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BC IRON COMMENCES BONNIE CREEK SCOPING STUDY, NULLAGINE IRON ORE PROJECT

HIGHLIGHTS

- **Scoping Study on 3Mtpa DSO Project at Bonnie Creek CID commenced (Coongan, Outcamp Well).**
- **Initial JORC compliant resource scheduled during the March 2008 Quarter.**
- **Other potential DSO sources confirmed at nearby Warrigal Well and Bonnie Creek East prospects, with recent diamond drilling at Warrigal Well returning:**
  - ***7m @ 57.9% Fe (65.7% Ca Fe) from within 25m @ 53.1% Fe (60.7% Ca Fe)***
- **Drilling at Shaw River identifies widespread deposits of medium grade CID**
- **Extensive deposits of detrital pisolite at the base of the Shaw River mesas**

BC Iron Limited (ASX: **BCI** – "BC Iron") is pleased to announce that it has commenced a Scoping Study over the **Bonnie Creek Channel Iron Deposit (CID)**, part of its 100%-owned **Nullagine Iron Ore Project** in Western Australia's Pilbara region. The **Bonnie Creek CID** encompasses the **Coongan Well** and **Outcamp Well** deposits, where sufficient data has now been collected for the completion of an initial JORC compliant resource estimate during the March 2008 Quarter.

The Scoping Study will examine a potential start-up operation at Bonnie Creek at an initial production rate of **3 million tonnes per annum** (Mtpa) of Direct Shipping Ore (DSO).

The Bonnie Creek CIDs (Coongan Well and Outcamp Well - Figure 1) are the most advanced iron ore targets drilled by the Company to date, with a combined exploration target of between 20-30 Mt at 55-58% Fe. The Scoping Study will focus on these deposits as part of the Company's stated objective of generating rapid cash flows by bringing the **Nullagine Project** into production as early as possible.

The Company believes this to be the optimum development strategy for the Nullagine Project given the current strength of the iron ore market and in light of the planned start up of production later this year at the nearby Cloud Break operation, part of Fortescue Metal Group's Chichester Iron Ore Project.

Bonnie Creek DSO Project – Scoping Study

BC Iron has appointed Perth-based consulting engineers, **GR Engineering Services**, to manage the Bonnie Creek Scoping Study, utilising specialist sub-consultants including:

Resource Estimation & Mine Planning	Golder Associates
Environmental	Strategen
Hydrology & Hydrogeology	WorleyParsons
Flora & Terrestrial Fauna	Astron Environmental Services
Subterranean Fauna	Bennelongia Environmental Consultants
Mining & Crushing	HWE

Key components of the Scoping Study have already commenced, with key deliverables from the Study including:

- Resource estimation - *commenced*
- Environmental studies - *commenced*
- Preliminary mine schedule and blending options
- Civil, mine and plant designs
- Haulage & shipping options
- Marketing options
- Capital and operating costs estimates

Exploration Update

The Company is also pleased to advise that recent drill results from the nearby **Warrigal Well, Bonnie East,** and **Shaw River CIDs** (Figures 2-4) have identified additional potential sources of both DSO and upgrade ores which may provide future sources of iron product. The Scoping Study has been planned so that the Bonnie Creek CID will be a standalone operation, but with the capacity to expand rapidly by accessing additional ore sources as they are drilled to a sufficient standard.

The Company continues to receive excellent results from the recently discovered **Warrigal Well** deposit, which lies directly east of **Outcamp Well** (Table 1). As announced on 10 December, this prospect comprises a series of isolated, steep-walled mesas which occur along a 9 km length of the modern day Bonnie Creek.

Previously reported RC drilling indicated that **Warrigal Well** has the potential to become a significant source of Direct Shipping Ore (DSO) with previously announced results including 13m @ 58.3% Fe (65.6% CaFe), 12m @ 57.4% Fe (64.6% Ca Fe) and 14m @ 56.5% Fe (66.1% Ca Fe).

Assays from the first diamond core hole received from Warrigal Well have confirmed this, returning 25m @ 53.1% Fe (60.7% CaFe) from surface including**:**

7m @ 57.9% Fe (65.7% CaFe) from 5 m and
3m @ 59.0% Fe (65.1% CaFe) from surface.

RC results also indicate that the **Bonnie Creek East** (Table 1) prospect, located directly south of Outcamp Well, has the potential to become another source of DSO. Recently received RC intersections from Bonnie Creek East include **12m @ 57.1% Fe (64.9% CaFe)** with noteworthy grades reported over a 3 km channel length. Previously reported results are presented in Table 1.

