

## HIGHLIGHTS

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

- **Maiden resource estimate of 28 Mt of DSO at 57.4% Fe (65.1% CaFe) within larger mineralised CID comprising 47Mt at 54% Fe (61% CaFe) at Outcamp and Coongan Well**
- **Scoping Study on schedule at *Bonnie Creek Channel Iron Deposit* on a nominal 3 Mtpa DSO Project**
- **Potential for additional DSO sources and upgrade ores confirmed at both Bonnie Creek and Shaw River CIDs within BC Iron's extensive tenement portfolio.**
- **Reconnaissance drilling discovers further iron mineralisation at Shaw River -**
  - **12 m @ 57.5% Fe (64.0% CaFe) from surface; and**
  - **7 m @ 57.3% Fe (63.7% CaFe) from surface**
- **Applications lodged for ELAs adjacent to Rio Tinto's Bungaroo Creek CID**

### *Corporate*

- **Strong financial position with \$9.95M in cash and commercial bills at the end of the Quarter.**
- **Exposure to the administration of Opes Prime Group Limited was limited and none of BC Iron's directors had arrangements with OPGL.**

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## INTRODUCTION

During the Quarter, BC Iron Limited continued to make excellent progress towards its objective of advancing its 100%-owned **Nullagine Iron Ore Project**, located in the Pilbara region of Western Australia (Figure 1) to production and cash flow as rapidly as possible.

A key milestone during the Quarter was the completion of the Company's maiden resource estimate covering the Outcamp and Coongan Well prospects, which are part of the larger Bonnie Creek Channel Iron Deposit (CID) Project. The initial resource estimate for these two prospects comprises **28.0 million tonnes (Mt) of high-grade Direct Shipping Ore (DSO) grading 57.4% Fe** within a global resource totalling 47.2 Mt grading 53.6% Fe (61.5% CaFe) of mineralised CID.

Work continued on the **Bonnie Creek CID Project** Scoping Study to examine the potential for a 3 to 5 Mtpa DSO operation. The Bonnie Creek CID Project (Figure 2) comprises five prospects in total; Outcamp Well, Goongan Well, Bonnie Creek East, Bonnie Creek Central, and Warrigal Well. To date, only two of the five prospects, Outcamp Well and Coongan Well, have been drilled to JORC Mineral Resource status forming the basis of the Study. BC Iron considers that there are further exploration targets comprising an additional **15 to 25Mt** of DSO at between 55% and 58% Fe at Warrigal and Bonnie Creek East.

## DEVELOPMENT SUMMARY

### Maiden Mineral Resource Estimate

An Inferred Mineral Resource was estimated for the known CID mineralisation at the Coongan and Outcamp Well deposits (Table 1), which comprise part of the **Bonnie Creek CID Project**. The estimate includes information from all reverse circulation and diamond core drilling completed on the project to date. This resource provides a solid foundation for the current Scoping Study which is based on a 3 Mtpa start-up DSO operation ramping up to 5 Mtpa. The Study is due for completion in the June Quarter of 2008.

**Table 1 - Bonnie Creek CID Project - Mineral Resource Estimate - March 2008**

DSO Resource Estimate										
Prospect	COG <sup>1</sup>	Zone	Mt	Fe	CaFe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	S	LOI <sub>1000</sub>
Outcamp	55.0	DSO	20.6	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
<b>TOTAL DSO</b>	<b>55.0</b>	<b>DSO</b>	<b>28.0</b>	<b>57.4</b>	<b>65.1</b>	<b>2.98</b>	<b>1.76</b>	<b>0.015</b>	<b>0.017</b>	<b>11.8</b>

TOTAL CID Resource Estimate										
Prospect	COG <sup>2</sup>	Zone	Mt	Fe	CaFe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	S	LOI <sub>1000</sub>
Outcamp	45.0	CID	35.9	53.5	61.3	5.03	3.34	0.017	0.018	12.7
Coongan	45.0	CID	11.3	54.0	61.8	4.16	3.31	0.015	0.018	12.7
<b>TOTAL CID</b>	<b>45.0</b>	<b>CID</b>	<b>47.2</b>	<b>53.6</b>	<b>61.5</b>	<b>4.82</b>	<b>3.33</b>	<b>0.017</b>	<b>0.018</b>	<b>12.7</b>

