

BCD RESOURCES NL

ABN 22 057 793 834

***ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2014***

www.bcdresources.com.au

BCD RESOURCES NL
Corporate Information
Year Ended 30 June 2014

ABN 22 057 793 834

ASX CODE BCD

Directors

Clive S Carroll Non-Executive Chairman
David F Groves Non-Executive Director
Michael J Boorne Non-Executive Director

Company Secretaries

Richelle A Greenwood
Brian D Coulter

Registered Office and Principal Place of Business

1 Rifle Range Road
Beaconsfield Tas 7270
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Facsimile: (03) 6383 6590
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Share Registry

Computershare Investor Services Pty Limited
PO Box 103
Abbotsford Vic 3067
Telephone: (03) 9415 5000
 (03) 9415 4661 (Investor Contact)
 1300 136 250 (Investor Contact)
Facsimile: (03) 9473 2500
Website: www.computershare.com

BCD Resources NL shares are listed on the Australian Securities Exchange (ASX).

Auditor

RSM Bird Cameron Partners
Level 21,
55 Collins Street
Melbourne Vic 3000

Solicitors

Mills Oakley Lawyers
Level 6
530 Collins Street
Melbourne Vic 3000

BCD RESOURCES NL
Directors' Report
Year Ended 30 June 2014

The Directors present their report together with the financial report of BCD Resources NL ("the Company") for the year ended 30 June 2014.

DIRECTORS

The following persons were Directors of the Company. Directors were in office for the entire year and up until the date of this report unless otherwise stated.

- Clive S Carroll Non-executive Chairman
- David F Groves Non-executive Director
- Michael J Boorne (appointed 12 August 2014) Non-executive Director
- Nigel B Webb (resigned on 12 August 2014) Non-executive Director

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were:

- mining and processing of ore from the joint operations of the Stormont Gold open pit project;
- investigating longer term utilisation of the Beaconsfield processing facility;
- development and construction of the Lorena Joint operations for the Lorena Gold project at Cloncurry in Queensland; and
- progressing the Decommissioning and Rehabilitation Plan.

The Company is committed to ensuring that the processing facility will be utilised for the treatment of refractory gold concentrates and other resources identified in future development.

DIVIDENDS

There were no dividends paid or declared during the financial year.

CONSOLIDATED RESULTS

Due to the closure of the Tasmania Mine in June 2012, the Company no longer generates income from a single ore resource and has entered into Joint agreements with other resource owners to manage mining activities and undertake the gold processing of such ventures. It should be noted, therefore, that comparatives for the financial year with the prior year reflect this difference.

The financial results for the 2013/14 year for BCD Resources NL and controlled entities are summarised in the following table:

	2014 (\$'000)	2013 (\$'000)
Gold and silver sales revenue	3,210	12,689
Other	422	2,462
Total revenue excluding interest revenue	3,632	15,151
EBITDA	(2,802)	(3,958)
Net loss after tax	(3,596)	(7,827)

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CHANGES TO CORPORATE STRUCTURE

The Company, effective from 28 May 2014 has an overall 100% (2013: 88.82%) equity interest based on voting rights and 100% (2013: 90.06%) share interest in the BCD Resources (Operations) NL group, which includes APPL Pty Ltd and A.C.N 070164653 Pty Limited.

On 30 September 2013 the Company sent a letter of demand to BCD Resources (Operations) NL and its subsidiaries for outstanding debts together with a request for the resignation of BCD Resources (Operations) NL in its capacity as manager of the Beaconsfield Mine Joint Venture (BMJV). On 1 October 2013 BCD Resources (Operations) NL and its subsidiaries were placed into Administration and, following the second meeting of Creditors, a Deed of Company Arrangement was executed on 25 November 2013.

On 27 May 2014 a hearing in the Supreme Court of Victoria at Melbourne, Commercial and Equity Division, was held in the matter of BCD Resources (Operations) NL's (Subject to a Deed of Company Arrangement) application for leave to transfer all shares not already owned by BCD Resources NL to BCD Resources NL under section 444GA of the Corporations Act 2001 as per the Deed of Company Arrangement. A decision to grant the leave sought was handed down on 28 May 2014 by the Honourable Justice Digby. The final share transfer was executed on 19 June 2014.

REVIEW OF OPERATIONS

Operations Performance

Mining from the open pit at Stormont commenced in the second half of December 2013 with processing at the Company's Beaconsfield facility commencing in the first half of January 2014. The Stormont deposit is a skarn-style gold-silver-bismuth deposit located in northern Tasmania, 40km south of Devonport and 130km by road to Beaconsfield. It is a shallow, keel-shaped deposit, with mineralisation commencing at surface and extending to around 40m depth. A small open cut mine was operated historically for bismuth, but the majority of the deposit is undeveloped. It lies on exploration licence EL42/2010 and is held by Torque Mining Ltd (90%) and Frontier Resources Ltd (10%).

The Company entered into a 50% Joint Venture with Torque Mining Ltd and Frontier Resources Ltd (ASX: FNT) and the Company was appointed as the Manager of the Joint Venture.

Mining of ore was completed in early July with all ore deliveries to the Beaconsfield facility complete by the end of August. A total of 110,200 tonnes of ore was mined with an average head grade of 3.4g/t. Mining at Stormont was challenging with the hardness of rock and the unpredictable nature of the ore body unexpectedly increasing operating costs. The density of some ore after blasting was more consistent with oxidised clay-like material, but unfortunately proved difficult to mill alongside the harder rock.

Achieved recovery rates were slightly better than expected with project gold recoveries averaging 89%. The average head grade of the ore was lower than the predicted feasibility head grade of 4.1g/t mainly due to the difficult nature of the ore body. A total of approximately 7,900 ounces of gold was recovered from the project.

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Financial Performance

During the 2014 financial year the consolidated net loss of \$3.596 million, reflected: -

- No gold and by-product silver sales for the December 2013 half-year,
- One-off Care and Maintenance expenses of \$1.398 million were incurred for the Processing Facility during the first six months until the Stormont Gold Project commenced, this includes \$0.422 million for redundancies,
- The process of consolidating the Company's operations and the restructure of its subsidiary companies after the closure of the Tasmanian Mine. One-off expenditure incurred was \$0.835 million,
- Depreciation and Amortisation of \$0.708 million, and
- A small loss of approximately \$0.300 million for the Stormont Project in the second half of the year.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ended 30 June 2014 was a loss of \$2.802 million (2013: loss of \$3.958 million). The consolidated net loss after tax for the year was \$3.596 million (2013: loss of \$8.617 million). The consolidated net loss after tax and after non-controlling interests for the year was \$3.596 million (2013: loss of \$7.827 million).

Financial Position

Total equity decreased to \$4.029 million from \$7.625 million as a result of the net loss of \$3.596 million.

The Company has approval in principal, after meeting standard financing Conditions Precedent and other normal due diligence requirements, for Project Financing Facilities to support the development, commissioning and operation of the Lorena Gold Project Joint Operation at Cloncurry, Queensland.

MKS (Switzerland) S.A. (MKS), an international integrated precious metals Group has offered the Company a A\$3.00 million interest bearing cash project financing facility, in addition, to a supplementary \$2.500 million concentrate/metal financing facility available for working capital purposes. These facilities are a significant step forward for the Company and the Lorena Gold Project.

Further information on the financial position of the Consolidated Entity is included in the Financial Statements section of the Annual Report.

Cash Flows

Cash flow from activities was negative \$2.443 million (2013: negative \$8.104 million).

During the year borrowings of \$1.000 million were received from Eclectic Investments Pty Limited, a private Company of which Chairman Clive Carroll is the Managing Director. The funds were predominantly used in relation to the Lorena Gold and Stormont Gold Projects for the establishment of civil construction, plant and equipment purchases and project approvals.

The principal utilisation of funds during the year was for additional expenditure for the Lorena Gold Project, totalling \$2.160 million.

Cash at 30 June 2014 was \$0.762 million (2013: \$2.750 million). Refer note 28(b).

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STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under audit not otherwise disclosed in this report or in the consolidated financial statements.

CORPORATE STRUCTURE

BCD Resources NL is a no liability Company that is incorporated and domiciled in Australia. BCD Resources NL, "the parent entity", has prepared a consolidated financial report incorporating the entities that it controlled, "the Consolidated Entities" during the financial year, which comprise 100% ownership of BCD Metals Pty Ltd, BCD Operations Pty Ltd, BCD Tasmania Pty Ltd, BCD Resources (Operations) NL, APPL Pty Ltd and A.C.N 070164653 Pty Limited.

For more information on the Company's restructure process please refer to *Changes to Corporate Structure* on page 3 of the Directors Report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company is now focused on the development and evaluation of the economics of treating other gold deposits and investigating longer term utilisation of the Beaconsfield processing facility, including processing of ore from current and future projects at Stormont and Lorena.

Lorena

The Company and Malachite Resources Ltd (Malachite) have entered into formal joint venture agreements (Joint Venture) for the development of the Lorena Gold Mine (Lorena).

The Lorena Gold tenements are wholly owned by Malachite and are located 15km east of Cloncurry in northwest Queensland. Malachite and the Company entered into an unincorporated joint venture to develop and operate the project and to transport the concentrate produced at Lorena to the Company's Beaconsfield processing facility for final treatment and production of gold doré. The Company's 50% economic interest is activated once certain conditions precedents are met by the Company.

The Company is required to solely fund the development of the project to the point of commercial production, including construction and commissioning of a flotation facility, capable of efficiently processing a minimum of 120,000 tonnes of ore per annum, and related infrastructure.

The Company will be the manager of the Joint Venture and be responsible for all development, operating and management functions. The Joint Venture will operate on the existing granted mining leases at Lorena (MLs 7147 and 90192 – 96) and will apply to all open cut and underground resources within the mining lease area.

Initially the net proceeds will be shared 50/50, but once production exceeds 80,000 ounces of saleable gold equivalent, Malachite's share of proceeds will increase to 65% and after 120,000 ounces of saleable gold equivalent have been produced from Lorena, Malachite and the Company will share the product 75% Malachite and 25% to the Company.

The Queensland Department of Environment and Heritage Protection has granted the Lorena Joint Venture an Environmental Authority Permit (EA) in accordance with the Environmental Protection Act 1994 for the development of the Lorena Gold Project.

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Lorena (continued)

The Company commissioned independent metallurgical samples from infill drilling within historical drill holes. Test work was completed on a composite with an average head grade of 10.6 g/t Au. Results simulating the Lorena proposed flow sheet have shown Gold recovery at 86.5% to a concentrate grade of 86.4 g/t Au in the 1st locked cycle test. The second locked cycle test results was 89.7% recovery to a 63.6 g/t Au concentrate. The test was adjusted to lower the concentrate grade to near 60 g/t Au to optimise the gold recovery.

As a result of the successful metallurgical drilling the Joint Venture intends to high grade the Stage I material and leave the Stage II for later processing at Lorena. The drilling from the Stage II indicated more oxidised ore than originally had been indicated, which can be processed at Lorena.