Diamond core drilling at Outcamp Well and Coongan well was completed to provide information for the resource estimation including density data; the results conform to previous RC drilling (Table 2).

Results have also been received from the **Shaw River** palaeochannel (Table 3 and 4), located to the west of Bonnie Creek where deposits of medium-grade CID have been discovered. As with all of the Nullagine CIDs, the Loss on Ignition (LOI) analyses in this area are anomalously high, averaging over 11%; therefore, despite the presence of generally lower iron grades in this sector, calcined iron (CaFe) grades are greater than 60%.

During the past field season, **extensive deposits of detrital pisolite material** have also been identified at the base of the CID mesas at Shaw River which remain to be tested (Figure 4). Detrital pisolites comprise unconsolidated haematitic pisolite, often mixed with clays which form from the erosion of the adjacent iron-rich CID mesas.

Depending on their inherent upgrade characteristics, detritals have the potential to form high tonnage, low-grade deposits. During the coming field season, BC Iron will further investigate the Shaw River detrital deposits to assess the potential to upgrade this material. The Company considers that they have the potential to form a important source of upgrade ore, providing additional future upside for the Nullagine Iron Ore Project.

Released by:
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On behalf of:
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About BC Iron Limited

BC Iron Limited (ASX: BCI) is an emerging iron ore exploration and development company focused on Western Australia's Pilbara region. BC Iron's 100%-owned Nullagine Project is strategically located directly north east of the Cloud Break operation, part of Fortescue's Chichester Iron Project, and in relative proximity to the open access railway line currently under development by Fortescue between Chichester and Fortescue's dedicated iron ore berths at Port Hedland, 260km to the north west.

BC Iron's initial exploration program covers the Bonnie Creek, Shaw River and Nullagine River palaeochannels, where it has commenced a Scoping Study to establish the potential for a Direct Shipping Ore (DSO) mining project. The study will be based on the **Outcamp Well** and **Coongan Well** DSO Prospects for which an Resource Estimate is expected during the March 2008 Quarter.

The Company has an MOU with Fortescue Metals Group for the provision of bulk transport for its material, including potential Joint Venture or mine gate sale options.

Recently, a capital raising of $9.18 M was completed through the issue of 5.4 M fully paid ordinary shares to sophisticated and professional investors. Funds raised will be applied to the continuing exploration and development of the Nullagine Project.

Key Statistics

Shares on Issue:	63.7 million (fully diluted)
Board and Management:	Tony Kiernan – Chairman
	Mike Young – Managing Director
	Garth Higgo – Non-Executive Director
	Terry Ransted – Non-Executive Director
	Steven Chadwick – Non-Executive Director
Major Shareholders:	Consolidated Minerals 26%
	Alkane Resources 15%

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Table 1 – Bonnie Creek RC Assay results

Hole	From	To	Width	Fe	CaFe	SiO_2	Al_2O_3	P	S	LOI_{1000}
Bonnie Creek East Prospect										
BD0027*	16	18	2	**56.8**	63.7	3.2	3.9	0.02	0.02	10.9
BD0190*	5	14	9	**56.3**	63.9	3.7	2.3	0.01	0.01	12.0
including	8	14	6	**57.0**	**64.7**	3.2	2.1	0.01	0.01	11.8
BD0191*	8	17	9	55.1	62.8	4.5	2.3	0.01	0.01	12.3
including	11	17	6	**58.7**	**66.4**	2.2	1.2	0.01	0.01	11.6
BD0192*	1	3	2	51.1	59.8	4.5	2.2	0.01	0.01	14.7
BD0267	7	9	2	52.5	60.0	6.6	4.0	0.02	0.02	12.5
BD0268	15	18	3	**57.0**	**64.7**	3.3	2.5	0.01	0.02	11.9
BD0269	5	17	12	**57.1**	**64.9**	2.9	2.0	0.02	0.02	12.0
BD0270	0	10	10	52.8	60.2	5.7	3.9	0.02	0.02	12.4
BD0274	4	12	8	52.7	60.4	5.2	4.4	0.03	0.02	12.7
Warrigal Prospect										
BD0276*	0	8	8	54.4	62.7	3.1	1.8	0.02	0.02	13.2
BD0277*	0	15	15	55.5	62.7	4.6	2.3	0.02	0.02	11.6
including	4	8	4	**58.4**	**65.7**	2.8	1.5	0.02	0.02	11.1
including	10	15	5	**59.5**	**66.6**	2.1	1.4	0.02	0.02	10.7
BD0278*	0	7	7	53.9	60.1	8.0	3.2	0.02	0.01	10.3
including	4	7	3	**57.7**	**64.0**	4.2	2.4	0.02	0.01	9.9
BD0279*	0	17	17	54.3	61.7	5.0	2.5	0.02	0.02	12.1
including	0	6	6	**57.0**	**64.3**	4.2	1.3	0.02	0.02	11.3
including	12	17	5	**57.1**	**64.2**	3.0	3.2	0.01	0.02	11.2
BD0280*	0	12	12	**58.3**	**65.5**	2.9	2.1	0.02	0.02	11.0
BD0281*	0	11	11	**59.4**	**66.4**	2.6	1.2	0.02	0.01	10.6
and	14	17	3	**57.9**	**64.6**	3.0	3.0	0.02	0.02	10.3
BD0282*	4	15	11	**58.3**	**65.6**	2.8	1.1	0.02	0.02	11.1
BD0283*	0	13	13	**58.3**	**65.8**	2.4	2.1	0.03	0.02	11.5
BD0284*	0	11	11	**58.4**	**65.6**	2.7	2.0	0.02	0.01	11.0
BD0285*	0	11	11	**58.0**	**65.4**	3.1	1.9	0.02	0.02	11.2
BD0387*	Assays Pending									
BD0391(D)	0	25	25	53.1	60.7	4.1	2.5	0.03	0.01	13.3
including	0	3	3	**59.0**	**65.1**	2.6	1.7	0.03	0.02	9.5
including	10	17	7	**57.9**	**65.7**	3.0	1.3	0.03	0.01	11.8
including	21	24	3	**57.3**	**64.7**	2.8	2.6	0.03	0.01	11.3

