

Dated May 3, 2007

ASX Release

INITIAL DRILLING INTERSECTS SIGNIFICANT WIDTHS AND GRADES OF IRON MINERALISATION AT NULLAGINE

- Best results include 7 m @ 59.2 % Fe (66.9 % calcined Fe) from surface.
- Maximum thickness of 13 metres and average thickness of 8 metres over 3.5km channel length.
- Low impurities with high LOI and high calcined Fe grades, comparable to Channel Iron Deposits at Yandicoogina and Robe River.

BC Iron Limited (ASX: BCI) is pleased to announce that it has received excellent assay results from the maiden reverse circulation (RC) drilling program at its Nullagine Project in Western Australia's Pilbara region. Analytical results have been received from the first 24 holes, BDRC0001-0024 (Table 1), at the **Outcamp Prospect** with best assays including:

6 m @ 59.2 % Fe from surface in BDRC0005 (66.5 % CaFe)

7 m @ 59.2 % Fe from surface in BDRC0006 (66.9 % CaFe)

8 m @ 58.2 % Fe from 3 m in BDRC0012 (66.2 % CaFe)

9 m @ 58.1 % Fe from 5 m in BDRC0013 (66.0 % CaFe) and

9 m @ 58.4 % Fe from 2 m in BDRC0017 (65.9 % CaFe)

Impurities such as alumina (Al_2O_3), silica (SiO_2), phosphorus (P) and sulphur (S) are low and are comparable to at the Channel Iron Deposits (CIDs) mined at Yandicoogina and Robe River by Rio and BHP. Intersections including major impurities are detailed in Table 1.

The Nullagine Project is located 150 km north of Newman and 240 km southeast of Port Hedland. Fortescue Metals Group's railway line between its Cloud Break Project and Port Hedland crosses the Shaw River CID while the other CIDs lie between 35 and 75 km due east of FMG's line (Figure 1). Approximately 90 km of prospective CID have been identified within three palaeochannel systems (Bonnie Creek, Nullagine and Shaw River).

Reverse Circulation drilling commenced in early April with the aim of identifying areas with the potential to produce significant tonnages of direct shipping quality iron ore product (DSO). DSO is considered to be material between 55 % and 60 % Fe which is mined and used in blast furnaces, requiring only simple preparation.

The initial RC drilling program was completed yesterday (183 holes for 4,531 metres). A further 140 holes for approximately 2,800 metres remain to be drilled at Bonnie Creek and Shaw River following completion of a heritage survey scheduled for mid-May.

The Outcamp Prospect comprises the easternmost CID drilled on the Bonnie Creek system (Figure 2) and has a length of about 3.5 kilometres (Figure 3). The Outcamp CID comprises an upper, vitreous goethite + hematite $\pm$ limonite pisolitic channel iron (**FeCID**) with minor carbonate bands and increasing clay content at depth. The FeCID overlies the second zone – a clay-rich channel deposit (**cyCID**). Each of the zones has minor variations within them such as thin clay-rich or iron-rich seams.

Analytical results for the remainder of the drilling will continue to be received throughout May and will be released on a prospect by prospect basis so that entire prospect CIDs can be assessed in context.

While the results from the Outcamp Prospect only comprise the assays from the first 24 holes completed at the Nullagine Project, they confirm the Company's belief that the Project has the potential to host significant tonnages of direct shipping ore.