The Company has commenced significant engineering, civil construction and mining plan optimisation work in addition to acquiring plant and machinery for future operations. Direct project expenditure undertaken on Lorena activities during the year amount to approximately \$2.160 million and \$2.777 million project to date.

Middle Arm Tailings

The Tasmania Mine at Beaconsfield operated in two phases, with early operations from 1877 to 1914 and modern operations from 1999 to 2012. The tailings from the early phase are the focus of this project. The battery and associated plant infrastructure (the "reduction works") were located approximately one mile from the main (Hart) shaft, on the banks of Middle Arm Creek. Tailings from the reduction works were discharged into the creek, and this material was then carried into Middle Arm. Records indicate approximately 1.04M tonnes of ore was treated at the reduction works with approximately 855,000 ounces of gold produced at a recovered grade of 25.6g/t. These activities resulted in the deposition of approximately 1.04M tonnes of tailings into Middle Arm.

Between 1985 and 1988, a Company called Golconda Resources re-treated 541,000 tonnes of tailings from Middle Arm and produced 20,448 ounces of gold at a recovered grade of 1.18g/t using a cyanide leaching process.

A simple mass balance suggests that a minimum of 500,000 tonnes of tailings should remain in Middle Arm. BCD Resources applied for, and was granted, an exploration licence (EL6/2012) over Middle Arm in order to assess this potential. 84 vibracores were collected on a nominal 200m x 100m grid in Middle Arm in August and September 2012. Initial studies indicate a potentially economic mining zone containing approximately 311,000 tonnes at an in situ gold grade of 2.0 grams per tonne for 19,700 ounces of gold.

Due to the priority focus on the Stormont and Lorena projects, a programme for further sampling and metallurgical testing of the identified high grade resource has been extended to commence when viable to do so.

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INFORMATION ON DIRECTORS

Current Directors

Mr. Clive S Carroll BAgEc

Non-Executive Chairman (aged 64)

Mr. Carroll has more than 37 years' experience in banking, finance, commodities marketing and the mining industry. He is presently Executive Chairman of MKS Capital Pty Ltd, a Sydney based investment bank involved in the trading and financing of precious metals, commodities, foreign exchange and equity derivatives and non-ferrous metals. He is a current and past director of both Australian public and private companies, including Grainco Queensland Co-Operative Association Limited (independent director), Tennant Limited (Executive Chairman) and Imdex Limited (Director and Chairman).

Mr. David F Groves, BCom, MCom, CA, FAICD

Non-Executive Director (aged 59)

Mr. Groves is Deputy Chairman of Equity Trustees Limited and a non-executive director of Pipers Brook Vineyard Pty Ltd. He is also an executive director of a number of private companies. Mr. Groves is a former director of Graincorp Limited, Mason Stewart Publishing, Camelot Resources NL, Tassal Group Ltd and Penrice Soda Holdings Limited, and a former executive with Macquarie Bank Limited and its antecedent, Hill Samuel Australia.

During the past three years, Mr. Groves has served on the following listed Company boards:

- Equity Trustees Ltd (2000 to date);
- Tassal Group Ltd (2007 to 2012); and
- Penrice Soda Holdings Ltd (2010 – 2012).

Mr. Michael John Boorne, Dip. Electronics Eng.

Non-Executive Director (aged 51)

Mr. Boorne served as the Managing Director of Mike Boorne Electronics Pty Limited for 16 years prior to the acquisition of its business by NetComm Limited in November 2001, he served as Executive Director of NetComm Wireless Limited (Alternate Name: Netcomm Ltd) until November 27, 2006. Mr. Boorne is a successful entrepreneur with extensive experience in combining technical expertise with commercial and corporate experience. He has been a Non-Executive Director of My Net Fone Limited since 2006 and serves as director of numerous private companies and organisations. He also serves as a Director of Boorne Management Pty Ltd. and Earglow Pty Ltd.

Directors who have resigned during the period, or, before the date of this report.

Mr. Nigel Barry Webb

Non-Executive Director (aged 48)

Mr. Webb was appointed to the board in November 2011 and resigned in August 2014 to focus on his own mining developments.

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QUALIFICATIONS AND EXPERIENCE OF THE COMPANY SECRETARIES

Miss Richelle Anne Greenwood, B.Com

Miss Greenwood has a Bachelor of Commerce degree from Charles Sturt University.

She has previously held senior management positions in local government, education and the forest industry for approximately 15 years. Richelle has worked for the Company since March 2011 and holds key roles as Chief Financial Officer, appointed 2012, Joint Company Secretary, appointed 2013 and Chief Operating Officer, appointed 2014.

Miss Greenwood's key responsibilities and experience include capital management, financial analysis, information systems, statutory reporting and corporate administration.

Mr. Brian David Coulter, B.Com, FCPA, ACIS

Mr. Coulter has a Bachelor of Commerce degree from Melbourne University, is a Fellow of CPA Australia and is an Associate of the Institute of Chartered Secretaries and Administrators.

He has worked in the mining industry, both in Australia and overseas, for more than 40 years, including MIM Holdings Limited/Xstrata, Newcrest Mining Limited, Denehurst Limited and CRA Limited and its London based parent at the time, Rio Tinto Zinc Corporation.

Mr. Coulter has extensive experience in all corporate financial and administration areas, including statutory reporting, company secretarial, financial analysis and the evaluation of investment opportunities.

EVENTS SUBSEQUENT TO BALANCE DATE

Except as otherwise disclosed in these accounts, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

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Year Ended 30 June 2014

SHARE OPTIONS

The Company has not granted any options to take up ordinary shares in the capital of the Company during the financial year. All options previously issued lapsed during the year.

DIRECTORS' SHAREHOLDINGS

As at the date of this report, the interests of the Directors in the shares of BCD Resources NL were:

	Ordinary shares
C S Carroll	29,353,410
D F Groves	855,558
M J Boorne	13,500,000

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year, the number of meetings attended by each Director, and the number of meetings held while they were a Director (or Committee Member) was as follows:

	Directors' Meetings		Audit and Risk Management Committee	
	Held	Attended	Held	Attended
Total number of meetings held:	9		2	
Number of meetings attended:				
C S Carroll	9	9	2	1
D F Groves	9	9	2	2
N B Webb	9	7		
M J Boorne	-	-	-	-

COMMITTEE MEMBERSHIP

As at the date of this report, the Company had an Audit and Risk Management Committee. Members acting on the Audit and Risk Management Committee during the year were:

D F Groves (Chairman)
M J Boorne

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INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into a Deed of Access, Insurance and Indemnity with each Director of the Company that indemnifies the Director, to the extent permitted by law, against liabilities and legal costs incurred by the Director as an officer of the Company.

The Company maintains a Directors' and Officers' insurance policy that, subject to some exceptions, provides insurance cover to past, present and future Directors, Secretaries and Executive Officers of the Company and its controlled entities. The Company has paid an insurance premium for the policy. The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liabilities insured.

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for Directors and executives of BCD Resources NL ("the Company") and the Consolidated Entities in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, Key Management Personnel ("KMP") of the Consolidated Entities are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Company and the Consolidated Entities, directly or indirectly, including any director (whether executive or otherwise) of the Company.

For the purposes of this report, the term "executive" encompasses the Chief Financial Officer and Joint Company Secretaries (refer note 29).

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Alignment of shareholders' interests with interests of Directors and executives.
- Engage and retain appropriately qualified and high-calibre executives.
- A portion of executive remuneration may be "at risk", dependent upon meeting pre-determined performance benchmarks.

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, and the senior executive team.

The Board assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to performance levels and relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

Remuneration and Appointments Committee

The Board provides recommendations and direction for the Company's remuneration practices in the absence of a Remuneration and Appointments Committee. At this stage both the Company and the senior executive team are small. The board considers there is no requirement for a formal Remuneration and Appointments Committee.

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Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and senior executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of high calibre, at a cost which is acceptable to stakeholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held on 14 November 2008 when shareholders approved an aggregate remuneration of \$300,000 per year – which only relates to the remuneration paid to the directors for holding their positions of directors of BCD Resources NL.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. As and when appropriate, the Board considers advice from external consultants as well as fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a Director of the Company. An additional fee is also paid to the Chairman of the Audit and Risk Management Committee, which recognises the additional time commitment required.

The Constitution provides that any Director who is called upon to perform services for the Company over and above that normally expected of a Non-Executive Director may be paid special remuneration in addition to normal Directors' fees. Approval by the Chairman prior to undertaking such work is required before such special remuneration is paid.

The remuneration of Non-Executive Directors is detailed in the table on page 14.

Senior Executive Remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company in order to:

- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

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Structure

In determining and assessing the appropriateness of the level and make-up of executive remuneration, the board consider, on a periodic basis, market levels of remuneration for comparable executive roles.

Remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration
 - ~ Short Term Incentive ("STI"); and
 - ~ Long Term Incentive ("LTI").

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for senior executives by the board. The remuneration of senior executives is detailed in the table on page 15.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the board and the process consists of a review of individual performance and relative comparative remuneration in the market.

Structure

Senior executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and additional employer superannuation contributions. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Variable Remuneration – Short Term Incentive ("STI")

Objective

The objective of the STI program is to provide an incentive for senior executives to work together towards achievement of the Company's strategic objectives. The total potential STI available will be set at a level so as to provide sufficient incentive to senior executives to achieve operational targets, and such that the cost to the Company is reasonable in the circumstances.

Structure

STI payments granted to senior executives are based on the achievement of personal performance measures, which are determined, reviewed, agreed and assessed annually by the board. The individual performance of each executive will be assessed against their personal performance plan to determine the level of entitlement to a performance bonus. Such payments will normally be in the form of cash bonuses. Due to the small number of staff, the setting of personal performance plans and the assessment against such plans is on an individual basis and depends upon the particular circumstances of the Company and the individual.

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Variable Remuneration – Long Term Incentive (“LTI”)

Objective

The objective of the LTI plan is to reward senior executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Structure

LTI's are provided to executives in the form of performance rights, which may be converted to fully paid shares immediately upon vesting, at no cost. Vesting is subject to achievement of key performance indicators specified in the service agreement of the relevant executive. Due to the small number of staff the setting of relevant performance criteria and the assessment against such criteria is on an individual basis and depends on the particular circumstances of the Company and the individual.

Service Agreements

R. A. Greenwood - Chief Financial Officer/Chief Operations Officer/Joint Company Secretary

Term of agreement – Appointed Chief Financial Officer in 2012 and Chief Operations Officer in 2014.

The Company may terminate the contract by providing one month's notice and, at the end of the notice period, paying Miss Greenwood three months' salary, other than for gross misconduct. Miss Greenwood may terminate the contract by giving one month's notice.

B. D. Coulter – Joint Company Secretary

Mr. Coulter is engaged as a casual employee, with work based on the Company's requirements and with a flat all-inclusive remuneration rate to compensate for casual loading, annual leave, sick leave and lack of continuity of service.

As a casual employee there is no notice requirement on either side in the event of termination.