Notes:

1). 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). Samples RC split or ½ cut core (D) indicates Diamond Core Hole

4). * - indicates previously reported value

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Table 2 - Coongan & Outcamp diamond core assay results

Hole	From	To	Width	Fe	CaFe	SiO_2	Al_2O_3	P	S	LOI_{1000}
Coongan Prospect										
BD0382	5	15	10	52.8	60.7	4.6	3.5	0.01	0.02	13.4
including	8	13	5	**56.9**	**65.1**	2.4	1.7	0.01	0.02	12.6
BD0384	4	15	11	55.9	63.7	3.0	2.6	0.01	0.02	12.3
including	7	15	8	**57.3**	**65.2**	2.0	2.0	0.01	0.02	12.1
BD0385	0	13	13	**57.0**	**64.7**	3.0	2.1	0.02	0.01	11.8
BD0386	1.9	11	9.1	**57.1**	**64.7**	3.0	2.5	0.02	0.01	11.8
including	4	10	6	**58.7**	**66.5**	1.9	1.3	0.01	0.01	11.8
Outcamp Prospect										
BD0388	11	16	5	**57.6**	**65.3**	2.6	1.8	0.01	0.01	11.9
BD0389	0	13	13	**58.3**	**65.8**	2.7	2.0	0.02	0.02	11.3

Notes:

1). 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). Samples ½ cut core

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Table 3 - Shaw River CID RC assay results

