



BCD RESOURCES (OPERATIONS) NL

1 Rifle Range Road
PO Box 58
BEACONSFIELD TAS 7270
ABN 27 000 679 023
PH: 03 6383 6500
FX: 03 6386 6590

23 May 2014

Dear Shareholders

BCD Resources (Operations) NL (Subject to Deed of Company Arrangement) (formerly Allstate Explorations NL) ACN 000 679 023 ("BCDRO")

BCDRO's Financial Report for the year ended 30 June 2013 (2013 Annual Report)

1. Hereby **attached** for your reference is a copy of BCDRO's 2013 Annual Report.
2. The 2013 Annual Report was prepared on the basis of BCDRO continuing as a going concern. However, following sign off on the 2013 Annual Report on 29 August 2013 but prior to the required time for lodgement of the 2013 Annual Report with the Australian Securities and Investments Commission (**ASIC**) on 30 September 2013, the directors of BCDRO, acting in good faith and in consultation with their advisors, reached the view that:
 - (a) BCD Resources NL ACN 057 793 834 (**BCD**) (the parent company of BCDRO) would soon be calling up certain debts due to it from BCDRO;
 - (b) as a result of BCD calling in BCDRO's debts:
 - (i) BCDRO's position would be materially changed, such that it would no longer be solvent and it was not appropriate for its financial report to be prepared on a going concern basis;
 - (ii) the 2013 Annual Report as prepared would no longer provide members with a true and accurate representation of BCDRO's operations or state of affairs (we draw your attention, in particular, to the directors' declaration on page 51 of the 2013 Annual Report);
 - (c) notwithstanding that the 2013 Annual Report had been prepared and audited, the 2013 Annual Report needed to be amended to ensure that it gave a true and accurate representation of BCDRO's operations and state of affairs and a new audit opinion would need to be obtained; and
 - (d) in these circumstances, the 2013 Annual Report signed off on 29 August 2013 should not be lodged with ASIC on 30 September 2013.
3. Following the appointment of Tim Norman, Adrian Hunter and Sal Algeri as Administrators to BCDRO on 1 October 2013 (**Administrators**), the directors confirmed that they believed the Administrators should seek relief from ASIC in respect of, among other things, BCDRO's financial reporting obligations and to defer the time by which BCDRO was required to prepare and lodge the 2013 Annual Report (**ASIC Relief**). On 24 December 2013, BCDRO was granted the ASIC Relief.
4. On 21 May 2014, we were sent a letter by ASIC, which provided, among other things, that:
 - (a) ASIC would be withdrawing the ASIC Relief as that relief had been provided under a mistaken belief that the 2013 Annual Report was still in draft form and had not yet been finalised and signed by the directors; and
 - (b) the 2013 Annual Report signed on 29 August 2013 should be provided to all members forthwith.

5. Accordingly, we hereby provide you with a copy of the 2013 Annual Report. However, we note that:
- (a) the 2013 Annual Report should be read subject to the important information contained in this letter as noted in paragraph 2 above; and
 - (b) the directors of BCDRO are in the process of finalising updated accounts for BCDRO which will be uploaded onto the Deed Administrators website (<http://www.deloitte.com/au/bcd-resources>) and the BCD website (<http://www.bcdresources.com.au/bcd-resources-operations.html>) by on or around the end of May 2014.

If you have any questions please contact our office on (03) 6383 6500 or by email info@bcdresources.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'C. S. Carroll', with a stylized flourish at the end.

C S Carroll
Chairman

BCD RESOURCES (OPERATIONS) NL

ABN 27 000 679 023

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

BCD RESOURCES (OPERATIONS) NL

Corporate Information

ABN 27 000 679 023

Directors

Clive S Carroll	Non-Executive 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

Share Registry

Boardroom Pty 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

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BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year ended 30 June 2013

The Directors present their report together with the financial report of the Company for the year ended 30 June 2013.

DIRECTORS

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

- Clive S Carroll – Chairman (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 Company and Consolidated Entity during the financial year were:

- finalisation of processing of gold from the Tasmania Mine in north-east Tasmania
- processing of gold from Lefroy tailings in north-east Tasmania; and
- rehabilitation of the Tasmania Mine site.

