

BCD RESOURCES (OPERATIONS) NL

(Subject to a Deed of Company Arrangement)

**BCD RESOURCES (OPERATIONS) NL AND CONTROLLED
ENTITIES (Subject to a Deed of Company Arrangement)**

**CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2013**

ABN 27 000 679 023

Table of Contents

CORPORATE INFORMATION	1
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	5
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION.....	7
STATEMENT OF CASH FLOWS	8
STATEMENT OF CHANGES IN EQUITY	9
NOTES TO THE FINANCIAL STATEMENTS.....	10
DIRECTORS' DECLARATION.....	14
INDEPENDENT REVIEW REPORT	15

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

Richelle A Greenwood
Brian D Coulter

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

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 21
55 Collins Street
Melbourne, VIC 3000

BCD RESOURCES (OPERATIONS) NL (Subject to a Deed of Company Arrangement)
HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2013

Your directors submit their report for the half-year ended 31 December 2013.

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
David F Groves
Nigel B Webb

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the half-year were to rehabilitate the Tasmania Mine site.

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 negative \$0.346 million was a decrease of \$0.506 million compared to the December 2012 half year.

The consolidated loss for the half-year after income tax was \$2.644 million (31 December 2012 half-year: loss of \$3.765 million).

Deficiency in net assets at 31 December 2013 was \$94.304 million (30 June 2013: \$91.660 million deficiency).

REVIEW OF FINANCIAL RESULTS

The financial results for the 31 December 2013 half-year for BCD Resources (Operations) NL (Subject to Deed of Company Arrangement) are summarised in the following table:

	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Gold and silver sales revenue	-	3,564
Other revenue (excluding interest)	-	135
Total revenue (excluding interest)	-	3,699
EBITDA	(346)	160
Net loss after tax	(2,644)	(3,765)
Basic loss per share (cents)	(3.6)	(5.1)
Net tangible assets (\$ per share)	(1.3)	(1.2)

REVIEW OF OPERATIONS

Operations

The Tasmania Mine ceased mining ore in the year ending 30 June 2012. There was no operational activities for the group during the half-year ending 31 December 2013.

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

BCD Resources (Operations) NL (Subject to Deed of Company Arrangement) Revenue

There was no revenue for the group during the half-year ending 31 December 2013.

Exploration

There was no exploration activity for the group during the half-year ending 31 December 2013.

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.

EVENTS SUBSEQUENT TO BALANCE DATE

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

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

BCD RESOURCES (OPERATIONS) NL (Subject to a Deed of Company Arrangement)
HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2013

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 5.

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



Clive S Carroll
Chairman

30 May 2014

RSM Bird Cameron Partners

Level 21, 55 Collins Street
Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 3 9286 8100 F +61 3 9286 8999
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 2013, 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: 30 May 2014

STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

		CONSOLIDATED	
	Notes	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Revenue from gold and silver sales		-	3,564
Production costs	2(a)	-	(3,110)
GROSS PROFIT/(LOSS) FROM MINING OPERATIONS		-	454
Corporate expenses	2(b)	(346)	(321)
Depreciation and amortisation	2(c)	-	(1,944)
OPERATING LOSS BEFORE OTHER INCOME/(EXPENSES)		(346)	(1,811)
Other income	2(d)	-	683
Other expenses	2(e)	-	(656)
OPERATING LOSS BEFORE FINANCE COSTS		(346)	(1,784)
Financial income	2(f)	13	24
Financial expenses	2(f)	(2,311)	(2,005)
LOSS BEFORE TAX		(2,644)	(3,765)
Income tax		-	-
NET LOSS AFTER TAX		(2,644)	(3,765)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(2,644)	(3,765)
Earnings/(loss) per share			
Basic loss per share (cents per share)		(3.6)	(5.1)
Diluted loss per share (cents per share)		(3.6)	(5.1)
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 2013