Hole	From	To	Width	Fe	CaFe	SiO_2	Al_2O_3	P	S	LOI_{1000}
Emu Prospect										
BD0313	2	5	3	54.7	**62.4**	3.3	2.1	0.02	0.02	12.5
BD0314	5	12	7	53.5	**60.4**	4.7	5.0	0.03	0.02	11.5
including	8	11	3	**57.3**	**63.8**	2.9	3.5	0.02	0.02	10.3
BD0316	3	6	3	55.0	**62.1**	3.4	4.5	0.02	0.02	11.4
BD0317	0	6	6	54.1	**61.4**	4.1	4.0	0.02	0.02	11.9
BD0319	7	9	2	53.6	**60.8**	4.0	6.3	0.02	0.03	11.9
BD0322	0	4	4	54.8	**62.0**	5.8	3.2	0.01	0.02	11.7
Bamboo Prospect										
BD0323	3	6	3	54.9	**62.0**	4.6	3.1	0.02	0.02	11.6
BD0324	6	13	7	52.9	**60.0**	5.3	5.3	0.02	0.02	11.9
BD0325	5	7	2	52.0	59.8	4.7	3.8	0.02	0.02	13.1
BD0327	0	2	2	55.6	**62.7**	4.3	4.3	0.02	0.03	11.3
BD0328	1	3	2	53.1	**61.4**	3.7	1.1	0.01	0.02	13.5
and	6	8	2	54.9	**62.0**	3.7	4.0	0.02	0.02	11.5
BD0329	0	9	9	55.5	**61.6**	6.8	3.1	0.02	0.02	9.9
including	0	4	4	**59.0**	**65.4**	4.1	1.3	0.02	0.02	9.8
Gap Prospect										
BD0333	3	7	4	50.5	57.4	7.8	6.8	0.02	0.03	11.9
BD0338	0	2	2	50.4	56.1	8.6	7.5	0.02	0.05	10.2
BD0339	0	2	2	52.2	58.0	7.0	7.1	0.02	0.04	10.0
BD0342	0	4	4	53.8	**60.2**	6.9	4.5	0.02	0.02	10.7
BD0343	3	5	2	53.0	59.8	6.2	5.8	0.02	0.01	11.4
BD0346	5	8	3	51.5	58.1	6.6	6.6	0.02	0.04	11.2
BD0347	4	9	5	53.5	**60.0**	5.7	5.0	0.02	0.02	10.8
Nymerina Prospect										
BD0366	0	5	5	52.8	**60.7**	4.1	2.9	0.03	0.03	13.2
BD0367	2	7	5	54.9	**62.7**	2.4	2.6	0.03	0.02	12.7
including	5	7	2	**59.4**	**66.0**	1.9	1.7	0.03	0.02	10.0
BD0368	5	8	3	**56.7**	**64.2**	1.9	3.4	0.02	0.01	11.7
BD0369	1	6	5	54.7	**61.1**	6.4	3.6	0.03	0.02	10.5
including	2	5	3	**57.0**	**63.3**	5.4	2.1	0.03	0.02	10.0
BD0370	5	11	6	54.6	**62.0**	2.7	3.1	0.03	0.02	11.9
Junction Prospect										
BD0374	0	5	5	54.1	**61.7**	5.2	4.6	0.02	0.03	12.2
BD0375	1	3	2	53.0	**60.0**	7.0	4.9	0.02	0.02	11.6
and	8	10	2	53.7	**60.9**	5.8	4.8	0.02	0.02	11.8
BD0376	1	11	10	50.7	57.6	8.3	6.2	0.02	0.03	12.0
BD0378	8	16	8	54.7	**62.2**	3.7	4.7	0.02	0.04	12.1
BD0379	2	14	12	52.9	**60.1**	5.0	5.5	0.02	0.03	12.1
BD0380	10	16	6	52.5	59.7	5.0	5.7	0.02	0.04	12.1

Notes:

4). 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)

5). Calcined Fe (CaFe) calculated by the formula CaFe% = ((Fe%) / (100 – LOI1000)) * 100

6). Samples ½ cut core

Table 4 - Shaw River CID RC Drilling Collar Coordinates

Prospect	Hole ID	HoleType	E_GDA	N_GDA	RL	Depth
Emu	BD0313	RC	778,682	7,542,304	469	28
Emu	BD0314	RC	778,651	7,542,423	469	28
Emu	BD0315	RC	778,131	7,542,260	467	25
Emu	BD0316	RC	778,154	7,542,358	461	25
Emu	BD0317	RC	777,295	7,542,965	458	19
Emu	BD0318	RC	777,433	7,542,277	461	20
Emu	BD0319	RC	777,343	7,542,338	462	23
Emu	BD0320	RC	777,515	7,542,220	456	21
Emu	BD0321	RC	777,248	7,541,967	458	21
Emu	BD0322	RC	777,002	7,541,695	459	23
Bamboo	BD0323	RC	777,679	7,547,185	455	26
Bamboo	BD0324	RC	777,759	7,547,229	455	26
Bamboo	BD0325	RC	777,837	7,547,274	454	26
Bamboo	BD0326	RC	777,759	7,547,378	452	8
Bamboo	BD0327	RC	777,763	7,547,370	452	29
Bamboo	BD0328	RC	777,568	7,547,470	453	26
Bamboo	BD0329	RC	777,348	7,547,590	452	29
Bamboo	BD0330	RC	777,136	7,547,724	454	29
Gap	BD0331	RC	764,277	7,555,989	401	41
Gap	BD0332	RC	764,260	7,555,804	403	41
Gap	BD0333	RC	764,307	7,555,770	402	29
Gap	BD0334	RC	764,269	7,555,525	402	35
Gap	BD0335	RC	763,916	7,555,108	403	34
Gap	BD0336	RC	763,596	7,554,693	404	35
Gap	BD0337	RC	763,644	7,554,674	403	32
Gap	BD0338	RC	763,377	7,554,257	405	32
Gap	BD0339	RC	763,420	7,554,252	404	30
Gap	BD0340	RC	763,337	7,553,770	406	32
Gap	BD0341	RC	763,254	7,553,803	407	32
Gap	BD0342	RC	763,199	7,553,225	410	50
Gap	BD0343	RC	763,309	7,553,202	411	44
Gap	BD0344	RC	763,343	7,552,829	411	39
Gap	BD0345	RC	763,248	7,552,495	410	34
Gap	BD0346	RC	763,020	7,552,211	415	41
Gap	BD0347	RC	763,119	7,551,800	412	38
Gap	BD0348	RC	763,576	7,551,416	403	34
Gap	BD0349	RC	763,441	7,551,162	414	32
Gap	BD0350	RC	763,488	7,551,230	413	32