Underground mining operations at the Tasmania Mine ceased at 30 June 2012, and after removal of saleable equipment the mine was closed and all accesses sealed.

DIVIDENDS

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

CONSOLIDATED RESULTS

The financial results for the 2012/13 year for BCD Resources (Operations) NL and controlled entities was a net loss of \$7.061 million (2012: \$1.836 loss)

BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year Ended 30 June 2013

REVIEW OF OPERATIONS

Operations Performance

During July and August 2013 clean-up of all gold circuits and tanks in the processing facility finalised gold production from the Tasmania Mine.

The processing facility was subsequently utilised for treatment of Lefroy tailings during the 2012/13 year, commencing in September 2012, following modifications of bacox tanks to carbon-in-leach (CIL) tanks.

Further implementation of the decommissioning and rehabilitation plan activities continues. Rehabilitation of the major historical Tailings Dam One was completed in June 2013. The rehabilitation exercise was the largest single rehabilitation in Tasmania to date and spanned approximately 25 hectares.

Financial Performance

During the 2013 financial year the consolidated entity made a net loss of \$7.061 million.

Financial Position

The balance sheet of the Consolidated Entity shows an equity deficiency of \$91.660 million (2012: \$84.599 million).

BCD Resources NL (the ultimate parent entity of the Group) continued to fund the Consolidated Entity to enable it to meet its corporate obligations. By 30 June 2013 these advances (interest bearing) were \$44.998 million, an increase of \$6.252 million from the 30 June 2012 balance of \$38.746 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 and ACN 070 164 653 Pty Ltd (refer Note 10 to the Financial Statements).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

With the completion of mining operations from the Tasmania Mine, the clean-up of all gold-in-circuit and the completion of the Lefroy tailings project, the Joint Venture agreement between BCD Resources NL (BCD) and BCD Resources (Operations) NL is no longer operational, notwithstanding any rehabilitation requirements of the Tasmania Mine. Subsequently all remaining employees of BCD Resources (Operations) NL are now employed by BCD Resources NL. BCD will now focus on investigating longer term utilisation of the processing facility and will reimburse BCD Resources (Operations) NL by way of a commercial charge for the use of its 51.51% share in the processing facility.

BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year ended 30 June 2013

INFORMATION ON DIRECTORS

Current Directors

Mr. Clive Sidney Carroll BAgEc

Non-Executive Chairman (aged 63)

Mr. Carroll has more than 36 years' experience in banking, finance, commodities marketing and the mining industry. He is presently Executive Chairman of MKS Capital Pty Ltd, a Sydney based investment bank involved in the trading and financing of precious metals, commodities, foreign exchange and equity derivatives and non-ferrous metals. He is a current and past director of both Australian public and private companies, including Grainco Queensland Co-Operative Association Limited (independent director), Tennant Limited (Executive Chairman) and Imdex Limited (Director and Chairman).

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

Non-Executive Director (aged 58)

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

Mr. Nigel Barry Webb

Non-Executive Director (aged 47)

Mr. Webb was appointed to the board in November 2011. He has over 29 years of operational experience in the underground mining industry, and is the Managing Director of Webb Industries Pty Ltd, a substantial private company providing mining and civil contracting services.

Directors who resigned during the year

Mr. Michael David Botting, BE Mining, M.Aus.IMM

Non-Executive Chairman

Mr Botting is a mining engineer who joined the board in March 2011 and served as Chairman from August 2011 until his resignation on 3 September 2012.

Mr. Kevin John Perrin, CPA

Non-Executive Director

Mr. Perrin is a Certified Practising Accountant. He was appointed to the board in February 2006 and served as Chair of the Company's Audit and Risk Management Committee until his resignation on 3 September 2012.

BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year ended 30 June 2013

QUALIFICATIONS AND EXPERIENCE OF THE COMPANY SECRETARIES

Miss Richelle Anne Greenwood, B.Com

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

She has previously held senior management positions in local government, education and the forest industry for approximately 15 years. Richelle joined BCD in March 2011 as the Manager of Finance and Administration and was appointed Chief Financial Officer in September 2012 and later appointed Joint 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.

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.