		CONSOLIDATED	
	Notes	As at 31 Dec 2013 \$'000	As at 30 June 2013 \$'000
ASSETS			
Current Assets			
Cash	9	-	1
Trade & other receivables		-	41
Prepayments		-	83
Property, plant & equipment		1,569	-
Other		165	-
Total Current Assets		1,734	125
Non-Current Assets			
Cash	9	-	820
Property, plant & equipment		-	1,777
Other		-	163
Total Non-Current Assets		-	2,760
TOTAL ASSETS		1,734	2,885
LIABILITIES			
Current Liabilities			
Trade & other payables	3	48,038	48,032
Interest-bearing loans & borrowings	4	46,522	44,998
Provisions		1,478	520
Total Current Liabilities		96,038	93,550
Non-Current Liabilities			
Provisions		--	995
Total Non-Current Liabilities		--	995
TOTAL LIABILITIES		96,038	94,545
DEFICIENCY IN NET ASSETS		(94,304)	(91,660)
EQUITY			
Share capital	5	49,688	49,688
Accumulated losses		(143,992)	(141,348)
TOTAL EQUITY DEFICIENCY		(94,304)	(91,660)

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

STATEMENT OF CASH FLOWS

HALF-YEAR ENDED 31 DECEMBER 2013

		CONSOLIDATED	
	Notes	31 Dec 2013	31 Dec 2012
		\$'000	\$'000
Cash Flows from Operating Activities			
Receipts from customers		-	4,263
Payments to suppliers & employees		(26)	(7,059)
Net Cash Flows from/(used in) Operating Activities		(26)	(2,796)
Cash Flows from Investing Activities			
Interest received		2	23
Proceeds from sale of fixed assets		-	1,337
Purchase of plant & equipment		-	(514)
Mine development expenditure		-	-
Net Cash Flows from/(used in) Investing Activities		2	846
Cash Flows from Financing Activities			
Loan from/(repayments to) controlling entity		(797)	1,834
Repayment of indemnity		-	(108)
Repayment of lease principal		-	(55)
Interest paid		-	-
Net Cash Flows from/(used in) Financing Activities		(797)	1,671
Net Increase/ (Decrease) in Cash		(821)	(1,385)
Cash at Beginning of the Financial Period		821	1,468
Cash at End of the Financial Period	9	-	1,189

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 2013

	Issued Capital \$'000	Accumulated Losses \$'000	Reserves \$'000	Total Deficiency \$'000
At 1 July 2012	49,688	(134,287)	-	(84,599)
Deferred Gain on Cash Flow Hedges	-	-	-	-
Loss for the period	-	(3,765)	-	(3,765)
At 31 December 2012	49,688	(138,052)	-	(88,364)
At 1 July 2013	49,688	(141,348)	-	(91,660)
Loss for the period	-	(2,644)	-	(2,644)
At 31 December 2013	49,688	(143,992)	-	(94,304)

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 2013

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

On the 30 September 2013 the Directors received a letter of demand from the ultimate parent entity for outstanding debts together with a request for the resignation of BCD Resources (Operations) NL in its capacity as manager of the Beaconsfield Mine Joint Venture (BMJV). On 1 October 2013 the Directors placed the Company in Administration, and following the second meeting of Creditors, a Deed of Company Arrangement was executed on the 25 November 2013. As a result, the financial report has been prepared on a non-going concern basis. Whilst there has been no effect on the carrying value of the assets and liabilities as at balance date, there is uncertainty regarding the values at which assets may be realised and liabilities may be extinguished. In light of the adoption of the non-going concern basis, current / non-current presentation of assets and liabilities in the balance sheet is not considered to provide useful information to users of the financial statements. As such, assets and liabilities have been presented as current in the Statement of Financial Position.

