



BC IRON LIMITED

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2 December 2008

DRILLING RESULTS CONTINUE TO CONFIRM DIRECT SHIPPING ORE QUALITY AT NULLAGINE PROJECT, WA

HIGHLIGHTS

- Reverse Circulation (RC) drilling completed at the Bonnie Creek Project
- Significant results from Warrigal Well include:
 - 17m @ 58.5% Fe (66.0% CaFe) from surface;
 - 19m @ 57.8% Fe (64.8% CaFe) from surface;
 - 24m @ 57.3% Fe (64.6% CaFe) from surface; and
 - 22m @ 57.2% Fe (65.1% CaFe) from surface;
- Drilling at Warrigal Well confirms a continuous (CID) with potential for a further 15 Mt of Direct Shipping Ore (DSO)
- An updated Resource estimate for Outcamp is expected by end of December

BC Iron Limited (ASX: BCI) is pleased to report that it continues to receive excellent results from the recently completed 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 soon after BC Iron defined its maiden Inferred Mineral Resource of **28Mt at 57.4% Fe** in March this year. These results have reinforced the quality of the Company's key deposits at Nullagine, adding to BC Iron's confidence in the Project to produce premium sinter blend ore, a product highly sought after by iron smelting companies.

In 2008, Reverse Circulation (RC) in-fill drilling was conducted at **Outcamp Well**, **Coongan Well** and **Warrigal Well**, which in part make up the **Bonnie Creek CID Project** (*Figure 1*). Additional drilling was completed in 2008 at **Bonnie Creek East** and **Dandy Well** with assay results currently being assessed.



The outstanding results confirm the interpretation from earlier drilling that Warrigal Well alone comprises an additional exploration target of between **15 and 20Mt** at grades of between 56% and 58% Fe. The areas drilled during the recent program are highlighted in Figure 2 and selected assays from the 142 holes drilled at Warrigal are presented in Table 1.

Intersections greater than 56.0% Fe have been returned for all but 11 of the 142 RC holes drilled at Warrigal Well during the recent campaign. Of a total 3,352 metres drilled, 1,121 metres consist of Fe% greater than 56%. Importantly, the Warrigal Well intersections are mainly from surface and consistently thicker than those encountered previously at Outcamp.

The Company's primary aim is 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 further updates for Warrigal Well and Coongan Well during the January Quarter of 2009. BC Iron expects to complete the Feasibility Study in the first half of 2009.

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

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

- ENDS -

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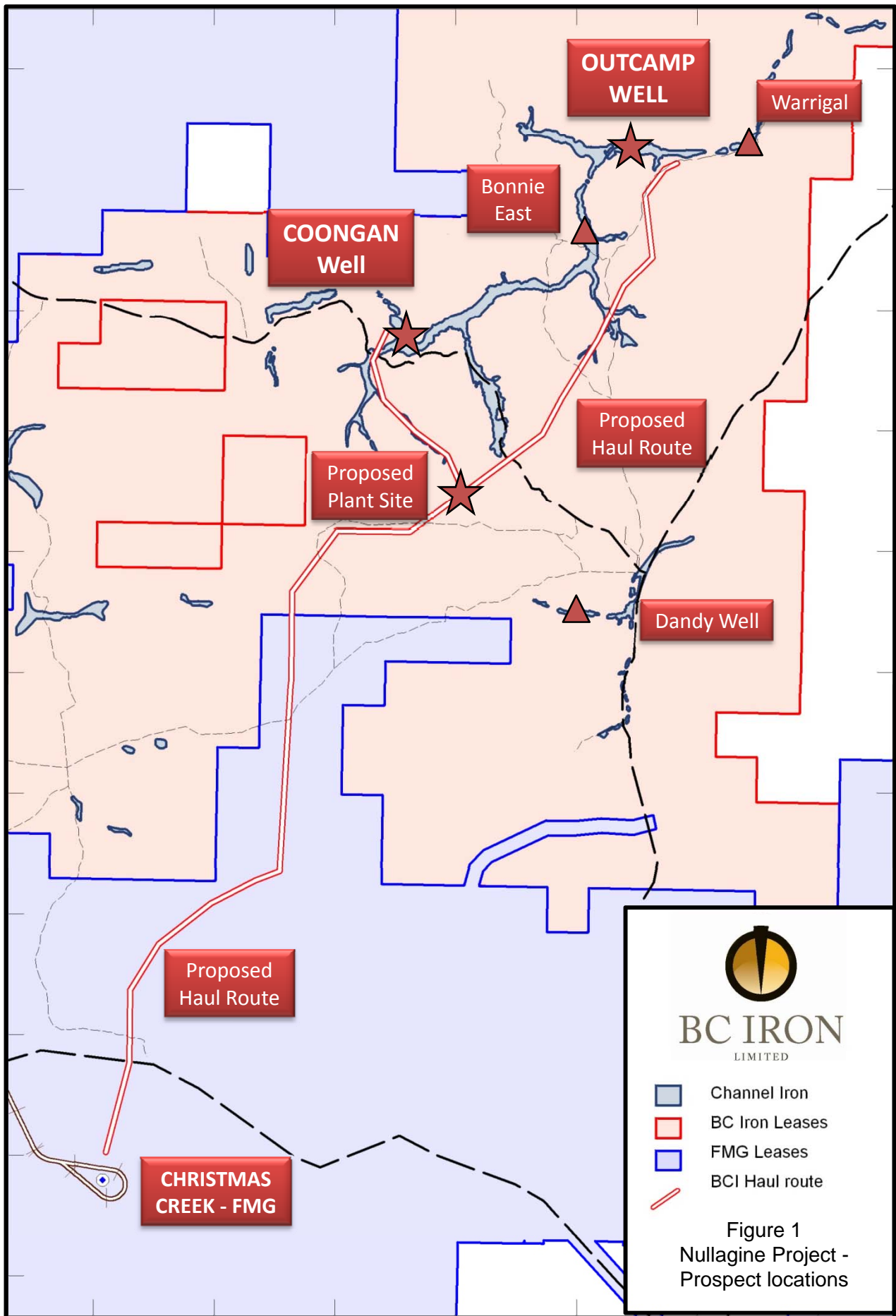
On behalf of:
Mr Mike Young
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Table 1 – Selected RC Drilling Results, Warrigal Well

