

# **BCD RESOURCES (OPERATIONS) NL**

**BCD RESOURCES (OPERATIONS) NL AND CONTROLLED  
ENTITIES**

**CONSOLIDATED FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2012**

**ABN 27 000 679 023**

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***CORPORATE INFORMATION***

***ABN 27 000 679 023***

***Directors***

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

***Company Secretaries***

Brian D Coulter  
Richelle A Greenwood

***Registered Office and Principal Place of Business***

1 Rifle Range Road  
Beaconsfield TAS 7270

Telephone: (03) 6383 6500  
Facsimile: (03) 6383 6590  
E-mail: [enquiries@bcdresources.com.au](mailto:enquiries@bcdresources.com.au)

***Mine Site Office***

1 Rifle Range Road  
Beaconsfield TAS 7270

Telephone: (03) 6383 6500  
Facsimile: (03) 6383 6590

***Share Registry***

Boardroom Pty Limited  
(formerly Registries Limited)  
GPO Box 3993  
Sydney NSW 2001

Telephone: (02) 9290 9600  
Facsimile: (02) 9279 0664

***Auditor***

RSM Bird Cameron Partners  
Level 8, Rialto South Tower  
525 Collins Street  
Melbourne, VIC 3000

***Banker***

National Australia Bank Limited  
46 St John Street  
Launceston TAS 7250

**BCD RESOURCES (OPERATIONS) NL**  
**HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2012**

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Your directors submit their report for the half-year ended 31 December 2012.

**DIRECTORS**

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Clive S Carroll (appointed 31 August 2012)

David F Groves (appointed 31 August 2012)

Nigel B Webb

Michael D Botting (resigned 3 September 2012)

Kevin J Perrin (resigned 3 September 2012)

**PRINCIPAL ACTIVITIES**

The principal activities of the Consolidated Entity during the half-year were to manage the Tasmania Mine in north-east Tasmania, to produce gold from the Tasmania Mine and to rehabilitate the Tasmania Mine site.

During the half year the Tasmania Mine was closed and site remediation commenced. The processing plant was converted to facilitate gold production using the carbon-in-leach method.

The participants in the Tasmania Mine are the BCD Resources (Operations) group with a 51.51% interest and the BCD Resources NL group. BCD Resources NL is the parent entity of the Company, with a 90.06% interest based on voting rights (88.82% based on total shares on issue).

**CONSOLIDATED RESULT**

Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$0.160 million was a decrease of \$3.931 million compared to the December 2011 half year. This decrease mainly reflects: -

- completion of mining in the Tasmanian Reef;
- write-off of warehouse inventory; and
- increase in rehabilitation provision for the Tasmania Mine;

partly offset by: -

- increased profits from the sale of assets

The consolidated loss for the half-year after income tax was \$3.765 million (31 December 2011 half-year: loss of \$4.629 million). This was after providing \$1.944 million for depreciation and amortisation (31 December 2011 half year: \$5.959 million) with the decrease due to the closure of the Tasmania Mine.

Deficiency in net assets at 31 December 2011 was \$88.364 million (30 June 2012: \$84.599 million deficiency).

**BCD RESOURCES (OPERATIONS) NL**  
**HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2012**

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**REVIEW OF FINANCIAL RESULTS**

The financial results for the 31 December 2012 half-year for BCD Resources (Operations) NL are summarised in the following table:

|                                    | <b>31 Dec 2012<br/>\$'000</b> | <b>31 Dec 2011<br/>\$'000</b> |
|------------------------------------|-------------------------------|-------------------------------|
| Gold and silver sales revenue      | 3,564                         | 19,530                        |
| Other revenue (excluding interest) | 135                           | 364                           |
| Total revenue (excluding interest) | 3,699                         | 19,894                        |
| EBITDA                             | 160                           | 4,091                         |
| Net loss after tax                 | (3,765)                       | (4,629)                       |
| Basic loss per share (cents)       | (5.1)                         | (6.3)                         |
| Net tangible assets (\$ per share) | (1.2)                         | (1.18)                        |

**REVIEW OF OPERATIONS**

**1. Tasmania Mine**

The Tasmania Mine ceased mining ore in the year ending 30 June 2012. The processing plant continued to produce gold from gold in circuit in the September quarter. A total of 3,626 ounces of gold in circuit was recovered.