This general purpose financial report for the half-year ended 31 December 2013 has been prepared in accordance with applicable accounting standards including AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as they apply on a non-going concern basis and the significant accounting policies disclosed in the most recent annual financial report which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

- 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 2013 and considered together with any public announcements made by the parent company, BCD Resources NL, during the half-year ended 31 December 2013 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.

BCD RESOURCES (OPERATIONS) NL (Subject to a Deed of Company Arrangement)
HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2013

		CONSOLIDATED	
		31 Dec 2013	31 Dec 2012
		\$'000	\$'000
2. REVENUES AND EXPENSES			
Results before income tax include the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Consolidated Entity			
(a) PRODUCTION COSTS			
Operating expenses	-	2,675	
Redundancy expenses	-	31	
Government royalties	-	61	
Changes in inventories	-	1,258	
	-	4,025	
(b) CORPORATE EXPENSES			
Corporate expenditure	346	321	
	346	321	
(c) DEPRECIATION AND AMORTISATION			
Depreciation			
Buildings	-	31	
Mining plant and equipment	-	1,330	
Plant and equipment under lease	-	244	
	-	1,605	
Amortisation			
Exploration, evaluation and development costs	-	339	
	-	339	
	-	1,944	
(d) OTHER INCOME			
Management fees	-	67	
Release of deferred income – government grant	-	31	
Profit on sale of fixed assets	-	517	
Other	-	68	
	-	683	
(e) OTHER EXPENSES			
Increase in rehabilitation provision	-	656	
	-	656	

BCD RESOURCES (OPERATIONS) NL (Subject to a Deed of Company Arrangement)
HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2013

		CONSOLIDATED	
		31 Dec 2013	31 Dec 2012
		\$'000	\$'000
2. REVENUES AND EXPENSES (continued)			
(f) FINANCIAL INCOME AND EXPENSES			
Financial income			
Interest income		13	24
		13	24
Financial expenses			
Interest expenses		2,311	2,005
		2,311	2,005
		CONSOLIDATED	
		31 Dec 2013	30 June 2013
		\$'000	\$'000
3. TRADE & OTHER PAYABLES			
Current			
Trade and sundry creditors		38	32
Owing to BCD Resources NL		48,000	48,000
Amounts paid under indemnity by the Consolidated Entity's former banker		-	-
		48,038	48,032
4. INTEREST BEARING LOANS & BORROWINGS			
Current			
Owing to BCD Resources NL		46,522	44,998
Lease liabilities		-	-
		46,522	44,998
5. ISSUED CAPITAL			
Issued and paid up capital			
62,818,175 (30 June 2013: 62,818,175) ordinary shares fully paid		44,801	44,801
10,859,452 (30 June 2013: 10,859,452) partly paid ordinary shares issued at \$0.75 and partly paid to \$0.45		4,887	4,887
		49,688	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

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

Other than the above no other matters have 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:

	CONSOLIDATED	
	31 Dec 2013 \$'000	30 June 2013 \$'000
Cash at bank and in hand		
Current asset	-	1
	-	1
Non-current asset	-	820
	-	820

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of BCD Resources (Operations) NL (Subject to Deed of Company Arrangement), 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 2013 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) The ongoing solvency of the Consolidated Entity is dependent on the Deed of Company Arrangement as detailed in note 1(a) of the financial statements being successfully completed.

On behalf of the Board



Clive S Carroll

Chairman

30 May 2014

RSM Bird Cameron Partners

Level 21, 55 Collins Street
Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 3 9286 8100 F +61 3 9286 8999
www.rsmi.com.au

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 2013, 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, as they apply on a non-going concern basis, 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 2013 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 2013 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(a) in the financial report which indicates that the Directors have placed the company in administration and the company is subject to a Deed of Company Arrangement. The financial report has therefore been prepared on a non-going concern basis and there is uncertainty regarding the values at which assets may be realised and liabilities may be extinguished.


RSM BIRD CAMERON PARTNERS
J S CROALL
Partner

Melbourne, VIC
Dated: 30 May 2014