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Remuneration of Directors and Executives

	Short Term		Post	Termin- ation Payments	Total
	Salary & Fees	Non Monetary Benefits	Employ- ment Super- annuation (1)		
	\$	\$	\$	\$	\$
Directors					
C S Carroll (2)					
2014 - Directors' fees	75,000	-	-	-	75,000
2013 - Directors' fees	67,628	-	-	-	67,628
- Extra Services (3)	9,000	-	-	-	9,000
D F Groves					
2014 - Directors' fees	55,046	-	5,092	-	60,138
2013 - Directors' fees	45,872	-	4,128	-	50,000
N B Webb (4)					
2014 - Directors' fees	55,000	-	-	-	55,000
2013 - Directors' fees	55,046	-	-	-	55,046
- Extra Services (3)	13,500	-	-	-	13,500
M D Botting (5)					
2013 - Directors' fees	11,468	-	1,032	-	12,500
K J Perrin (6)					
2013 - Directors' fees	10,000	-	-	-	10,000
Sub-total - 2014	185,046	-	5,092	-	190,138
Sub-total - 2013	212,514	-	5,160	-	217,674

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Remuneration of Directors and Executives (continued)

	Short Term		Post Employment	Termination Payments	Total
	Salary & Fees	Non Monetary Benefits	Superannuation (1)		
	\$	\$	\$	\$	\$
Executives					
R A Greenwood					
2014	220,000	-	17,775	-	237,775
2013	183,333	-	13,725	-	197,058
B D Coulter					
2014	5,667	-	3,952	-	9,619
2013	188,971	-	25,000	-	213,971
P R Thompson					
2014 (7)	-	-	-	195,000	195,000
2013	239,150	4,271	10,417	-	253,838
P J Richardson (8)					
2013	110,700	-	-	-	110,700
Sub-total - 2014	225,667	-	21,727	195,000	442,394
Sub-total - 2013	722,154	4,271	49,142	-	775,567
TOTAL - 2014	410,713	-	26,818	195,000	632,532
TOTAL - 2013	934,668	4,271	54,302	-	993,241

Notes:

- (1) The amounts disclosed as "superannuation" represent payments made directly to superannuation funds as required by law and/or as directed by the director or executive.
- (2) C S Carroll's fees are paid to Eclectic Investments Pty Limited.
- (3) The Constitution provides that any Director who is called upon to perform services for the Company over and above that normally expected of a Non-Executive Director may be paid special remuneration in addition to normal Directors' fees. Approval by the Chairman is required before such special remuneration is paid.
- (4) N B Webb's fees are paid to Webb Industries Pty Ltd.
- (5) M D Botting resigned on 3 September 2012.
- (6) K J Perrin's fees were paid to Vinda Pty Ltd. He resigned on 3 September 2012.
- (7) P R Thompson's employment was terminated on 13 November 2012 and received a termination payment during 2014.
- (8) P J Richardson resigned on 19 November 2012.

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CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of BCD Resources NL support and, except as disclosed, have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the following section of this annual report.

ENVIRONMENTAL REGULATION

The Consolidated Entity's mining operations and exploration activities are subject to particular and significant environmental regulation. Mining licences and exploration permits are in place at all mining operations and for all exploration activities. These licences and permits set out the environmental requirements for any active tenements or tenements that are under rehabilitation.

The executive management team has operational responsibility for the management and reporting systems that are in place for all of the entity's active and inactive operations and review compliance with State and Federal regulatory requirements for the entity's activities adjacent to the active and inactive operations.

The principal environmental requirements affecting the entity are contained in a Development Proposal and Environmental Management Plan ("DP&EMP") governing operations. Important obligations imposed by the DP&EMP regulate the effects of mine dewatering and water disposal, noise emissions, construction and transport operations, tailings disposal, dangerous goods management, reconciliation of development with surrounding land uses, and the impact on areas of vegetation and regional conservation significance. In addition to these obligations, conditions are set by the Environmental Protection Authority (EPA) for operations in the form of an Environmental Protection Notice (EPN). Further EPN's will be sought and issued for future operations as deemed necessary by the Board.

A Decommissioning and Rehabilitation Plan (DRP) is prepared and approved by the EPA for activities related to rehabilitation. The DRP contains commitments to which the Company must adhere until such time as mining leases are relinquished or as DRP conditions are varied.

Appropriate environmental management systems, with reporting by the BCD Resources NL executive management team to the Board of Directors, are in place to comply with the requirements of these environmental regulations. There were no significant incidents of non-compliance during the financial year.

BCD RESOURCES NL
Directors' Report
Year Ended 30 June 2014

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A copy of the Auditor's Independence declaration as required under section 370C of the *Corporations Act 2001* is attached to this report. During the year, additional accounting advice, other assurance related services and tax compliance and advice services were provided by RSM Bird Cameron Partners (auditor of the Company) – refer note 27 to the consolidated financial statements. The Directors are satisfied that the provision of these services did not impair the auditor's independence as none of these services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

A resolution was passed to approve that Jason Croall, a partner of RSM Bird Cameron Partners may continue to play a significant role in the audit of the Company for a further 2 years in accordance with section 324DAA of the *Corporations Act 2001*. The eligibility period has been extended until financial year ended 30 June 2015.

The extension of the auditor rotation period has been approved after consideration was given to the significant operational changes (following the closure of the Tasmania Mine) in addition to management changes. Rotating the audit partner at this point of time would reduce audit quality as the Company would lose the current audit partner's experience and knowledge of the Company.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100, dated 10 July 1998 (amended by ASIC 05/641) and issued pursuant to section 341(1) of the *Corporations Act 2001*. The Company is an entity to which the Class Order applies.

This report is signed in accordance with a resolution of the Directors.



C S Carroll
Chairman

27 August 2014
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of BCD Resources NL for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM BIRD CAMERON PARTNERS



J S CROALL
Partner

Melbourne, VIC
Dated: 27 August 2014

BCD RESOURCES NL

Corporate Governance Report

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of BCD Resources NL is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of BCD Resources NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company aims to comply with the recommendations of the Australian Securities Exchange Corporate Governance Council (“Council”) as contained in the “ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations” to the extent that the Board believes they are practical and applicable to the Company. Entities are required to disclose corporate governance principles that they have not adopted and to state the reasons why specific principles have not been adopted. The corporate governance principles and policies of the Company have been structured with reference to the Council’s eight essential corporate governance principles.

Relevant principles are described below.

Principle 1: Lay Solid Foundations for Management and Oversight.

The role of the Board is to represent shareholders, provide strategic guidance to and effective oversight of management, foster a culture of good governance, and promote a safe and healthy working environment within the Company.

In performing its role, the Board at all times will endeavour to act:

- (i) in a manner designed to create and continue to build sustainable value for shareholders;
- (ii) in recognition of its overriding responsibility to act honestly, fairly and in accordance with the law in serving the interests of the Company, its shareholders, employees and, as appropriate, other stakeholders;
- (iii) in accordance with the duties and obligations imposed upon Directors by the Company’s Constitution and applicable law; and
- (iv) with integrity and objectivity, consistent with ‘best practice’ ethical, professional and related standards.

The Board has delegated responsibility for the operation and administration of the Company to the executive management team. The executive management team is accountable to the Board for the authority that is delegated by the Board.

The Board charter supports all delegations of responsibility by formally defining the specific functions reserved for the Board and its committees, and those matters delegated to management. The specific responsibilities of the Board are described in the Board charter which will be found on the Company’s website: www.bcdresources.com.au.

BCD RESOURCES NL

Corporate Governance Report

Principle 2: Structure the Board to Add Value.

The Board has established an Audit and Risk Management Committee to facilitate the execution of its responsibilities. The Committee reports its deliberations to the following month's Board meeting. It assists and advises the Board in discharging its responsibilities in relation to financial reporting, financial risk management, evaluating the effectiveness of the financial control environment and oversight of the external audit function. As the Board comprises only three directors the Company considers it appropriate to have two members on the Audit and Risk Management Committee rather than three as recommended by the ASX Corporate Governance Recommendations.

Details of the number of meetings of the Board and Committee during the year, and each Director's attendance at those meetings, are set out on page 9 of this report.

Board Composition

BCD Resources' Board currently comprises three Non-Executive Directors.

The nomination of all new Directors is considered by the full Board. The Board assesses the nominees against a range of specific criteria, including their experience, professional skills, potential conflicts of interest, the requirement for independence and the existing collective skill sets of the Board.

At this stage both the board and the Company are small. The board considers there is no requirement for a formal Nominations Committee. The Company will consider more board positions when it moves to a more substantial stage of growth.

Details of each Director's skills, experience and relevant expertise are set out on page 7.

Independence.

It has been Board policy that a majority of Non-Executive Directors, including the Chairman, should be independent and free of any relationship that may conflict with the interests of the Company. However, in the Company's present transition stage following completion of mining operations at the Tasmania Mine a small board is deemed appropriate, and a majority of independent directors is regarded as non-essential. Mr Groves is independent. Mr Carroll and Mr Boorne are regarded as not being independent only because of their shareholdings in the Company. In the unanimous opinion of the Board both Mr Carroll and Mr Boorne act at all times in the best interests of all shareholders. The Board defines 'independence' in accordance with the ASX Recommendations.

In order to ensure that any interest of a Director in a matter to be considered by the Board is known, each Director has contracted with the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they have or may have a conflict of interest.

Independent professional advice and access to Company information

Directors have right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent advice from a suitably qualified adviser at BCD Resources' expense.

BCD RESOURCES NL

Corporate Governance Report

Principle 3: Promote Ethical and Responsible Decision Making.

The Board and the Company's employees are expected to uphold the highest levels of integrity and professional behaviour in their relationships with all the Company's stakeholders. Below is a summary of BCD Resources' core codes and policies that apply to Directors and employees.

Code of Conduct

The Code of Conduct sets ethical and governance standards for directors and senior management reporting to the Board of Directors. The Code requires Directors and senior management to pursue the highest standards of ethical conduct in the interests of shareholders and others with an interest in the Company and seek to conform to the Best Practice Recommendations of the ASX Corporate Governance Council.

Code of Ethics

The Code of Ethics commits all Company employees to the highest standards of ethical behaviour and honesty and with full regard for the safety and health of its employees, customers, the wider community and the environment.

Trading in BCD Resources shares

To safeguard against insider trading, the Company's Share Trading Policy prohibits Directors and employees from trading BCD Resources securities if they are aware of any information that would be expected to have a material effect on the price of Company securities.

The Company discloses to the ASX any transaction conducted by the Directors in BCD Resources securities, in accordance with ASX Listing Rules.

Diversity

The Company and all its related bodies corporate are committed to workplace diversity.

The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

At this stage both the Company and the Board are small. The Company will consider more Board and senior positions when it moves to a more substantial stage of growth. Board and senior positions will be open to the best and most suitable people regardless of gender, colour and religion or otherwise at that time.

To the extent practicable, the Company will address the recommendations and guidance provided in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Diversity Policy provides a framework for the Company to achieve:

- a) A diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- b) A workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- c) Improved employment and career development opportunities for women;
- d) A work environment that values and utilises the contribution of employees with diverse background, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- e) Awareness in all staff of their rights and responsibilities with regard to fairness, equity and respect for all aspects of diversity.

