BC IRON
LIMITED

QUARTERLY ACTIVITIES REPORT
For the period ending
September 30, 2008

HIGHLIGHTS

Nullagine Iron Ore Project (Pilbara, WA – 100% BCI)

- **Reverse Circulation (RC) infill drilling program completed at Bonnie Creek CID Project as part of ongoing Feasibility Study**
- **Recent results provide further confirmation of Direct Shipping Ore (DSO) quality resources at Outcamp and Coongan Well with significant results including:**

  from Outcamp well:

  13m @ 58.2% Fe (65.6% CaFe) from surface;

  17m @ 57.2% Fe (65.1% CaFe) from surface; and

  15m @ 56.7% Fe (64.2% CaFe) from surface.

  from Coongan Well:

  12m @ 57.3% Fe (64.9% CaFe) from 6m;

  8m @ 58.1% Fe (66.7% CaFe) from 4m; and

  21m @ 56.2% Fe (63.7% CaFe) from surface including 14m @ 58.4% Fe.
- **Drilling at Warrigal Well confirms a continuous Channel Iron Deposit (CID) with potential for an additional 15 – 20 million tonnes of Direct Shipping Ore (DSO)**
- **Updated Resource estimate on track for delivery in December Quarter**

Corporate

- **Strong financial position with approximately $6.3M in cash and commercial bills at the end of the Quarter**

OVERVIEW

The September Quarter saw BC Iron Limited (ASX: BCI – "**BC Iron**") deliver significant results from infill drilling, which forms part of the ongoing Feasibility Study into the proposed 3Mtpa start-up operation at the Company's **Nullagine Iron Ore Project**, located 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.

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.

INFILL & EXTENSIONAL DRILLING

BC Iron has completed its planned 2008 drilling campaign with 990 holes drilled for over 19,000m at five prospects. Assay results are pending from the drilling carried out at **Warrigal Well**, **Bonnie East** and **Dandy Well** and Reverse Circulation (RC) in-fill drilling has now been completed at **Bonnie Creek East** and **Dandy Well,** which completes the planned drilling for 2008. Some 7,000m of samples remain to be assayed and are expected during November.

At **Outcamp** and **Coongan Well** where there is an Inferred Resource of 28 Mt @ 57.4% Fe, infill drilling was carried out to increase the confidence of the resource to Measured and Indicated Standard. Drilling at **Warrigal, Dandy** and **Outcamp East** was carried out to collect sufficient information so that a maiden resource may be estimated at these prospects. (*see Table 1*)

Warrigal Well is the eastern continuation of the outcropping mineralisation at Outcamp Well. Mineralisation in the first pass drilling indicated that Direct Shipping Ore (DSO) was present there from surface and in thicknesses surpassing 10m. Logging from the recent drilling has indicated that mineralisation is continuous and thickens to the northeast.

Geological modelling of the **Outcamp Well** and **Coongan Well** deposits is currently underway. The regular receipt of assays over the next few months will enable the Company to deliver an updated Mineral Resource during the December Quarter of 2008.

(For more detailed information relating to the recently completed drilling programme please refer to the ASX announcements dated 1 September and 30 September 2008 – 'In-fill Drilling Results Confirm Direct Shipping Resource Quality At Nullagine Project, WA' and 'Infill Drilling Completed at Nullagine Iron Ore Project, Western Australia')

DEVELOPMENT SCHEDULE

The Company remains focused on moving the Bonnie Creek CID Project into production as quickly as possible. 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	
Metallurgical sampling	→	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	

DEVELOPMENT

Northwest Iron Ore Alliance

In 2007, BC Iron joined with Atlas Iron, Brockman Resources, and Ferraus to form the Northwest Iron Ore Alliance (NWIOA). The Alliance members have agreed to work together to enhance and accelerate the development of the junior iron ore sector to take advantage of the current strong growth cycle in the global iron ore industry. Key areas of focus for the Alliance include infrastructure access, economic and social development, statutory approvals, stakeholder relations and building strong partnerships with communities in the Pilbara.