The resource estimate comprises a high-grade DSO zone which was modelled based on interpretations from drill hole data using a 55% Fe down-hole cut-off grade (COG<sup>1</sup>). The mineralised CID Zone was modelled based on chemical and geological boundaries and comprises both the DSO Zone plus surrounding material at a 45% Fe block cut-off grade (COG<sup>2</sup>). No Al<sub>2</sub>O<sub>3</sub> cut-offs were used in reporting the resources.

The Mineral Resource estimate was based on data collated by BC Iron staff and prepared by Golder Associates. The resource was estimated in accordance with the guidelines of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004). Full details on methodology and material comments are provided in the release to the ASX, March 31, 2008.

### Preliminary Scoping Study – Bonnie Creek CID

During the quarter, BC Iron Limited commenced a detailed Scoping Study over the **Bonnie Creek CID Project**, encompassing the **Coongan Well** and **Outcamp Well** deposits.

The Scoping Study will examine a potential start-up operation at Bonnie Creek at a nominal initial production rate of **3 Mtpa** of DSO.

BC Iron appointed Perth-based consulting engineers, GR Engineering Services, to manage the Bonnie Creek Scoping Study, utilising specialist sub-consultants all of whom are considered industry leaders in their respective areas of expertise.

Key components of the Scoping Study that have been completed include:

- Resource estimation
- Preliminary optimisation and long-term mine schedule and
- Environmental desktop studies

The following components are ongoing and are expected to be completed this quarter:

- Civil, mine and plant designs
- Processing options
- Haulage & shipping options
- Marketing options
- Capital and operating costs estimates and
- Valuation

The Study is scheduled for completion in the June 2008 Quarter.

## **EXPLORATION SUMMARY**

Final analytical results from the 2007 reconnaissance program were received during the Quarter from both the **Bonnie Creek** and **Shaw River CIDs**, which form part of BC Iron's broader 1,500km<sup>2</sup> Nullagine Iron Project. The results indicate further potential for additional sources of both DSO and upgrade ores which may provide future iron ore production in addition to the initial areas of focus at the Bonnie Creek CID Project.

### **Bungaroo Creek Exploration Licence Applications (ELA 47/1887 – 1891)**

During the Quarter, BC Iron applied for five ELAs directly east of Rio Tinto's Bungaroo Creek Channel Iron Deposit. Bungaroo Creek is part of Rio Tinto Limited's Pannawonica Iron Ore Project (Figure 1 and 3).

The ELA's are underlain by the Brockman Iron Formation which has been incised by creeks that cut into the Brockman Formation and may be filled with pisolitic material. The proximity to the extensive Bungaroo pisolite deposit in the valley immediate to the west increases the prospectivity of the area.

Once the Exploration Licences are granted and the required approvals have been received, BC Iron will commence mapping and sampling.

### **Bonnie Creek CID Project (BCI 100%)**

Previously reported reverse circulation and diamond core drilling assay results indicate that the **Warrigal Well** and **Bonnie Creek East** prospects comprise a combined exploration target of 15-25 Mt at between 55 – 58% Fe.

### Shaw River CID Project (BCI: 100%)

During the Quarter, the Company completed a total of 14 diamond core holes (DD) for 292 metres (Table 2 and Figure 4) to complete the reconnaissance program on the **Shaw River CID**.