Prospect	Hole ID	HoleType	E_GDA	N_GDA	RL	Depth
Gap	BD0351	RC	764,017	7,551,091	408	32
Gap	BD0352	RC	764,067	7,551,177	409	32
Gap	BD0353	RC	764,489	7,550,876	403	17
Gap	BD0354	RC	764,994	7,551,116	399	15
Gap	BD0355	RC	765,020	7,550,974	401	20
Gap	BD0356	RC	765,502	7,551,235	404	20
Gap	BD0357	RC	765,446	7,551,316	408	23
Gap	BD0358	RC	765,860	7,551,724	417	32
Gap	BD0359	RC	766,185	7,551,731	412	32
Gap	BD0360	RC	766,645	7,551,892	414	23
Gap	BD0361	RC	766,708	7,551,807	417	32
Gap	BD0362	RC	766,757	7,551,722	417	32
Gap	BD0363	RC	766,765	7,551,602	420	32
Gap	BD0364	RC	766,824	7,551,504	424	32
Nymerina	BD0365	RC	760,553	7,545,823	447	29
Nymerina	BD0366	RC	760,501	7,545,846	445	32
Nymerina	BD0367	RC	760,688	7,546,088	444	32
Nymerina	BD0368	RC	760,619	7,546,179	444	32
Nymerina	BD0369	RC	760,951	7,546,531	444	32
Nymerina	BD0370	RC	760,914	7,546,590	441	26
Junction	BD0372	RC	769,702	7,551,927	426	27
Junction	BD0373	RC	770,021	7,551,731	425	32
Junction	BD0374	RC	770,458	7,551,593	424	27
Junction	BD0375	RC	770,758	7,551,302	430	29
Junction	BD0376	RC	770,696	7,551,230	430	26
Junction	BD0377	RC	771,219	7,550,862	435	32
Junction	BD0378	RC	771,184	7,550,823	434	32
Junction	BD0379	RC	771,459	7,550,565	434	29
Junction	BD0380	RC	771,532	7,550,576	435	32

JORC Statement

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.

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.