During the Quarter, the Alliance, in consultation with the Port Hedland Port Authority and the Western Australian Government, confirmed the reservation of two new multi-user berths in the Port Hedland inner harbour for use by Alliance members and other potential junior producers.

The two berths earmarked for the Alliance members and other junior producers subject to certain conditions precedent, would have the capacity for up to 50 million tonnes of iron ore exports per annum, sufficient to cater for the initial production of its member companies - including BC Iron

It is expected that the two berths and associated port infrastructure may be operational as early as 2012. The ultimate long term capacity is envisaged to be accommodated as part of the Outer Harbour development, which in itself is yet to be approved.

CORPORATE INFORMATION

In August, BC Iron appointed Mr Simon Storm to the role of Company Secretary. Mr Storm is a Chartered Accountant with experience in accounting and management in mining and other industries. Mr Storm provides accounting, administration and company secretarial services to various companies and is currently Company Secretary for two other ASX listed entities and a Director of two unlisted public companies.

Mr Storm replaces Mr Lindsay Colless who resigned effective from 8 August 2008. The Directors extend their thanks to Mr Colless and his team for their efforts prior to and subsequent to listing.

Cash and commercial bills at the end of the Quarter amounted to approximately A$6.3 million.

- ENDS -

Mike Young
Managing Director
BC Iron Limited

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 has been completed at Outcamp Well and Coongan Well aimed at upgrading the JORC status of the current resource estimate. Drilling was 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 is being 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.

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 Ltd	15%
	UBS Wealth Management Aus. Nom	5%

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	0.01	13
including	3	6	55.3	63.3	3.1	1.3	0.014	0.01	12.7
including	10	3	56.6	65	1.9	2	0.011	0.014	12.9
including	15	2	57.6	66	1.4	2	0.006	0.006	12.7
BD1005	4	12	56.2	64.6	2.6	1.2	0.01	0.011	12.9
BD1006	0	18	55.5	63.8	3.5	1.5	0.012	0.009	13.1
including	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
including	14	3	58.3	66	1.9	1.8	0.01	0.007	11.6
BD1008	0	15	56.7	64.2	3.8	1.7	0.012	0.01	11.7
BD1009	0	13	52.8	52.9	7.4	3.7	0.012	0.009	8.2
including	1	5	57.6	57.6	3.6	0.8	0.012	0.009	10.2
BD1010	0	13	57.8	65.5	3.2	2	0.01	0.01	11.8
BD1013	0	16	55.5	58.7	4.3	3.1	0.017	0.01	11.4
including	6	6	57.9	66.1	2.2	1.6	0.015	0.01	12.4
BD1014	0	17	53.7	60.2	6.3	5.1	0.02	0.017	10.7
including	10	6	58.7	66.6	1.5	1.9	0.01	0.024	11.9
BD1015	0	9	56.8	64.6	4	1.5	0.019	0.011	12
including	3	6	57.7	65.6	3.2	1.3	0.019	0.011	12.1
BD1016	3	15	55.7	64	3.1	1.6	0.013	0.008	13.1
including	10	8	58.4	66.8	1.6	1.7	0.012	0.01	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	0.01	13
including	4	4	57.4	65.9	2	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
and	9	8	57.7	66.1	2	1.5	0.009	0.016	12.7
BD1023	1	17	55.2	63.3	3.4	1.8	0.013	0.012	13
including	8	4	57.9	66.5	1.6	0.9	0.012	0.019	12.8
including	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	0.01	11.9
including	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
including	9	6	58.4	66.3	2	1.3	0.013	0.012	12
BD1026	0	15	55.8	63.6	4	1.7	0.012	0.008	12.4
including	0	3	57.1	64.7	4	2	0.018	0.01	11.6
including	5	9	56.8	64.7	3.2	1.3	0.009	0.008	12.3
BD1027	0	12	56.2	64.3	3.3	1.6	0.011	0.011	12.6
BD1029	0	16	56.8	64.5	3.8	1.5	0.01	0.01	11.9
including	3	9	57.6	65.5	3.2	0.8	0.009	0.008	12.1