Yours faithfully,
for **BC IRON LIMITED**



Managing Director

Figure 1 – Location Map of the Nullagine Project

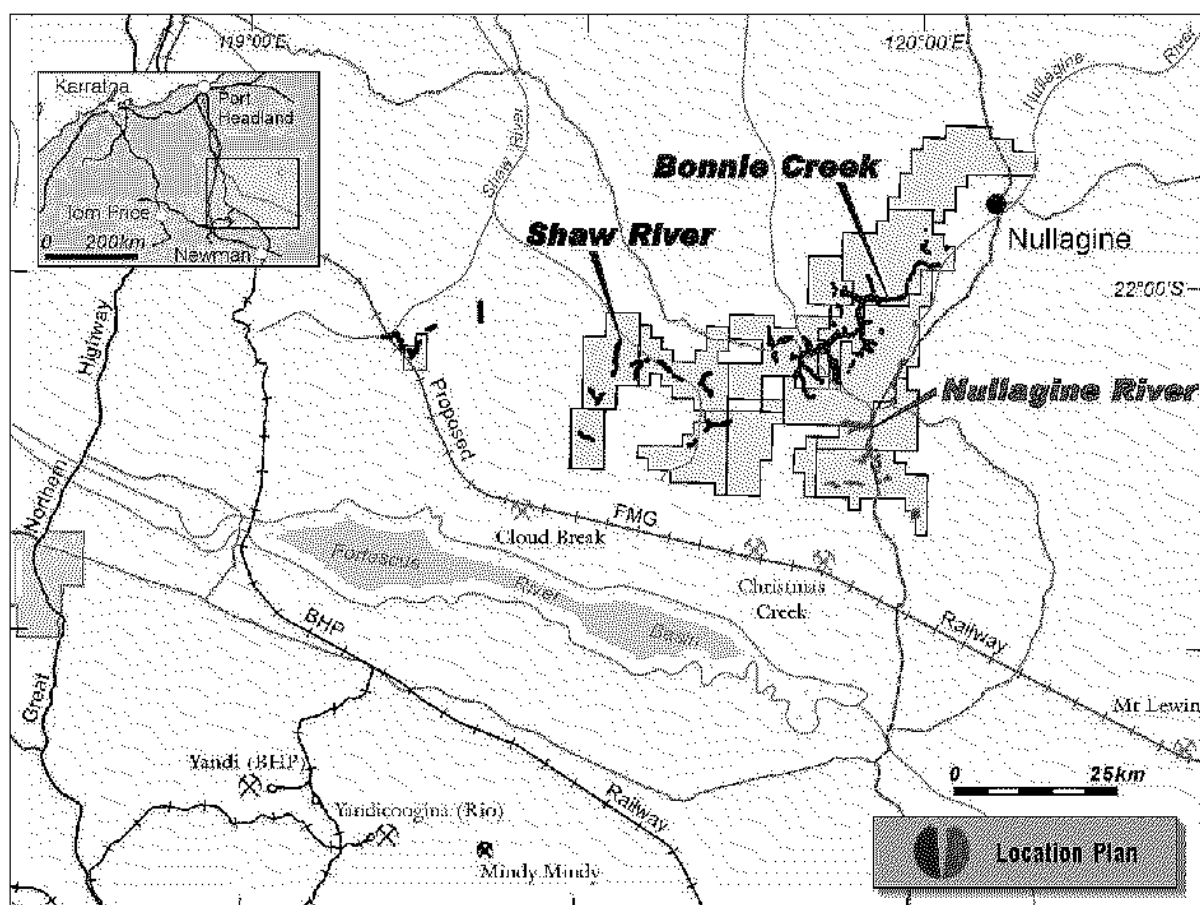


Table 1 Collar locations – Outcamp Prospect

Hole ID	Depth	Dip	East (MGA94)	North (MGA94)	RL
BDRC0001	41	-90	804,654	7,561,366	480
BDRC0002	32	-90	804,704	7,561,453	480
BDRC0003	31	-90	804,738	7,561,535	480
BDRC0004	29	-90	804,105	7,561,483	480
BDRC0005	29	-90	804,106	7,561,533	480
BDRC0006	29	-90	804,109	7,561,582	480
BDRC0007	28	-90	802,170	7,561,418	480
BDRC0008	41	-90	802,150	7,561,508	480
BDRC0009	32	-90	802,129	7,561,607	480
BDRC0010	30	-90	802,108	7,561,708	480
BDRC0011	29	-90	802,632	7,561,902	480
BDRC0012	29	-90	802,639	7,561,864	480
BDRC0013	29	-90	802,632	7,561,764	480
BDRC0014	32	-90	802,631	7,561,664	480
BDRC0015	41	-90	802,632	7,561,565	480
BDRC0016	41	-90	802,631	7,561,465	480
BDRC0017	32	-90	803,439	7,561,569	480
BDRC0018	32	-90	803,406	7,561,474	480
BDRC0019	29	-90	803,373	7,561,387	475
BDRC0020	22	-90	803,343	7,561,281	470
BDRC0021	14	-90	803,325	7,561,185	470
BDRC0022	20	-90	803,308	7,561,086	470
BDRC0023	13	-90	803,290	7,560,988	470
BDRC0024	13	-90	803,272	7,560,891	470

Collars surveyed with GPS on 1 minute averaging.
RL from topographic maps.