**Table 2 – DD Drill collar locations - Shaw River CID**

Prospect	Hole ID	East	North	Depth
Bamboo	BD0400	773,124	7,549,196	17.0
Bamboo	BD0401	772,688	7,549,415	18.5
Bamboo	BD0402	773,605	7,548,960	23.0
Bamboo	BD0403	773,370	7,548,672	23.0
Bamboo	BD0404	773,210	7,548,536	16.9
Bamboo	BD0405	772,776	7,548,227	22.2
Bamboo	BD0406	772,660	7,548,030	19.9
Bamboo	BD0407	773,955	7,548,913	24.6
Bamboo	BD0408	776,110	7,548,656	28.1
Bamboo	BD0409	776,405	7,548,659	18.5
Bamboo	BD0410	776,650	7,548,110	24.5
Bamboo	BD0411	776,792	7,548,009	16.1
Gap	BD0412	766,343	7,550,519	21.5
Gap	BD0413	766,337	7,550,083	18.4

Results have been received from the **Bamboo** and **Gap Well** prospects (Table 3) with best results including:

- 13 m @ 55.9% Fe (62.1% CaFe) from 0 m in BD0405 (Bamboo Creek)
- 12 m @ 57.5% Fe (64.0% CaFe) from 0 m in BD0410 (Bamboo Creek)
- 7 m @ 57.3% Fe (63.7% CaFe) from 0 m in BD0412 (Gap Well)

The results from several additional holes comprise moderate grade Fe with elevated calcined Fe; the Loss on Ignition (LOI) analyses are anomalously high, averaging over 11%. Due to this, calcined iron (CaFe) grades are greater than 60% despite the presence of generally lower iron grades.

**Table 3 – Shaw River CID Diamond Core Assays**

Hole	From	To	Width	Fe	CaFe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	S	LOI <sub>1000</sub>
<b>Bamboo Creek CID</b>										
BD0399	11	17	6	56.2	63.2	3.86	3.86	0.018	0.023	11.1
<i>including</i>	11	15	4	<b>58.4</b>	65.5	2.65	2.33	0.016	0.024	10.8
BD0401	0	6	6	51.8	58.9	5.71	6.01	0.043	0.041	12.2
BD0403	0	7	7	52.4	58.6	6.85	6.07	0.038	0.033	10.6
BD0404	0	6	6	56.1	62.3	5.85	2.85	0.030	0.034	10.0
<i>including</i>	0	4	4	<b>57.3</b>	63.3	5.18	2.36	0.027	0.036	9.5
<i>and</i>	9	11	2	52.0	59.1	6.14	5.57	0.033	0.025	12.1
BD0405	0	13	13	55.5	62.1	4.71	4.46	0.029	0.029	10.6
<i>including</i>	0	10	10	56.6	63.2	4.36	3.48	0.027	0.029	10.5
BD0406	0	13	13	55.9	62.0	4.58	4.60	0.031	0.034	9.9
<i>including</i>	0	3	3	<b>57.7</b>	64.1	3.12	3.33	0.031	0.043	10.0
<i>including</i>	6	12	6	<b>57.9</b>	64.1	3.23	3.56	0.028	0.024	9.7
BD0407	8	17	9	50.6	57.6	6.54	5.83	0.020	0.028	12.4
<i>including</i>	10	12	2	<b>58.4</b>	65.8	2.06	2.34	0.020	0.031	11.3
BD0408	0	5	5	55.2	62.8	3.32	2.25	0.030	0.022	12.1
BD0409	1	8	7	55.2	61.0	5.34	5.08	0.028	0.022	9.6
BD0410	0	12	12	<b>57.5</b>	64.0	4.60	2.17	0.022	0.021	10.2
<i>including</i>	0	6	6	<b>58.6</b>	65.1	4.03	1.55	0.022	0.025	10.0
<i>including</i>	9	12	3	<b>59.1</b>	65.8	2.81	1.90	0.020	0.014	10.1
BD0411	0	9	9	55.8	62.8	4.28	2.63	0.025	0.019	11.3
<b>Gap Well CID</b>										
BD0412	0	7	7	<b>57.3</b>	63.7	4.87	2.64	0.018	0.032	10.0
<i>and</i>	12	15	3	<b>58.0</b>	64.5	3.47	2.73	0.024	0.021	10.2
BD0413	0	13	13	54.8	61.1	6.19	4.21	0.025	0.033	10.4
<i>including</i>	0	4	4	<b>57.4</b>	63.4	4.72	3.10	0.024	0.035	9.4
<i>including</i>	8	11	3	<b>57.6</b>	63.8	4.70	2.49	0.019	0.025	9.7

During the 2007 field season, **extensive deposits of detrital pisolite material** were identified at the base of the CID mesas at Shaw River (Figure 4). Detrital pisolites comprise unconsolidated haematitic pisolite gravels, 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 year, BC Iron will carry out sampling of the Shaw River detrital deposits to assess the potential to upgrade this material. The Company considers that the detrital deposits have the potential to form a future source of upgrade ore, providing additional upside for the Nullagine Iron Ore Project.