Hole ID	From	Length	Fe%	CaFe%	SiO2%	Al2O3%	P%	S%	LOI%
BD0873 <i>including</i>	0	14	55.7	62.9	4.1	3.1	0.019	0.009	11.6
	2	9	58.5	65.8	2.8	1.4	0.017	0.006	11.2
BD0882 <i>including</i>	0	17	56.0	63.7	3.5	3.0	0.02	0.009	12.0
	0	11	57.2	65.4	2.9	1.5	0.02	0.008	12.5
BD0886	0	12	57.0	64.7	3.5	1.8	0.019	0.010	11.9
BD0887	0	17	58.5	66.0	2.9	2.1	0.02	0.009	11.3
BD0896 <i>and</i>	0	7	58.7	66.4	2.8	1.8	0.021	0.011	11.6
	12	5	57.1	64.5	3.0	2.7	0.017	0.010	11.6
BD0902	0	11	57.6	65.2	3.3	1.9	0.017	0.008	11.6
BD0904 <i>including</i> <i>including</i>	0	18	52.6	60.4	5.2	3.1	0.018	0.014	13.3
	1	9	57.7	65.4	3.2	1.5	0.019	0.015	11.9
	15	2	58.7	66.9	2.0	1.8	0.014	0.015	12.2
BD0909 <i>including</i>	0	17	55.3	62.5	5.2	3.7	0.02	0.022	11.6
	0	7	58.8	66.2	3.2	1.7	0.019	0.024	11.1
BD0913	0	13	57.6	65.3	4.0	1.7	0.017	0.013	11.7
BD0915 <i>including</i>	0	19	55.4	63.0	5.0	3.7	0.025	0.012	12.0
	0	12	58.8	66.8	2.8	1.7	0.022	0.014	12.0
BD0920 <i>including</i>	0	20	56.8	63.8	3.7	3.4	0.023	0.013	11.0
	1	16	57.8	64.9	3.1	2.6	0.023	0.012	10.9
BD0921	0	18	57.9	64.9	3.4	2.9	0.025	0.014	10.8
BD0934	0	13	58.9	66.4	2.7	1.7	0.019	0.011	11.4
BD0942 <i>including</i>	0	17	51.2	58.1	8.7	4.9	0.024	0.015	12.1
	0	9	57.9	65.6	3.7	1.8	0.021	0.012	11.7
BD0960 <i>including</i> <i>including</i> <i>including</i>	0	24	56.2	63.9	3.8	2.7	0.021	0.016	12.0
	0	4	56.1	63.9	3.5	2.8	0.024	0.014	12.2
	9	7	59.3	67.0	2.3	0.8	0.015	0.015	11.5
	19	2	58.3	65.8	2.2	2.0	0.021	0.018	11.5
BD0963 <i>including</i> <i>including</i> <i>including</i>	0	25	53.2	61.0	4.6	3.0	0.022	0.014	13.1
	0	3	57.4	64.6	4.4	2.8	0.02	0.015	11.1
	9	8	57.2	65.2	2.6	1.6	0.025	0.013	12.3
BD0978 <i>including</i>	20	3	57.6	65.7	2.3	1.1	0.018	0.014	12.4
	1	13	54.4	61.2	5.2	4.7	0.027	0.021	11.3
BD0978 <i>including</i>	1	9	57.8	65.0	3.3	2.6	0.025	0.022	11.1
	0	24	57.3	64.6	3.3	1.9	0.027	0.017	11.3
BD0987 <i>including</i> <i>including</i>	0	19	57.6	64.9	3.4	1.8	0.029	0.017	11.1
	20	2	59.9	67.3	2.0	1.4	0.019	0.020	11.0
	0	22	56.2	64.1	3.8	1.8	0.024	0.006	12.4
BD0993 <i>including</i>	4	17	57.2	65.1	3.8	1.4	0.023	0.005	12.2
	4	18	57.2	64.9	4.0	2.0	0.025	0.020	11.8

