



BC IRON LIMITED

Unit 8, 8 Clive Street
West Perth, WA 6005
GPO Box 2811 - Perth WA 6001
Telephone : +61 (0)8 9324 3200
Facsimile : +61 (0)8 9324 3111
Email : info@bciron.com.au
ABN : 21 120 646 924
ACN : 120 646 924
ASX : BCI
Website : www.bciron.com.au

1 September 2008

IN-FILL DRILLING RESULTS CONFIRM DIRECT SHIPPING RESOURCE QUALITY AT NULLAGINE PROJECT, WA

HIGHLIGHTS

- Reverse Circulation (RC) drilling program nearing completion at Bonnie Creek CID Project
- Significant results from Outcamp include:
 - 17m @ 57.2% Fe (65.1% CaFe) from surface;
 - 13m @ 57.8% Fe (65.5% CaFe) from surface; and
 - 15m @ 56.7% Fe (64.2% CaFe) from surface.
- Significant results from Coongan Well include:
 - 8m @ 58.1% Fe (66.7% CaFe) from 4m;
 - 8m @ 57.8% Fe (65.4% CaFe) from 6m; and
 - 10m @ 55.6% Fe (64.0% CaFe) from 4m.
- Drilling at Warrigal Well confirms a continuous Channel Iron Deposit (CID) with potential for a further 15 – 20 million tonnes Direct Shipping Ore (DSO)
- Updated Resource estimate expected in December Quarter

BC Iron Limited (ASX: BCI) is pleased to report that it has received excellent results from the current resource in-fill drilling program at the Company's 100%-owned **Nullagine Iron Ore Project** in Western Australia's Pilbara region.

The infill drilling programme commenced after BC Iron defined its maiden Inferred Mineral Resource of **28Mt at 57.4% Fe** in March this year, and results have reinforced the quality of the Company's key deposits at Nullagine, adding to BC Iron's confidence in the Project as a low-cost high-margin iron ore operation.

Additionally, geological logging from the RC samples at **Warrigal Well** indicates that the iron mineralisation outlined in previous drilling is continuous. Based on this drilling, as well as geological logging and mapping, Warrigal Well alone comprises an additional exploration target of between **15 and 20Mt** at grades of between 56% and 58% Fe.

Reverse Circulation (RC) in-fill drilling has now been completed at **Outcamp Well, Coongan Well and Warrigal Well**, which in part make up the **Bonnie Creek CID Project** (Figure 1). Drilling is continuing at **Bonnie Creek East** and **Dandy Well**, with assay results currently being received by the Company to be released as, and when they become available. The areas being drilled during the current program are highlighted in Figure 2, with selected assays from the first eighty holes received presented in Table 1.

Further drilling is being carried out at Warrigal Well, Bonnie East and Dandy Well, where drilling in 2007 intersected mineralised CID with the potential for further DSO of between 15 and 30 million tonnes. The drilling density is expected to advance the Outcamp Well, Coongan Well and Warrigal Well prospects to an Indicated Resource status, while the density at the other prospects is expected to move these resources into the Inferred Resource category.

The current drilling is all part of the Company's primary aim to move the Bonnie Creek CID Project into production as quickly as possible. The Company remains on track to deliver an updated Mineral Resource for the Nullagine Project during the December Quarter of 2008 and to complete its Feasibility Study in the first half of 2009.

The proposed completion dates for the various elements of the path to production are as follows:

Infill & Resource Extension Drilling	→	September Quarter 2008
Resource Estimates	→	December Quarter 2008
Geotechnical, Metallurgical Drilling	→	December Quarter 2008
Bulk Sampling	→	March Quarter 2009
Feasibility Study	→	First Half 2009
Mining Agreements	→	Second Half 2009
Mining Approvals	→	Second Half 2009
Construction Commences	→	Second Half 2009
Production Commences	→	First Half 2010