1 - 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

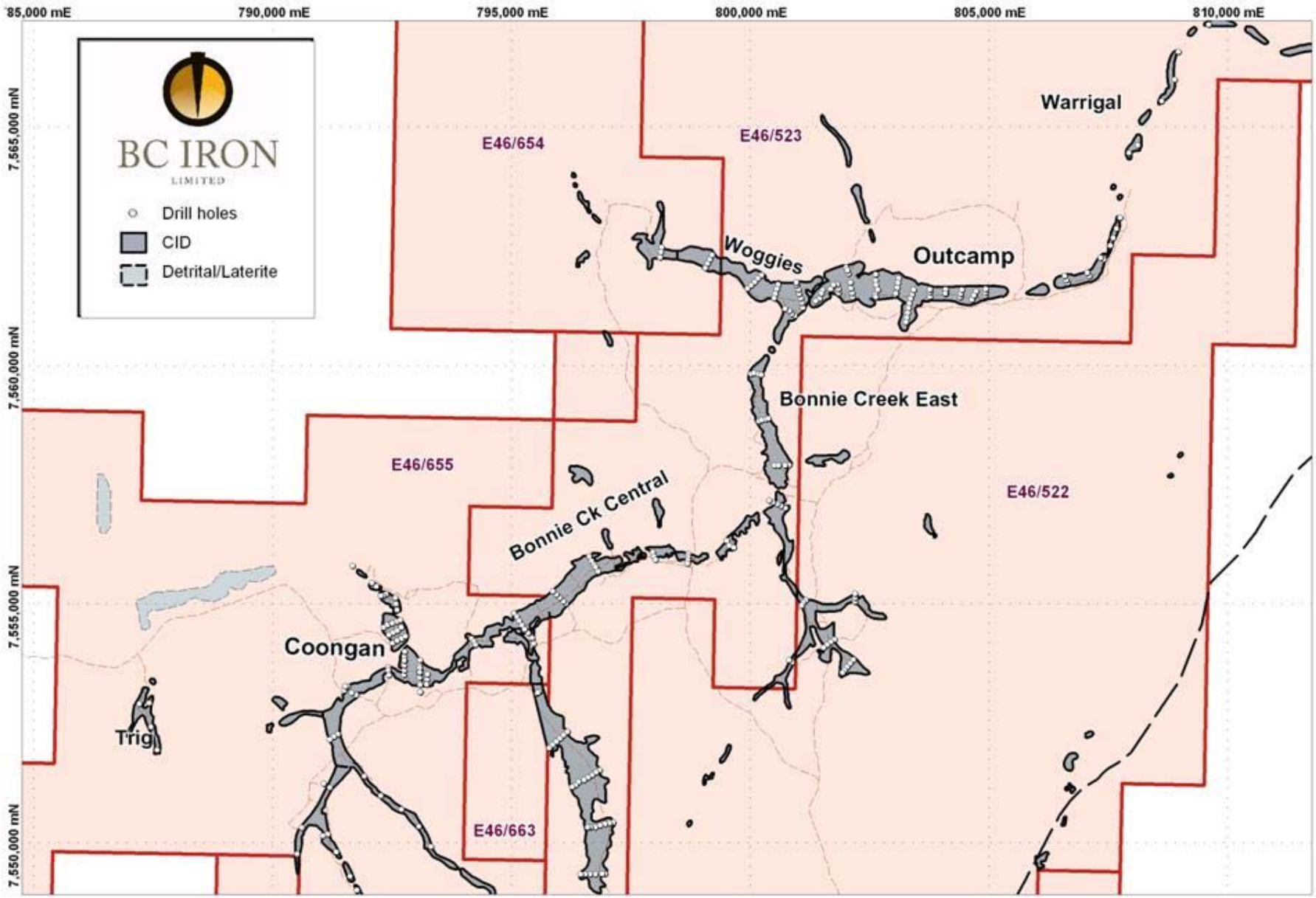

Figure 1 – Bonnie Creek CID