BCD RESOURCES NL

Corporate Governance Report

The Board is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the Company and on the Board. The Board will conduct all independent Board appointments in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary. The Chairman will monitor the scope and currency of this policy. The Company is responsible for implementing, monitoring and reporting its objectives.

At the date of this report the Company has not established diversity targets as the growth of the Company has not changed with no positions being created or becoming vacant during the reporting period. The percentage of women on the board is 0%; the percentage of women in senior management positions is 50%; and the percentage of women in the entire organisation is 23%, these figures are unchanged from those reported at 30 June 2013.

Principle 4: Safeguard Integrity in Financial Reporting.

The Chief Financial Officer has declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained and present a true and fair view of the Company's financial condition and operating results, in accordance with the Corporations Act and the relevant accounting standards. The Audit and Risk Management Committee is governed by its own Charter, which is available on the Company's website: www.bcdresources.com.au.

Principle 5: Make Timely and Balanced Disclosure.

The Company seeks to provide relevant up-to-date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements under the ASX Listing Rules.

The Board has implemented a Continuous Disclosure Policy to ensure that information considered material by the Company is immediately lodged with the ASX. Other relevant information, including Company presentations and updates by senior management, is also disclosed to the ASX.

Principle 6: Respect the Rights of Shareholders.

The Board, in adopting a Continuous Disclosure Policy, ensures that shareholders are provided with up-to-date Company information. Communication to shareholders is facilitated by the publication of the Annual Report, Half Year Report, Quarterly Reports, other announcements and the posting of ASX releases on BCD Resources NL's website immediately after their disclosure on the ASX. In addition, all shareholders are encouraged to attend the Annual General Meeting of shareholders and use the opportunity to ask questions. The external auditor attends the meeting and is available to answer questions on the Financial Report.

Principle 7: Recognise and Manage Risk.

The Board believes that risk management and compliance are fundamental to sound management and that overseeing such matters is an important responsibility of the Board.

The Company has in place reporting and control mechanisms, which are designed to ensure that strategic, operational, legal, reputational and financial risks and opportunities are identified, assessed and managed.

The reporting and control mechanisms support the annual written certification given by the Chief Financial Officer to the Board that the Company's financial reports are based on a sound system of risk management and internal control.

BCD RESOURCES NL

Corporate Governance Report

Principle 8: Remunerate Fairly and Responsibly.

Board remuneration

The total annual remuneration paid to Non-Executive Directors may not exceed the limit set by the shareholders at the Annual General Meeting (currently \$300,000). The remuneration of the Non-Executive Directors is fixed rather than variable.

Executive remuneration

The Board provides recommendations and direction for the Company's remuneration practices. At this stage both the Company and the senior executive team are small. The board considers there is no requirement for a formal Remuneration and Appointments Committee. The Company will consider establishment of a Remuneration and Appointments Committee when it has more senior executives. The directors ensure that, where appropriate, a proportion of senior manager remuneration is linked to individual performance and the Company's performance. Performance reviews are conducted at least annually to determine remuneration level and the proportion of remuneration, if any, that will be 'at risk' for the upcoming year.

Further details in relation to Director and executive remuneration are set out in the Remuneration Report on pages 10 to 15.

BCD RESOURCES NL
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2014

	Notes	CONSOLIDATED	
		2014	2013
		\$'000	\$'000
Revenue		3,210	12,689
Production costs	5(a)	(3,510)	(13,232)
GROSS PROFIT/(LOSS) FROM OPERATIONS		(300)	(543)
Corporate expenses	5(b)	(1,517)	(1,300)
Care and Maintenance		(1,398)	-
Exploration expenditure written off	13	(10)	(3,305)
Depreciation and amortisation	5(c)	(766)	(4,842)
OPERATING LOSS BEFORE OTHER INCOME AND EXPENSES		(3,991)	(9,990)
Other income	5(d)	422	2,462
Other expenses	5(e)	-	(1,272)
OPERATING LOSS BEFORE FINANCIAL INCOME AND EXPENSES		(3,569)	(8,800)
Financial income	5(f)	49	195
Financial expenses	5(f)	(76)	(12)
LOSS BEFORE TAX		(3,596)	(8,617)
Income tax expense	6	-	-
NET LOSS AFTER TAX		(3,596)	(8,617)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(3,596)	(8,617)
Attributable to:			
Members of the parent entity		(3,596)	(7,827)
Non-controlling interests	20	-	(790)
		(3,596)	(8,617)
EARNINGS PER SHARE (EPS)(cents)			
Basic EPS attributable to members of the parent entity	24	(3.08)	(6.70)
Diluted EPS attributable to members of the parent entity	24	(3.08)	(6.70)
Dividend per share (cents)		Nil	Nil

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

BCD RESOURCES NL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	CONSOLIDATED	
		2014	2013
		\$'000	\$'000
ASSETS			
Current Assets			
Cash	28(b)	651	1,158
Trade & other receivables	7	1,100	3,179
Prepayments		129	164
Inventories	8	1,652	781
Total Current Assets		3,532	5,282
Non-Current Assets			
Cash	28(b)	111	1,592
Property, plant & equipment	12	5,377	3,947
Exploration, evaluation & development	13	635	683
Other	14	497	382
Total Non-Current Assets		6,620	6,604
TOTAL ASSETS		10,152	11,886
LIABILITIES			
Current Liabilities			
Trade & other payables	15	2,040	886
Interest-bearing loans & borrowings	16	86	28
Provisions	17	1,139	1,328
Total Current Liabilities		3,265	2,242
Non-Current Liabilities			
Interest-bearing loans & borrowings	18	1,000	86
Provisions	17	1,858	1,933
Total Non-Current Liabilities		2,858	2,019
TOTAL LIABILITIES		6,123	4,261
NET ASSETS		4,029	7,625
EQUITY			
Share capital	19	151,382	151,382
Accumulated losses		(147,353)	(139,109)
Parent entity interest		4,029	12,273
Non-controlling interest	20	-	(4,648)
TOTAL EQUITY		4,029	7,625

The above statement of financial position should be read in conjunction with the accompanying notes.

BCD RESOURCES NL
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2014

	Notes	CONSOLIDATED	
		2014	2013
		\$'000	\$'000
Cash Flows from Operating Activities			
Receipts from gold and silver sales and other operating revenue		3,625	12,974
Payments to suppliers and employees		(5,855)	(15,217)
Payments for rehabilitation		(213)	(5,861)
Net Cash Flows used in Operating Activities	28(a)	<u>(2,443)</u>	<u>(8,104)</u>
Cash Flows from Investing Activities			
Interest received		27	195
Proceeds from sale of fixed assets		-	3,357
Proceeds from borrowings		1,000	-
Proceeds from sale of exploration assets		1,800	1,000
Costs incurred on the sale of exploration assets		(126)	(487)
Purchase of plant & equipment		(1,735)	(1,521)
Development expenditure		(423)	(683)
Net Cash Flows from Investing Activities		<u>543</u>	<u>1,861</u>
Cash Flows from Financing Activities			
Interest paid and borrowing costs		(60)	(5)
Repayment of lease principal		(28)	(118)
Repayment of pre-acquisition indemnity		-	(108)
Net Cash Flows used in Financing Activities		<u>(88)</u>	<u>(231)</u>
Net Decrease in Cash		<u>(1,988)</u>	<u>(6,474)</u>
Cash at Beginning of the Financial Period		<u>2,750</u>	<u>9,224</u>
Cash at End of the Financial Period	28(b)	<u>762</u>	<u>2,750</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

BCD RESOURCES NL
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 30 June 2014

	Issued Capital \$'000	Accumulated Losses \$'000	Other Reserves \$'000	Parent Entity Interest \$'000	Non- controlling Interest \$'000	Total Equity \$'000
As at 1 July 2012	151,382	(136,626)	5,344	20,100	(3,858)	16,242
Loss for the year	-	(7,827)	-	(7,827)	(790)	(8,617)
Total income and expenses for the year	-	(7,827)	-	(7,827)	(790)	(8,617)
Equity Transactions:						
Transfer of reserves to accumulated losses	-	5,344	(5,344)	-	-	-
As at 30 June 2013	151,382	(139,109)	-	12,273	(4,648)	7,625
Loss for the year	-	(3,596)	-	(3,596)	-	(3,596)
Total income and expenses for the year	-	(3,596)	-	(3,596)	-	(3,596)
Equity Transactions:						
Transfer of non-controlling interest to accumulated losses	-	(4,648)	-	(4,648)	4,648	-
As at 30 June 2014	151,382	(147,353)	-	4,029	-	4,029

The above statement of changes in equity should be read in conjunction with the accompanying notes.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

1. CORPORATE INFORMATION

The financial report of the Company for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 27 August 2014.

BCD Resources NL is a no liability Company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The registered office of BCD Resources NL is 1 Rifle Range Road, Beaconsfield, Tasmania, 7270, Australia. The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian interpretations) as issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

The financial report has been prepared on a historical cost basis.

Comparative information, where necessary, has been reclassified in order to achieve consistency in presentation with amounts disclosed in the current year.

All amounts presented in the Financial Report have been rounded to the nearest thousand Australian dollars (\$'000) unless otherwise stated.

(b) Compliance with IFRS

The financial report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) New accounting standards and interpretations

New Accounting Standards and Interpretations issued but not yet effective and not adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period. Management assesses the impact of these new standards, their applicability to the Company and whether to adopt early.

As at 30 June 2014, the following applicable standards and interpretations had been issued but are not yet effective for financial year ending 30 June 2014. The Company has not adopted these standards early.

Other than changes to disclosure formats, it is not expected that the initial application of these new standards in the future will have any material impact on the financial report.

Reference	Title	Summary	Application date (financial years beginning)
AASB 9	<i>Financial Instruments</i>	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2015 (Changed to 1 January 2017 by AASB 2013-9C)
2009-11	<i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2015
2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127 for amendments to AASB 9 in December 2010	1 January 2015
AASB 14	<i>Regulatory Deferral Accounts</i>	Specifies the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.	1 January 2016
2012-3	<i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i>	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.	1 January 2014

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2013-3	<i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	This Standard amends the disclosure requirements in AASB 136 to include additional disclosures about the fair value measurement and discount rates when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014
2013-4	<i>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting</i>	This Standard amends AASB 139 to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014
2013-9B	<i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i>	Part B of 2013-9 makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, and makes various editorial corrections to Australian Accounting Standards.	1 January 2014
2013-9C	<i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i>	Part C of AASB 2013-9 amends AASB 9 to add Chapter 6 <i>Hedge accounting</i> , to permit “own credit risk” requirements to be applied without applying the other requirements of AASB 9 at the same time, to amend the mandatory effective date of AASB 9 to 1 January 2017 and to amend the reduced disclosure requirements for AASB 7 and AASB 101.	1 January 2015
2014-1A	<i>Amendments to Australian Accounting Standards</i>	Part A of 2014-1 amends various standards as a result of the annual improvements process	1 July 2014
2014-1B	<i>Amendments to Australian Accounting Standards</i>	Part B of AASB 2014-1 makes amendments to AASB 119 <i>Employee Benefits</i> in relation to the requirements for contributions from employees or third parties that are linked to service.	1 July 2014
2014-1C	<i>Amendments to Australian Accounting Standards</i>	Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031.	1 July 2014
AASB 1031	<i>Materiality</i>	Re-issuance of AASB 1031	1 January 2014

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of BCD Resources NL and its subsidiaries (as outlined in note 10) as at 30 June each year.