Table 1 – RC Drilling Results, Outcamp Well & Coongan Well

Outcamp

Hole ID	From	Length	Fe%	CaFe%	SiO2%	Al2O3%	P%	S%	LOI%
BD1004	2	15	54.3	62.4	3.4	2.4	0.013	0.010	13.0
<i>including</i>	3	6	55.3	63.3	3.1	1.3	0.014	0.010	12.7
<i>including</i>	10	3	56.6	65.0	1.9	2.0	0.011	0.014	12.9
<i>including</i>	15	2	57.6	66.0	1.4	2.0	0.006	0.006	12.7
BD1005	4	12	56.2	64.6	2.6	1.2	0.010	0.011	12.9
BD1006	0	18	55.5	63.8	3.5	1.5	0.012	0.009	13.1
<i>including</i>	5	13	57.2	65.4	2.4	1.4	0.011	0.009	12.5
BD1007	0	17	57.2	65.1	2.9	1.4	0.013	0.009	12.2
<i>including</i>	14	3	58.3	66.0	1.9	1.8	0.010	0.007	11.6
BD1008	0	15	56.7	64.2	3.8	1.7	0.012	0.010	11.7
BD1010	0	13	57.8	65.5	3.2	2.0	0.010	0.010	11.8
BD1013	0	16	55.5	58.7	4.3	3.1	0.017	0.010	11.4
<i>including</i>	6	6	57.9	66.1	2.2	1.6	0.015	0.010	12.4
BD1014	0	17	53.7	60.2	6.3	5.1	0.020	0.017	10.7
<i>including</i>	10	6	58.7	66.6	1.5	1.9	0.010	0.024	11.9
BD1015	0	9	56.8	64.6	4.0	1.5	0.019	0.011	12.0
<i>including</i>	3	6	57.7	65.6	3.2	1.3	0.019	0.011	12.1
BD1016	3	15	55.7	64.0	3.1	1.6	0.013	0.008	13.1
<i>including</i>	10	8	58.4	66.8	1.6	1.7	0.012	0.010	12.6
BD1020	2	9	52.3	61.3	4.1	2.3	0.013	0.012	14.6
BD1021	4	13	56.5	64.9	2.8	1.5	0.014	0.010	13.0
<i>including</i>	4	4	57.4	65.9	2.0	1.9	0.012	0.012	12.9
BD1022	0	6	51.3	58.9	6.8	3.3	0.027	0.008	12.9
<i>and</i>	9	8	57.7	66.1	2.0	1.5	0.009	0.016	12.7
BD1023	1	17	55.2	63.3	3.4	1.8	0.013	0.012	13.0
<i>including</i>	8	4	57.9	66.5	1.6	0.9	0.012	0.019	12.8
<i>including</i>	13	4	58.7	66.3	1.9	1.7	0.011	0.009	11.5
BD1024	0	11	53.5	60.7	7.3	3.2	0.015	0.010	11.9
<i>including</i>	2	5	57.6	64.9	4.9	1.1	0.014	0.014	11.2
BD1025	0	16	55.8	63.2	4.4	2.9	0.019	0.012	11.6
<i>including</i>	9	6	58.4	66.3	2.0	1.3	0.013	0.012	12.0

Coongan Well

Hole ID	From	Length	Fe%	CaFe%	SiO2%	Al2O3%	P%	S%	LOI%
BD0426 <i>including</i>	0	12	54.0	61.7	4.0	3.1	0.014	0.012	12.6
	4	7	57.7	65.3	2.3	1.7	0.010	0.011	11.7
BD0449 <i>including</i>	4	9	55.7	64.4	2.8	1.9	0.015	0.009	13.5
	8	4	57.4	66.1	1.8	1.5	0.009	0.009	13.1
BD0451	4	10	55.6	63.9	3.1	2.5	0.013	0.008	13.0
BD0459 <i>including</i>	0	14	53.8	61.8	5.1	3.8	0.014	0.008	13.0
	5	8	57.8	66.0	2.3	1.5	0.010	0.007	12.5
BD0460 <i>including</i>	0	14	54.7	62.7	4.4	3.3	0.017	0.011	12.7
	5	8	57.3	65.5	2.5	1.7	0.012	0.010	12.5
BD0461	4	8	57.1	65.8	1.9	1.4	0.012	0.008	13.2
BD0462 <i>including</i>	0	13	54.3	62.6	4.4	2.9	0.015	0.011	13.3
	5	5	57.0	66.4	2.0	1.0	0.010	0.010	14.2
BD0468 <i>including</i>	2	12	55.8	63.8	3.1	2.3	0.012	0.013	12.4
	6	6	58.3	66.6	1.6	1.2	0.008	0.013	12.6
BD0469 <i>including</i>	0	12	55.9	64.0	3.8	2.6	0.012	0.009	12.7
	4	8	58.1	66.7	1.9	1.4	0.008	0.010	12.9
BD0472	0	8	55.3	63.8	3.7	2.3	0.008	0.010	13.3