including	13	3	58.3	66.3	1.8	1.7	0.009	0.006	12.1
BD1032	5	11	55.2	63.5	3.2	1.9	0.013	0.009	13.1
including	8	7	56.8	65.1	2.3	1.7	0.013	0.01	12.8
BD1041	0	16	56.2	64.1	3.8	1	0.011	0.005	12.4
including	4	12	57.5	65.4	3	0.8	0.01	0.006	12.1
BD1042	0	13	58.2	65.6	3	1.6	0.011	0.004	11.4
BD1045	0	13	55.9	63.9	3.5	1.2	0.009	0.005	12.7
including	5	3	57.2	65.1	3.6	0.7	0.008	0.004	12.1
including	10	3	57.8	65.8	2	1.5	0.006	0.002	12.3
BD1050	13	6	57.5	65.6	2	1.9	0.012	0.004	12.3
BD1056	6	11	55.6	63.8	2.7	1.7	0.011	0.008	12.9
including	10	6	57.6	65.7	1.8	1.6	0.01	0.009	12.3
BD1059	0	14	55.8	63.8	3.8	1.5	0.011	0.006	12.6
including	6	8	57.1	65.1	3	1.5	0.009	0.005	12.3
BD1065	0	11	56.2	63.9	3.$	2.5	0.014	0.01	12
including	4	6	57.2	65.1	2.3	2.1	0.012	0.01	12.2
BD1068	0	15	55.2	63.1	4.2	1.4	0.011	0.006	12.5
including	0	3	56.4	63.4	4.7	1.9	0.016	0.008	11.1
including	10	5	56.8	64.8	2.5	1.9	0.008	0.005	12.5
BD1079	11	6	57.4	65.2	2.4	1.7	0.009	0.004	11.9
BD1101	7	6	57.9	66.1	2.2	1.1	0.011	0.004	12.4
BD1103	6	11	55.6	63.8	3.6	2.1	0.014	0.01	12.8
including	8	4	57.7	66.1	2.5	1.2	0.01	0.008	12.7
BD1106	6	8	57.1	65.1	2.4	2.2	0.007	0.001	12.3
BD1110	8	6	56.4	64.4	2.6	2.2	0.011	0.004	12.6
including	11	3	59.3	67.2	1.6	1.2	0.005	0.001	11.7
BD1111	4	10	56.8	64.8	2.7	1.2	0.009	0.004	12.4
including	8	6	58.4	66.2	1.8	1.4	0.007	0.004	11.9
BD1112	4	9	56.3	64.5	2.3	1.4	0.008	0	12.8
including	7	6	57.5	65.6	1.9	1.6	0.008	0	12.3
BD1113	6	8	57.9	65.7	2.2	1.7	0.007	0.004	11.9

Coongan Well

Hole ID	From	Length	Fe%	CaFe%	SiO2%	Al2O3%	P%	S%	LOI%
BD0426	0	12	54	61.7	4	3.1	0.014	0.012	12.6
including	4	7	57.7	65.3	2.3	1.7	0.01	0.011	11.7
BD0449	4	9	55.7	64.4	2.8	1.9	0.015	0.009	13.5
including	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
BD0459	0	14	53.8	61.8	5.1	3.8	0.014	0.008	13
including	5	8	57.8	66	2.3	1.5	0.01	0.007	12.5
BD0460	0	14	54.7	62.7	4.4	3.3	0.017	0.011	12.7
including	5	8	57.3	65.5	2.5	1.7	0.012	0.01	12.5