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## **WORK PLAN JUNE 2008 QUARTER**

### **Development**

The Scoping Study on the Bonnie Creek CID Project is expected to be completed during the June 2008 Quarter.

BC Iron has initiated baseline environmental surveys to ensure that seasonal variations are captured during the current year. This approach will greatly improve the Company's prospects of obtaining the necessary environmental permits in the shortest possible time frame.

### **Heritage Surveys**

Heritage Surveys by the Palyku People were unavoidably delayed and are expected to commence in early May. BC Iron's relationship with the Palyku Claimant group remains very strong and, during the June Quarter, several meetings including working group meetings are planned to further enhance the relationship.

### **Drilling**

Approximately 25,000m of RC drilling is planned for the next several months which will be carried out at the following prospects: Outcamp Well, Coongan Well, Warrigal Well, and Bonnie Creek East.

Drilling at Outcamp and Coongan Well is being conducted to increase the level of confidence in the resource estimates at the prospects. Further exploration drilling will also be undertaken at Warrigal Well and Bonnie Creek East to provide sufficient data to carry out resource estimations on these prospects. BC Iron considers that there may be exploration targets comprising an additional **15 and 25 Mt** of DSO at between 55% and 58% Fe at these two areas.

The recent encouraging intersections combined with initial positive results at the Bonnie Creek East and Warrigal Well Prospects, also part of the Bonnie Creek CID Project, continue to enhance the significant exploration potential of the 1,500km<sup>2</sup> Nullagine Project to underpin a long-term, world-class iron ore business for BC Iron

## **CORPORATE INFORMATION**

Cash and commercial bills at the end quarter amounted to approximately \$9.95M.

BC Iron understands that approximately 200,000 of its shares were affected by the Opes Prime issue and that these have now all been dealt with by orderly sale into the market. None of the Company's directors are party to any margin lending arrangements with Opes Prime Group Limited or ANZ or its Nominees.

**Mike Young**  
**Managing Director**  
**BC Iron Limited**

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## About BC Iron Limited

BC Iron Limited (ASX: BCI) is an emerging iron ore development company focused on Western Australia's Pilbara region. BC Iron's 100%-owned **Nullagine Project** is strategically located north east of the Cloud Break operation, part of Fortescue Metal Group's Chichester Iron Project. BC Iron's project is proximal 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.

The Company recently announced its maiden Resource Estimate of **28 Mt @ 57.4% Fe** just 15 months after listing. The resources occur at surface resulting in potentially low stripping ratios and are very low in contaminants.

BC Iron has commenced a Scoping Study to examine a potential start-up operation at the **Bonnie Creek CID Project** at a nominal production rate of 3 Mtpa of DSO. The 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 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

<b>Shares on Issue:</b>	63.7 million (fully diluted)
<b>Cash &amp; equivalents:</b>	March 30, 2008 - \$9.95 M
<b>Board and Management:</b>	Tony Kiernan – Chairman Mike Young – Managing Director Garth Higgo – Non-Executive Director Terry Ransted – Non-Executive Director Steven Chadwick – Non-Executive Director
<b>Major Shareholders:</b>	Consolidated Minerals 26% Alkane Resources Ltd 15% UBS Wealth Management Aus. Nom 8%