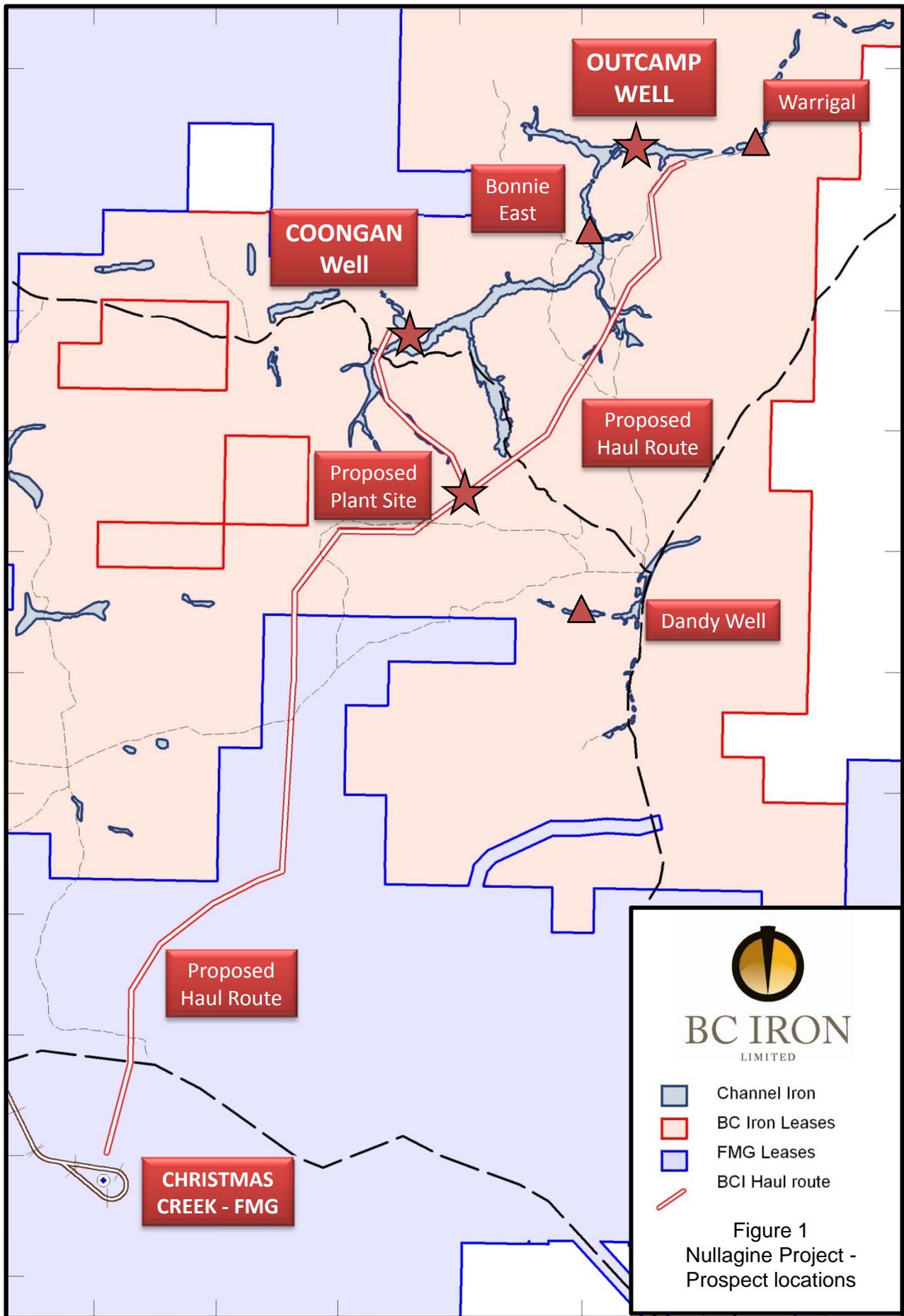
Notes:

- Analyses conducted by Genalysis Laboratories using X-Ray Fluorescence Spectrometry with Loss on Ignition (LOI) determined using Thermo-Gravimetric Analyses at 1000°C
- Calcined Fe (CaFe) calculated by the formula $CaFe\% = ((Fe\%) / (100 - LOI1000)) * 100$