The information that relates to Exploration Results is based on information compiled by Mr Terry Ransted and Mr Michael Young who are Members of The Australasian Institute of Mining and Metallurgy and are Directors of the Company. Mr Young and Mr Ransted have 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 Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Young and Mr Ransted consent to the inclusion of their names of the matters based on their information in the form and context in which they appear.

Table 2 – Intersections from RC drilling Outcamp Prospect

Hole ID	From	To	Length	Fe	CaFe ₁₀₀₀	SiO ₂	Al ₂ O ₃	CaO	P	S	LOI ₁₀₀₀
BDRC0001	0	8	8	56.65	64.24	3.98	2.29	0.17	0.018	0.023	11.81
BDRC0002	0	8	8	57.17	64.50	3.77	2.45	0.03	0.025	0.016	11.35
including	1	5	4	58.22	65.86	3.00	1.60	0.03	0.023	0.016	11.61
BDRC0003	2	15	13	55.46	62.94	4.18	2.67	1.11	0.019	0.015	11.89
including	11	15	4	57.81	64.96	2.62	2.75	0.17	0.021	0.013	10.99
BDRC0004	0	13	13	56.42	64.00	3.31	3.42	0.00	0.016	0.026	11.85
including	0	7	7	57.18	64.78	2.96	2.90	-0.01	0.015	0.023	11.73
BDRC0005	0	15	15	56.30	63.79	3.06	2.68	1.34	0.021	0.015	11.81
including	0	6	6	59.22	66.45	2.47	1.41	0.11	0.023	0.017	10.89
and	4	6	2	60.57	66.82	2.08	1.26	0.12	0.023	0.013	9.37
and	11	15	4	57.29	64.17	2.80	3.41	0.52	0.015	0.014	10.72
BDRC0006	0	12	12	56.50	63.97	3.84	2.89	0.06	0.021	0.017	11.69
including	0	7	7	59.17	66.88	2.48	0.98	0.06	0.019	0.018	11.53
BDRC0007	No significant intersection										
BDRC0008	2	8	6	56.84	64.72	3.46	1.22	0.94	0.013	0.014	12.18
BDRC0009	3	14	11	56.55	64.44	3.28	1.31	1.06	0.012	0.013	12.34
including	9	14	5	58.73	66.43	1.87	1.68	0.20	0.011	0.010	11.59
BDRC0010	3	9	6	52.69	61.15	3.53	1.49	4.55	0.010	0.013	14.35
including	6	9	3	58.92	66.73	2.09	1.13	0.42	0.009	0.011	11.71
BDRC0011	No significant intersection										
BDRC0012	3	11	8	58.24	66.18	2.24	1.03	0.89	0.010	0.012	12.01
including	7	11	4	59.67	67.47	1.53	1.03	0.08	0.009	0.011	11.57
BDRC0013	5	14	9	58.07	65.98	2.50	1.00	0.86	0.011	0.014	11.99
including	7	14	7	58.78	66.73	1.78	1.10	0.60	0.010	0.014	11.92
BDRC0014	10	15	5	53.37	61.13	4.77	3.78	1.02	0.019	0.018	12.69
BDRC0015	10	14	4	59.29	67.15	1.58	0.88	0.38	0.010	0.011	11.72
BDRC0016	5	8	3	55.33	63.66	3.04	2.24	0.95	0.013	0.017	13.09
BDRC0017	2	11	9	58.43	65.85	3.15	1.60	0.11	0.020	0.018	11.25
including	8	11	3	59.38	67.15	2.06	1.18	0.09	0.013	0.023	11.56
BDRC0018	1	11	10	56.98	64.34	3.96	2.22	0.12	0.015	0.022	11.44
including	1	8	7	57.52	64.72	3.99	1.86	0.05	0.016	0.017	11.12
and	15	17	2	57.72	64.49	2.77	2.99	0.41	0.020	0.023	10.52
BDRC0019	No significant intersection										
BDRC0020	No significant intersection										
BDRC0021	No significant intersection										
BDRC0022	No significant intersection										
BDRC0023	No significant intersection										
BDRC0024	No significant intersection										

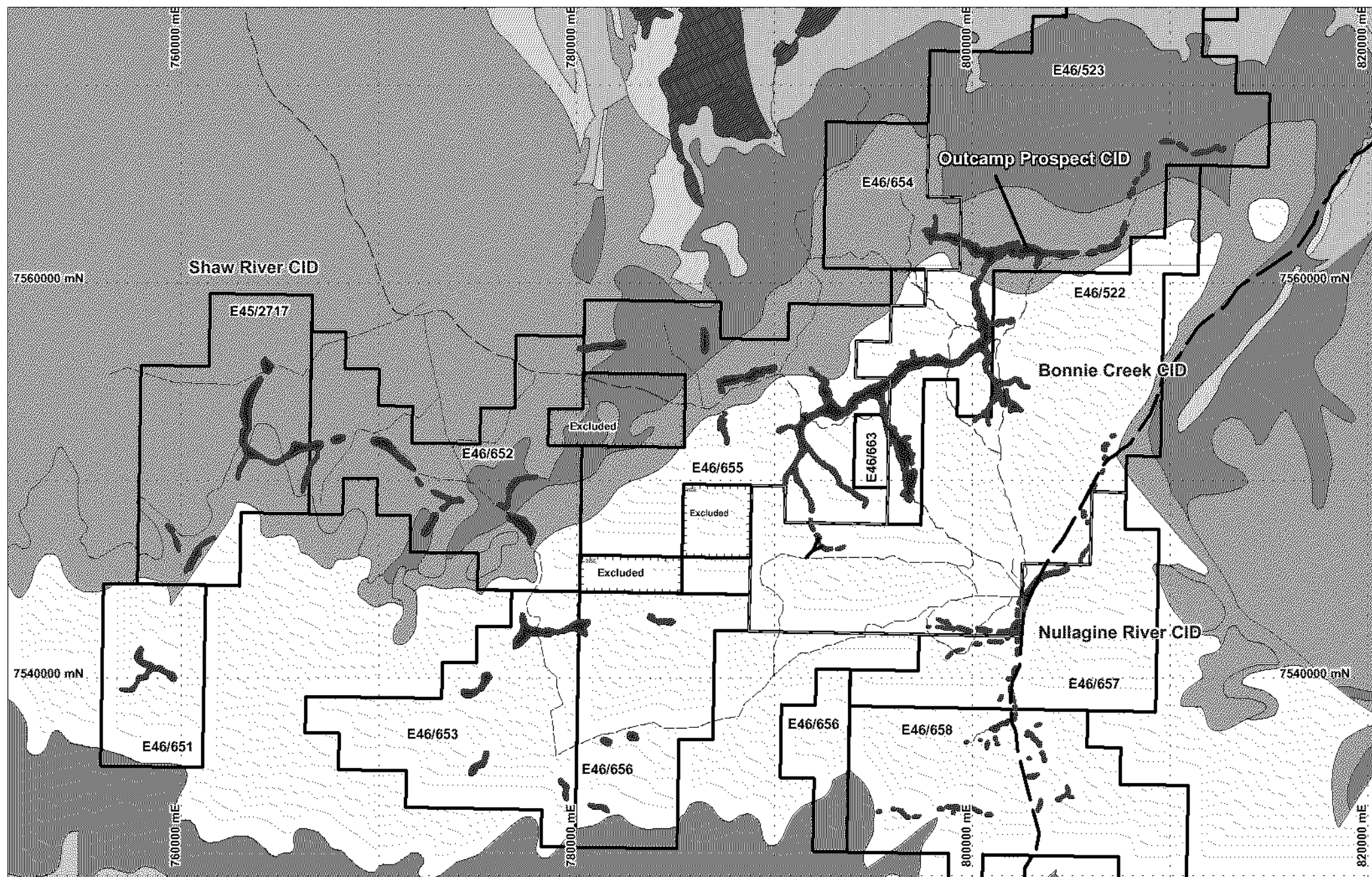
1 m samples, riffle split, no wet samples. Analyses conducted by Ultratrace Laboratories using X-Ray Fluorescence Spectrometry with Loss on Ignition (LOI) determined using Thermo-Gravimetric Analyses at 450° C, 650° C, and 1000° C

Calcined Fe (CaFe) calculated by the formula $\text{CaFe \%} = \left(\frac{\text{Fe \%}}{100 - \text{LOI}_{1000}} \right) * 100$

Intervals using varying cut offs with maximum 2 m internal dilution - COG 55 % Fe or 60 % CaFe

Nullagine Project - Bedrock Geology & Channel Iron Deposit Location

0 125 250 500 Scale 1:20,000
35°06'S



Outcamp Prospect CID - Drill hole location plan (MGA94_50)

0 125 250 500 metres Scale 1:20,000