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
C S Carroll	-
D F Groves	-
N B Webb	-

BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year ended 30 June 2013

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:	2		2	
Number of meetings attended:				
C S Carroll	2	2	1	-
D F Groves	2	2	1	1
N B Webb	2	2		
M D Botting	-	-	1	1
K J Perrin	-	-	1	1

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:

D F Groves (Chairman)

C S Carroll

K J Perrin (Resigned 3 September 2012)

M D Botting (Resigned 3 September 2012)

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 2013

ENVIRONMENTAL REGULATION

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

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

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

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

Annual environmental reporting also includes submission of a National Pollutant Inventory report to the Federal Department of Sustainability, Environment, Water, Population and Communities as a requirement of the *National Environment Protection (National Pollutant Inventory) Measure*. This report details air, land and water based emissions from the site.

Appropriate environmental management systems, with reporting to the BCD Resources executive management team 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 25 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.

BCD RESOURCES (OPERATIONS) NL

Directors' Report

Year ended 30 June 2013

ROUNDING

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

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



C S Carroll
Director

29 August 2013
Sydney

RSM Bird Cameron Partners

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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 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

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

Dated: 29 August 2013
Melbourne, VIC

BCD RESOURCES (OPERATIONS) NL**STATEMENT OF COMPREHENSIVE INCOME**

For the Year Ended 30 June 2013

	Notes	CONSOLIDATED	
		2013 \$'000	2012 \$'000
Revenue		6,455	37,587
Production costs	5(a)	(6,657)	(23,737)
GROSS PROFIT/(LOSS) FROM OPERATIONS		(202)	13,850
Corporate expenses		(544)	(794)
Exploration expenditure written off		-	(617)
Depreciation and amortisation	5(b)	(2,305)	(12,440)
OPERATING LOSS BEFORE OTHER INCOME		(3,051)	(1)
Other income	5(c)	823	3,026
Other expenses	5 (d)	(655)	-
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL INCOME AND EXPENSES		(2,883)	3,025
Financial income	5(e)	35	67
Financial expenses	5(e)	(4,213)	(4,928)
LOSS BEFORE TAX		(7,061)	(1,836)
Income tax	6	-	-
NET LOSS AFTER TAX		(7,061)	(1,836)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(7,061)	(1,836)

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 2013

	Notes	CONSOLIDATED	
		2013	2012
		\$'000	\$'000
ASSETS			
Current Assets			
Cash	26(b)	1	1,468
Trade & other receivables	7	41	1,516
Prepayments		83	124
Inventories	8	-	2,519
Total Current Assets		125	5,627
Non-Current Assets			
Cash	26(b)	820	-
Property, plant & equipment	12	1,777	3,632
Exploration, evaluation & development	13	-	339
Other	14	163	160
Total Non-Current Assets		2,760	4,131
TOTAL ASSETS		2,885	9,758
LIABILITIES			
Current Liabilities			
Trade & other payables	15	48,032	49,871
Interest bearing loans & borrowings	16	44,998	38,799
Provisions	17	520	5,513
Other	18	-	31
Total Current Liabilities		93,550	94,214
Non-Current Liabilities			
Provisions	17	995	143
Total Non-Current Liabilities		995	143
TOTAL LIABILITIES		94,545	94,357
DEFICIENCY IN NET ASSETS		(91,660)	(84,599)
EQUITY			
Share capital	19	49,688	49,688
Accumulated losses		(141,348)	(134,287)
TOTAL EQUITY DEFICIENCY		(91,660)	(84,599)

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 2013

	Notes	CONSOLIDATED	
		2013	2012
		\$'000	\$'000
Cash Flows from Operating Activities			
Receipts from gold and silver sales and other operating revenue		4,196	37,772
Payments to suppliers and employees		(7,288)	(24,641)
Payments for rehabilitation		(3,019)	(550)
Net Cash Flows from/(used in) Operating Activities	26(a)	(6,111)	12,581
Cash Flows from Investing Activities			
Interest received		35	67
Proceeds from sale of fixed assets		1,766	184
Purchase of plant & equipment		(648)	(259)
Mine development expenditure		-	(155)
Net Cash Flows from/(used in) Investing Activities		1,153	(163)
Cash Flows from Financing Activities			
Loan from/(repayment) of controlling entity loan		4,474	(11,196)
Interest paid		-	(21)
Repayment of lease principal		(55)	(605)
Repayment of indemnity		(108)	(564)
Net Cash Flows from/(used in) Financing Activities		4,311	(12,386)
Net Increase/(Decrease) in Cash		(647)	32
Cash at Beginning of the Financial Period		1,468	1,436
Cash at End of the Financial Period	26(b)	821	1,468