- ENDS -

Released by:
Nicholas Read
Read Corporate
Telephone: +618 9388 1474

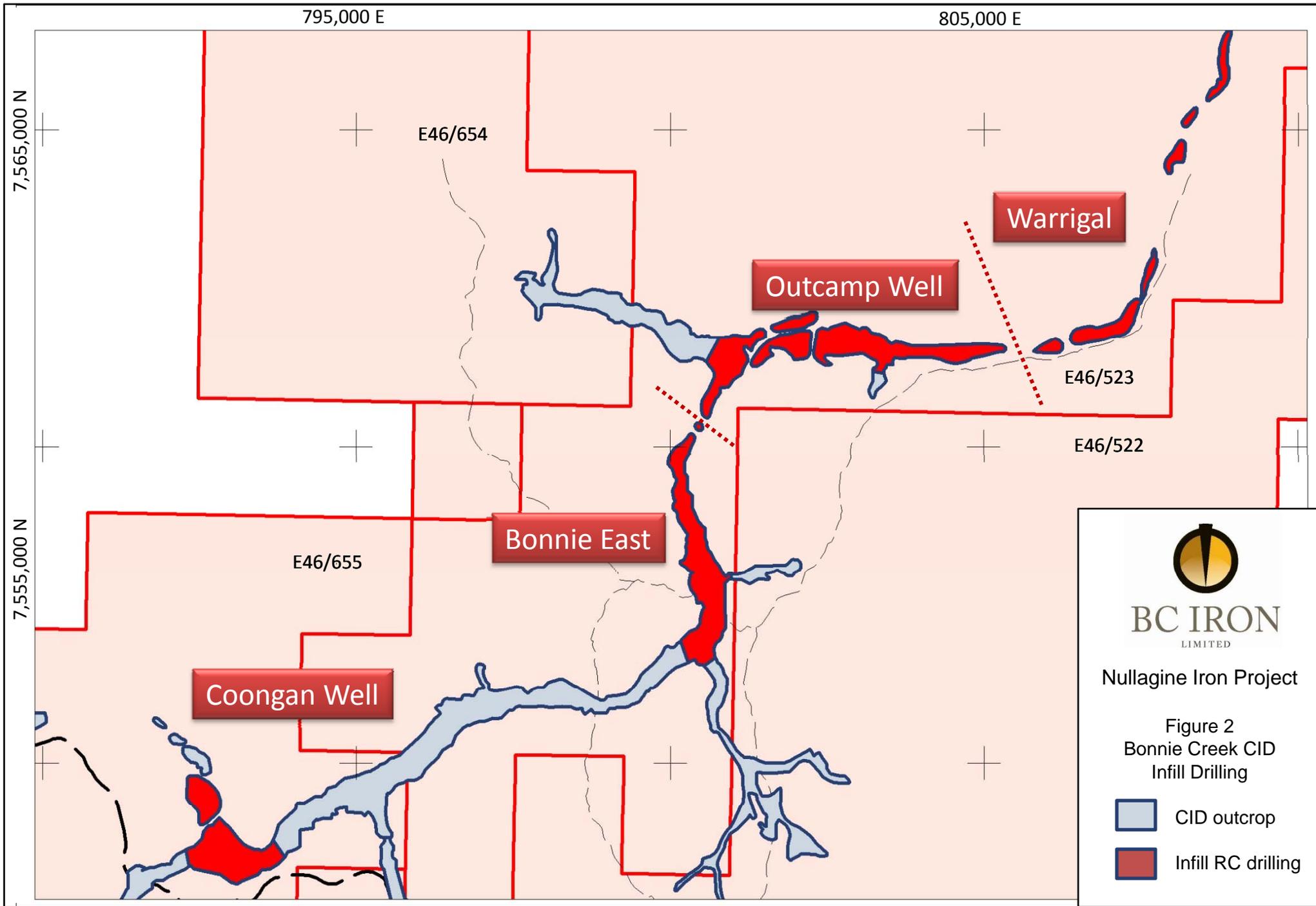
On behalf of:
Mr Mike Young
Managing Director
BC Iron Limited
Telephone: +618 9324 3200




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 LIMITED

Channel Iron
 BC Iron Leases
 FMG Leases
 BCI Haul route

Figure 1
 Nullagine Project -
 Prospect locations





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 is also being 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.

Disclaimer & JORC Information

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, some 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 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.

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. 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 Persons 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.

A full description and JORC Statement relating to the Mineral Resource Estimate is provided in the release to the Australian Securities Exchange dated March 31, 2008.



Key Statistics

Shares on Issue: 63.7 million (fully diluted)

Cash & equivalents: August 31, 2008 - \$8.5 M

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 Ltd 15%

UBS Wealth Management Aus. Nom 8%