Subsidiaries are all those entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-entity transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained and cease to be consolidated from the date on which control is transferred out.

Investments in subsidiary entities are recorded in the financial statements of the Company at the lower of cost and recoverable amount.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Previous non-controlling interests (refer note 20) not held by the Consolidated Entity at 30 June 2013 are allocated their share of net profit/(loss) after tax in the income statement and are presented within equity in the statement of financial position, separately from parent shareholders' equity.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Gold & silver sales

Significant risks and rewards of goods have passed to the buyer and transaction costs can be reliably measured. Risks and rewards of ownership are considered passed to the buyer when the goods are collected.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Leases

Finance leases, which transfer to the Consolidated Entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(g) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Trade and other receivables

Trade and other receivables are recognised and carried at amount due less an allowance for any uncollectible amount.

An allowance for uncollectible amounts is made where there is objective evidence that the Consolidated Entity will not be able to collect debts. Bad debts are written off when identified.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each item to its present location and condition are accounted for as follows:

- raw materials – purchase cost on a first-in first-out basis; and
- work in progress (including stockpile of unprocessed ore and gold in circuit) – cost of direct material and labour and a proportion of overheads based on normal operating capacity.
- loaded carbon – includes only gold loaded to carbon and removed from tanks for further treatment and production of gold dore by a third party.

No account is taken of any gold residue residing in plant and equipment (e.g. pumps).

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of financial assets

The Consolidated Entity assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because fair value cannot be reliably measured) the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in the income statement.

(k) Joint ventures and joint operations

Where the Consolidated Entity's activities are conducted through unincorporated joint ventures that are jointly controlled assets, its proportionate share of the assets, liabilities, gold production and related operating costs are included in the financial statements.

Joint operations represent the contractual sharing of control between parties in a business where unanimous decisions about relevant activities are required. Details of the Consolidated Entity's interest in Associates and Joint Operations are shown in note 11.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Property, plant & equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Any gain or loss on the disposal of assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the result of the Company or the Consolidated Entity in the year of disposal.

Depreciation is provided for over the life of the area of interest on a production output basis.

Refer note 2 (q) for the accounting policy relating to the impairment of non-financial assets.

(o) Exploration, evaluation & development expenditure

Costs carried forward

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

Amortisation

Costs on productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

Rehabilitation, restoration and environmental costs

Long-term environmental obligations are based on the Consolidated Entity's environmental management plans, in compliance with current environmental and regulatory requirements.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Exploration, evaluation & development expenditure (continued)

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining life of the mine. These increases are accounted for on a net present value basis.

Annual increases in the provision relating to the change in the net present value of the provision and inflationary increases are accounted for in comprehensive income.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets on closure. Cost estimates have been reduced where it is reasonably expected that key pieces of equipment may be gifted to third parties and may therefore not need to be dismantled at the cost of the Company.

(p) Investments and other financial assets

Financial assets in the scope of AASB 139: Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Consolidated Entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Consolidated Entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income statement.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Consolidated Entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Investments and other financial assets (continued)

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(q) Impairment of non-financial assets

The Consolidated Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Consolidated Entity makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the assets or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Impairment of non-financial assets (continued)

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(r) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(s) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs (which include any establishment fees paid or other benefits provided e.g. via issue of options). After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid and other benefits provided on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Convertible notes issued are considered to have a liability component and an equity component, with the liability component representing the issuer's obligation to pay interest and potentially to redeem the bond in cash, and the equity component representing the holder's right to call for shares of the issuer. On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent debt instrument without the conversion feature, and this amount is carried as a financial liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

Interest charged on the liability component of the instrument is recognised as a finance cost in the income statement.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Non-interest-bearing borrowings

All borrowings are initially recognised at the fair value of consideration received.

A specified amount of advances made to BCD Resources (Operations) NL by its banker under the terms of an indemnity agreement had a repayment schedule based on a dollar amount per ounce of gold production from the Tasmania Mine.

(u) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Parent Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity, net of tax.

(v) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefits, expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits; and
- other types of employee benefits are recognised in the income statement on a net basis in their respective categories.

(w) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

dividend by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element. Where the basic EPS is a loss per share, dilution will only occur where the potential dilutive shares would increase the loss per share.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(y) Going Concern

The financial statements have been prepared on the going concern basis which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Company and Consolidated Entity recorded operating losses after income tax of \$2.347million and \$3.596 million, respectively, with the Consolidated Entity also recording net cash outflows from operating activities of \$2.443million for the year ended 30 June 2014. As at that date the Company and Consolidated Entity had a surplus of current assets over current liabilities of \$0.962 million and \$0.267 million, respectively.

These factors indicate significant uncertainty as to whether the Company and Consolidated Entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The Company's present strategic view indicates strong cash flows arising from mining the Lorena Joint Venture project.

The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:-

- (i) Projected cash flows from the Company's Joint Venture at Lorena, and subsequent metallurgical test work, indicates that a high grade Stage I mining approach will result in a projected profit to the company. In addition there is potential: to extend the resource at depth; for new resources from surrounding prospects together with toll treatment of third party ores.
- (ii) The Company's ability to fast track the Lorena joint venture project subject to the financing facility approved in principal from MK Switzerland.

Accordingly, the Directors believe that the Company and Consolidated Entity will be able to continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Company and Consolidated Entity do not continue as going concerns.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Consolidated Entity's management of financial risk is aimed at ensuring net cash flows are sufficient to:

- meet all its financial commitments as and when they fall due; and
- maintain the capacity to fund its forecast exploration strategy,

with the longer term objective of paying a reasonable dividend to shareholders.

The Consolidated Entity continually monitors and tests its forecast financial position against these criteria.

Liquidity, credit and market risk (including foreign exchange, commodity price and interest rate risk) arise in the normal course of the Consolidated Entity's business. The Consolidated Entity is also exposed to equity price risk from various investment decisions taken from time to time. These risks are managed under Board approved policies and processes. The Consolidated Entity's principal financial instruments comprise interest-bearing and non-interest-bearing debt, finance leases, cash and short term deposits. Other financial instruments include trade and other receivables and trade and other payables, which arise directly from operations.

From time to time, derivative financial instruments may be used to hedge exposure to fluctuations in commodity prices.

The Consolidated Entity's forecast financial risk position with respect to key financial objectives is considered regularly by the Board.

The following table discloses the carrying amounts of each class of financial asset and financial liability at year end.

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
Financial Assets		
Cash (see note 28(b))	762	2,750
Trade & other receivables	1,100	3,179
Other	497	382
Financial Liabilities		
Trade & other payables	2,040	886
Interest-bearing loans and borrowings	1,086	114

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk

(i) *Foreign exchange risk*

The Consolidated Entities have no direct exposure to foreign exchange risk as it does not operate internationally nor does it have any foreign currency denominated financial instruments.

Indirect exposure to foreign exchange risk arises from the impact of the US dollar exchange rate on the Australian dollar gold price. The Company's gold sales are denominated in Australian dollars.

(ii) *Commodity price risk*

The Company's revenues are exposed to fluctuations in the Australian dollar gold price, which is determined by the combination of the US dollar gold price and the US dollar exchange rate.

From time to time, as part of the process of managing its exposure to movements in commodity prices, the Company may enter into forward sales contracts that guarantee a minimum sale price for gold.

At 30 June 2014 the Company had 2,026 ounces hedged at \$1,392.36 per ounce. At the date of this report the Company has 701 ounces hedged at \$1,392.65 per ounce.

(iii) *Interest rate risk*

The Consolidated Entities are exposed to interest rate risk as it borrows and/or invests funds at both fixed and floating interest rates. The risk is managed by the Consolidated Entities by maintaining an appropriate mix between fixed and floating rate borrowings which is evaluated to align with interest rate views and defined risk appetite. Details of the Consolidated Entity's types and levels of debt are included in notes 16 and 18.

At 30 June 2014 the Company's interest bearing debts are finance leases for vehicles and borrowings from Director Related Parties, which are at fixed interest rates.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

Interest rate exposure

The Consolidated Entity's interest rate exposure at balance date is summarised as follows:

Consolidated	2014			2013		
	Weighted average interest rate %	Floating interest \$'000	Fixed interest \$'000	Weighted average interest rate %	Floating interest \$'000	Fixed interest \$'000
Financial Assets						
Cash	0.9	762	-	3.8	2,750	-
Security deposits	1.8	497	-	2.8	382	-
Total Assets		1,259	-		3,132	-
Financial Liabilities						
Lease commitments	7.9	-	86	7.9	-	114
Borrowings	9.5	-	1,000		-	-
Total liabilities		-	1,086		-	114
Net exposure		1,259	(1,086)		3,132	(114)

The other financial instruments of the Consolidated Entities are not included in the above table as they are non-interest bearing and not subject to interest rate risk.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At 30 June 2014, if interest rates changed by +/- 1%, with all other variables held constant, the estimated impact on post-tax loss and equity would have been:

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Impact on post-tax result:(Higher)/Lower		
Interest rates + 1%	12	31
Interest rates – 1%	(12)	(31)
Impact on equity: Higher/(Lower)		
Interest rates + 1%	12	31
Interest rates – 1%	(12)	(31)

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

The liquidity position of the Consolidated Entities is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-effective manner.

The management team continually reviews the Consolidated Entity's liquidity position, including cash flow projections based upon the current life of mine plan, to determine the forecast liquidity position and maintain appropriate liquidity levels. Where necessary, adjustments to future cash flow requirements can be made to ensure sufficient liquidity is maintained.

The following table analyses the contractual fixed repayments and interest resulting from recognised financial liabilities, disclosed by financial maturity groupings based on the remaining period at the reporting date to the contractual maturity date. For all obligations the respective undiscounted cash flows for the respective upcoming financial years are presented.

Consolidated	Less than 3 months \$'000	3-6 months \$'000	6-12 months \$'000	1-2 years \$'000	More than 2 years \$'000
2014					
Trade payables	1,352	-	-	-	-
Sundry creditors and accruals	303	-	-	-	-
Lease liabilities	7	7	72	-	-
Borrowings	24	24	48	1,024	-
	1,686	31	120	1,024	-
2013					
Trade payables	251	-	-	-	-
Sundry creditors and accruals	252	-	-	-	-
Lease liabilities	7	7	14	86	-
	510	7	14	86	-

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT (continued)

(d) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables, and represents the potential financial loss if counterparties fail to perform as contracted with a maximum exposure equal to the carrying amount of these financial assets as recorded in the financial statements.

It is the Consolidated Entity's policy that all customers who wish to trade on credit terms and providers of capital or financial counter parties are subject to a credit risk analysis including assessment of credit rating, short term liquidity and financial position.