BD0461	4	8	57.1	65.8	1.9	1.4	0.012	0.008	13.2
BD0462	0	13	54.3	62.6	4.4	2.9	0.015	0.011	13.3
including	5	5	57	66.4	2	1	0.01	0.01	14.2
BD0468	2	12	55.8	63.8	3.1	2.3	0.012	0.013	12.4
including	6	6	58.3	66.6	1.6	1.2	0.008	0.013	12.6
BD0469	0	12	55.9	64	3.8	2.6	0.012	0.009	12.7
including	4	8	58.1	66.7	1.9	1.4	0.008	0.01	12.9
BD0472	0	8	55.3	63.8	3.7	2.3	0.008	0.01	13.3
BD0483	1	9	58.2	66.2	2.2	1.5	0.008	0.007	12.1
BD0485	5	9	57.1	65.2	2.4	2.1	0.011	0.012	12.3
BD0506	10	5	58.6	66.6	1.6	1.1	0.009	0.011	12
BD0513	6	8	56.2	64	3	2.2	0.012	0.023	12.3
including	8	6	58.7	66.6	1.6	1.2	0.011	0.021	11.9
BD0514	4	9	56.4	64.7	2.7	1.6	0.011	0.007	12.8
including	7	6	59	67.1	1.8	1.1	0.009	0.007	12.1
BD0515	7	7	57.2	65.4	2.1	1.7	0.01	0.012	12.6
BD0535	10	6	58	65.7	2.2	1.3	0.006	0.005	11.8
including	13	3	60	67.6	1.3	0.8	0.005	0.003	11.2
BD0539	0	7	57.3	65	2.7	1.3	0.012	0.023	11.9
BD0543	8	6	58.1	66.1	2.1	1.2	0.011	0.024	12.2
BD0546	6	9	56.4	64.6	2.1	1.4	0.01	0.009	12.8
BD0547	6	12	57.3	64.9	2.6	1.9	0.01	0.009	11.8
BD0550	3	10	56.8	64.8	3	1.7	0.01	0.007	12.4
including	7	6	59.3	67.3	1.9	1	0.009	0.005	11.9
BD0557	0	13	56.3	63.8	3.1	2.9	0.014	0.004	11.7
including	4	8	58.3	65.9	1.9	1.5	0.011	0.003	11.5
BD0559	6	12	57.3	64.9	2.6	1.9	0.01	0.009	11.8
BD0560	6	12	55	63.1	3	2.7	0.014	0.017	12.9
including	9	3	58.2	66.2	1.9	1.3	0.013	0.02	12.2
including	13	3	58.6	66.3	1.6	1.6	0.009	0.008	11.7
BD0562	8	7	57.8	65.6	2	1.1	0.009	0.01	12.4
BD0567	0	11	55.6	64	2.8	1.6	0.012	0.008	13
including	3	8	56.7	65	2.4	1.3	0.011	0.008	12.8
BD0585	7	11	57.4	65.3	2.4	1.7	0.014	0.003	12.2
including	8	4	58.1	66.2	1.8	1.3	0.013	0.007	12.2
including	13	4	59.8	67.6	1.4	0.7	0.01	0	11.5
BD0616	9	5	58.1	66.2	1.8	1.3	0.013	0.007	12.2
BD0669	0	9	58.3	66.2	2.4	1.7	0.015	0.023	12
BD0672	0	21	56.2	63.7	4.1	2.9	0.02	0.018	11.8
including	0	14	58.4	66.2	2.8	1.5	0.013	0.02	11.7
BD0673	0	12	57.1	64.8	3.8	1.7	0.016	0.017	11.8
including	0	7	58	65.6	3.5	1.2	0.016	0.014	11.6

BD0680	0	17	56.4	64.5	3	2	0.016	0.016	12.6
including	0	7	57.5	65.4	3.4	1.5	0.017	0.015	12.1
including	11	5	58.1	66.1	2.3	2.2	0.015	0.015	12.1
BD0681	0	8	57.4	65.3	3.1	1.6	0.017	0.014	12.2
and	12	2	58.5	66.1	3.2	2	0.015	0.012	11.5

Notes:

1). Analyses conducted by Genalysis Laboratories using X-Ray Fluorescence Spectrometry with Loss on Ignition (LOI) determined using Thermo-Gravimetric Analyses at 1000°C

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