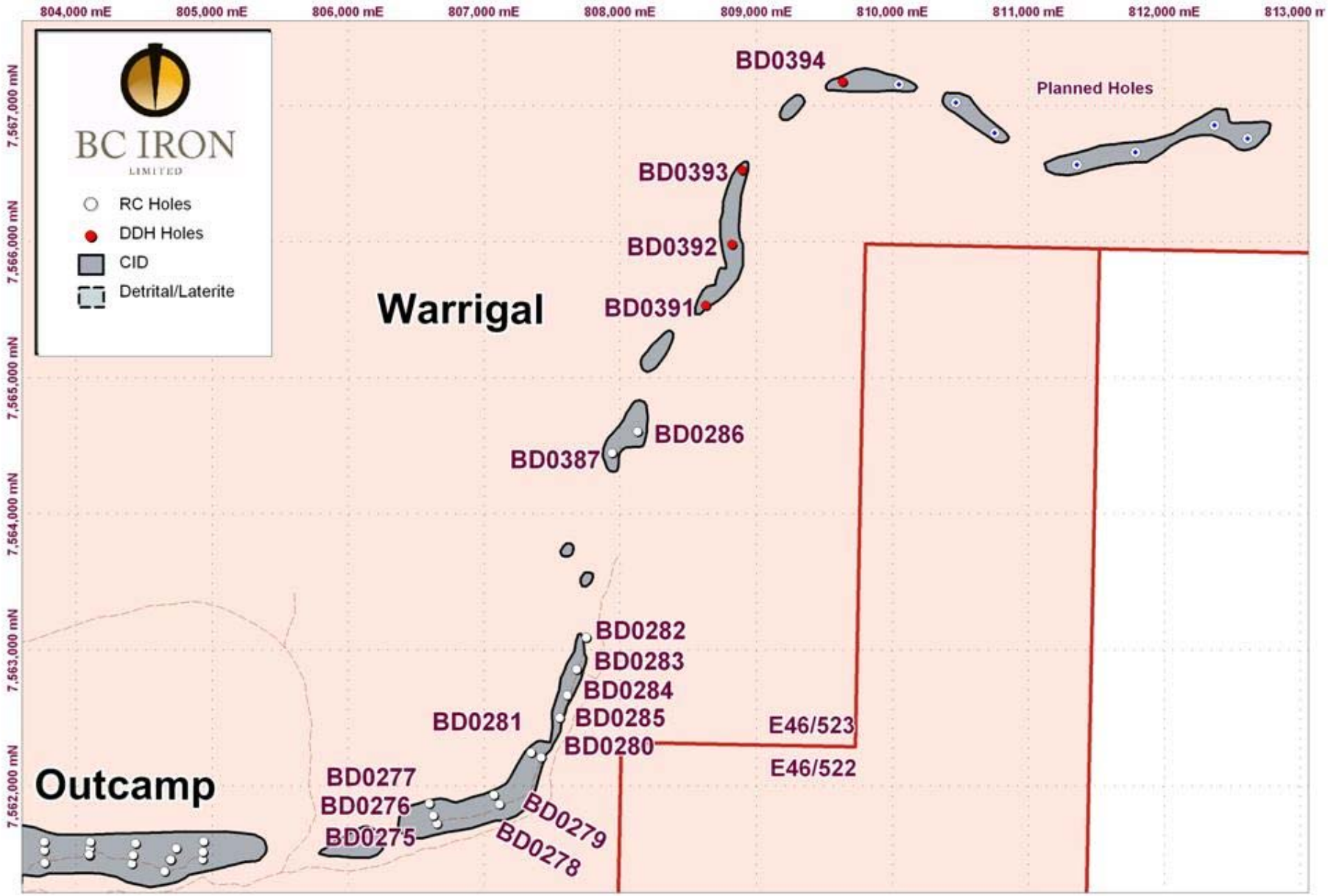

Figure 2 – Warrigal Well Prospect – RC and DDH drilling

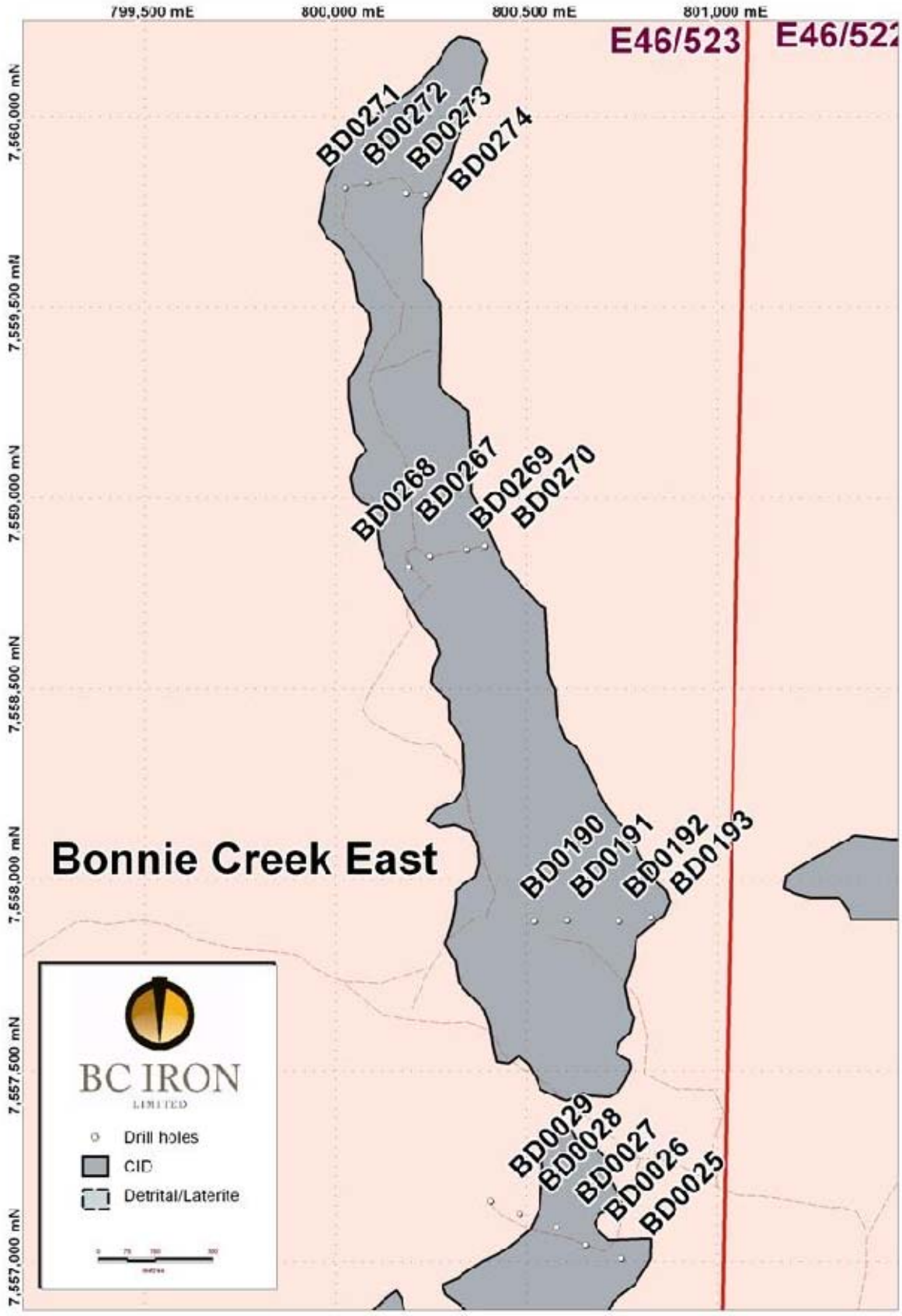