**2. Tasmania Mine Expenditure**

Cash costs of production were \$1,224 per ounce in the September quarter, \$318 per ounce (11%) lower than the average selling price for the September quarter of A\$1,542 per ounce.

**3. BCD Resources (Operations) Revenue**

Total revenue from gold and by-product silver sales for the December 2011 half-year was \$3.564 million (December 2011 half-year \$19.530 million). Revenue relates to the gold in circuit production from the Tasmania Mine.

**4. Tasmania Mine Ore Resources (as at 30 June 2012)**

The reported Identified Gold Resources for the Tasmania Mine and nearby Middle Arm deposits were:

| <b>Category</b>                          | <b>Tonnes</b>  | <b>Gold Grade (g/t)</b> | <b>Contained ounces</b> |
|--|----------------|-------------------------|-------------------------|
| Indicated Resource (Tasmania Mine)       | 67,000         | 12.6                    | 27,000                  |
| Indicated Resource (Middle Arm Tailings) | 517,000        | 1.8                     | 29,900                  |
| <b>Total Resources</b>                   | <b>584,000</b> | <b>2.0</b>              | <b>56,900</b>           |

**5. Exploration**

There were no exploration activities in the half year.

**6. Tasmania Mine Resource**

Due to the closure of the Tasmania Mine no further extension drilling has been carried out.

**7. Tasmanian Royalty Dispute**

The BCD Resources group has commenced proceedings in the Supreme Court of Tasmania to recover alleged overpayment of Tasmanian mining royalty totalling \$1.9 million. These payments were made during the period 2003 to 2006 by the then deed administrators of the Company. Both parties have agreed to mediate this matter at a time to be advised by the Court.

## **ROUNDING**

The amounts contained in this report and in the half-year 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.

## **AUDITOR'S INDEPENDENCE DECLARATION**

A declaration of independence has been provided by the Company's auditor, RSM Bird Cameron Partners, and is attached at page 6.

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

A handwritten signature in black ink, appearing to read 'Clive S Carroll', is written over a horizontal line.

Clive S Carroll  
Chairman

27 February 2013

**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 review of the financial report of BCD Resources (Operations) NL for the half year ended 31 December 2012, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

  
**RSM BIRD CAMERON PARTNERS**  
**J S CROALL**  
Partner

Melbourne, VIC  
Dated: 27 February 2013



## **STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

|  |              | <b>CONSOLIDATED</b>           |                               |
|--|--------------|-------------------------------|-------------------------------|
|  | <b>Notes</b> | <b>31 Dec 2012<br/>\$'000</b> | <b>31 Dec 2011<br/>\$'000</b> |
| Revenue from gold and silver sales                   |              | <b>3,564</b>                  | 19,530                        |
| Production costs                                     | 2(a)         | <b>(3,110)</b>                | (15,280)                      |
| <b>GROSS PROFIT/(LOSS) FROM MINING OPERATIONS</b>    |              | <b>454</b>                    | 4,250                         |
| Corporate expenses                                   | 2(b)         | <b>(321)</b>                  | (356)                         |
| Exploration expenditure written off                  |              | -                             | (524)                         |
| Depreciation and amortisation                        | 2(c)         | <b>(1,944)</b>                | (5,959)                       |
| <b>OPERATING LOSS BEFORE OTHER INCOME/(EXPENSES)</b> |              | <b>(1,811)</b>                | (2,589)                       |
| Other income   | 2(d)         | <b>683</b>                    | 721                           |
| Other expenses                                       | 2(e)         | <b>(656)</b>                  | -                             |
| <b>OPERATING LOSS BEFORE FINANCE COSTS</b>           |              | <b>(1,784)</b>                | (1,868)                       |
| Financial income                                     | 2(f)         | <b>24</b>                     | 31                            |
| Financial expenses                                   | 2(f)         | <b>(2,005)</b>                | (2,792)                       |
| <b>LOSS BEFORE TAX</b>                               |              | <b>(3,765)</b>                | (4,629)                       |
| Income tax   |              | -                             | -                             |
| <b>NET LOSS AFTER TAX</b>                            |              | <b>(3,765)</b>                | (4,629)                       |
| Other comprehensive income                           |              | -                             | -                             |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>     |              | <b>(3,765)</b>                | (4,629)                       |
| <b>Earnings/(loss) per share</b>                     |              |                               |                               |
| Basic loss per share (cents per share)               |              | <b>(5.1)</b>                  | (6.3)                         |
| Diluted loss per share (cents per share)             |              | <b>(5.1)</b>                  | (6.3)                         |
| Dividends per share                                  |              | -                             | -                             |