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

BCD RESOURCES (OPERATIONS) NL**STATEMENT OF CHANGES IN EQUITY**

Year ended 30 June 2013

	Issued Capital \$'000	Accumulated Losses \$'000	Total Equity Deficiency \$'000
CONSOLIDATED			
As at 1 July 2011	49,688	(132,451)	(82,763)
Loss for the year	-	(1,836)	(1,836)
As at 30 June 2012	49,688	(134,287)	(84,599)
Loss for the year	-	(7,061)	(7,061)
As at 30 June 2013	49,688	(141,348)	(91,660)

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

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

1. CORPORATE INFORMATION

The financial report of BCD Resources (Operations) NL (“the Company”) for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 29 August 2013.

BCD Resources (Operations) NL is a no liability company incorporated in Australia. The registered office of BCD Resources (Operations) NL is 1 Rifle Range Road, Beaconsfield, Tasmania, 7270, 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 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) New accounting standards and interpretations

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

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2013 reporting period. Management assesses the impact of these new standards, their applicability to the company and whether to adopt early.

As at 30 June 2013, the following applicable standards and interpretations had been issued but are not yet effective for financial year ending 30 June 2013. The company has not adopted these standards early.

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

Reference	Title	Summary	Application date for company
AASB 9	<i>Financial Instruments</i>	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2015
2009-11	<i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2015
2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127 for amendments to AASB 9 in December 2010.	1 January 2015
AASB 10	<i>Consolidated Financial Statements</i>	Replaces the requirements of AASB 127 and Interpretation 112 pertaining to the principles to be applied in the preparation and presentation of consolidated financial statements.	1 January 2013
AASB 11	<i>Joint Arrangements</i>	Replaces the requirements of AASB 131 pertaining to the principles to be applied for financial reporting by entities that have in interest in arrangements that are jointly controlled.	1 January 2013
AASB 12	<i>Disclosure of Interests in Other Entities</i>	Replaces the disclosure requirements of AASB 127 and AASB 131 pertaining to interests in other entities.	1 January 2013

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 127	<i>Separate Financial Statements</i>	Prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 January 2013
AASB 128	<i>Investments in Associates and Joint Ventures</i>	Prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 January 2013
2011-7	<i>Amendments to Australian Accounting Standards arising from AASB 10,11,12,127,128</i>	Amends AASB 1,2,3,5,7,9,2009-11,101,107,112,118,121,124,132,133, 136,138,139,1023 & 1038 and Interpretations 5,9,16 & 17 as a result of the issuance of AASB 10, 11, 12, 127 and 128	1 January 2013
AASB 13	<i>Fair Value Measurement</i>	Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	1 January 2013
2011-8	<i>Amendments to Australian Accounting Standards arising from AASB 13</i>	Amends AASB 1, 2, 3, 4, 5, 7, 9, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132 as a result of issuance of AASB 13 <i>Fair Value Measurement</i> .	1 January 2013
2011-10	<i>Amendments to Australian Accounting Standards arising from AASB 119</i>	Amends AASB 1, 8, 101, 124, 134, 1049, 2011-8 & Interpretation 14 as a result of the issuance of AASB 119 <i>Employee Benefits</i> .	1 January 2013
2011-4	<i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i>	This Standard amends AASB 124 <i>Related Party Disclosures</i> to remove all the individual key management personnel (KMP) disclosures contained in Aus paragraphs 29.1 to 29.9.3.	1 July 2013

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

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.

e) Revenue recognition

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

Gold & silver sales

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

Interest income

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

Management fee revenue

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

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Leases

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

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

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

g) Cash and cash equivalents

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

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

h) Trade and other receivables

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

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

i) Inventories

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

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Impairment of financial assets (continued)

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

(ii) Financial assets carried at cost

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

(iii) Available-for-sale investments

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

k) Joint ventures

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

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income tax (continued)

- 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.

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.