Figure 3 – Bonnie Creek East Prospect

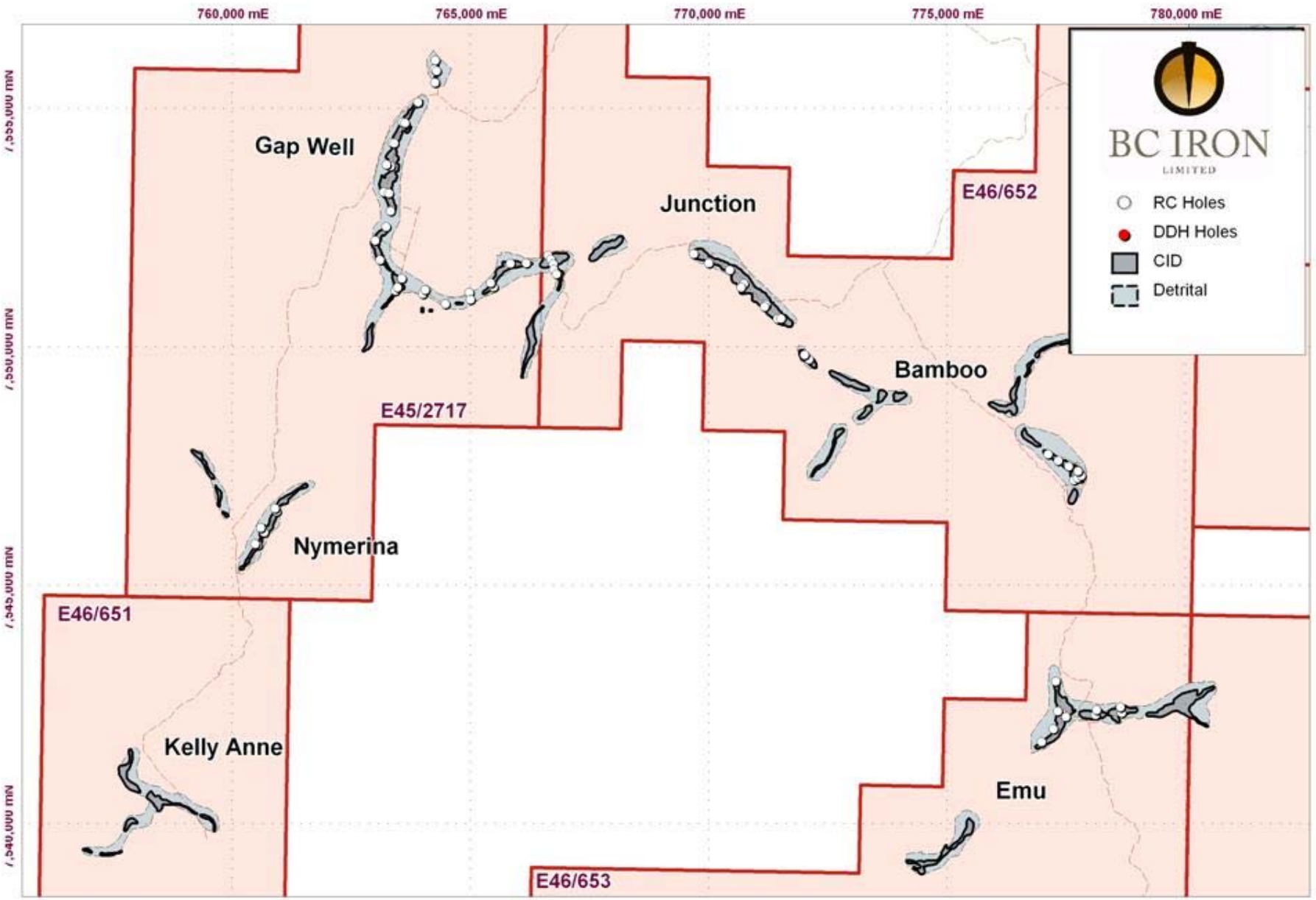

Figure 4 – Shaw River CID & Prospects RC Drilling – (Hole locations in Table 4)