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

## **STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2012**

|                                       |              | <b>CONSOLIDATED</b> |                     |
|---------------------------------------|--------------|---------------------|---------------------|
|                                       |              | <b>As at</b>        | <b>As at</b>        |
|                                       |              | <b>31 Dec 2012</b>  | <b>30 June 2012</b> |
|                                       | <b>Notes</b> | <b>\$'000</b>       | <b>\$'000</b>       |
| <b>ASSETS</b>                         |              |                     |                     |
| <b>Current Assets</b>                 |              |                     |                     |
| Cash                                  | 9            | 83                  | 1,468               |
| Trade & other receivables             |              | 419                 | 1,516               |
| Prepayments                           |              | 98                  | 124                 |
| Inventories                           |              | 1,261               | 2,519               |
| <b>Total Current Assets</b>           |              | <b>1,861</b>        | <b>5,627</b>        |
| <b>Non-Current Assets</b>             |              |                     |                     |
| Cash                                  | 9            | 1,106               | -                   |
| Property, plant & equipment           |              | 2,139               | 3,632               |
| Exploration, evaluation & development |              | -                   | 339                 |
| Other                                 |              | 165                 | 160                 |
| <b>Total Non-Current Assets</b>       |              | <b>3,410</b>        | <b>4,131</b>        |
| <b>TOTAL ASSETS</b>                   |              | <b>5,271</b>        | <b>9,758</b>        |
| <b>LIABILITIES</b>                    |              |                     |                     |
| <b>Current Liabilities</b>            |              |                     |                     |
| Trade & other payables                | 3            | 48,971              | 49,871              |
| Interest-bearing loans & borrowings   | 4            | 41,958              | 38,799              |
| Provisions                            |              | 1,665               | 5,513               |
| Other                                 |              | -                   | 31                  |
| <b>Total Current Liabilities</b>      |              | <b>92,594</b>       | <b>94,214</b>       |
| <b>Non-Current Liabilities</b>        |              |                     |                     |
| Provisions                            |              | 1,041               | 143                 |
| <b>Total Non-Current Liabilities</b>  |              | <b>1,041</b>        | <b>143</b>          |
| <b>TOTAL LIABILITIES</b>              |              | <b>93,635</b>       | <b>94,357</b>       |
| <b>DEFICIENCY IN NET ASSETS</b>       |              | <b>(88,364)</b>     | <b>(84,599)</b>     |
| <b>EQUITY</b>                         |              |                     |                     |
| Share capital                         | 5            | 49,688              | 49,688              |
| Accumulated losses                    |              | (138,052)           | (134,287)           |
| <b>TOTAL EQUITY DEFICIENCY</b>        |              | <b>(88,364)</b>     | <b>(84,599)</b>     |