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.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Exploration, evaluation & development expenditure (continued)

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 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.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Investments and other financial assets (continued)

(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.

(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.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Non-interest-bearing borrowings

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

A specified amount of advances made to the Consolidated Entity 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. Repayments have now ceased due to the cessation of production at the Tasmania Mine.

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

BCD Resources (Operations) NL no longer has employees.

For prior years, 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 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w) 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 \$93.425 million and net liabilities of \$91.660 million as at 30 June 2013 (30 June 2012: \$88.587 million and \$84.599 million, respectively). The Consolidated Entity recorded an operating loss after income tax of \$7.061 million (30 June 2012: operating loss after income tax of \$1.836 million) and incurred net cash outflows in operating activities of \$6.111 million for the year ended 30 June 2013.

The ability of the Company and/or Consolidated Entity to continue as a going concern, including the ability of the Company and/or 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 ("BCD").

The financial report has been prepared on a going concern basis, notwithstanding the fact that a written letter of support has not been provided by BCD. 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
Notes to the Financial Statements
For the Year Ended 30 June 2013

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.

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.

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	
	2013	2012
	\$'000	\$'000
Financial Assets		
Cash	821	1,468
Trade & other receivables	41	1,516
Other	163	160
Financial Liabilities		
Trade & other payables	48,032	49,871
Interest-bearing loans and borrowings	44,998	38,799

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

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.

(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 note 16.

The Group's main interest rate risk at 30 June 2013 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 2013

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	2013			2012		
	Weighted average interest rate %	Floating interest \$'000	Fixed interest \$'000	Weighted average interest rate %	Floating interest \$'000	Fixed interest \$'000
Financial Assets						
Cash	3.8	821	-	4.3	1,468	-
Security deposit	2.8	163	-	4.0	160	-
Total Assets		984	-		1,628	-
Financial Liabilities						
Lease commitments	-	-	-	9.2	-	53
Related party payable – ultimate parent	10.0	44,998	-	10.0	38,746	-
Total liabilities		44,998	-		38,746	53
Net exposure		(44,014)	-		(37,118)	(53)

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 2013, 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	
	2013 \$'000	2012 \$'000
Impact on post-tax profit/(loss): (higher)/lower		
Interest rates + 1%	(440)	(371)
Interest rates – 1%	440	371
Impact on equity: higher/(lower)		
Interest rates + 1%	(440)	(371)
Interest rates – 1%	440	371

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

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 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
2013						
Trade and sundry creditors	-	32	-	-	-	-
Related party payable – ultimate parent (1)	48,000	-	-	-	-	-
Related party payable – ultimate parent (2)	44,998	-	-	-	-	-
	92,998	32	-	-	-	-
2012						
Trade and sundry creditors	-	1,727	-	-	-	-
Other payables	-	108	36	-	-	-
Lease liabilities	-	55	-	-	-	-
Related party payable – ultimate parent (1)	48,000	-	-	-	-	-
Related party payable – ultimate parent (2)	38,746	-	-	-	-	-
	86,746	19,234	36	-	-	-

- (1) This debt is payable to BCD Resources NL and is non-interest bearing and payable at call.
(2) This debt is payable to BCD Resources NL and is interest bearing and payable at call.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

3. FINANCIAL RISK MANAGEMENT (continued)

(d) Credit risk

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

It is the 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 gold refinery.

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

The majority of receivables, other than gold sale receivables, relate to GST refunds due from the Australian Taxation Office. These are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There were no impairments of receivables as at 30 June 2013 or 30 June 2012 for the Group.

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.

(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 note 16, cash and cash equivalents and equity.

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 2013

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). A Decommissioning and Rehabilitation Plan (DRP) has been prepared and is waiting approved by the EPA for activities related to closure of the Tasmania Mine. The DRP contains commitments that must be adhered to until such time as the mining lease is relinquished. The provision for mine rehabilitation at 30 June 2013 reflects the requirements of the DRP after making allowance for rehabilitation work completed in 30 June 2013. There will be a requirement for ongoing environmental monitoring post rehabilitation works.

