

BCD RESOURCES (OPERATIONS) NL
(Formerly Allstate Explorations NL)

ABN 27 000 679 023

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2010

BCD RESOURCES (OPERATIONS) NL

Corporate Information

ABN 27 000 679 023

ASX CODE BCO

Directors

Denis E Clarke	Non-Executive Chairman
Michael W Trumbull	Non-Executive Director
William Tsingos	Non-Executive Director
Kevin J Perrin	Non-Executive Director

Chief Executive Officer

William T Colvin

Company Secretary

Brian D Coulter

Registered Office and Principal Place of Business

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530 Little Collins Street
Melbourne Vic 3000

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Facsimile: (03) 9909 7402

Mine Site Office

5 West Street
Beaconsfield Tas 7270

Telephone: (03) 6383 6500

Facsimile: (03) 6383 6590

Share Registry

Registries Limited

GPO Box 3993

Sydney NSW 2001

Telephone: (02) 9290 9600

Facsimile: (02) 9279 0664

Auditor

RSM Bird Cameron

Level 8, Rialto South Tower

525 Collins Street

Melbourne Vic 3000

Banker

National Australia Bank Limited

Level 1

46 St John Street

Launceston Tas 7250

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Level 6, 530 Collins Street, Melbourne at 10:00 am on 30 November 2010.

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BCD RESOURCES (OPERATIONS) NL

Chairman's Letter

Dear Shareholders

Key factors relevant to consideration of the performance of BCD Resources (Operations) NL (**BCO or the Company**) since 30 June 2009 include:

- The generally disappointing performance of the Tasmania Mine, despite various technical improvements, as described in the CEO's Report.
- The impact on the Company's parent entity, BCD Resources NL (**BCD**), of the difficult capital market conditions arising from the global financial crisis.
- The discovery in early calendar 2010 of the new higher grade Western Zone at the Tasmania Mine.

The first factor resulted in poor cash flow from operations that placed the BCD group under financial stress, given its limited cash reserves.

The weak mine performance made it imperative for BCD to raise additional working capital. Bank debt was completely unavailable. In July 2009 BCD shareholders provided only very limited support to a shareholder share purchase plan that raised less than \$1 million. In September 2009 Malaysia Smelting Corporation Berhad, BCD's then 22% shareholder, announced it wished to sell its shareholding. This negatively impacted all attempts to raise equity capital, and in June 2010 a placement by BCD succeeded in raising only \$1.6 million.

The discovery of the new Western Zone at the Tasmania Mine, though a very positive development, further increased the need for working capital to fund development required for the earliest possible access to the Zone in the first quarter of calendar 2011.

The BCD Board concluded that in the absence of meaningful debt or equity capital being available, a merger was the best method to capitalise the mine and capture for shareholders the benefits of the new Western Zone.

After a comprehensive search for a suitable corporate transaction, on 22 July 2010 BCD announced that it had entered into a Scheme Implementation Agreement to effect a merger with Bendigo Mining Limited (**Bendigo**) subject to BCD shareholder approval. BCD also entered into a Loan Agreement under which Bendigo agreed to provide a pre-completion loan of up to \$8 million to accelerate development of the Tasmania Mine and for working capital purposes. Both BCD and Bendigo worked hard on implementation with a BCD shareholder meeting planned for November. Unfortunately the intended merger collapsed very suddenly in early October in circumstances that are described in BCD's release to the Australian Securities Exchange on 14 October 2010. Effectively, BCD was faced with the requirement to raise substantial funds within three days to avoid the prospect of receivership, and the probable complete destruction of shareholder value for both BCD and the Company. Funds were required by BCD to pay back \$5 million drawn down on the Bendigo facility, replace the \$3 million balance of the facility and to provide additional working capital.

The severe time frame, and the extremely limited number of potential funders, presented an almost impossible task for BCD. Fortunately, it was possible for BCD to arrange a \$15 million loan facility with Minemakers Limited (**Minemakers**) on 13 October, albeit at a low price of 2 cents per share for debt:equity conversion to BCD equity. The arrangement, which is subject to BCD shareholder approval, enabled the corporate survival of BCD and the BCD group, including BCO. It also ensured operations at the Tasmania Mine would continue as normal, whereas receivership may have resulted in closure of the mine and the sale of the asset at a distressed price.

Should BCD shareholders approve the conversion as expected in December 2010, Minemakers would own 64% of BCD. Existing BCD shareholders would retain a 36% interest in BCD, with the BCD and BCD group balance sheet improved by \$15 million. The BCD Board considers that the BCD arrangement with Minemakers represents the best possible outcome for all BCD shareholders under the difficult circumstances. Importantly, with the ongoing support of BCD by Minemakers, BCO shareholders' exposure to the upside in the Tasmania Mine at a time of rising gold prices will remain the same.

It has been a very difficult period for all shareholders, both BCD's and the Company's, and all including myself are undoubtedly deeply disappointed. I believe that but for the determination shown by key executives and directors, the outcome would have been far worse. I therefore thank them for their extraordinary strength and commitment under the most trying of circumstances.



Denis E Clarke
Chairman

BCD RESOURCES (OPERATIONS) NL

Chief Executive Officer's Report

Achievements	Objectives
<ul style="list-style-type: none">✓ Introduced new lower cost mining method✓ Discovered higher grade Western Zone✓ Increased reserves and mine life	<ul style="list-style-type: none">➤ Rapidly extend development to new gold reserves in Western Zone➤ Confirm potential of stockwork as ore source➤ Extend new mining method to cover most production

CEO's Report

Tasmania Mine (Whole of Mine)

Ore production from the mine improved by approximately 20,000 tonnes on 2009 to 295,403 tonnes and included a record 85,215 tonnes in the September quarter. Similarly, plant throughput improved to a record 297,229 tonnes. However grade was significantly below plan at 7.2 grams per tonne. Contributing factors included mining dilution and ore loss largely associated with the remote mining method. The lower grade affected mill recovery as recovery decreases as grade decreases. This meant gold production was below the previous year's production at 57,758 ounces.

Safety performance improved during the year and the medically referred injury frequency rate fell to a historic low of 28.1 at the end of June 2010.

The lower grade saw costs per ounce produced rise during the year. However changes to the mining method, some improvements in underground infrastructure and the part replacement of the truck fleet, combined with normal production levels, should see costs fall significantly later in the coming year.

Enhanced Mining Method

An enhanced mining method is being introduced to replace the footwall driving method currently used in the western zone of the mine whilst still achieving the safety benefits consistent with geotechnical best practice. During the year two stopes using this new method were successfully developed and extracted. Based on these results, the method will be applied for all future production in the western part of the orebody and ore produced with this method will gradually increase, forming a significant portion of total ore production by the end of calendar 2011.

The enhanced method will reduce the amount of development required to access a stoping block by around 60% and reduce the production drilling by around 25%. In addition, the method provides an opportunity to further reduce unit costs through improving productivity, ore recovery and backfill dilution.

On the upper levels of the mine, the Company has been establishing development for contract and owner-operated mining operations in the high grade remnants from historic mining. Recent drilling is also confirming the potential for additional resources in this area.

Reserves and Western Zone

During the year drilling intersected new high grade gold mineralisation in the western zone of the mine. Subsequent drilling has already seen 48,000 ounces brought into reserves in the June 2010 reserve statement. The grade is 8.7 grams per tonne gold based on conservative assumptions regarding internal waste and further engineering design work is planned to optimise and increase the reserve grade in this Zone.

Loan funds received by BCD Resources NL from Minemakers Limited are in part being used to fast track development to allow production from this area by the first half of calendar 2011.

BCD RESOURCES (OPERATIONS) NL

Chief Executive Officer's Report

Stockwork Potential

The Company completed a scoping study on mining a zone of stockwork gold mineralisation, which has never previously been mined, in the western footwall of the Tasmania Reef. This confirms the potential for a low-cost source of bulk tonnes to utilise spare mill capacity and increase gold production rates. Its presence has been confirmed in the modern mine from 815 metres below surface (mbs) to 915 mbs and potential for further mineralisation exists above and below these levels.

Only 16,600 ounces is accounted for in the current resource, but the stockwork mineralisation has potential to extend over a much greater vertical distance along much of the western edge of the Tasmania Reef. Using efficient bulk mining methods incremental ore will be "stock-piled" in-situ underground and drawn down as required to supplement higher grade feed from elsewhere in the mine. This will provide flexibility and consistency in terms of mill feed and better utilisation of underground equipment.

Finance

Financial results for the year reflect lower gold production partly offset by lower total production costs and higher gold prices. The Company is unhedged and received an average gold price of A\$1,236 per ounce, which was 5% higher than for the 2009 financial year. Sales revenue for the 2010 year was \$37.1 million. The consolidated net loss after tax for the year was \$3.5 million (2009: profit of \$3.0 million).

Exploration

Tasmanian Gold

During the year at Pease Creek, where there had been no previous drilling, reverse circulation drilling tested a 600m long corridor of prospective Salisbury Hill conglomerate under transported cover. One hole intersected gold and arsenic anomalism in the same sequence that hosts gold mineralisation at the Tasmania Mine. This was followed up by one diamond drill hole which intersected 0.4 metres at 1.6 g/t gold and 0.3 metres at 2.3 g/t gold associated with stringers of pyrite.

Resources and Reserves Statement as at 30 June 2010

Gold Resources (including Reserves)

Category	Tonnes	Gold Grade (g/t)	Contained ounces
Measured Resource (Tasmania Mine)	384,000	12.3	151,000
Indicated Resource (Tasmania Mine)	786,000	11.3	285,000
Inferred Resource (Tasmania Mine)	277,000	9.5	85,000
Total Resources	1,447,000	11.2	521,000

Gold Reserves at Tasmania Mine

Category	Tonnes	Gold Grade (g/t)	Contained ounces
Proved Reserve	234,000	9.4	70,000
Probable Reserve	715,000	9.7	224,000
Total Reserve	949,000	9.7	294,000

The Resource/Reserve Statements accurately reflect information compiled by Peter Hills in relation to Ore Reserves at the Tasmania Mine and Troy Lowien for Exploration Results and Mineral Resources at the Tasmania Mine. Mr Hills is a full time employee of BCD Resources (Operations) NL, and at the time of estimation Mr Lowien was a full time employee of Coffey Mining Pty Ltd, and each has sufficient relevant experience in relation to the mineralisation being reported on to qualify as Competent Persons as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (The JORC Code, 2004).

BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year Ended 30 June 2010

The Directors present their report together with the financial report of the Company for the year ended 30 June 2010.

DIRECTORS

The following persons were Directors of the Company throughout the financial year and until the date of this report.

- | | |
|----------------------|------------------------|
| • Denis E Clarke | Non-executive Chairman |
| • Michael W Trumbull | Non-executive Director |
| • William Tsingos | Non-executive Director |
| • Kevin J Perrin | Non-executive Director |

PRINCIPAL ACTIVITIES

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

- production of gold through its 51.51% participation in the Tasmania Mine in north-east Tasmania;
- manage the Tasmania Mine; and
- mineral exploration in Tasmania.

There have been no significant changes in the nature of those activities during the year.

DIVIDENDS

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

CONSOLIDATED RESULTS

The financial results for the 2009/10 year for BCD Resources (Operations) NL and controlled entities are summarised in the following table:

	2010 (\$'000)	2009 (\$'000)
Gold and silver sales revenue	37,074	43,288
Other	797	1,475
Total revenue excluding interest revenue	37,871	44,763
EBITDA	2,162	8,434
Net profit/(loss) after tax	(3,506)	2,950

BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year Ended 30 June 2010

REVIEW OF OPERATIONS

Tasmania Mine Performance (Whole of Mine)

Ore production improved to 295,403 tonnes (2009: 275,311 tonnes), including a record 85,215 tonnes in the September quarter.

Ore treated of 297,229 tonnes (2009: 271,391 tonnes) at an average head grade of 7.2 g/t gold (2009: 8.9 g/t) produced 57,758 ounces of gold (2009: 70,178 ounces).

The mine treated a record 297,229 tonnes of ore during the year, however gold production was restricted due to lower head grade. The grade for the year was significantly below plan as a result of mining dilution and ore loss largely associated with the remote mining method. These issues are expected to be mitigated by the enhanced mining method introduced late in the year. As a direct consequence of the lower grade, mill recovery reduced to 84.0% (2009: 90.4%) further impacting gold production. Despite the record level of ore mined and treated, production costs were \$1.479 million lower than the previous year.

Financial Performance

The Group's financial results for the year reflect lower gold production partly offset by lower production costs and higher gold prices. The average gold price realised for the year of A\$1,236 per ounce was 5% higher than for the 2009 financial year.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ended 30 June 2010 were \$2.162 million (2009: \$8.434 million). The consolidated net loss after tax for the year was \$3.506 million (2009: profit of \$2.950 million).

Gold and silver sales revenue for the 2010 year was \$37.074 million (2009: \$43.288 million). The reduction reflects the 18% reduction in gold production partly offset by the increase in average realised gold price compared to 2009.

Financial Position

The balance sheet of the Consolidated Entity shows an equity deficiency of \$71.090 million (2009: \$67.584 million).

BCD Resources NL (the ultimate parent entity of the Group) continued to advance funds to the Consolidated Entity to enable it to meet its share of mine costs and corporate obligations. By 30 June 2010 these advances (interest bearing) were \$33.811 million, an increase of \$2.008 million over the 30 June 2009 balance of \$31.803 million.

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

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 (Operations) NL is a no liability company that is incorporated and domiciled in Australia. BCD Resources (Operations) NL has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which comprise 100% ownership of APPL Pty Ltd, ACN 070 164 653 Pty Ltd and Mojix Pty Ltd (refer Note 10 to the Financial Statements).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company will focus on further improvements in profitability at the Tasmania Mine, with a strong emphasis on lower unit costs by production, productivity and operating cost improvements.

Exploration effort will concentrate on extending gold resources at the Tasmania Mine.

BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year Ended 30 June 2010

INFORMATION ON DIRECTORS

Dr. Denis Edmund Clarke, Ph.D.(Geology), B.Sc.(Geology), B.A.(Economics & Statistics), F.Aus.IMM

Non-Executive Chairman (aged 69)

Dr. Clarke has broad technical, financial and corporate experience in the mining and mineral exploration industry. Over sixteen years in various senior positions he contributed significantly to the outstanding success of Plutonic Resources Limited which developed rapidly from a small explorer / non-producer into one of Australia's largest gold producers operating five mines. In 1998 Plutonic was absorbed by Homestake Mining Company, the merger valuing Plutonic at about A\$1 billion. Subsequently, he consulted to, and accepted board positions with, a range of miners and explorers. From 1999 to 2009 as Non-Executive Director and Consultant he contributed to the rapid growth of Troy Resources NL.

Dr. Clarke joined the board in February 2007, and was elected Chairman of the Company in April 2007. He is a member of the Company's Audit and Risk Management Committee.

During the past three years Dr. Clarke has also served as a director of the following companies:

- Troy Resources NL (1999 to 2009);
- Cullen Resources Ltd (1999 to date);
- Anglo Australian Resources NL (1999 to date);
- BCD Resources NL (2004 to date); and
- Hill End Gold Limited (2010 to date)

Mr. Michael Ward Trumbull, BE (Hons) Mining, M.B.A., F.Aus. IMM

Non-Executive Director (aged 60)

Mr. Trumbull has a degree in mining engineering (first class honours) from the University of Queensland and a master of business administration from Macquarie University. A Fellow of the Australian Institute of Mining and Metallurgy, he has over 35 years of broad mining industry experience with companies including Mount Isa Mines Limited, Associated Minerals Consolidated Limited, Western Mining Corporation Limited, Conzinc Rio Tinto of Australia Limited, Amax Exploration (Australia) Limited, Australian Consolidated Minerals Limited, Nicron Resources Limited, and BCD Resources NL.

From 1983 to 1992, he worked with Australian Consolidated Minerals as, progressively, Senior Mining Engineer, Project Manager – Westonia Gold Mine, Resident Manager – Westonia Gold Mine and General Manager – Investments.

In 1979, while working for Amax Exploration, he recommended that company's involvement in resurrecting the historic Tasmania Mine workings. He was one of the founding directors of BCD Resources (then Beaconsfield Gold) when it listed on the ASX in 1993 and sub-underwrote the Company's first equity raising to carry out deep drilling of the Tasmania Reef below the old workings. From March 1993 to November 2004, he was the sole Executive Director for BCD Resources. He is a member of the Company's Audit and Risk Management Committee and a member of the Remuneration and Appointments Committee.

During the past three years, Mr. Trumbull has also served as a director of the following companies:

- Nagambie Mining Limited (2005 to date); and
- BCD Resources (Operations) NL (2007 to date).

BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year Ended 30 June 2010

Mr. William Tsingos

Non-Executive Director (aged 52)

Mr. Tsingos has for more than 30 years been running his own international trading business dealing in electrical and engineering products, predominantly to government utilities and public companies involved in the mining, transport, heavy engineering and construction industries.

During the past three years Mr. Tsingos has also served as a director of the following company:

- BCD Resources NL (2004 to date).

Mr. Kevin John Perrin, CPA

Non-Executive Director (aged 61)

Mr. Perrin is a Certified Practising Accountant (CPA) and since 1975 has been a partner in the Ballarat firm of CPA's, Prowse Perrin & Twomey, conducting an accounting, taxation, audit and financial advisory practice.

He has been a director and shareholder of Prowse Perrin & Twomey Investment Services Pty. Ltd., an independent investment advisory firm holding an Australian Financial Services Licence, since 1990. Prior to that time he held a personal Securities Dealers Licence and was a member of the Stock Exchange of Ballarat Limited.

During the past three years, Mr. Perrin has also served as a director of the following companies:

- BCD Resources NL (2006 to date); and
- Nagambie Mining Limited (2010 to date).

QUALIFICATIONS AND EXPERIENCE OF THE COMPANY SECRETARY

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.

BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year Ended 30 June 2010

EVENTS SUBSEQUENT TO BALANCE DATE

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 except for the matter referred to below:

- On 22 July 2010 BCD Resources and Bendigo Mining Limited (Bendigo) announced that they had entered into a Scheme Implementation Agreement (SIA) for a merger of the companies to create a significant mid-tier Australian gold mining business (the Merger)

The Merger will be implemented by way of a scheme of arrangement under which it is proposed Bendigo will acquire all of the ordinary shares in BCD. BCD shareholders will receive 0.72 Bendigo shares for each BCD share held which, based on the last closing prices before announcement, implied a combined market capitalisation of \$A162 million. The scheme of arrangement will require approval by BCD shareholders at a meeting expected to be held in November 2010.

The Merger is unanimously recommended by the BCD directors and each of the directors of BCD (and each relevant entity controlled by a BCD director) intends to vote in favour of the scheme in the absence of a superior proposal and subject to the independent expert not revoking its opinion that the scheme is in the best interest of BCD shareholders.

Bendigo has agreed to provide BCD with a secured loan facility (Loan) of up to A\$8.0 million prior to completion of the Merger to accelerate development of the Tasmania Mine and for working capital purposes.

The Loan is able to drawn down in four tranches. At the date of this report the first two tranches totalling A\$5.0 million had been drawn

SHARE OPTIONS

The Company has not granted any options to take up ordinary shares in the capital of the Company during the financial year

BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year Ended 30 June 2010

DIRECTORS' SHAREHOLDINGS

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

	Ordinary shares
D E Clarke	-
M W Trumbull	-
W Tsingos	-
K J Perrin	-

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 Meetings	
	Held	Attended	Held	Attended
Total number of meetings held:	4		2	
Number of meetings attended:				
D E Clarke	4	4	2	2
M W Trumbull	4	4	2	2
W Tsingos	4	4		
K J Perrin	4	4	2	2

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 of the board during the year were:

K J Perrin (Chairman)
D E Clarke
M W Trumbull

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The parent entity of the Company, BCD Resources NL, 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 parent entity of 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 parent entity of 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.

BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year Ended 30 June 2010

REMUNERATION REPORT - AUDITED

The Company has adopted the remuneration objectives and philosophy of its parent entity, BCD Resources. The Company and the Parent have common directors, a common senior executive team, and the Company manages the Tasmania Mine. Whilst the Company pays remuneration for directors, the senior executives are employed and remunerated by the parent entity and no part of their remuneration is paid by the Company or Consolidated Entity.

This report outlines the remuneration arrangements in place for Directors and executives of BCD Resources (Operations) NL ("the Company") and the group 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 Group are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term "executive" encompasses the Chief Executive Officer, Chief Financial Officer and Tasmania Mine General Manager.

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.
- Maintain the integrity of the Company's reward program.
- Portion of executive remuneration may be "at risk", dependent upon meeting pre-determined performance benchmarks.
- Non-Executive Directors may receive part of their remuneration in the form of shares, whether fully or partly-paid.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee of the parent's (BCD Resources NL), Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer ("CEO") and the senior executive team.

The Remuneration and Appointments Committee of the parent 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 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.

BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year Ended 30 June 2010

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 20 December 1999 when shareholders approved an aggregate remuneration of \$100,000 per year.

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.

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

Senior Executive Remuneration

As noted previously, no part of executive remuneration is paid by the Company or Consolidated Entity – it is paid by BCD Resources NL, the ultimate parent entity.

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.

Structure

In determining and assessing the appropriateness of the level and make-up of executive remuneration, the Remuneration and Appointments Committee of the Parent considers 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 Remuneration and Appointments Committee of the Parent.

BCD RESOURCES (OPERATIONS) NL
Directors' Report
Year Ended 30 June 2010

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 Remuneration and Appointments Committee of the Parent and the process consists of a review of individual performance, relative comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices. The Committee has access to external advice independent of management.

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 Remuneration and Appointments Committee of the parent entity in conjunction with each senior executive. 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.

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

The parent entity of the Company (BCD Resources NL) has an employee option plan which is available to be used to issue options to executives of the group, should this be considered appropriate.

BCD RESOURCES (OPERATIONS) NL**Directors' Report****Year Ended 30 June 2010****Remuneration of Directors**

		Short Term	Post Employment	Total
		Salary & Fees \$	Superannuation (3) \$	\$
Directors				
D.E. Clarke				
2010	- Directors' fees	1,250	13,750	15,000
2009	- Directors' fees	-	15,000	15,000
K.J. Perrin (1)				
2010	- Directors' fees	12,000	-	12,000
2009	- Directors' fees	12,000	-	12,000
W. Tsingos (2)				
2010	- Directors' fees	12,000	-	12,000
2009	- Directors' fees	12,000	-	12,000
M.W. Trumbull				
2010	- Directors' fees	11,009	991	12,000
2009	- Directors' fees	6,417	5,583	12,000
	Total – 2010	36,259	14,741	51,000
	Total – 2009	30,417	20,583	51,000

Notes:

- (1) K J Perrin's fees were paid to Prowse Perrin & Twomey
- (2) W Tsingos' fees were paid to Ramon Cove Pty Ltd
- (3) The amounts disclosed as "superannuation" represent payments made directly to superannuation funds as required by law and/or as directed by the director.
- (4) W T Colvin (Chief Executive Officer), B D Coulter (Chief Financial Officer and Company Secretary) and R K Holder (Tasmania Mine General Manager) are employed by BCD Resources NL and no part of their remuneration (whether that be by way of salary, superannuation and/or options) is paid by the Company or Consolidated Entity.

BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year Ended 30 June 2010

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of BCD Resources (Operations) 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 the Tasmania Mine and for exploration.

Mr R Holder, as Manager of the Tasmania Mine, and senior management of the Tasmania Mine have operational responsibility for the management and reporting systems that are in place for all of the entity's mining operations and review compliance with State and Federal regulatory requirements for the entity's mining and exploration activities adjacent to the Tasmania Mine.

The principal environmental requirements affecting the entity are contained in the Development Proposal and Environmental Management Plan ("DP&EMP") governing the Tasmania Mine operations. Important obligations imposed by the DP&EMP regulate the effects of mine dewatering and water disposal, noise emissions from mining, 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.

Appropriate environmental management systems, with reporting to the BCD Resources (Operations) Chief Executive Officer and 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.

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 other assurance related services and tax compliance services were provided by RSM Bird Cameron Partners (auditor of the Company) – refer Note 28 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.

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.



D.E. Clarke
Director

30 September 2010
Melbourne

BCD RESOURCES (OPERATIONS) NL

Auditors' Independence Declaration

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
Level 8 Rialto South Tower
525 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 3 9286 1800 F +61 3 9286 1999
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of BCD Resources (Operations) NL for the year ended 30 June 2010, 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
RSM BIRD CAMERON PARTNERS
Chartered Accountants

John Croall
J S CROALL
Partner

Melbourne, VIC
Dated: *30 September 2010*

BCD RESOURCES (OPERATIONS) NL

Corporate Governance Report

CORPORATE GOVERNANCE STATEMENT

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

The Company has adopted the corporate governance policies of its parent entity, BCD Resources NL.

The parent entity 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 parent entity Board believes they are practical and applicable. 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 parent entity have been structured with reference to the Council's eight essential corporate governance principles.

Relevant principles as they relate to the Company are described below. The parent entity's corporate governance policies, including Charters for the Board and Board Committees, can be found on BCD Resources' website at www.bcdresources.com.au.

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 Chief Executive Officer and the executive management team. The Chief Executive Officer 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 BCD Resources NL website.

Principle 2: Structure the Board to Add Value.

The Board has established an Audit and Risk Management Committee to facilitate the execution of certain of its responsibilities. The Committee provides a forum for a more detailed analysis of key issues and interaction with management. The Committee reports its deliberations to the Board.

Details of the number of meetings of the Board and Audit and Risk Management Committee during the year, and each Director's attendance at those meetings, are set out on page 10 of this report.

The Board has not established a Nomination Committee, as recommended by the ASX Corporate Governance recommendations. All matters relating to appointments and remuneration are dealt with by the Remuneration and Appointments Committee of the Company's parent entity, BCD Resources NL.

BCD RESOURCES (OPERATIONS) NL

Corporate Governance Report

Principle 2: Structure the Board to Add Value (continued)

Audit and Risk Management Committee.

Members: K. J. Perrin (Chairman), D. E. Clarke, M. W. Trumbull

Function: The Committee 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. Matters relating to the assessment and supervision of non-financial business risks and compliance are covered.

Board Composition.

Allstate Exploration's Board currently comprises four Non-Executive Directors.

The nominations of all new Directors are 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.

Details of each Director's skills, experience and relevant expertise are set out in pages 7 to 8.

Independence.

The Company does not follow the ASC Corporate Governance recommendation that a majority of the Board, including the Chairman, be independent. BCD Resources (Operations) is more than 90% owned by BCD Resources NL, and all directors of the Company are directors of the parent entity. Given the ownership structure it is not appropriate for a majority of the Board to be independent.

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 the Company's expense.

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 the 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 Chief Executive Officer. 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.

BCD RESOURCES (OPERATIONS) NL

Corporate Governance Report

Principle 3: Promote Ethical and Responsible Decision Making (continued)

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 (Operations) shares (trading currently suspended)

To safeguard against insider trading, the Company's Share Trading Policy prohibits Directors and employees from trading BCD Resources (Operations) securities if they are aware of any information that would be expected to have a material effect on the price of Company securities. Further details of this policy will be found on the BCD Resources NL website..

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

Principle 4: Safeguard Integrity in Financial Reporting.

The Chief Executive Officer and Chief Financial Officer have each 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.

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 and through the BCD Resources NL website.

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' 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 is developing its risk and opportunity management strategies, including comprehensive 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 certifications given by the Chief Executive Officer and 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 (OPERATIONS) 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 \$100,000). The remuneration of the Non-Executive Directors is fixed rather than variable.

Executive remuneration.

The parent entity's Remuneration and Appointments Committee provides recommendations and direction for the Company's remuneration practices. The Committee ensures that a significant proportion of each senior manager's remuneration is linked to his or her performance and the Company's performance. Performance reviews are conducted at least annually to determine the proportion of remuneration 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 11 to 14.

BCD RESOURCES (OPERATIONS) NL

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2010

	Notes	CONSOLIDATED	
		2010 \$'000	2009 \$'000
Revenue from gold and silver sales		37,074	43,288
Production costs	5(a)	(33,312)	(34,073)
GROSS PROFIT FROM MINING OPERATIONS		3,762	9,215
Corporate expenses	5(b)	(1,565)	(3,213)
Depreciation and amortisation	5(c)	(3,472)	(4,305)
OPERATING PROFIT/(LOSS) BEFORE OTHER INCOME/(EXPENSES)		(1,275)	1,697
Other income	5(d)	931	2,432
Other expenses	5(e)	(966)	-
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL INCOME AND EXPENSES		(1,310)	4,129
Financial income	5(f)	123	177
Financial expenses	5(f)	(3,793)	(3,920)
PROFIT/(LOSS) BEFORE TAX		(4,980)	386
Income tax benefit	6	1,474	2,564
NET PROFIT/(LOSS) AFTER TAX		(3,506)	2,950
Other comprehensive		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(3,506)	2,950
Earnings/(loss) per share (EPS)(cents)			
Basic EPS	25	(4.8)	4.0
Diluted EPS	25	(4.8)	4.0
Dividend per share		Nil	Nil

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

BCD RESOURCES (OPERATIONS) NL

STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Notes	CONSOLIDATED	
		2010 \$'000	2009 \$'000
ASSETS			
Current Assets			
Cash	29(b)	959	1,144
Trade & other receivables	7	1,389	1,637
Prepayments		48	307
Inventories	8	1,846	2,027
Total Current Assets		4,242	5,115
Non-Current Assets			
Cash	29(b)	1,737	1,395
Property, plant & equipment	12	12,210	11,943
Exploration, evaluation & development	13	5,289	5,143
Deferred tax asset	6	4,038	2,564
Other	14	112	309
Total Non-Current Assets		23,386	21,354
TOTAL ASSETS		27,628	26,469
LIABILITIES			
Current Liabilities			
Trade & other payables	15	55,084	54,353
Interest bearing loans & borrowings	16	34,219	32,118
Provisions	17	1,120	1,235
Other	18	170	267
Total Current Liabilities		90,593	87,973
Non-Current Liabilities			
Payables	15	2,029	1,388
Interest bearing loans & borrowings	19	624	844
Provisions	20	4,994	3,333
Other	18	478	515
Total Non-Current Liabilities		8,125	6,080
TOTAL LIABILITIES		98,718	94,053
DEFICIENCY IN NET ASSETS		(71,090)	(67,584)
EQUITY			
Share capital	21	49,688	49,688
Accumulated losses		(120,778)	(117,272)
TOTAL EQUITY DEFICIENCY		(71,090)	(67,584)

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

BCD RESOURCES (OPERATIONS) NL

STATEMENT OF CASH FLOWS

Year ended 30 June 2010

	Notes	CONSOLIDATED	
		2010	2009
		\$'000	\$'000
Cash Flows from Operating Activities			
Receipts from gold and silver sales and other operating revenue		38,137	43,497
BBR Settlement		14	648
Payments to suppliers and employees		(32,470)	(34,022)
Net Cash Flows from Operating Activities	29(a)	5,681	10,123
Cash Flows from Investing Activities			
Interest received		123	169
Proceeds from sale of fixed assets		106	-
Purchase of plant & equipment		(261)	(1,096)
Mine development expenditure		(2,049)	(2,593)
Net Cash Flows used in Investing Activities		(2,081)	(3,520)
Cash Flows from Financing Activities			
Repayment of controlling entity loan		(2,218)	(5,858)
Interest paid		-	(2)
Repayment of lease principal		(436)	(190)
Repayment of indemnity		(789)	(472)
Net Cash Flows used in Financing Activities		(3,443)	(6,522)
Net Increase in Cash		157	81
Cash at Beginning of the Financial Period		2,539	2,458
Cash at End of the Financial Period	29(b)	2,696	2,539

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

BCD RESOURCES (OPERATIONS) NL**STATEMENT OF RECOGNISED INCOME AND EXPENDITURE****Year ended 30 June 2010**

	Issued Capital \$'000	Accumulated Losses \$'000	Total Equity Deficiency \$'000
CONSOLIDATED			
As at 1 July 2008	49,688	(120,222)	(70,534)
Profit for the year	-	2,950	2,950
As at 30 June 2009	49,688	(117,272)	(67,584)
Loss for the year	-	(3,506)	(3,506)
As at 30 June 2010	49,688	(120,778)	(71,090)

The above statement of recognised income and expenditure should be read in conjunction with the accompanying notes.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

1. CORPORATE INFORMATION

The financial report of BCD Resources (Operations) NL (“the Company”) for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 30 September 2010.

BCD Resources (Operations) NL is a no liability company incorporated in Australia whose shares are publicly traded (currently suspended) on the Australian Stock Exchange. The registered office of BCD Resources (Operations) NL is Level 7, Exchange Tower, 530 Little Collins Street, Melbourne, Victoria, 3000, Australia.

The nature of the operations and principal activities of the Group 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 (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

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

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective, have not been adopted by the Group for the annual reporting period ended 30 June 2010. These are outlined in the table below.

Reference	Title	Summary	Application date of standard *	Impact on Group financial report
AASB 2009-5	<i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5 ,8, 101, 107, 117, 118, 136, 139]</i>	Amends a number of standards as a result of the annual improvements project.	1 January 2010	No material impact anticipated
AASB 2009-8	<i>Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]</i>	Amends AASB 2 <i>Share-based Payment</i> and supersedes Interpretation 8 <i>Scope of AASB 2</i> and Interpretation 11 <i>AASB 2 – Group and Treasury Share Transactions</i> .	1 January 2010	No material impact anticipated
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 2013	No material impact anticipated
Interpretation 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>	This Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It does not address the accounting by the creditor.	1 July 2010	No material impact anticipated
AASB 124	<i>Related Party Disclosures</i>	Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition.	1 January 2011	Disclosures only

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) New accounting standards and interpretations (continued)

2009-10	<i>Amendments to Australian Accounting Standards – Classification to Rights Issues</i>	Amends AASB 132 to clarify the requirements for classification of rights, options and warrants.	1 February 2010	No material impact anticipated
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 2011	Disclosures only
2009-12	<i>Amendments to Australian Accounting Standards</i>	Amends AASB 8 Operating Segments as a result of the revised AASB 124. Amends AASB 5, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052 as a result of the annual improvement project.	1 January 2011	No material impact anticipated.
2009-13	<i>Amendments to Australian Accounting Standards arising from interpretation 19</i>	Amends AASB 1 due to the issuance of Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments.	1 July 2010	No material impact anticipated.
2010-2	<i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements and amends AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052	1 July 2013	No material impact anticipated.
2010-3	<i>Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	Amends AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139 as a result of the annual improvements project.	1 July 2010	No material impact anticipated.
2010-4	<i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	Further amends AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13 as a result of the annual improvements project.	1 January 2010	No material impact anticipated.

* designates the beginning of the applicable annual reporting period unless otherwise stated

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

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

Subsidiaries are all those entities over which the Consolidated Entity has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

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-group transactions have been eliminated in full.

Investments in subsidiaries are recorded in the financial statements of the parent at the lower of cost or recoverable amount.

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

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.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 from the Tasmania Mine.

Interest income

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

Management fee revenue

Management fee revenue earned by BCD Resources (Operations) NL as manager of the Tasmania Mine is recognised as it accrues.

(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.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 gold in circuit and stockpiles of unprocessed ore) – cost of direct material and labour and a proportion of overheads based on normal operating capacity.

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

(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.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Joint ventures

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. Details of the Consolidated Entity's interests in Jointly Controlled Assets are shown in Note 11.

(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 (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

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 is 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. The life of the area of interest is estimated to be approximately 4 years from 30 June 2010 (2009: 3 years).

Refer note 2(q) for the accounting policy relating to the impairment of 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.

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

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 earnings.

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 (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

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. 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

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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). After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(t) Non-interest-bearing borrowings

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

A specified amount of advances made to Allstate by its former banker under the terms of an indemnity agreement has a repayment schedule based on a dollar amount per ounce of gold production from the Tasmania Mine. Production-based repayments are recognised at fair value, but only to the extent that they are supported by recoverable mine reserves. Repayments that will not be made based on current reserves are not recognised, but instead are disclosed as contingent liabilities.

(u) Contributed equity

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

(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.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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;

divided 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.

(x) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

(y) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. They are not credited directly to shareholders equity.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the life of the related asset (being the decline development asset) on a unit-of-production basis.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Going Concern

The Company and the Consolidated Entity have net working capital deficits of \$35.667 million and \$86,351 million, net liabilities of \$37.636 million and \$71.090 million, respectively (2009:\$35.172 million and \$67.584 million) and recorded an operating loss after income tax of \$2.464 million and \$3.506 million respectively for the year ended 30 June 2010, (2009: \$1.855 million profit and \$2.950 million profit). The ability of the Company and/or the Consolidated Entity to continue as going concerns, including the ability of the Company and/or the Consolidated Entity to pay their debts as and when they fall due, is dependent upon continued support from the ultimate parent company, BCD Resources NL.

The financial report has been prepared on a going concern basis after taking into account the following other factors: -

- (i) The Company is the Manager of the Tasmania Mine.
- (ii) Continued strength of the A\$ gold price (the gold price at the date of this report was A\$1,350 per ounce) with all gold being delivered into the spot market.
- (iii) At the date of this report BCD Resources NL ("BCD") continued to fund the operations and financing activities of the Company and its subsidiaries.
- (iv) BCD has advised the Company it will not require repayment of loans owed to BCD as at 30 September 2010 until such time as the Company is capable of repaying these loans without any adverse consequences in relation to solvency. BCD has undertaken not to withdraw this financial support for the period of the least 12 months from the date of signing this financial report.

Should the Company and/or the Consolidated Entity not return to profitability, and in turn positive cash flows, and/or the current funding support provided by BCD be withdrawn there would be significant uncertainty as to whether the Company and/or the Consolidated Entity could continue as going concerns and therefore whether they could realise their assets and extinguish their liabilities in the normal course of business. No adjustments have been made relating to the recoverability and classification of recorded asset amounts, and classification of liabilities, that might be necessary should the Company and/or the Consolidated Entity not continue as going concerns.

This is consistent with the accounting policy adopted at 30 June 2009.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Group'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.

The Group 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 Group's business. These risks are managed under Board approved policies and processes. The Group'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 Board has, however, determined that for the immediate future the Group will remain unhedged, with all production from the Tasmania Mine available for delivery at spot price.

The Group'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	
	2010	2009
	\$'000	\$'000
Financial Assets		
Cash	2,696	2,539
Trade & other receivables	1,389	1,637
Other	112	309
Financial Liabilities		
Trade & other payables	57,113	55,741
Interest-bearing loans and borrowings	34,843	32,962

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

3. FINANCIAL RISK MANAGEMENT (Continued)

(b) Market risk

(i) Foreign exchange risk

The Group has 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 Group's gold sales are denominated in Australian dollars.

(ii) Commodity price risk

The Group'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 Group may enter into forward sales contracts that guarantee a minimum sale price for gold.

The Board has resolved that for the present time future production should remain unhedged.

(iii) Interest rate risk

The Group is 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 Group 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 Group's types and levels of debt are included in notes 16 and 19.

The Group's main interest rate risk at 30 June 2010 related to floating rate short term intercompany debt from BCD Resources NL.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

3. FINANCIAL RISK MANAGEMENT (Continued)

(b) Market risk (continued)

Interest rate exposure

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

Consolidated	2010			2009		
	Weighted average interest rate %	Floating interest \$'000	Fixed interest \$'000	Weighted average interest rate %	Floating interest \$'000	Fixed interest \$'000
Financial Assets						
Cash	3.6	2,696	-	4.7	2,539	-
Security deposit		-	-	4.7	192	-
Total Assets		2,696	-		2,731	-
Financial Liabilities						
Lease commitments	9.4	-	1,032	8.9	-	1,159
Related party payable – ultimate parent	10.0	33,811	-	10.0	31,803	-
Total liabilities		33,811	1,032		31,803	1,159
Net exposure		(31,115)	(1,032)		(29,072)	(1,159)

The other financial instruments of the Group 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 2010, if interest rates changed by +/- 1%, with all other variables held constant, the estimated impact on post-tax result and equity would have been:

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
Impact on post-tax profit/(loss): (higher)/lower		
Interest rates + 1%	(311)	(291)
Interest rates – 1%	311	291
Impact on equity: higher/(lower)		
Interest rates + 1%	(311)	(291)
Interest rates – 1%	311	291

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The liquidity position of the Group is managed through support of BCD Resources NL, to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-effective manner.

The management team continually reviews the Group's liquidity position, including cash flow projections based on 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, including derivative financial instruments, disclosed by financial maturity groupings based on the remaining period, at the reporting date, to the contractual maturity date. For derivative financial instruments, the market value is presented, whereas for other obligations the respective undiscounted cash flows for the respective upcoming financial years are presented.

Consolidated	Payable at Call	Less than 3 months \$'000	3-6 months \$'000	6-12 months \$'000	1-2 years \$'000	More than 2 years \$'000
2010						
Trade and sundry creditors	-	6,411	-	-	-	-
Other payables	-	138	148	387	1,045	1,442
Lease liabilities	-	122	122	244	599	55
Related party payable – ultimate parent (1)	48,000	-	-	-	-	-
Related part payable – ultimate parent (2)	33,811	-	-	-	-	-
	81,811	6,671	270	631	1,644	1,497
2009						
Trade and sundry creditors	-	5,371	-	-	-	-
Other payables	-	348	197	463	753	876
Lease liabilities	-	105	102	205	410	521
Related party payable – ultimate parent (1)	48,000	-	-	-	-	-
Related part payable – ultimate parent (2)	31,803	-	-	-	-	-
	79,803	5,824	299	668	1,163	1,397

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (continued)

- (1) This debt is payable to BCD Resources NL and is non-interest bearing and payable at call. However, BCD Resources NL has advised that it will not require payment of this loan until such time as the Company is capable of repaying without any adverse consequences in relation to solvency. Refer note 2(z) for more information.
- (2) This debt is payable to BCD Resources NL and is interest bearing and payable at call. However, BCD Resources NL has advised that it will not require payment of this loan until such time as the Company is capable of repaying without any adverse consequences in relation to solvency. Refer note 2(z) for more information.

(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 Group'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 Group controls credit risk by:

- maintaining cash and deposits only with reputable major Australian banks; and
- delivering all gold produced at the Tasmania Mine to a major Australian gold refinery.

Gold deliveries are made weekly and maximum credit exposure is eight days. The counterparty to all gold sales is a major Australian bank.

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 Group's exposure to bad debts is not significant. There were no impairments of receivables as at 30 June 2010 or 30 June 2009 for the Group.

For BCD Resources (Operations) NL, there are additional receivables due from its subsidiaries. Refer note 7 for details of these, including assessment of recoverability. For details of the ageing of trade and other receivables at the reporting date, refer note 7.

At balance date there were no other significant concentrations of credit risk.

(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.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

3. FINANCIAL RISK MANAGEMENT (Continued)

(f) Capital management

The Group'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 Group aims to maintain an optimal capital structure to reduce the cost of capital and maximise shareholder returns.

The capital structure of the Group consists of debt, which includes interest-bearing loans and borrowings as disclosed in notes 16 and 19, cash and cash equivalents and equity.

During the year, the Group undertook the following activities in relation to capital management:

Debt

Additional net advances of \$2.008 million were received from BCD Resources NL during the year.

The Group is not subject to any externally imposed capital requirements.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

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 other various 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) Mine rehabilitation provision

The Consolidated Entity assesses its mine rehabilitation yearly in accordance with the accounting policy note stated in note 2(o). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Factors that will affect this liability include future development, changes in technology, price increases and changes in interest rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

(b) Unit-of-production method of depreciation

The Consolidated Entity uses the unit-of-production basis when depreciating life of mine specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine 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 mine 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.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(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.

(e) Deferred tax assets

Deferred tax assets are recognised for tax losses where management considers that it is probable that future taxable profits will be available to utilise those tax losses. When determining the quantum of tax losses eligible to be recognised as a deferred asset, the Consolidated Entity is cognisant of the Tasmania Mine ore reserve estimates. Refer note 2(l).

(f) Ore Reserve Estimates

The Consolidated Entity estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC code 2004'). The estimated quantities of economically recoverable reserves are based on interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying value of property, plant and equipment, exploration, evaluation and development, provision for rehabilitation obligations, the recognition of deferred tax assets, other payables, as well as the amount of depreciation and amortisation charged to the Income Statement.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

	CONSOLIDATED	
	2010	2009
	\$'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	31,941	32,818
Superannuation	603	599
Government Royalties	537	613
Changes in inventories	231	43
	33,312	34,073
(b) CORPORATE EXPENSES		
Corporate expenditure	860	1,366
Superannuation	3	2
Legal expenses	702	1,845
	1,565	3,213
(c) DEPRECIATION AND AMORTISATION		
Depreciation		
Buildings	30	53
Mining plant and equipment	1,376	2,170
Plant and equipment under lease	163	196
	1,569	2,419
Amortisation		
Exploration, evaluation and development costs	1,903	1,886
	1,903	1,886
	3,472	4,305
(d) OTHER INCOME		
Management fees	704	818
BBR settlement	14	648
Release of deferred income – government grant	134	240
Profit on sale of fixed assets	71	-
Adjustment to pre-acquisition indemnities	-	717
Other	8	9
	931	2,432
(e) OTHER EXPENSES		
Adjustment to pre-acquisition indemnities	966	-
	966	-

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
<hr/>		
5. REVENUES AND EXPENSES (continued)		
(f) FINANCIAL INCOME AND EXPENSES		
Financial income		
Interest income	123	177
	<hr/>	<hr/>
	123	177
Financial expenses		
Interest		
- Controlling entity	3,269	3,232
- Other	73	2
Borrowing expenses		
- Controlling entity	-	176
Finance lease charges	101	86
Unwind of discount on restoration provisions	203	237
Unwind of discount on pre-acquisition indemnities	147	187
	<hr/>	<hr/>
	3,793	3,920

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
<hr/>		
6. INCOME TAX		
The major components of income tax expense/benefit are:		
Current income tax benefit	(1,474)	(2,564)
Deferred income tax	-	-
	<hr/>	
Income tax benefit as reported in the statement of comprehensive income	(1,474)	(2,564)
	<hr/>	
Income tax as reported in equity	-	-
	<hr/>	
A reconciliation between tax benefit and the product of accounting profit/loss before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:		
Accounting profit/(loss) before income tax	(4,980)	386
	<hr/>	
Prima facie income tax expense/(benefit) calculated at 30% (2009 – 30%)	(1,494)	116
Pre-acquisition indemnities increase/(reduction)	334	(159)
Investment allowance	-	(59)
Deferred tax assets recognised (not previously brought to account)	(314)	(2,462)
	<hr/>	
Income tax benefit	(1,474)	(2,564)
	<hr/>	

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
6. INCOME TAX (continued)		
Deferred Income Tax		
Deferred income tax at 30 June relates to the following:		
<i>Deferred tax assets</i>		
Provisions	1,834	1,370
Other	317	195
Carry forward revenue losses	5,148	4,115
TOTAL DEFERRED TAX ASSETS	7,299	5,680
<i>Deferred tax liabilities</i>		
Accelerated depreciation for tax purposes	2,919	2,789
Other	342	327
TOTAL DEFERRED TAX LIABILITIES	3,261	3,116
NET DEFERRED TAX ASSETS	4,038	2,564
Tax Losses		
<i>Revenue Losses</i>		
Deferred tax assets for unused revenue losses not recognised	16,460	17,001
The deferred tax assets and carry forward revenue losses not recognised have not been brought to account as it is not currently considered probable that future taxable income will be available against which they can be utilised based on the current gold reserves and hence current reserve life of the Tasmania Mine.		
<i>Capital Losses</i>		
Deferred tax assets for unused capital losses not recognised	22,132	22,132

No deferred tax asset is recognised on the balance sheet for the above capital losses. The capital losses arose in Australia and are available indefinitely for offset against future capital gains of a similar nature subject to continuing to meet relevant statutory tests.

Tax Consolidation

The Consolidated Entity is consolidated for the purposes of income taxation.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
7. TRADE AND OTHER RECEIVABLES (i)		
Current (i)		
Share of joint venture receivables (ii)	433	372
Gold Bullion awaiting settlement (iii)	914	1,264
Other	42	1
	1,389	1,637

(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 not held as security.

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

(ii) Joint venture receivables and other debtors are generally collected on 30-90 day terms and are non-interest bearing.

(iii) Proceeds from a gold shipment on 30 June 2010 were received on 8 July 2010.

8. INVENTORIES

Supply inventories at cost	1,141	1,090
Stockpile of unprocessed ore at net realisable value	103	345
Gold in circuit at net realisable value	602	592
	1,846	2,027

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

9. PARENT ENTITY

BCD Resources (Operations) NL is the Parent Entity of the Consolidated Entity.

BCD Resources (Operations) NL and APPL Pty Ltd are parties to a Deed of Cross guaranteed under which each company guarantees the debts of the other (see Note 10). Details of contingent liabilities of the Parent Entity are contained in Note 23. The Parent Entity's expenditure commitments are summarised in Note 22.

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

	Parent Entity	
	2010	2009
	\$'000	\$'000
<u>Assets & Liabilities</u>		
Current assets	54	220
Non-current assets	9	15
Total assets	63	235
Current liabilities	35,721	34,047
Non-current liabilities	1,978	1,360
Total liabilities	37,699	35,407
Deficiency in net assets	(37,636)	(35,172)
<u>Shareholders' equity</u>		
Issued capital	49,688	49,688
Accumulated losses	(87,324)	(84,860)
Total equity deficiency	(37,636)	(35,172)
	Year ended	Year ended
	30 June 2010	30 June 2009
	\$'000	\$'000
Profit/(loss) for the year	(2,464)	1,855
Total comprehensive income	(2,464)	1,855

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

10. INTEREST IN SUBSIDIARIES

	Country of Incorporation	Class of shares	% Held by Allstate Explorations NL		Investment Carrying value	
			2010	2009	2010	2009
			%	%	\$	\$

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).

APPL Pty Ltd	Australia	Ordinary	100.00^(a)	100.00 ^(a)	-	-
ACN 070 164 653 Pty Ltd	Australia	Ordinary	100.00^(b)	100.00 ^(b)	-	-
Mojixi Pty Ltd	Australia	Ordinary	100.00^(b)	100.00 ^(b)	-	-

(a) During the 2010 year APPL Pty Ltd was 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. For the 2009 year APPL Pty Ltd was required to lodge audited accounts as it was a large proprietary limited company.

(b) These subsidiaries do not require audited accounts for the current year as they are small proprietary limited companies.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
11. INTEREST IN JOINTLY CONTROLLED ASSET		
The Consolidated Entity has a 51.51% (2009: 51.51%) interest in the assets, liabilities and output of a jointly controlled asset, called the Tasmania Mine.		
The Tasmania Mine is not a separate legal entity. It is a contractual arrangement between the participants for the sharing of costs and output and does not generate revenue and profit. The Consolidated Entity received a fee for the management of the Tasmania Mine of \$0.704 million (2009: \$0.818 million).		
The interest in the Tasmania Mine is included in the financial statements as follows:		
CURRENT ASSETS		
Cash	947	1,134
Trade & other receivables	481	679
Inventories	1,846	2,027
TOTAL CURRENT ASSETS	3,274	3,840
NON-CURRENT ASSETS		
Cash	1,737	1,395
Property, plant and equipment (owned & leased)	12,210	11,943
Exploration, evaluation and development	5,289	5,143
Security deposit	-	192
TOTAL NON-CURRENT ASSETS	19,236	18,673
TOTAL ASSETS	22,510	22,513
CURRENT LIABILITIES		
Trade and other payables	5,970	4,978
Interest-bearing loans and borrowings	408	315
Provisions	1,120	1,235
Other	170	267
TOTAL CURRENT LIABILITIES	7,668	6,795
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	624	844
Provisions	4,994	3,333
Other	478	515
TOTAL NON-CURRENT LIABILITIES	6,096	4,692
TOTAL LIABILITIES	13,764	11,487
NET ASSETS	8,746	11,026

Commitments in relation to the Tasmania Mine are disclosed in Note 22.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

12. PROPERTY, PLANT & EQUIPMENT

	Land & Buildings \$'000	Mining Plant & Equipment \$'000	Plant & Equipment under Lease \$'000	Total \$'000
CONSOLIDATED				
At 1 July 2008				
Cost	652	40,053	999	41,704
Accumulated depreciation	(369)	(28,701)	(136)	(29,206)
Net carrying amount	283	11,352	863	12,498
Year ended 30 June 2009				
At 1 July 2008, net of accumulated depreciation	283	11,352	863	12,498
Additions	-	1,096	768	1,864
Transfers	-	220	(220)	-
Depreciation charge for the year	(53)	(2,170)	(196)	(2,419)
At 30 June 2009, net of accumulated depreciation	230	10,498	1,215	11,943
At 30 June 2009				
Cost	652	41,471	1,445	43,568
Accumulated depreciation	(422)	(30,973)	(230)	(31,625)
Net carrying amount	230	10,498	1,215	11,943
Year ended 30 June 2010				
At 1 July 2009, net of accumulated depreciation	230	10,498	1,215	11,943
Additions - rehabilitation asset	-	1,404	-	1,404
- plant & equipment	-	261	207	468
Transfers	-	52	(52)	-
Disposals	-	(36)	-	(36)
Depreciation charge for the year	(30)	(1,376)	(163)	(1,569)
At 30 June 2010, net of accumulated depreciation	200	10,803	1,207	12,210
At 30 June 2010				
Cost	652	42,951	1,584	45,187
Accumulated depreciation	(452)	(32,148)	(377)	(32,977)
Net carrying amount	200	10,803	1,207	12,210

Leased Assets

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

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

13. EXPLORATION, EVALUATION & DEVELOPMENT COSTS

	CONSOLIDATED
	\$'000
At 1 July 2008	
Cost	12,077
Accumulated amortisation	(7,642)
Net carrying amount	4,435
Year ended 30 June 2009	
At 1 July 2008, net of accumulated amortisation	4,435
Additions	2,594
Amortisation charge for the year	(1,886)
At 30 June 2009, net of accumulated amortisation	5,143
At 30 June 2009	
Cost	
Accumulated amortisation	14,671
Net carrying amount	(9,528)
	5,143
Year ended 30 June 2010	
At 1 July 2009, net of accumulated amortisation	5,143
Additions	2,049
Amortisation charge for the year	(1,903)
At 30 June 2010, net of accumulated amortisation	5,289
At 30 June 2010	
Cost	16,720
Accumulated amortisation	(11,431)
Net carrying amount	5,289

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
14. OTHER NON-CURRENT ASSETS		
Security deposits	112	309
	112	309
15. TRADE AND OTHER PAYABLES		
Current		
Trade and sundry creditors (i)	6,411	5,371
Borrowings (ii)	48,000	48,000
Amounts paid under indemnity by Consolidated Entity's former banker (iii)	673	982
	55,084	54,353
Non-Current		
Amounts paid under indemnity by Consolidated Entity's former banker (iii)	2,029	1,388
	2,029	1,388

- (i) Trade and sundry creditors includes joint venture and corporate expenses. They are non-interest-bearing and normally settled in 30-60 days.
- (ii) Unsecured loans owing to the Company by APPL Pty Ltd and ACN 070 164 653 Pty Ltd were assigned by the Company to its former banker during 2002. There is no contractual right to interest and there is no fixed term for repayment.

The former banker assigned the benefit of the above loans to BCD Resources NL in February 2007.

(iii) Former banker

Under the terms of an agreement with the Company's former banker, the agreement being a pre-requisite of terminating the Allstate Deeds of Company Arrangement and consolidating ownership of the Tasmania Mine, the Company agreed to repay advances paid to it in accordance with an indemnity agreement and guarantee.

An agreed amount is being repaid at the rate of \$10 per ounce of future gold production from the Tasmania Mine, with no recourse beyond that.

The current liability includes the amount payable to 30 June 2011 at the fixed amount per ounce based on forecast production.

The non-current portion is the fair value of amounts payable at the fixed amount per ounce after 30 June 2010, based on production projections and present recoverable reserves. The excess not supported by current reserves is treated as a contingent liability (refer note 23(a)).

Information regarding the interest rate and liquidity risk associated with trade and other payables is set out in notes 3(b) and 3(c).

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
16. INTEREST BEARING LOANS & BORROWINGS		
Current		
Lease liability (refer note 22)	408	315
Related party payable – ultimate parent (refer to note 24(d))	33,811	31,803
	34,219	32,118

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

17. PROVISIONS

Current

Employee benefits – annual leave	759	814
Employee benefits – long service leave	361	421
	1,120	1,235

18. OTHER LIABILITIES

Current

Deferred income (i)	170	267
	170	267

Non current

Deferred income (i)	478	515
	478	515

- (i) Deferred income relates to the proceeds from the Beaconsfield Community Fund grant specifically for decline expenditure. This will be recognised as income over the life of the mine on a unit-of-production basis.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

	CONSOLIDATED	
	2010 \$'000	2009 \$'000
19. INTEREST BEARING LOANS & BORROWINGS		
Non current		
Lease liability (refer note 22)	624	844
	624	844

Information regarding the interest rate and liquidity risk of interest bearing loans & borrowings is set out in notes 3(b) and 3(c).

20. PROVISIONS

Non current

Employee benefits – long service leave	246	192
Rehabilitation (refer below)	4,748	3,141
	4,994	3,333

Rehabilitation

- (a) A provision for rehabilitation is recognised in relation to the restoration of the Hart Shaft collar area, the mine dewatering system and other costs associated with this rehabilitation of the mine and processing plant sites. The provision represents the net present value of the estimated cost of restoring the mine site and processing plant 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	3,141	2,904
Additions during the year	1,404	-
Discount rate adjustment	203	237
Carrying amount at end	4,748	3,141

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

21. MOVEMENTS IN SHARE CAPITAL

Number of shares	2010 \$'000	2009 \$'000
73,677,627	49,688	49,688

Number of shares comprises 62,818,175 fully paid ordinary shares and 10,859,452 partly paid (subscription price \$0.75 paid to \$0.45) shares.

No movements in issued and paid up capital of the Company have occurred during the past two years. The Company does not have a limited authorised capital and issued shares have no par value.

22. EXPENDITURE COMMITMENTS

CONSOLIDATED

2010 **2009**

\$'000 **\$'000**

Exploration

In order to maintain rights of tenure to mining tenements, the Consolidated Entity is committed to tenement rentals and minimum exploration expenditure in terms of the requirements of the Tasmanian Department of Infrastructure, Energy and Resources. This requirement will continue for future years with the amount dependent upon tenement holdings.

785 **795**

Capital expenditure

There were no capital expenditure commitments at 30 June 2010 and 30 June 2009

Commitments in relation to finance leases are as follows:

Payable not later than one year	488	412
Later than one year but not later than five years	654	930
Minimum lease payments	1,142	1,342
Less: future finance charges	(110)	(183)
	1,032	1,159
Current lease liability (note 16)	408	315
Non-current lease liability (note 19)	624	844
	1,032	1,159

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

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

23. CONTINGENCIES

(a) Contingent Liabilities

Former Allstate Banker

Under the terms of an agreement with the Company's former banker, the agreement being a pre-requisite of terminating the Allstate Deeds of Company Arrangement and consolidating ownership of the Tasmania Mine, the Company agreed to repay advances made to it by the former banker.

An agreed amount is being repaid at a fixed A\$ rate per ounce of gold produced from the Tasmania Mine after 27 February 2007, with no recourse beyond that.

Present recoverable reserves of the Tasmania Mine are insufficient to fully repay the advances. An amount of \$0.790million (\$2.096 million at 30 June 2009), out of the total advances of \$3.950 million (as at 30 June 2010) will only be repaid if recoverable reserves are increased by approximately 79,000 ounces. Refer note 15 for details of amounts that have been recognised in relation to these advances.

Claim Against Blake Dawson

A summary of the claim is set out in note 23(b) Contingent Assets. Should the Company fail in its appeal against the Court's decision, costs awarded to Blake Dawson are expected to be approximately \$650,000, (Company share \$335,000) of which \$200,000 is held by the Court as security against costs.

(b) Contingent Assets

Claim Against Blake Dawson

The BCD Resources group's action against Blake Dawson was heard in the WA Supreme Court in March 2010. The claim of \$7.0 million, plus interest and costs, related to damages for alleged professional negligence and breach of contract arising from advice concerning certain insurance and risk management issues associated with the contract for construction of the treatment plant at the Tasmania Mine in 1998/1999.

The decision of the court was handed down on 7 May 2010. Whilst the judge found in the BCD group's favour that Blake Dawson had breached its contract of retainer, he awarded nominal charges only and awarded costs to Blake Dawson. The BCD group has filed a notice of appeal against the decision.

Royalty payments to Mineral Resources Tasmania ('MRT')

In June 2009, the Company submitted a claim to MRT alleging overpayment of profit-based royalty by the former Allstate deed administrator over the five year period ended 30 June 2005.

The alleged overpayment (approximately \$1.877 million) arose from an understatement of depreciation and amortisation expense in calculating profit for royalty, thereby overstating profit.

Due to the decline in the group's profitability since June 2005, no profit-based royalty has been payable since the June 2005 financial year. The group continues to pay ad valorem royalty to MRT when it becomes due.

MRT has rejected the overpayment claim. The Company has filed a statement of claim seeking to recover the alleged overpayment amount.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

24. RELATED PARTY DISCLOSURES

(a) Directors

The following persons held the position of Director of the Company during all of the past financial year, and up to the date of signing the director's declaration:

D E Clarke	Non-Executive Chairman
M W Trumbull	Non-Executive Director
W Tsingos	Non-Executive Director
K J Perrin	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 favourable to those available to other employees.

(b) Immediate controlling entity

The controlling entity of the Consolidated Entity is BCD Resources (Operations) NL. The ultimate controlling entity is BCD Resources NL, a company incorporated in Australia and listed on the Australian Securities Exchange.

(c) Ownership interests

The ownership interests in related parties in the wholly owned group are set out in note 10.

(d) Transactions with related parties in the wholly owned group

(i) The Company and its controlled entities provide credit to each other from time to time to fund administration and corporate activities. Repayments are made periodically as appropriate. No interest was payable up to 30 June 2010. During the year the parent entity advanced loans to (\$37.439 million) and received repayments from (\$39.447 million) entities within the wholly owned group on short term intercompany accounts.

(ii) The ultimate controlling entity advanced funds to the Consolidated Entity to enable it to meet its mine costs and corporate obligations. The Consolidated Entity offsets these advances from the proceeds of gold sales. The net effect of advances and gold sales during the year was to increase the unsecured loan by \$2.008 million. The unsecured loan was charged interest at a variable rate. There is no fixed term of repayment.

(iii) During the year the ultimate controlling entity charged management fees of \$0.671 million to the Consolidated Entity for administration of the Tasmania Mine and corporate activities.

(e) Transactions with related parties

(i) Taylor Woodings, Chartered Accountants, the firm of which the former deed administrators are partners, received fees of \$9,121 (2009: \$108,043).

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

	2010	2009
25. EARNINGS/(LOSS) PER SHARE		
Basic earnings/(loss) per share (cents)	(4.8)	4.0
Diluted earnings/(loss) per share (cents)	(4.8)	4.0

The following income and share data were used in the calculations of basic and diluted earnings/(loss) per share:

	\$'000	\$'000
Net profit/(loss) used as the numerator:		
- Basic and diluted earnings/(loss) per share	(3,506)	2,950

	No. of Shares ('000)	No. of Shares ('000)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating:		
- Basic and diluted earnings/(loss) per share	73,678	73,678

26. 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.

27. EVENTS AFTER THE BALANCE SHEET DATE

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 except for the matter referred to below:

- On 22 July 2010 BCD Resources and Bendigo Mining Limited (Bendigo) announced that they had entered into a Scheme Implementation Agreement (SIA) for a merger of the companies to create a significant mid-tier Australian gold mining business (the Merger).

The Merger will be implemented by way of a scheme of arrangement under which it is proposed Bendigo will acquire all of the ordinary shares in BCD. BCD shareholders will receive 0.72 Bendigo shares for each BCD share held which, based on the last closing prices before announcement, implied a combined market capitalisation of \$A162 million. The scheme of arrangement will require approval by BCD shareholders at a meeting expected to be held in November 2010.

The Merger is unanimously recommended by the BCD directors and each of the directors of BCD (and each relevant entity controlled by a BCD director) intends to vote in favour of the scheme in the absence of a superior proposal and subject to the independent expert not revoking its opinion that the scheme is in the best interest of BCD shareholders.

Bendigo has agreed to provide BCD with a secured loan facility (Loan) of up to A\$8 million prior to completion of the Merger to accelerate development of the Tasmania Mine and for working capital purposes.

The Loan is able to drawn down in four tranches. At the date of this report the first two tranches totalling A\$5 million had been drawn.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

	CONSOLIDATED	
	2010	2009
	\$	\$
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28. AUDITORS' REMUNERATION		
<i>Amounts received or due and receivable by RSM Bird Cameron Partners for :</i>		
• an audit and/or review of the financial report of the entity and any other entity in the Consolidated Entity (i)	64,366	41,449
• other services in relation to the entity and any other entity in the Consolidated Entity ⁽¹⁾		
– tax compliance	5,000	6,501
	69,366	47,950
	<hr/>	
<i>Amounts received or due and receivable by Ernst & Young (Australia) for:</i>		
• an audit and/or review of the financial report of the entity and any other entity in the Consolidated Entity (ii)	-	7,990
	-	7,990
	<hr/>	

(i) RSM Bird Cameron Partners was the auditor for the BCD Resources (Operations) group for the years ended 30 June 2009 and 30 June 2010.

(ii) Ernst & Young Australia was the auditor for the year ended 30 June 2008.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
29. STATEMENT OF CASH FLOWS		
(a) Reconciliation of net profit/(loss) after tax to net cash flows from operations:		
Net profit/(loss) after tax	(3,506)	2,950
Adjustments for:		
Non-cash items:		
Amortisation of non-current assets	1,903	1,886
Depreciation of non-current assets	1,569	2,419
Unwind of discount on restoration provision	203	237
Unwind of discount on pre-acquisition indemnities	147	187
Adjustment to pre-acquisition indemnities	966	(717)
Profit on sale of fixed assets	(71)	-
Tax benefit	(1,474)	(2,564)
Transfers:		
Interest received – transfer to investing activities	(123)	(169)
Financing costs - transfer to financing activities	-	2
Changes in assets and liabilities		
Receivables & prepayments	507	(588)
Inventories	180	(62)
Trade & other creditors & borrowings	5,244	6,235
Provisions	(61)	315
Other assets	197	(8)
Net cash flows from/(used in) operating activities	5,681	10,123
(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:		
Cash	2,696	2,539

Cash deposits at banks are earning interest at current bank deposit rates. The year average rate was 2.7% (2009: 4.7%).

At 30 June 2010 \$2.448 million (2009: \$2.493 million) of cash was held on deposit as security for Tasmania Mine employee entitlements. This cash can only be used to settle Tasmania Mine employee entitlements.

(c) Non-cash financing activities – finance lease transactions

During the financial year the Consolidated Entity acquired plant and equipment with an aggregate fair value of \$0.207 million (2009: \$0.658 million) by means of finance leases.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2010

30. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

D.E. Clarke	Non-Executive Chairman
M.W. Trumbull	Non-Executive Director
W. Tsingos	Non-Executive Director
K.J. Perrin	Non-Executive Director

(ii) Executives

W.T. Colvin	Chief Executive Officer
B.D. Coulter	Chief Financial Officer and Company Secretary
R.K. Holder	Tasmania Mine General Manager

There were no changes to key management personnel between the reporting date and the date the financial report was authorised for issue.

(b) Compensation of Key Management Personnel

Compensation by Category

	CONSOLIDATED	
	2010	2009
	\$	\$
Short-Term	36,259	30,417
Post Employment	14,741	20,583
	51,000	51,000

NOTE: W T Colvin, B D Coulter and R K Holder are employed by BCD Resources NL and no part of their remuneration is paid by the Company or the Consolidated Entity.

(c) Shareholdings of Key Management Personnel

Shares held in BCD Resources (Operations) NL- Direct and Indirect Holdings

None of the key management personnel of the BCD Resources (Operations) Group hold any shares, directly or indirectly, in BCD Resources (Operations) NL.

(d) Other transactions and balances with Key Management Personnel

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

BCD RESOURCES (OPERATIONS) NL

Directors' Declaration

In accordance with a resolution of the directors of BCD Resources (Operations) 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 2010 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 statement 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 2010.

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 group, 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



D E Clarke
Director

30 September 2010
Melbourne

BCD RESOURCES (OPERATIONS) NL

Independent Audit Report

RSM Bird Cameron Partners
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

BCD RESOURCES (OPERATIONS) NL

Report on the Financial Report

We have audited the accompanying financial report of BCD Resources (Operations) NL ("the company"), which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 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.

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BCD RESOURCES (OPERATIONS) NL

Independent Audit Report

RSM Bird Cameron Partners

Chartered Accountants

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of BCD Resources (Operations) 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 2010 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(b).

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 2(z) in the financial report which alludes to the significant net liability position of BCD Resources (Operations) NL and the reliance of the company and consolidated entity on the continued support of BCD Resources NL to enable BCD Resources (Operations) NL 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, 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion the Remuneration Report of BCD Resources (Operations) NL for the financial year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.


RSM BIRD CAMERON PARTNERS
Chartered Accountants


J S CROALL
Partner

Melbourne, Victoria

Dated: *30 September 2010*

BCD RESOURCES (OPERATIONS) 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 24 September 2010.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

			Ordinary shares		Partly-paid shares	
			Number of holders	Number of shares	Number of holders	Number of shares
1	-	1,000	273	86,413	37	13,655
1,001	-	5,000	213	565,595	19	44,089
5,001	-	10,000	125	763,753	6	41,265
10,001	-	100,000	64	1,741,905	11	326,487
100,001	and over		11	59,660,509	3	10,433,956
			686	62,818,175	76	10,859,452
The number of shareholders holding less than a marketable parcel of shares are:			462	541,908		

(b) 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
BCD Resources NL	
- Fully paid ordinary shares	57,927,060
- Partly paid ordinary shares	7,493,956

(c) Voting rights

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

Partly-paid shares carry voting rights in proportion to paid-up amount.

BCD RESOURCES (OPERATIONS) NL
ASX Additional Information

(d) Twenty largest shareholders

The names of the twenty largest holders of fully paid ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage
1	BCD Resources NL	57,927,060	92.21
2	Mr Simon Robert Evans & Mrs Kathryn Margaret Evans <Kamiyacho Super Fund A/C>	311,277	0.50
3	Mr William Harry Carne Matthews	291,561	0.46
4	Mrs Lidia Joan Matthews	280,755	0.45
5	Winpar Holdings Limited	202,246	0.32
6	Mr Robert John Temme	164,350	0.26
7	Mulcaster Investments Pty Ltd	161,850	0.26
8	Dr Gordon Bradley Elkington	159,100	0.25
9	Cramm Nominees Pty Limited	150,000	0.24
10	HIH Casualty & General Insurance Ltd	112,000	0.18
11	Mrs Dallas Margaret Jesse	96,220	0.15
12	Honest Remark Pty Ltd	92,000	0.15
13	Geoffrey Arthur Dowling	76,750	0.12
14	Smiths of Mentone Pty Ltd	66,220	0.11
15	Citicorp Nominees Pty Limited	55,739	0.09
16	Mr Matthew Damien Gill	52,420	0.08
17	Delfam Pty Limited <BFT A/C>	50,000	0.08
18	G B Contracting Management Pty Ltd <Super Fund A/C>	42,336	0.07
19	Mr Anthony Raymond Moore & Mrs Cynthia Anne Moore	40,998	0.07
20	Mr Kevin Anthony Cunningham	40,802	0.06
		60,373,684	96.11

BCD RESOURCES (OPERATIONS) NL
ASX Additional Information

(d) Twenty largest shareholders (continued)

The names of the twenty largest holders of partly paid ordinary shares are:

		Unlisted partly paid shares	
		Number of shares	Percentage
1	BCD Resources NL	7,493,956	69.01
2	National Nominees Limited	2,940,000	27.07
3	Mr John Stephen Calvert	80,000	0.74
4	Mr Zoran Durovic	56,086	0.52
5	Winpar Holdings Limited	35,747	0.33
6	Mrs Helen Pieternella Klarissa Johnson	23,654	0.22
7	Ms Klara Schumacher	23,654	0.22
8	Ms Ivonne Goergenyi	23,653	0.22
9	Miss Mary Graham Neild	22,423	0.20
10	Meggsies Pty Ltd	20,000	0.18
11	Ms Patricia Ann Feltham	15,000	0.14
12	Mrs Tanya Mungomery	14,270	0.13
13	Mr Rupert Grant Alexander Clarke & Mrs Susannah Clarke	12,000	0.11
14	Mrs Lidia Joan Matthews	9,765	0.09
15	Mr Irwin Bruce Faris	7,701	0.07
16	Mr William Harry Carne Matthews	7,354	0.07
17	Mr Herbert Thomas Small	5,836	0.05
18	Mr Martin Brennan	5,349	0.05
19	Valvinson Pty Ltd	5,260	0.05
20	Ms Alison Maria Bevege	4,327	0.04
20	Mr Allister Douglas Alfred Bevege	4,327	0.04
		10,810,362	99.55

(e) Schedule of interests in mining tenements

Name	Tenement	Interest	State
Tasmania Mine Tenements			
• Beaconsfield Consolidated Mining Lease	1767 P/M	51.51	Tas
• Beaconsfield Retention Licence	RL 1/1999	51.51	Tas
• Salisbury Hill	EL 29/2008	51.51	Tas