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

## **STATEMENT OF CASH FLOWS**

**HALF-YEAR ENDED 31 DECEMBER 2012**

|  |              | <b>CONSOLIDATED</b>           |                               |
|--|--------------|-------------------------------|-------------------------------|
|  | <b>Notes</b> | <b>31 Dec 2012<br/>\$'000</b> | <b>31 Dec 2011<br/>\$'000</b> |
| <b>Cash Flows from Operating Activities</b>        |              |                               |                               |
| Receipts from customers                            |              | <b>4,263</b>                  | 18,384                        |
| Payments to suppliers & employees                  |              | <b>(7,059)</b>                | (14,465)                      |
| Net Cash Flows from/(used in) Operating Activities |              | <b>(2,796)</b>                | 3,919                         |
| <b>Cash Flows from Investing Activities</b>        |              |                               |                               |
| Interest received                                  |              | <b>23</b>                     | 32                            |
| Proceeds from sale of fixed assets                 |              | <b>1,337</b>                  | -                             |
| Purchase of plant & equipment                      |              | <b>(514)</b>                  | (89)                          |
| Mine development expenditure                       |              | <b>-</b>                      | (137)                         |
| Net Cash Flows from/(used in) Investing Activities |              | <b>846</b>                    | (194)                         |
| <b>Cash Flows from Financing Activities</b>        |              |                               |                               |
| Loan from/(repayments to) controlling entity       |              | <b>1,834</b>                  | (3,003)                       |
| Repayment of indemnity                             |              | <b>(108)</b>                  | (328)                         |
| Repayment of lease principal                       |              | <b>(55)</b>                   | (246)                         |
| Interest paid                                      |              | <b>-</b>                      | (14)                          |
| Net Cash Flows from/(used in) Financing Activities |              | <b>1,671</b>                  | (3,591)                       |
| Net Increase/ (Decrease) in Cash                   |              | <b>(1,385)</b>                | 134                           |
| Cash at Beginning of the Financial Period          |              | <b>1,468</b>                  | 1,436                         |
| <b>Cash at End of the Financial Period</b>         | <b>9</b>     | <b>1,189</b>                  | 1,570                         |

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

## **STATEMENT OF CHANGES IN EQUITY**

**HALF-YEAR ENDED 31 DECEMBER 2012**

|                                   | <b>Issued<br/>Capital<br/>\$'000</b> | <b>Accumulated<br/>Losses<br/>\$'000</b> | <b>Reserves<br/>\$'000</b> | <b>Total<br/>Deficiency<br/>\$'000</b> |
|-----------------------------------|--------------------------------------|--|----------------------------|--|
| <b>At 1 July 2011</b>             | 49,688                               | (132,451)                                | -                          | (82,763)                               |
| Deferred Gain on Cash Flow Hedges | -                                    | -  | 304                        | 304                                    |
| Loss for the period               | -                                    | (4,629)                                  | -                          | (4,629)                                |
| <b>At 31 December 2011</b>        | 49,688                               | (137,080)                                | 304                        | (87,088)                               |
| <b>At 1 July 2012</b>             | 49,688                               | (134,287)                                | -                          | (84,599)                               |
| Loss for the period               | -                                    | (3,765)                                  | -                          | (3,765)                                |
| <b>At 31 December 2012</b>        | 49,688                               | (138,052)                                | -                          | (88,364)                               |

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### (a) Basis of preparation

This general purpose financial report for the half-year ended 31 December 2012 has been prepared in accordance with applicable accounting standards including AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

- The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.
- It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2012 and considered together with any public announcements made by the parent company, BCD Resources NL, during the half-year ended 31 December 2012 and up to the date of signing these accounts in accordance with the continuous disclosure obligations of the *Corporations Act 2001* and the *ASX Listing Rules*.
- The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

#### (b) Going Concern

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

The Consolidated Entity had a net working capital deficit of \$90.733 million and net liabilities of \$88.364 million as at 31 December 2012 (30 June 2012: \$88.587 million and \$84.599 million respectively). The Consolidated Entity recorded an operating loss after income tax of \$3.765 million and incurred net cash outflows in operating activities of 2.796 million for the half year ended 31 December 2012, (2011: \$4.629 million loss).

The ability of the Consolidated Entity to continue as a going concern, including the ability of the Consolidated Entity to pay its debts as and when they fall due, is dependent upon continued support from the ultimate parent company, BCD Resources NL ("BCD").

The financial report has been prepared on a going concern basis after taking into account that, notwithstanding the fact that a written letter of support has not been provided by BCD as has been the case in prior years, at the date of this report BCD continued to fund the operations and financing activities of the Company and its subsidiaries.

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 2012.

**BCD RESOURCES (OPERATIONS) NL**  
**HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2012**

|   |  | <b>CONSOLIDATED</b> |                    |
|---|--|---------------------|--------------------|
|   |  | <b>31 Dec 2012</b>  | <b>31 Dec 2011</b> |
|   |  | <b>\$'000</b>       | <b>\$'000</b>      |
| <b>2. REVENUES AND EXPENSES</b>   |  |                     |                    |
| Results before income tax include the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Consolidated Entity |  |                     |                    |
| <b>(a) PRODUCTION COSTS</b>   |  |                     |                    |
| Operating expenses  |  | <b>2,675</b>        | 13,581             |
| Redundancy expenses   |  | <b>31</b>           | 978                |
| Government royalties  |  | <b>61</b>           | 279                |
| Changes in inventories  |  | <b>1,258</b>        | 442                |
|   |  | <b>4,025</b>        | 15,280             |
| <b>(b) CORPORATE EXPENSES</b>   |  |                     |                    |
| Corporate expenditure   |  | <b>321</b>          | 356                |
|   |  | <b>321</b>          | 356                |
| <b>(c) DEPRECIATION AND AMORTISATION</b>  |  |                     |                    |
| Depreciation  |  |                     |                    |
| Buildings   |  | <b>31</b>           | 53                 |
| Mining plant and equipment  |  | <b>1,330</b>        | 3,134              |
| Plant and equipment under lease   |  | <b>244</b>          | 330                |
|   |  | <b>1,605</b>        | 3,517              |
| Amortisation  |  |                     |                    |
| Exploration, evaluation and development costs   |  | <b>339</b>          | 2,442              |
|   |  | <b>339</b>          | 2,442              |
|   |  | <b>1,944</b>        | 5,959              |
| <b>(d) OTHER INCOME</b>   |  |                     |                    |
| Management fees   |  | <b>67</b>           | 353                |
| Release of deferred income – government grant   |  | <b>31</b>           | 278                |
| Adjustment to pre-acquisition indemnities   |  | <b>-</b>            | 79                 |
| Profit on sale of fixed assets  |  | <b>517</b>          | -                  |
| Other   |  | <b>68</b>           | 11                 |
|   |  | <b>683</b>          | 721                |
| <b>(e) OTHER EXPENSES</b>   |  |                     |                    |
| Increase in rehabilitation provision  |  | <b>656</b>          | -                  |
|   |  | <b>656</b>          | -                  |

**BCD RESOURCES (OPERATIONS) NL**  
**HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2012**

|  |  | <b>CONSOLIDATED</b> |                     |
|--|--|---------------------|---------------------|
|  |  | <b>31 Dec 2012</b>  | <b>31 Dec 2011</b>  |
|  |  | <b>\$'000</b>       | <b>\$'000</b>       |
| <b>(f) FINANCIAL INCOME AND EXPENSES</b>   |  |                     |                     |
| <b>Financial income</b>  |  |                     |                     |
| Interest income  |  | <b>24</b>           | 31                  |
|  |  | <b>24</b>           | 31                  |
| <b>Financial expenses</b>  |  |                     |                     |
| Interest expenses  |  | <b>2,005</b>        | 2,337               |
| Finance lease charges  |  | -                   | 25                  |
| Unwind of discount on restoration provisions   |  | -                   | 420                 |
| Unwind of discount on pre-acquisition indemnities  |  | -                   | 10                  |
|  |  | <b>2,005</b>        | 2,792               |
|  |  | <b>CONSOLIDATED</b> |                     |
|  |  | <b>31 Dec 2012</b>  | <b>30 June 2012</b> |
|  |  | <b>\$'000</b>       | <b>\$'000</b>       |
| <b>3. TRADE &amp; OTHER PAYABLES</b>   |  |                     |                     |
| <b>Current</b>   |  |                     |                     |
| Trade and sundry creditors   |  | <b>935</b>          | 1,727               |
| Owing to BCD Resources NL  |  | <b>48,000</b>       | 48,000              |
| Amounts paid under indemnity by the Consolidated Entity's former banker                                      |  | <b>36</b>           | 144                 |
|  |  | <b>48,971</b>       | 49,871              |
| <b>4. INTEREST BEARING LOANS &amp; BORROWINGS</b>  |  |                     |                     |
| <b>Current</b>   |  |                     |                     |
| Owing to BCD Resources NL  |  | <b>41,958</b>       | 38,746              |
| Lease liabilities  |  | -                   | 53                  |
|  |  | <b>41,958</b>       | 38,799              |
| <b>5. ISSUED CAPITAL</b>   |  |                     |                     |
| <b>Issued and paid up capital</b>  |  |                     |                     |
| 62,818,175 (30 June 2012: 62,818,175) ordinary shares fully paid   |  | <b>44,801</b>       | 44,801              |
| 10,859,452 (30 June 2012: 10,859,452) partly paid ordinary shares issued at \$0.75 and partly paid to \$0.45 |  | <b>4,887</b>        | 4,887               |
|  |  | <b>49,688</b>       | 49,688              |

**6. CONTINGENT ASSETS AND LIABILITIES**

Since the last annual reporting date, there has been no material change in any contingent liability or contingent asset.

**7. EVENTS AFTER THE BALANCE SHEET DATE**

There has not arisen in the interval between the end of the half-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.

**8. SEGMENT INFORMATION**

The group operates within the gold mining industry in Australia. During the half year the Tasmania Mine was closed and site remediation commenced

**Seasonality**

The Consolidated Entity's operations are not affected by cyclical or seasonal changes

**9. CASH AND CASH EQUIVALENTS**

**Reconciliation of Cash**

For the purposes of the Cash Flow Statement, cash and cash equivalents comprised the following at 31 December:

|                                 | <b>CONSOLIDATED</b> |                     |
|---------------------------------|---------------------|---------------------|
|                                 | <b>31 Dec 2012</b>  | <b>30 June 2012</b> |
|                                 | <b>\$'000</b>       | <b>\$'000</b>       |
| <b>Cash at bank and in hand</b> |                     |                     |
| Current asset                   | <b>83</b>           | 1,468               |
|                                 | <b>83</b>           | 1,468               |
| Non-current asset               | <b>1,106</b>        | -                   |
|                                 | <b>1,189</b>        | 1,468               |

At 31 December 2012 \$1.180 million (\$1.106 non-current asset) (June 2012: \$1.346 million current asset) of cash was held on deposit as security for Tasmania Mine employee entitlements.



## **DIRECTORS' DECLARATION**

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

In the opinion of the directors:

- (a) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001* including:
  - (i) Giving a true and fair view of the financial position as at 31 December 2012 and the performance for the half-year ended on that date of the Consolidated Entity; and
  - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) as indicated in Note 1(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.

On behalf of the Board



Clive S Carroll

Chairman

27 February 2013

**RSM Bird Cameron Partners**

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**INDEPENDENT AUDITOR'S REVIEW REPORT****TO THE MEMBERS OF****BCD RESOURCES (OPERATIONS) NL****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of BCD Resources (Operations) NL which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BCD Resources (Operations) NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

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

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BCD Resources (Operations) NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### *Emphasis of matter*

Without qualification to the conclusion expressed above, we draw attention to Note 1(b) in the financial report which alludes to the significant net working capital deficit, net liability position, operating losses and the reliance of the consolidated entity on the continued support of BCD Resources NL to enable the consolidated entity to meet its debt as and when they fall due. These conditions indicate the existence of a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

  
**RSM BIRD CAMERON PARTNERS**  
**J S CROALL**  
Partner

Melbourne, VIC  
Dated: 27 February 2013