The Consolidated Entities control credit risk by:-

- maintaining cash and deposits only with reputable major Australian banks; and
- delivering all gold produced, from all sources, to a major gold refinery.

Gold deliveries are generally made weekly or fortnightly, and maximum credit exposure is eight days.

The majority of receivables, other than gold sale receivables, relate to GST refunds due from the Australian Taxation Office. These are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not significant. There were no impairments of receivables as at 30 June 2014 or 30 June 2013 for the Consolidated Entities.

(e) Fair value

The methods for estimating fair value are outlined in each of the relevant notes to the financial statements and unless indicated, carrying value approximates fair value.

(f) Capital management

The Consolidated Entity's objectives when managing capital are to maintain a strong capital base capable of withstanding cash flow variability, whilst providing the flexibility to pursue its growth aspirations. The Consolidated Entities aim to maintain an optimal capital structure to reduce the cost of capital and maximise shareholder returns.

Equity Issues

The Consolidated Entities are not subject to any externally imposed capital requirements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

a) Rehabilitation provision

The Consolidated Entity assesses its mine rehabilitation yearly in accordance with the accounting policy note stated in note 2(o). A Decommissioning and Rehabilitation Plan (DRP) has been approved by the EPA for activities related to closure of the Tasmania Mine. The DRP contains commitments that must be adhered to until such time as the mining lease is relinquished. The provision for mine rehabilitation at 30 June 2014 reflects the requirements of the DRP after making allowance for rehabilitation work completed to 30 June 2014. There will be a requirement for ongoing environmental monitoring post rehabilitation works.

b) Unit-of-production method of depreciation

The Consolidated Entity uses the unit-of-production basis when depreciating assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves and resources of the property at which it is located. These calculations require the use of estimates and assumptions.

c) Impairment of non-financial assets

The Consolidated Entity reviews all assets half-yearly to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is the higher of the fair value less costs to sell and value in use calculated in accordance with accounting policy note 2(q). The value in use calculations require the use of estimates and assumptions such as discount rates, commodity prices, future operating development and sustaining capital requirements and operating performance (including the magnitude and timing of related cash flows). In assessing value in use, the estimated future cash flows are discounted to their present value using asset-specific pre-tax discount rates.

d) Capitalisation of exploration and evaluation costs

The Consolidated Entity's accounting policy for exploration and evaluation is set out in note 2(o). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
5. REVENUES AND EXPENSES		
Result before income tax includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Consolidated Entity		
(a) PRODUCTION COSTS		
Operating expenses		
Materials, wages and other	4,231	9,083
Superannuation	126	348
Government royalties	60	305
Changes in redundancy provision	-	(306)
Changes in inventories	(907)	3,802
	3,510	13,232
(b) CORPORATE EXPENSES		
Administration	612	1,096
Restructuring Costs	835	112
Superannuation	21	6
Legal fees	25	80
Operating lease payments	24	6
	1,517	1,300
(c) DEPRECIATION AND AMORTISATION		
Depreciation		
Buildings	-	70
Mining plant and equipment	249	3,416
Plant and equipment under lease	56	446
	305	3,932
Amortisation		
Exploration, evaluation and development costs	461	910
	461	910
	766	4,842
(d) OTHER INCOME		
Profit on sale of fixed assets	-	1,190
Release of deferred income – government grant	-	61
Adjustment to pre-acquisition indemnities	-	36
Sale of hedged gold – not bullion	307	889
Other	115	286
	422	2,462

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
5. REVENUES AND EXPENSES (continued)		
(e) OTHER EXPENSES		
Increase in provision for rehabilitation	-	1,272
	<u>-</u>	<u>1,272</u>
(f) FINANCIAL INCOME AND EXPENSES		
Financial income		
Interest income	37	195
Change in net present value - rehabilitation	12	-
	<u>49</u>	<u>195</u>
Financial expenses		
Interest expenses	68	4
Borrowing expenses	-	1
Finance lease charges	8	7
	<u>76</u>	<u>12</u>

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
6. INCOME TAX		
The major components of income tax expense are:		
Current income tax expense	-	-
Deferred income tax	-	-
Income tax benefit as reported in the statement of comprehensive income	-	-
Income tax as reported in equity	-	-
A reconciliation between tax benefit and the product of accounting loss before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:		
Accounting loss before income tax	(3,596)	(8,617)
Prima facie income tax benefit calculated at 30% (2013 – 30%)	(1,079)	(2,585)
Pre-acquisition indemnities reduction	-	(11)
Deferred tax assets not recognised	1,079	2,596
Income tax expense	-	-

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

6. INCOME TAX (continued)

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
Tax Losses		
<i>Revenue Losses</i>		
Deferred tax assets for unused revenue losses and temporary differences not recognised		
- BCD Resources	20,117	19,167
- BCD Resources (Operations)	25,631	25,515
	45,748	44,682
<i>Capital Losses</i>		
Deferred tax assets for unused capital losses not recognised		
- BCD Resources	323	323
- BCD Resources (Operations)	22,132	22,132
	22,455	22,455

Tax Consolidation

The Consolidated Entity is not consolidated for the purposes of income taxation.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
7. TRADE AND OTHER RECEIVABLES		
Current (i)		
Joint venture receivables (ii)	-	92
Reimbursement from Joint Venture operations (iii)	814	-
Gold bullion awaiting settlement (iv)	120	1,287
Sale of Copper Asset	-	1,800
Other (v)	166	-
	1,100	3,179

(i) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.

None of these trade and other receivables are past due or considered impaired.

(ii) Joint arrangements receivables are generally collected on 30-90 day term and is non-interest bearing.

(iii) Reimbursement of working capital shortfall from Stormont Gold Joint Arrangements partners.

(iv) Balance of proceeds from gold shipments in June was received in July for 2013 and 2014.

(v) Predominately BAS refund June 2014.

8. INVENTORIES

Supply inventories at cost	744	781
ROM stockpiles	37	-
Loaded carbon (i)	871	-
	1,652	781

(i) Loaded carbon for shipment is the Company's 50% share interest, which was realised in gold sales in July 2014.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

9. PARENT ENTITY

At 30 June 2014 BCD Resources NL and BCD Operations Pty Ltd were parties to a Deed of Cross Guarantee under which each Company guaranteed the debts of the others. The Deed of Cross Guarantee continues in respect of BCD Resources NL and BCD Operations Pty Ltd, with each Company continuing to guarantee the debts of the other, other than debts between the entities.

Details of contingent assets and liabilities of the Parent Entity are contained in note 22. The Parent Entity has expenditure commitments as summarised in note 21.

Summarised financial information in respect of the Parent Entity is set out below.

	Parent Entity	
	2014	2013
	\$'000	\$'000
<u>Assets & Liabilities</u>		
Current assets	4,408	3,266
Non-current assets	6,961	7,301
Total assets	<u>11,369</u>	<u>10,567</u>
Current liabilities	3,446	1,252
Non-current liabilities	1,357	402
Total liabilities	<u>4,803</u>	<u>1,654</u>
Net assets	<u>6,566</u>	<u>8,913</u>
<u>Shareholders' equity</u>		
Issued capital	151,382	151,382
Accumulated losses	(144,816)	(142,469)
Total equity	<u>6,566</u>	<u>8,913</u>
	Year ended	Year ended
	30 June 2014	30 June 2013
	\$'000	\$'000
Loss for the year	<u>(2,347)</u>	<u>(9,230)</u>
Total comprehensive income for the year	<u>(2,347)</u>	<u>(9,230)</u>

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

10. INTEREST IN SUBSIDIARIES

	Country of Incorporation	Class of shares	% Held by BCD Resources NL		Investment carrying value	
			2014	2013	2014	2013
			%	%	\$'000	\$'000
BCD Resources (Operations) NL	Australia	Ordinary	100.00 ^(a)	88.82 ^(a)	-	-
BCD Metals Pty. Ltd.	Australia	Ordinary	100.00 ^(c)	100.00 ^(c)	-	-
BCD Operations Pty. Ltd.	Australia	Ordinary	100.00 ^(b)	100.00 ^(b)	-	-
BCD Tasmania Pty. Ltd.	Australia	Ordinary	100.00 ^(c)	100.00 ^(c)	-	-
APPL Pty. Ltd.	Australia	Ordinary	100.00 ^(c)	88.82 ^(b)	-	-
ACN 070 164 653 Pty. Ltd.	Australia	Ordinary	100.00 ^(c)	88.82 ^(c)	-	-

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 2(d).

- ^(a) BCD Resources (Operations) NL is an unlisted public Company as at 30 June 2014 and is required to lodge audited consolidated financial reports for the BCD Resources (Operations) NL Consolidated Entities as at 30 June 2014. On 28 May 2014 a hearing in the Supreme Court of Victoria granted the transfer of all shares not already owned by BCD Resources NL to BCD Resources NL under section 444GA of the Corporations Act 2001. The final share transfer was executed on 19 June 2014. Refer to the *Changes to Corporate Structure* commentary on page 3 of the Directors Report.
- ^(b) These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.
- ^(c) These subsidiaries do not require audited financial reports for the current year as they are small proprietary limited companies. The percentage share in relation to these subsidiaries changed on 28 May 2014. Refer to (a) above.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

11. ASSOCIATES AND JOINT ARRANGMENTS

The Consolidated Entity has a 50% interest in the assets, liabilities and output of a jointly controlled asset, called the Stormont Gold Mine. This project commenced operations in December 2013, therefore there is no comparative.

The Stormont Gold Mine is an unincorporated entity and is classified as a joint operation. It is a contractual arrangement between the participants for the sharing of costs and output and does not generate revenue and profit.

The interest in the Stormont Gold Mine is included in the financial statements as follows:

	2014
	\$'000
CURRENT ASSETS	
Trade & other receivables	120
Inventories	908
TOTAL CURRENT ASSETS	1,028
NON-CURRENT ASSETS	
Security deposit	126
TOTAL NON-CURRENT ASSETS	126
TOTAL ASSETS	1,154
CURRENT LIABILITIES	
Trade and other payables	877
TOTAL CURRENT LIABILITIES	877
TOTAL LIABILITIES	877
NET ASSETS	277

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

12. PROPERTY, PLANT & EQUIPMENT

	Land & Buildings \$'000	Plant & Equipment \$'000	Plant & Equipment under Lease \$'000	Total \$'000
CONSOLIDATED				
At 1 July 2012				
Cost	1,192	51,928	3,145	56,265
Accumulated depreciation	(1,115)	(45,262)	(2,704)	(49,081)
Net carrying amount	77	6,666	441	7,184
Year ended 30 June 2013				
At 1 July 2012, net of accumulated depreciation	77	6,666	441	7,184
Additions	-	1,612	124	1,736
Depreciation charge for the year	(70)	(3,416)	(446)	(3,932)
Disposals	-	(1,041)	-	(1,041)
At 30 June 2013, net of accumulated depreciation	7	3,821	119	3,947
At 30 June 2013				
Cost	85	28,071	124	28,280
Accumulated depreciation	(78)	(24,250)	(5)	(24,333)
Net carrying amount	7	3,821	119	3,947
Year ended 30 June 2014				
At 1 July 2013, net of accumulated depreciation	7	3,821	119	3,947
Additions	-	1,735	-	1,735
Depreciation charge for the year	-	(249)	(56)	(305)
At 30 June 2014, net of accumulated depreciation	7	5,307	63	5,377
At 30 June 2014				
Cost	85	29,806	124	30,015
Accumulated depreciation	(78)	(24,499)	(61)	(24,638)
Net carrying amount	7	5,307	63	5,377

Leased Assets

Assets under lease are pledged as security for the associated lease liabilities.

