4
		<i>including</i>	11	15	4	57.8	65.0	2.62	2.75	0.02	0.01	11.0

Notes:

- 1m samples; riffle split; no wet samples. Analyses conducted by Ultratrace Laboratories using X-Ray Fluorescence Spectrometry with Loss on Ignition (LOI) determined using Thermo-Gravimetric Analyses at 450°C, 650°C, and 1000°C (reported)
- 2). Calcined Fe (CaFe) calculated by the formula $CaFe\% = ((Fe\%) / (100 - LOI1000)) * 100$
- 3). Intervals use varying Fe grade and geological cut offs with maximum 2m internal dilution.

Coongan Well DSO Prospect (BCI: 100%)

The Coongan Well Prospect lies on a spur of the Bonnie Creek palaeosystem and comprises a series of flat-topped, steep-walled mesas partially dissected by the modern day Coongan River.

Mineralisation occurs in two large outcrops of approximately 1.8km combined length with an average width of 450m (Figure 4). The CID at Coongan varies in thickness but is up to 14m thick and comprises interbedded DSO and sub-DSO material with calcrete and clay rich CID overburden ranging from 0 to 5m thickness.

Previously unreported results for latest infill drilling (BD0198 – 202) were received during the quarter and are included in Table 2.

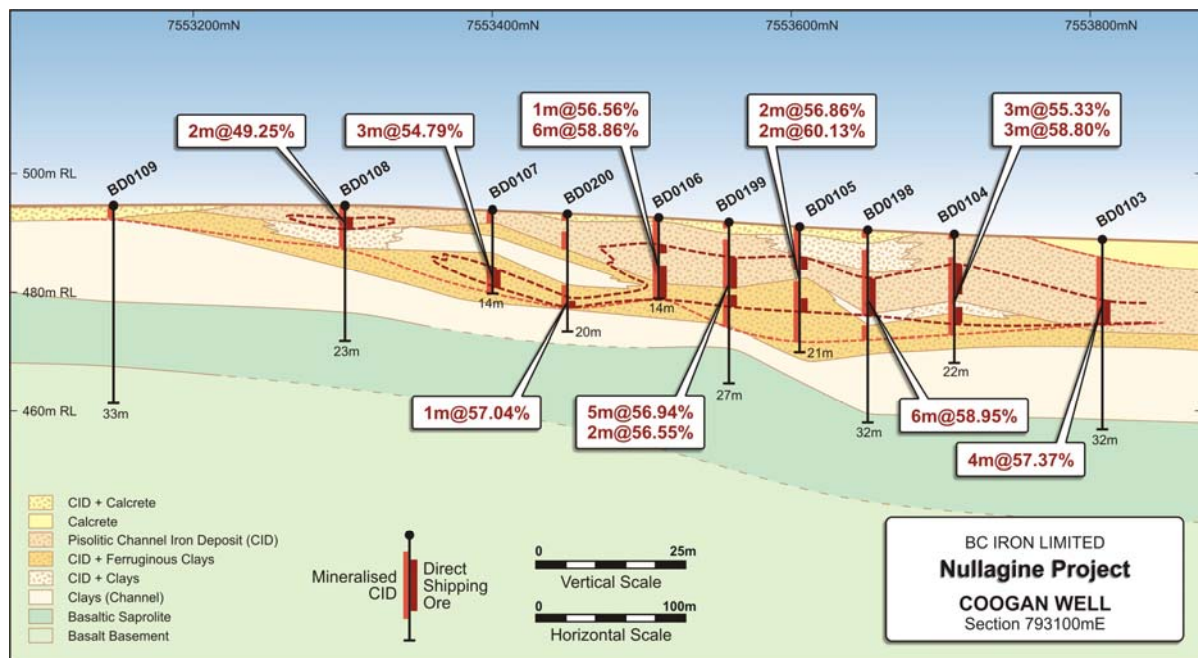


Figure 5. Drillhole Section, Coongan Well

Notes:

- 1). Coongan Well is also known as Goongan Well on Government maps, but advice from the Aboriginal Claimants is that is correct name is Coongan Well.
- 2). Drill holes previously prefixed BDRC are now prefixed BD (i.e. BDRC0001 and BD0001 are the same hole).

Table 2 – Significant Drill Intersections - Coongan Well DSO Prospect

Hole ID	East	North	From	To	Length	Fe	CaFe	SiO2	Al2O3	P	S	LOI
Not Previously Reported												
BD0198	793,088	7,553,650	8	14	6	59.0	66.8	1.96	1.07	0.01	0.33	11.8
BD0199	793,082	7,553,559	5	11	6	56.4	64.4	2.64	1.86	0.02	0.26	12.4
BD0199	793,082	7,553,559	12	14	2	56.6	64.0	3.19	3.39	0.01	0.19	11.6
BD0201	792,726	7,554,278	0	7	7	57.6	65.4	2.87	1.69	0.02	0.19	11.8
Previously Reported												
BD0103	793,089	7,553,809	10	14	4	57.4	65.2	1.92	1.88	0.01	0.02	11.2
BD0104	793,088	7,553,709	5	10	5	58.7	66.4	2.17	1.16	0.01	0.02	11.6
		<i>including</i>	12	15	3	58.8	66.7	2.03	1.37	0.01	0.02	11.8
BD0106	793,084	7,553,512	0	14	14	55.2	64.3	3.01	2.09	0.01	0.02	11.4
		<i>including</i>	8	14	6	58.9	66.7	1.94	1.32	0.01	0.02	11.2
BD0170	792,519	7,554,175	3	9	6	58.4	66.4	1.85	1.38	0.01	0.02	12.1
BD0171	792,610	7,554,221	3	12	9	59.3	67.1	1.82	1.29	0.01	0.02	11.6
BD0172	792,317	7,554,519	4	8	4	56.7	64.5	2.86	2.50	0.01	0.02	12.2
BD0173	792,411	7,554,554	3	11	8	56.0	64.1	2.59	2.20	0.01	0.02	12.8
		<i>including</i>	5	10	5	57.7	65.8	1.69	1.79	0.01	0.02	12.3
BD0174	792,506	7,554,587	4	11	7	57.8	65.9	1.85	1.61	0.01	0.02	12.3
BD0175	792,600	7,554,622	0	11	11	55.8	63.8	2.75	2.62	0.01	0.02	12.7
		<i>including</i>	2	8	6	58.5	66.5	1.87	1.31	0.01	0.02	12.0

Notes:

- 1m samples; riffle split; no wet samples. Analyses conducted by Ultratrace Laboratories using X-Ray Fluorescence Spectrometry with Loss on Ignition (LOI) determined using Thermo-Gravimetric Analyses at 450°C, 650°C, and 1000°C (reported)
- 2). Calcined Fe (CaFe) calculated by the formula $CaFe\% = (Fe\% / (100 - LOI1000)) * 100$
- 3). Intervals use varying Fe grade and geological cut offs with maximum 2m internal dilution.

In addition to the major DSO Exploration Targets outlined above, several other prospects comprising narrow zones of DSO and sub-DSO grade channel iron have been outlined at Bonnie Creek East, the east end of Woggies Well, Dandy Well, and Bonnie Creek Central (see below). These prospects will be assessed for their potential both for DSO and their upgradeability to shipping ore grade through beneficiation test work.

Bonnie Creek Central (BCI: 100%)

Directly east of Coongan Well mineralisation narrows to less than 100m wide but thickens considerably up to 17m and can be traced for up to 6 km in length. The central channel comprises an interbedded goethite channel iron and clay-goethite pisolite flanked by carbonate- and clay-rich CID. Selected intersections from this prospect include:

- 17m @ 52.7% Fe from surface in BD0101 (59.9% CaFe)
 - **including 4m @ 57.9% Fe from 9m (65.5% CaFe)**
- 8m @ 54.3% Fe from 4m in BD0156 (61.9% CaFe)
- 4m @ 52.3% Fe from 15m in BD0157 (59.8% CaFe) and
- 14m @ 52.4% Fe from surface in BD0159 (59.7% CaFe)
 - **including 6m @ 56.7% Fe from 7m (64.2% CaFe)**

JOINT VENTURES

Vaalbara Agreement

BC Iron has entered into a Joint Venture agreement with Vaalbara Resources Pty Ltd which gives Vaalbara the right earn an 80% interest in Witwatersrand-style gold and uranium mineralisation within exploration licences E46/522–524 previously held by Alkane Resources Ltd.

In the event of successfully listing on the Australian Securities Exchange (ASX) within 12 months, Vaalbara may elect to either pay to BC Iron \$100,000 and issue Shares to the value of \$300,000, or pay \$250,000. However, in the event of not completing its ASX listing within 12 months, Vaalbara is obliged to pay BC Iron \$250,000 to fulfil the Agreement.

BC Iron Limited retains 100% of the rights to all iron and non-Witwatersrand style mineralisation excluding diamond mineralisation, the rights to which are retained by Alkane Resources Ltd.

Alkane Resources Ltd Joint Venture and Farm-in Agreement

BC Iron's Joint Venture with Alkane Resources Ltd (formerly Alkane Exploration Ltd) covering the Nullagine Project tenements calls for the expenditure of \$192,000 on the Alkane tenements by April 24, 2007. BC Iron has met the expenditure commitment under the Joint Venture agreement.

Under the terms of the Agreement, Alkane retains diamond rights on the tenements.

Consolidated Minerals Limited Joint Venture and Farm-in Agreement

BC Iron's Joint Venture with Consolidated Minerals covering the Nullagine tenements calls for the expenditure of \$380,250 by March 31, 2007 which was extended to June 30, 2007. BC Iron has met the expenditure commitment under the Joint Venture agreements and is now the owner of the tenements.

WORK PLAN SEPTEMBER QUARTER

Scoping Study

Due to delays in securing Heritage Survey teams during May, the infill drilling required to complete an Inferred Mineral Resource Estimate at the Outcamp and Coongan Well Prospects could not be completed while the drill rig was still available.

BC Iron has decided to make the most of this delay and defer a full third party Scoping Study of these prospects until the broader prospectivity of the Shaw River CID System can be

assessed during the next phase of drilling and additional prospective areas included in a larger and more definitive study.

An in-house study of the potential of the Outcamp and Coongan Well areas will be undertaken while the drilling of the Shaw River System is completed to provide baseline data for the more definitive study.

Drilling

Drilling will resume from late-August or early September and will be designed to complete comprehensive regional coverage of the Shaw River and Bonnie Creek palaeochannel systems.

Following further mapping and reconnaissance field work, several new targets have been identified directly east of Outcamp Well on the Bonnie Creek palaeochannel. These include several small but prospective CID outcrops.

As part of the Company's commitment to minimising the impact of regional exploration, a helicopter-supported diamond rig will be used at several of the larger mesas at Shaw River where access is difficult due to the steep walled nature of the CID outcrops.

Some existing holes at Outcamp and Coongan Wells will also be twinned for quality control purposes utilising the diamond rig while it is on site.

Infill RC drilling will be carried out at the Outcamp and Coongan Well Prospects once the regional program is completed to provide the required data for an Inferred Resource Estimate.

CORPORATE INFORMATION

Cash and commercial bills at the end quarter amounted to \$4,048,809.

On 1 June 2007, 500,000 unlisted employee options exercisable at \$0.72 and expiring in February, 2010 were issued under terms of engagement.

Director and Chairman Anthony Kieran acquired 8,000 ordinary fully paid shares through an on market trade on 22 May 2007.

Disclaimer

This release may include forward-looking statements. These forward-looking statements are based on management'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, that 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.

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information above relating to the exploration target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource

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.