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 $CaFe\% = ((Fe\%) / (100 - LOI1000)) * 100$




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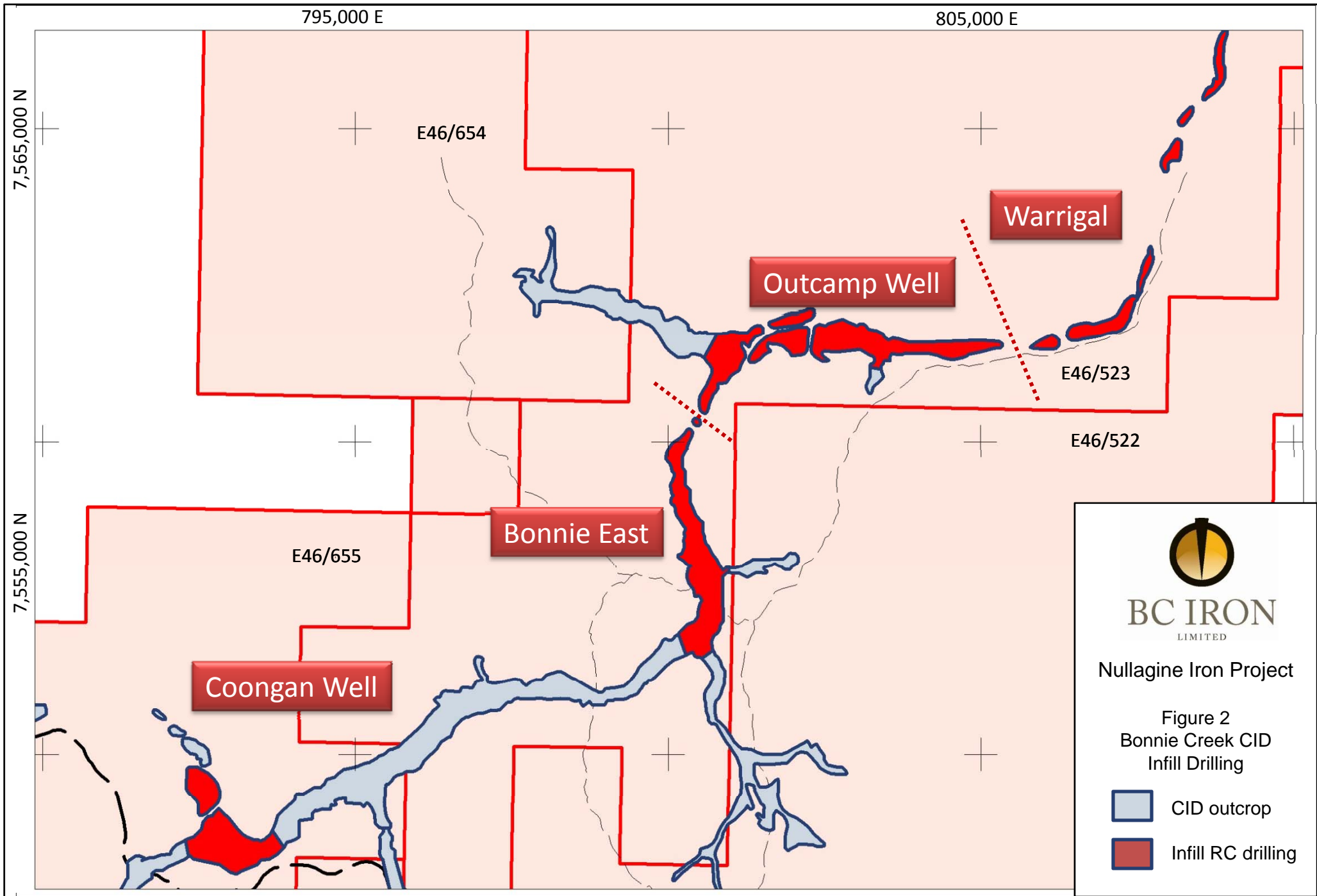
-  Channel Iron
-  BC Iron Leases
-  FMG Leases
-  BCI Haul route

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.

Development drilling has been completed at five prospects including Outcamp, Coongan and Warrigal Well to upgrade and add to the current resource estimate. Resource modelling is underway and is expected to begin providing results by the end of the December and January Quarters.

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 1.5 Mtpa of DSO (ramping up to 3 then 5 Mtpa). This low tonne start-up option is intended to deliver first ore at a low capital intensity with growth being funded from cash flows.

The Company has entered into an MOU with Fortescue Metals Group facilitating negotiation over bulk transport for its material. BC Iron is a founding member of the North West Iron Ore Alliance which has successfully reserved export capacity at Port Hedland and is currently carrying out a scoping study on a multi-user facility at Port Hedland.

Key Statistics

Shares on Issue:	63.7 million (fully diluted)
Cash & equivalents:	September 30, 2008 - \$6 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 5%



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.