Asset Valuation

BCD Resources NL engaged Grays Asset Services, a division of Grays (VIC) Pty Ltd. in June 2013 to undertake a valuation of assets on the bases of market value for existing use (\$10.487 million) and estimated auction value (\$2.071 million). The Directors have resolved not to make any change to the asset value as disclosed after the valuation.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

13. EXPLORATION, EVALUATION & DEVELOPMENT COSTS

	CONSOLIDATED \$'000
At 1 July 2012	
Cost	48,964
Accumulated amortisation	(42,611)
Net carrying amounts	<u>6,353</u>
Year ended 30 June 2013	
At 1 July 2012, net of accumulated amortisation	6,353
Additions	1,149
Disposals	(2,604)
Exploration costs written off	(3,305)
Amortisation charge for the year	(910)
At 30 June 2013, net of accumulated amortisation	<u>683</u>
At 30 June 2013	
Cost	683
Accumulated amortisation	-
Net carrying amounts	<u>683</u>
Year ended 30 June 2014	
At 1 July 2013, net of accumulated amortisation	683
Additions	423
Amortisation charge for the year	(461)
Exploration costs written off	(10)
At 30 June 2014, net of accumulated amortisation	<u>635</u>
At 30 June 2014	
Cost	1,096
Accumulated amortisation	(461)
Net carrying amount	<u>635</u>
The net carrying amount represents exploration and development costs in the Lorena Gold and Middle Arm Creek Projects. The projects are summarised below and will be amortised or written off in accordance with note 2(o).	
Lorena Gold Development	511
Middle Arm Creek Development	124
	<u>635</u>

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
14. OTHER NON-CURRENT ASSETS		
Security deposit – Former Tasmania Mine	326	317
Security deposit – Other tenements	20	40
Security deposit – Stormont joint operations	126	-
Other	25	25
	497	382

15. TRADE AND OTHER PAYABLES

Current

Trade payables (i)	1,352	251
Sundry creditors and accruals (ii)	688	635
	2,040	886

(i) Trade payables include joint operations and corporate trade creditors. They are non-interest-bearing and normally settled in 30-60 days. For details of trade payables that relate to joint operations see note 11.

(ii) Sundry creditors and accruals are non-interest-bearing and normally settled within 30-60 days.

Information regarding the interest rate and liquidity risk associated with trade and other payables is set out in note 3.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
16. INTEREST BEARING LOANS & BORROWINGS		
Current		
Lease liability (refer note 21)	86	28
	<u>86</u>	<u>28</u>
17. PROVISIONS		
Current		
Employee benefits – annual leave	168	175
Employee benefits – long service leave	111	143
Rehabilitation (refer below)	860	1,010
	<u>1,139</u>	<u>1,328</u>
Non-current		
Rehabilitation (refer below)	1,858	1,933
	<u>1,858</u>	<u>1,933</u>
Rehabilitation		
(a) A provision for rehabilitation is recognised in relation to the rehabilitation of the mine and processing facility sites. The provision represents the net present value of the estimated cost of restoring the mine and processing facility sites.		
The annual increase in the provision relating to the change in the net present value of the provision and inflationary increases are accounted for in finance costs.		
(b) Movements in rehabilitation provision.		
Carrying amount at beginning	2,943	7,532
Change in net present value	(12)	-
Expenditure	(213)	(5,861)
Reassessment adjustment	-	1,272
Carrying amount at end	<u>2,718</u>	<u>2,943</u>

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
18. INTEREST BEARING LOANS & BORROWINGS		
Non-current		
Lease liability (refer note 21)	-	86
Borrowings (i)	<u>1,000</u>	<u>-</u>
	<u>1,000</u>	<u>86</u>

(i) A \$1.000 million equipment purchase and working capital facility specifically for the Stormont and Lorena Projects, was lent to the Company from Eclectic Investments Pty Limited, a company wholly owned by Chairman Clive Carroll. The loan is unsecured however, BCD warrants and undertakes not to incur any additional liabilities on a secured basis without the prior written consent of Eclectic Investments Pty Limited.

Interest is charged at 9.5% per annum on outstanding facility balances. The term of the loan can be renegotiated; currently the loan is repayable on 30 September 2015. The term was extended at 30 June 2014 for an additional 15 months.

Information regarding the interest rate and liquidity risk of interest bearing loans and borrowings is set out in note 3.

19. CONTRIBUTED EQUITY

	No. of shares ('000)	2014 \$'000	2013 \$'000
Ordinary shares	<u>116,857</u>	<u>151,382</u>	<u>151,382</u>

No movement in issued and paid up capital of the Company has occurred during the past two years.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
20. NON-CONTROLLING INTERESTS		
Non-controlling interests in BCD Resources (Operations) NL comprises:		
Interest in accumulated losses at beginning of the year	(10,203)	(15,013)
Add: Interest in profit/(loss) after income tax for the year	-	(790)
Transfer interest in Business Combination Asset Revaluation Reserve	-	5,600
Interest in accumulated losses	(10,203)	(10,203)
Interest in Share Capital	5,555	5,555
Non-controlling interest prior to transfer of shares to parent entity	(4,648)	-
Transfer to accumulated losses *	4,648	-
Total Non-controlling Interests	-	(4,648)

* On 28 May 2014 a hearing in the Supreme Court of Victoria granted the transfer of all shares not already owned by BCD Resources NL to BCD Resources NL under section 444GA of the Corporations Act 2001. The final share transfer was executed on 19 June 2014. Refer to the Changes to Corporate Structure commentary on page 3 of the Directors Report.

Accordingly, the balance of non-controlling interest of \$4.638 million was transferred to accumulated losses.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

21. EXPENDITURE COMMITMENTS

CONSOLIDATED

2014 2013
\$'000 **\$'000**

Exploration

In order to maintain rights of tenure to exploration tenements, the consolidated entity is committed to tenement rentals and minimum exploration expenditure in terms of the requirements of the Department of State Growth. This requirement will continue for future years with the amount dependent upon tenement holdings.

40 -

Capital expenditure

There were no capital expenditure commitments at 30 June 2014 and 2013.

Commitments in relation to finance leases are as follows:

Payable not later than one year

90 36

Later than one year but not later than five years

- 90

Minimum lease payments

90 126

Less: future finance charges

(4) (12)

86 114

Current lease liability (note 16)

86 28

Non-current lease liability (note 18)

- 86

86 114

Lease liabilities are secured by the leased items of plant and equipment.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

22. CONTINGENCIES

Contingent Assets

Royalty Payments to Mineral Resources Tasmania ("MRT")

In December 2004, the Company submitted a claim to MRT alleging overpayment of profit-based royalty by the BCD Resources (formerly Beaconsfield Gold) receiver and manager, up to the date of his retirement in March 2004.

The alleged overpayment (approximately \$0.710 million) arose mainly from an understatement of depreciation and amortisation expense in calculating profit for royalty, thereby overstating profit.

In April 2005 MRT formally rejected the Company's claim. The Company was successful in quashing the MRT decision to reject the Company's claim. Proceedings have commenced to recover the overpayment.

Following the takeover of BCD Resources (Operations) in 2007, a review of profit-based royalty payments by Allstate has revealed that the former Allstate deed administrator paid profit-based royalty to MRT calculated on the same basis as that used by the BCD Resources receiver and manager. BCD Resources (Operations) has advised MRT that it will seek to recover approximately \$1.877 million allegedly overpaid up to June 2006.

Recovery of the BCD Resources and BCD Resources (Operations) overpayments will result in a write-back to profit of approximately \$2.587 million not including cost.

Contingent Liabilities

At the time of this report there were no contingent liabilities for the Consolidated Entities.

23. RELATED PARTY DISCLOSURES

(a) Directors

The following persons held the position of Director of the Company during the past financial year:

Clive S Carroll	Non-Executive Chairman
David F Groves	Non-Executive Director
Nigel B Webb	Non-Executive Director

Transactions entered into during the year with the Directors of the Company and their Director related entities are within normal employee relationships, on terms and conditions no more favorable to those available to other employees.

(b) Transactions with related parties – inter-entities

During the year the parent entity advanced loans to (\$0.425 million) and received repayments from (\$3.610 million) entities within the Consolidated Entities on short term intercompany accounts.

These transactions were undertaken on an interest free basis.

APPL Pty Ltd and A.C.N 070164653 Pty Limited charged BCD Resources NL \$0.072 million for the use of its percentage share of the processing facility whilst being used for sole BCD Resources NL's operational activities.

During the year BCD Resources NL acquired from APPL Pty Ltd and A.C.N 070 164 653 Pty Limited plant and equipment for \$0.209 million.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

23. RELATED PARTY DISCLOSURES (continued)

(c) Transactions with director related parties

During the year \$58,335 was paid to Webb Industries Pty Ltd in relation to equipment hire. N B Webb is the sole director of Webb Industries Pty Ltd.

During the year \$33,755 was paid to MKS Capital Pty Ltd in relation to refining and freight costs for gold refining and gold receipts of \$3.210 million.

Eclectic Investments Pty Limited, a company wholly owned by Chairman Clive Carroll, has loaned to the Company \$1 million for equipment purchases and working capital, specifically for the Stormont and Lorena Projects. The loan is unsecured, with an interest rate at 9.5% per annum on outstanding facility balances. An amount of \$59,411 was paid to Eclectic Investments Pty Limited in relation to interest. For further details refer to note 18. Clive Carroll is the managing director of MKS Capital Pty Ltd and Eclectic Investments Pty Limited.

24. EARNINGS PER SHARE (EPS)

	2014	2013
Basic EPS (cents)	(3.08)	(6.70)
Diluted EPS (cents)	(3.08)	(6.70)
The following income and share data were used in the calculations of basic and diluted EPS:		
	\$'000	\$'000
Net loss after tax and non-controlling interests used as the numerator:		
- Basic EPS	(3,596)	(7,827)
- Diluted EPS	(3,596)	(7,827)
	No. of Shares	No. of Shares
	('000)	('000)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating:		
Basic EPS	116,857	116,857
Diluted EPS	116,857	116,857

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Notes to the Financial Statements
For the Year Ended 30 June 2014

25. SEGMENT INFORMATION

The Consolidated Entity operates within the minerals exploration and mining industry in Australia and has one customer from which it sources its revenue. All sales are made within Australia. All assets owned by the Consolidated Entity are held within Australia.

26. EVENTS AFTER THE BALANCE SHEET DATE

Except as otherwise disclosed, no other matters have arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

CONSOLIDATED

2014 **2013**
\$ **\$**

27. AUDITOR'S REMUNERATION

Amounts received or due and receivable by RSM Bird Cameron Partners for :

• an audit and/or review of the financial report of the entity and any other company in the Consolidated Entity	84,220	93,280
• other services in relation to the company and any other entity in the Consolidated Entity		
- tax compliance	18,700	16,250
- other tax services and advice	-	16,379
	102,920	125,909

BCD RESOURCES NL
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	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
28. STATEMENT OF CASH FLOWS		
(a) Reconciliation of net loss after tax to net cash flows from operations:		
Net loss after tax	(3,596)	(8,617)
Adjustments for:		
Non cash items :		
Amortisation of non-current assets	461	910
Depreciation of non-current assets	305	3,932
Exploration expenditure written off	10	3,305
Adjustment to pre-acquisition indemnities	-	(36)
Profit on sale of assets	-	(1,190)
Change in net present value on provision for rehabilitation	(12)	-
Change in provision for rehabilitation	-	1,272
Transfers:		
Interest received - transfer to investing activities	(27)	(195)
Finance Costs – transfer to financing activities	60	5
Changes in assets and liabilities		
Receivables	279	(1,851)
Inventories	(871)	4,109
Trade & other creditors & borrowings	1,154	446
Provisions	(264)	(8,992)
Other assets	58	(1,202)
Net cash flows used in operating activities	(2,443)	(8,104)

BCD RESOURCES NL
Notes to the Financial Statements
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28. STATEMENT OF CASH FLOWS (continued)

(b) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash at bank and on hand. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
Cash balance comprises:		
Current asset	651	1,158
Non-current asset (i)	111	1,592
	762	2,750

Cash deposits at banks are earning interest at current bank deposit rates. The average rate for the year was 0.9% (2013: 3.8%).

- (i) Non-current assets of \$0.111 million (2013: \$1.592 million) relate to an employee entitlement fund set up in 2007 for Tasmania Mine employee entitlements and administered by the previous administrators. Due to the payment of entitlements post the closure of the Tasmania Mine a refund for accumulated interest was paid to the Consolidated Entities of the BMJV. Costs associated with recovering the surplus funds amounted to \$0.420 million.

(c) Financing facilities available

At reporting date there were no financing facilities available to the Consolidated Entity. There were no financing facilities available to the Consolidated Entity at 30 June 2014.

29. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(i) *Directors*

Clive S Carroll	Non-Executive Chairman
David F Groves	Non-Executive Director
Michael J Boorne	Non-Executive Director
Nigel B Webb	Non-Executive Director

(ii) *Executives*

Richelle A Greenwood	Chief Financial Officer/ Chief Operating Officer /Joint Co. Secretary
Brian D Coulter	Joint Co. Secretary

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Notes to the Financial Statements
For the Year Ended 30 June 2014

29. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Compensation of Key Management Personnel

Compensation by Category

	CONSOLIDATED	
	2014	2013
	\$	\$
Short-Term	410,713	854,939
Post-Employment	26,818	54,302
	437,531	909,241

(c) Option holdings of Key Management Personnel

All options refer to options over ordinary shares of BCD Resources NL, which are exercisable on a one-for-one basis under the BCD Resources NL Option Scheme or the BCD Resources NL Option Scheme No. 2.

The movements during the year in the number of options over ordinary shares in BCD Resources NL, held directly, indirectly or beneficially by each key management personnel, including their related entities, was as follows:

	<i>Balance at beginning of period 01-Jul-13</i>	<i>Granted as Remuneration</i>	<i>Options Lapsed</i>	<i>Balance at end of period 30-Jun-14</i>	<i>Vested and exercisable</i>	<i>Unvested</i>
30 June 2014						
B D Coulter	33,334	-	33,334	-	-	-
	33,334	-	33,334	-	-	-
	<i>Balance at beginning of period 01-Jul-12</i>	<i>Granted as Remuneration</i>	<i>Options Lapsed</i>	<i>Balance at end of period 30-Jun-13</i>	<i>Vested and exercisable</i>	<i>Unvested</i>
30 June 2013						
B D Coulter	33,334	-	-	33,334	33,334	-
P R Thompson	55,556	-	55,556	-	-	-
	88,890	-	55,556	33,334	33,334	-

Options issued in previous years have all lapsed as at 30 June 2014.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2014

29. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Shareholdings of Key Management Personnel

Shares held in BCD Resources NL- Direct and Indirect Holdings

The movements during the year in the number of ordinary shares in BCD Resources NL, held directly, indirectly or beneficially by each key management personnel, including their personally related entities, were as follows:

	<i>Balance 01-Jul-13</i>	<i>Granted as Remuneration</i>	<i>On Exercise of Options</i>	<i>Net Change Other</i>	<i>Balance 30-Jun-14</i>
30 June 2014					
Directors					
Clive S Carroll	26,135,631	-	-	3,217,779	29,353,410
David F Groves	855,558	-	-	-	855,558
Nigel B Webb	20,700,952	-	-	(15,758,923)	4,942,029
Totals	47,692,141	-	-	(12,541,144)	35,150,997

	<i>Balance 01-Jul-12</i>	<i>Granted as Remuneration</i>	<i>On Exercise of Options</i>	<i>Net Change Other</i>	<i>Balance 30-Jun-13</i>
30 June 2013					
Directors					
Clive S Carroll	-	-	-	26,135,631	26,135,631
David F Groves	-	-	-	855,558	855,558
Nigel B Webb	36,666,667	-	-	(15,965,715)	20,700,952
Michael D Botting (1)	266,040	-	-	(266,040)	-
Kevin J Perrin (2)	477,778	-	-	(477,778)	-
Key Management Personnel					
Peter R Thompson (3)	268,773	-	-	268,773	-
Totals	37,679,258			10,012,883	47,692,141

(1) Resigned on 3 September 2012

(2) Resigned on 3 September 2012

(3) Terminated on 13 November 2012

All equity transactions with key management personnel and their related parties (where applicable) have been entered into under terms and conditions no more favorable than those the Consolidated Entity would have adopted if dealing at arm's length.

(e) Other transactions and balances with Key Management Personnel

There were no other transactions or balances with Key Management Personnel.

BCD RESOURCES NL

Directors' Declaration

In accordance with a resolution of the directors of BCD Resources NL, I state that:

- (1) (a) the financial report of the Consolidated Entity, and the additional disclosures included in the Directors' report designated as audited are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of the Consolidated Entity's performance for the year ended on that date;
 - (ii) complying with Accounting Standards and Corporations Regulations 2001;
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - (c) in the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 2 to the financial statements.
- (2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2014.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each Company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 10 to the financial statements will, as a Consolidated Entity, be able to meet any obligation or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

On behalf of the Board



C S Carroll
Chairman

27 August 2014
Sydney

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

BCD RESOURCES NL

Report on the Financial Report

We have audited the accompanying financial report of BCD Resources NL, which comprises the consolidated balance sheet as at reporting date, 30 June 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of BCD Resources NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of BCD Resources NL is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(y) in the financial report which refers to operating losses and cash outflows of BCD Resources NL and the reliance of the company, and consolidated entity, to achieve projected cash flows in respect of the company's joint venture at Lorena, so as to meet its debts as and when they fall due. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's, and consolidated entity's, ability to continue as going concerns and, therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of BCD Resources NL for the year ended 30 June 2014 complies with section 300A of the Corporations Act 2001.



RSM BIRD CAMERON PARTNERS



J S CROALL
Partner

Melbourne, VIC
Dated: 27 August 2014

BCD RESOURCES NL
ASX Additional Information

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 27 August 2014.

(a) Distribution of equity securities

The numbers of shareholders, by size of holding, are:

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	578	152,386
1,001	-	5,000	244	552,555
5,001	-	10,000	171	1,397,675
10,001	-	100,000	527	14,736,805
100,001	and over		125	100,017,407
			<hr/>	<hr/>
			1,645	116,856,828
			<hr/>	<hr/>
The number of shareholders holding less than a marketable parcel of shares are:			1,137	3,723,646
			<hr/>	<hr/>

The number of fully-paid ordinary shares by location are:

	Number of Shares
New South Wales	77,526,318
Victoria	25,624,738
Queensland	3,705,274
Western Australia	3,557,986
Tasmania	3,103,392
South Australia	827,082
Australian Capital Territory	298,244
Northern Territory	275,187
Total Australia	<hr/> 114,918,221
Overseas	<hr/> 1,938,607
Total	<hr/> 116,856,828

BCD RESOURCES NL
ASX Additional Information

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Eclectic Investments Pty Limited	12,457,162	10.66
2	Eclectic Investments Pty Limited	11,128,469	9.52
3	Earglow Pty Ltd <Boorne Super A/C>	10,000,000	8.56
4	HSBC Custody Nominees (Australia) Limited	7,449,532	6.37
5	MR Geoffrey Knight Morgan <G&M Morgan Investments A/C>	5,247,000	4.49
6	Earglow Pty Limited <Boorne Super A/C>	3,500,000	3.00
7	Eclectic Investments Pty Limited <CSC Super Fund A/C>	3,000,000	2.57
8	Eclectic Investments Pty Ltd	2,767,779	2.37
9	Vinda Pty Ltd	2,396,029	2.05
10	MR Kai Liu	2,311,112	1.98
11	Atlantic Investment (Aust) Pty Ltd	2,276,667	1.95
12	Hipete Pty Ltd	2,155,556	1.84
13	Mr William Charles Wheelahan	2,000,000	1.71
14	Lewer Corporation Pty Ltd	1,677,381	1.44
15	Retriever Investments Pty Ltd	1,577,029	1.35
16	Mr Christopher John Ayres	1,226,069	1.05
17	HSBC Custody Nominees (Australia) Limited-GSCO ECA	1,087,992	0.93
18	Boorne Gregg Investments Pty Ltd	1,000,000	0.86
19	COWOSO Capital Pty Ltd	1,000,000	0.86
20	Mr Robert Gillespie	971,792	0.83
		75,229,569	64.38

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of shares
Eclectic Investments Pty Limited	29,353,410
Earglow Pty Ltd <Boorne Super A/C>	13,500,000
Mr Oran Koohapremkit and Mr Keeratipong Kuharpremit	7,278,399

(d) Voting rights

All fully paid ordinary shares carry one vote per share without restriction.

BCD RESOURCES NL
ASX Additional Information

(e) Schedule of interests in mining tenements

Name	Tenement	Interest	State
Tasmania Mine Tenements (a)			
• Beaconsfield Consolidated Mining Lease	1767 P/M	100.0	Tas
BCD Resources NL Exploration Licences (b)			
• Lefroy Mining Lease	ML 16M/1991 (b)	100.0	Tas
• Middle Arm Beaconsfield	EL 6/2012	100.0	Tas

(a) The mining lease is currently not in operation and rehabilitation works are being undertaken. The lease will be cancelled upon successful completion of rehabilitations works.

(b) The mining lease at Lefroy are currently not operational and rehabilitation and monitoring works are being undertaken. These leases will be cancelled upon successful completion of rehabilitation and monitoring works.