**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, 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.*

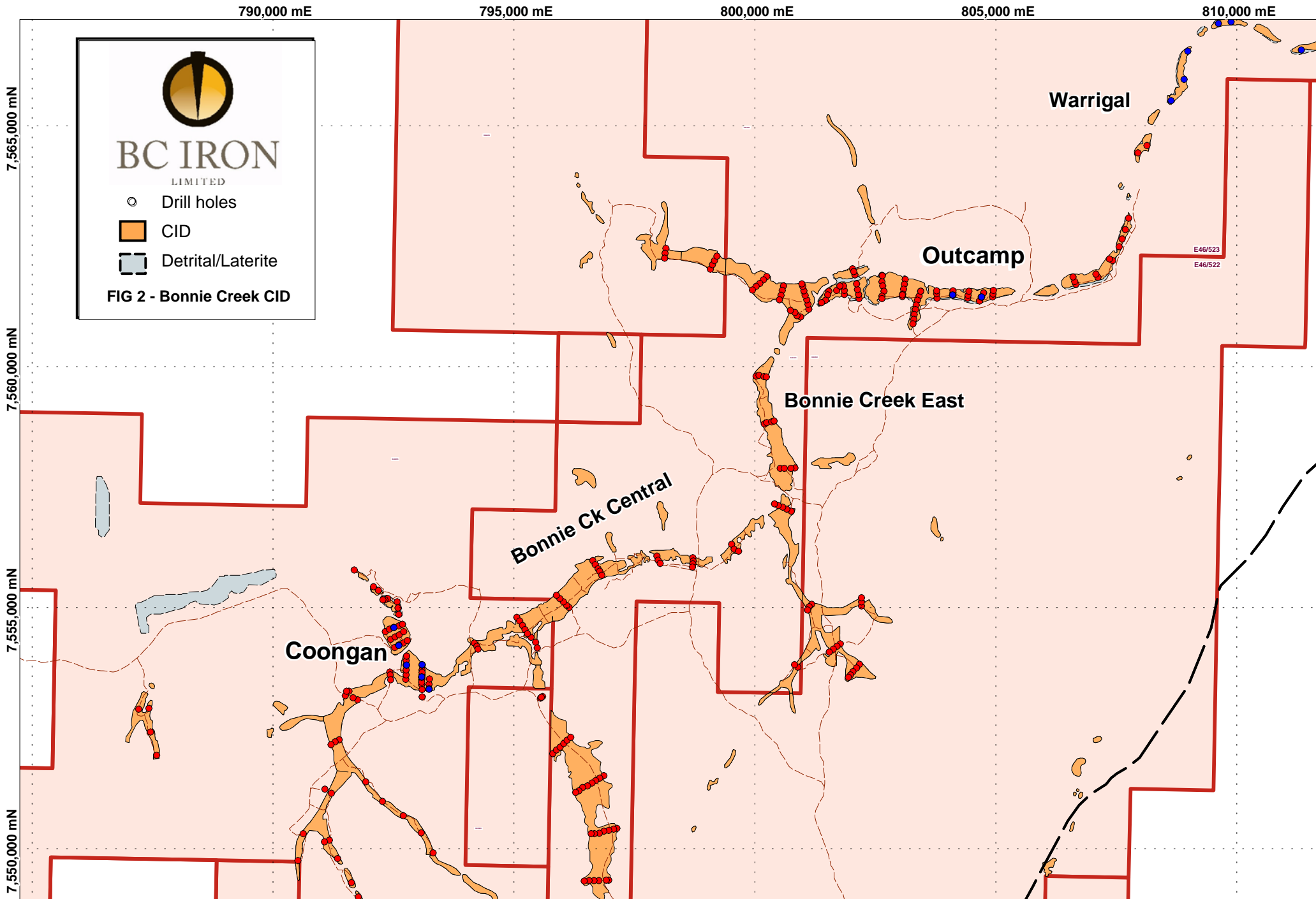
*It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information above relating to the exploration target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) 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 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. The information that relates to the Mineral Resource Estimate has been compiled by Mr Stephen Godfrey who is a member of the Australasian Institute of Mining and Metallurgy and an employee of Golder Associates. Both Mr Young and Mr Godfrey have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 Godfrey and Mr Young consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.*





Figure 1 – Location plan of BC Iron’s Pilbara projects



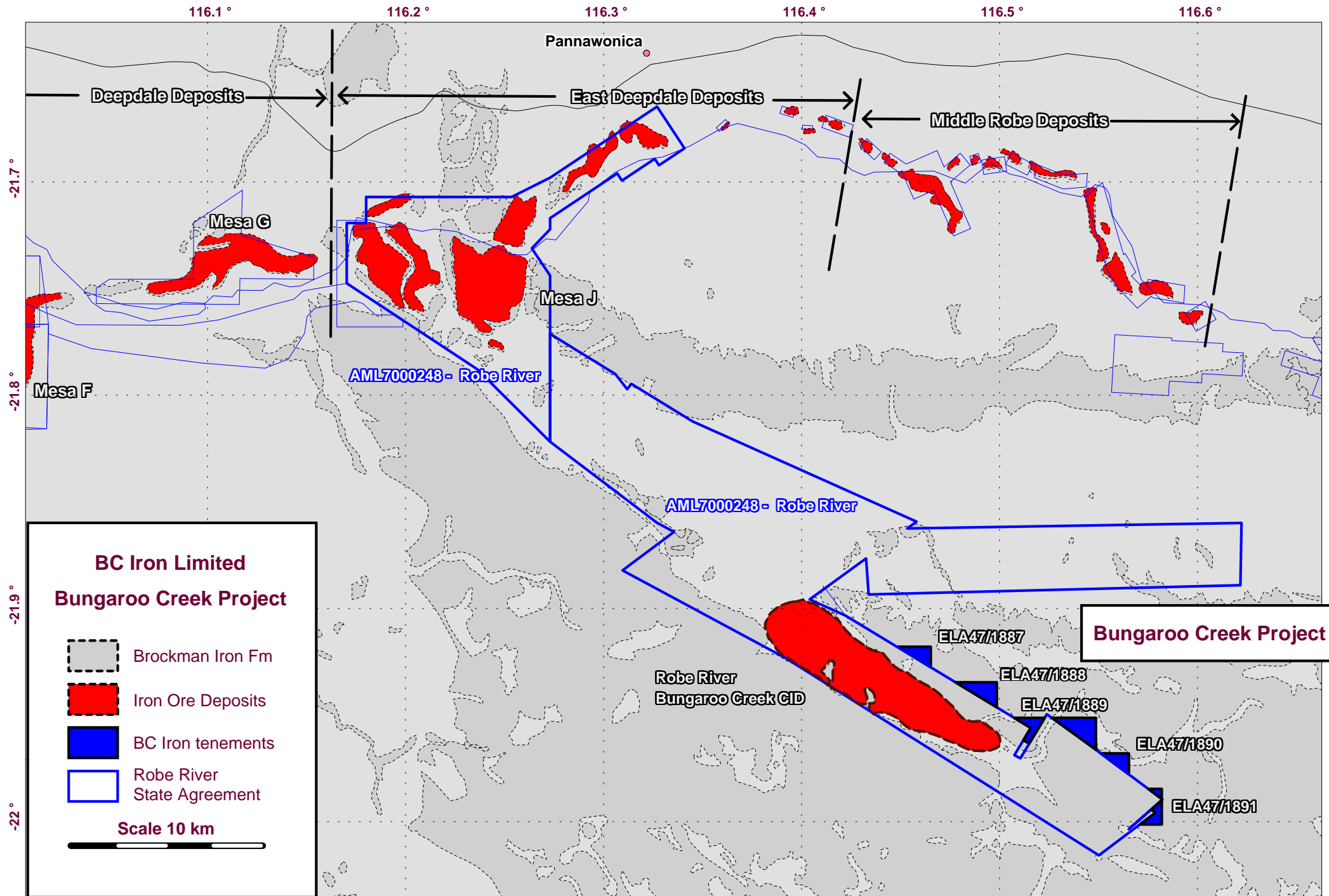


Figure 3 - Location plan Bungaroo Creek tenement applications