(b) Unit-of-production method of depreciation

The Consolidated Entity uses the unit-of-production basis when depreciating 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

(d) Capitalisation of exploration and evaluation costs

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

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

		CONSOLIDATED	
		2013	2012
		\$'000	\$'000
5. REVENUES AND EXPENSES			
Result before income tax includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Consolidated Entity			
(a) PRODUCTION COSTS			
Operating expenses			
Materials, wages and other	4,616	22,635	
Superannuation	179	355	
Government Royalties	61	600	
Changes in redundancy provision	(157)	1,091	
Changes in inventories	1,958	(944)	
	<u>6,657</u>	<u>23,737</u>	
(b) DEPRECIATION AND AMORTISATION			
Depreciation			
Buildings	38	134	
Mining plant and equipment	1,684	6,937	
Plant and equipment under lease	244	845	
	<u>1966</u>	<u>7,916</u>	
Amortisation			
Exploration, evaluation and development costs	339	4,524	
	<u>339</u>	<u>4,524</u>	
	<u>2,305</u>	<u>12,440</u>	
(c) OTHER INCOME			
Management fees	67	693	
Release of deferred income – government grant	31	517	
Profit on sale of fixed assets	613	622	
Adjustment to pre-acquisition indemnities	36	42	
Write back of provision for rehabilitation	-	1,127	
Other	76	25	
	<u>823</u>	<u>3,026</u>	

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
<hr/>		
5. REVENUES AND EXPENSES (continued)		
(d) OTHER EXPENSES		
Increase in provision of rehabilitation	655	-
	<hr/> 655	<hr/> -
(e) FINANCIAL INCOME AND EXPENSES		
Financial income		
Interest income	35	67
	<hr/> 35	<hr/> 67
Financial expenses		
Interest		
- Controlling entity	4,211	4,440
- Other	-	21
Finance lease charges	2	34
Unwind of discount on rehabilitation provision	-	423
Unwind of discount on pre-acquisition indemnities	-	10
	<hr/> 4,213	<hr/> 4,928

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
<hr/>		
6. INCOME TAX		
A reconciliation between tax benefit and the product of accounting loss before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:		
Accounting loss before income tax	(7,061)	(1,836)
	<hr/>	
Prima facie income tax benefit calculated at 30% (2012 – 30%)	(2,118)	(551)
Pre-acquisition indemnities reduction	(11)	(19)
Tax losses not recognised	2,129	570
	<hr/>	
Income tax	-	-
	<hr/>	

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

		CONSOLIDATED	
		2013	2012
		\$'000	\$'000
6.	INCOME TAX (continued)		
Tax Losses			
<i>Revenue Losses</i>			
Deferred tax assets for unused revenue losses and temporary differences not recognised		25,515	23,693
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.			
<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 2013

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
7. TRADE AND OTHER RECEIVABLES (i)		
Current (i)		
Share of joint venture receivables (ii)	41	951
Gold Bullion awaiting settlement (iii)	-	565
	41	1,516

(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) Balance of proceeds from gold shipments in June 2012 were received in July 2012.

8. INVENTORIES

Supply inventories at cost	-	561
Gold in circuit at cost	-	1,958
	-	2,519

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

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 guarantee 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 21. The Parent Entity's expenditure commitments are summarised in note 20.

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

	Parent Entity	
	2013	2012
	\$'000	\$'000
<u>Assets & Liabilities</u>		
Current assets	-	85
Non-current assets	-	-
Total assets	-	85
Current liabilities	45,021	40,089
Non-current liabilities	-	-
Total liabilities	45,021	40,089
Deficiency in net assets	(45,021)	(40,004)
<u>Shareholders' equity</u>		
Issued capital	49,688	49,688
Accumulated losses	(94,709)	(89,692)
Total equity deficiency	(45,021)	(40,004)
	Year ended	Year ended
	30 June 2013	30 June 2012
	\$'000	\$'000
Profit/(Loss) for the year	(5,017)	6,677
Total comprehensive income	(5,017)	6,677

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

10. INTEREST IN SUBSIDIARIES

	Country of Incorporation	Class of shares	% Held by BCD Resources (Operations) NL		Investment Carrying value	
			2013	2012	2013	2012
			%	%	\$	\$

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	- ^(c)	100.00 ^(b)	-	-

(a) APPL Pty Ltd has been granted relief from the necessity to prepare financial reports in accordance with class order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

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

(c) