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1 July 08

BC IRON COMMITS TO FEASIBILITY STUDY ON NULLAGINE IRON ORE PROJECT

POSITIVE SCOPING STUDY UNDERPINS MOVE TO FAST-TRACK DEVELOPMENT

HIGHLIGHTS

- Scoping Study completed on 3Mtpa DSO operation from 2010 ramping up to 5Mtpa at the Outcamp and Coongan Well deposits, resulting in a robust financial model for the project
 - Board commits to Feasibility Study with preliminary work already underway – expected completion in 2009
 - Conceptual open pits contain 98% of the 28.0Mt Inferred Resource with a life-of-mine strip ratio of 1:1
 - Project capital cost estimate of A\$85 million
 - Forecast cash operating cost including transport estimate of A\$42/tonne
 - Significant upside for further DSO resources from exploration currently underway
 - Strong economic outlook for iron ore indicates robust cash flows
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BC Iron Limited (ASX: **BCI** – “BC Iron”) is pleased to announce the successful completion of a positive Scoping Study on the development of a **3-5Mtpa Direct Shipping Ore** (DSO) operation at the 100%-owned **Nullagine Iron Ore Project**, located 140km north of Newman in Western Australia’s Pilbara.

As a result, BC Iron’s Board has **committed to the commencement of a Feasibility Study** on the Nullagine Project, which has the potential to underpin a high-value iron ore business for the Company.

The Scoping Study focused on the recently announced Inferred Resource of 28Mt at 57.4% Fe (65.1% calcined Fe) at the Outcamp Well and Coongan Well Deposits. These two deposits are part of the larger **Bonnie Creek Channel Iron Deposit** (CID), which also encompasses Warrigal Well, Bonnie Creek East, and Dandy Well prospects, where a further 15-25Mt of DSO grading 55-58% Fe is being targeted through current drilling programs.

BC Iron has a Memorandum of Understanding (MoU) in place with Fortescue Metals Group Limited (“Fortescue”) to negotiate rail and port access. The Scoping Study assumed that BC Iron will have access to Fortescue’s infrastructure at commercial rates.

The Board’s commitment to the Feasibility Study expands on the preliminary studies already underway. Earlier in the year, BC Iron located sites for the camp, plant, and haulage routes and Fortescue provided BC Iron with a location for train loading at its proposed Christmas Creek operations.

The fast-track approach is consistent with BC Iron’s focus on developing the high-quality CID resources at Bonnie Creek and commencing DSO production as rapidly as possible to take advantage of very strong demand and pricing for quality DSO products in world markets.

Bonnie Creek Scoping Study

Location

The Nullagine Project is strategically located north of Fortescue’s recently commissioned Chichester Project, from which the recently completed open access railway line runs between Chichester and Fortescue’s dedicated iron ore berths at Herb Elliot Port in Port Hedland, 260km to the north. Fortescue recently announced the completion of this railway line and the export of its first shipment of iron ore from Port Hedland.

Project Parameters – Base Case

BC Iron commissioned GR Engineering Services (GRES) to manage the Bonnie Creek Scoping Study utilising specialist sub consultants. The study examined a number of alternative options for mining, processing and marketing. BC Iron’s Base Case operating and capital costs assumes simple open pit mining, crushing and screening to a single fines product, and road haulage to Christmas Creek. It also assumes ownership of the processing facilities and associated infrastructure, cost of construction of the rail load out siding, contract mining, and contract rail haulage and ship loading at Port Hedland.

• Target Production Rate	3Mtpa ramping up to 5 Mtpa
• Estimated Capital Costs	A\$85M
• Estimated Operating Costs	\$42/tonne
• Current ‘in pit’ Resource	27.7 Mt @ 57.4% Fe – 98% of Total Resource
• Current mine life	6 years
• Stripping ratio	1:1
• Target Resource DSO	> 40 Mt within 2 years
• Target Mine Life	> 7 years

Resource Estimate and Optimisation

The Inferred Resource at the Coongan and Outcamp Well deposits, which in part make up the **Bonnie Creek CID Project**, was released to the ASX in March 2008 (see Table 1). The DSO resource is part of a larger mineralised CID where lower grades occur on the margins or are interbedded with the DSO zones. As BC Iron has not entered into off-take agreements, there is potential for customers to accept lower grade material than that currently classified by the Company as a DSO Resource (>57%); such a scenario would result in a higher DSO resource tonnage. For the purpose of the Scoping Study, BC Iron has assumed DSO to be > 57% Fe.

Table 1 - DSO Resource Estimate

Prospect	COG ²	Zone	Mt	Fe	CaFe	SiO ₂	Al ₂ O ₃	P	S	LOI ₁₀₀₀
Outcamp	55.0	DSO	20.7	57.3	64.9	3.18	1.70	0.016	0.017	11.8
Coongan	55.0	DSO	7.4	57.8	65.5	2.39	1.86	0.013	0.017	11.8
TOTAL DSO	55.0	DSO	28.1	57.4	65.1	2.98	1.76	0.015	0.017	11.8

Resources disclosed as part of this release are to be read in conjunction with the Resource statement lodged with the ASX on 31st March 2008.

Golder Associates carried out Whittle optimisation of the resource model based on product prices and mining costs provided by BC Iron. Conceptual pits were digitised around optimised pit shell and modelled ore blocks as a guide. **Significantly, almost the entire DSO resource reports to the conceptual shell with a life of mine strip ratio of 1:1** (Table 2).

Table 3 - Total DSO Resource within Whittle shell & conceptual pits

Prospect	Mt	Fe	CaFe	SiO ₂	Al ₂ O ₃	P	S	LOI ₁₀₀₀
Outcamp	20.5	57.2	64.9	3.20	1.72	0.016	0.017	11.8
Coongan	7.2	57.8	65.5	2.39	1.86	0.013	0.018	11.8
TOTAL	27.7	57.4	65.1	2.99	1.76	0.015	0.017	11.8

The Resource within the conceptual pit shells should not be misconstrued as a mining reserve. No ore loss or dilution has been applied and it is uncertain if further work will result in a mining reserve.

Marketing

BC Iron is currently in discussions with several potential customers. However, the Company has not entered into any marketing or off-take agreements and will retain this marketing advantage into the near future.

Ongoing work by the Company's consultants and potential off-take partners indicates that the pisolite ore from the Nullagine Project is extremely saleable due to its low impurities and high calcined iron grade (> 65% CaFe). Pisolite ores produce mainly a fines product comprising goethite-haematite and have become a highly sought after product as a sinter feed.

BC Iron's Base Case study assumes 100% of sales at contract prices. From meetings with trading houses, BC Iron believes that there is potential to sell a significant percentage of its production into the spot market at substantially higher prices than the current contract price. This would significantly improve the project economics of the proposed Nullagine development.

Environmental

As part of the Scoping Study, Strategen Environmental Services carried out desktop environmental studies on the abundance, diversity and distribution of the ecosystems over the project area to ensure the avoidance or management of the impact of mining operations at Bonnie Creek.

The studies indicated that no significant issues have been identified which would have an adverse impact on the Company's proposed timeline for developing the project.

Several recommendations were made as a result of the studies in order to assist with the approvals process for a potential mining operation. Prior to completion of the study, the Company committed to implementing these recommendations to move the project forward as quickly as possible, and to capture the effects of the recent wet season. As the conceptual pit locations were established, the location of plant, camp, and haulage routes were selected and environmental baseline field surveys commenced on the infrastructure areas.

Heritage and Community Relations

BC Iron has conducted three Heritage surveys and a Working Group meeting with the Palyku Traditional Owners since the beginning of field work in 2007. The Company has established a good working relationship with the Palyku and continues to maintain regular and open dialogue with them to move the project rapidly towards production.

Ongoing Work

BC Iron is pleased to report that Blair Duncan has joined the Company as General Manager of Operations and will lead the Feasibility Study. Mr Duncan has extensive experience in mining operations in Western Australia and is highly regarded within the mining community.

On the exploration front, a second Reverse Circulation (RC) drilling rig has arrived on site and resource development drilling will continue at Outcamp Well and Coongan Well to upgrade the JORC status of the current resource estimate. Drilling will also be carried out at the Warrigal Well, Bonnie Creek East and Dandy Well prospects, where a combined exploration target of 15-30Mt with grades of between 55-58% Fe has been outlined. Diamond drilling and bulk testing will be also carried out to establish ore quality and other parameters for marketing.

BC Iron believes the positive results from the Scoping Study provide a sound base from which to develop a mining operation at Bonnie Creek. With resource definition and extension drilling programs continuing, combined with the commencement of the Feasibility Study, the Company is well placed to bring the Nullagine Project into production in the shortest possible timeframe.

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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. The Company's 100%-owned **Nullagine Project** is strategically located north east of the Cloud Break operation, part of Fortescue Metal Group's Chichester Iron Project. The Nullagine Project is proximal to the open access railway line owned by Fortescue between Chichester and Fortescue's dedicated iron ore berths at Port Hedland, 260km to the north west.

Following the completion of a successful Scoping Study, BC Iron has moved quickly into a Feasibility Study to examine a potential start-up operation in 2010 at the **Bonnie Creek CID Project (28.0 Mt grading 57.4% Fe)** at an initial production rate of 3 Mtpa of DSO (ramping up to 5 Mtpa). The Feasibility 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.

Development drilling is continuing at Outcamp Well and Coongan Well to upgrade the JORC status of the current resource estimate. Drilling will also be carried out at the Warrigal Well, Bonnie Creek East and Dandy Well prospects, where a combined exploration target of 15-30Mt with grades of between 55-58% Fe has been targeted.

The Company has entered into an MOU with Fortescue Metals Group facilitating negotiation over bulk transport for its material, including potential Joint Venture or mine gate sale options.

A capital raising of \$9.18 M was completed in November 2007, 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%
	UBS Wealth Management Australia 8%

JORC Statement

The information relating to the terms "iron ore", "exploration target", "direct shipping ore", "conceptual pits" and "upgrade" should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004) and therefore the terms have not been used in this context. It is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Mining Reserve.

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, 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.

Resources disclosed as part of this release are to be read in conjunction with the Resource statement lodged with the ASX on 31st March 2008.

The information that relates to exploration targets, exploration results and drilling data is based on information compiled by Michael Young who is a Member of The Australian Institute of Geoscientists and a Director of the Company. A full description and JORC Statement relating to the Mineral Resource Estimate is provided in the release to the ASX dated March 31, 2008.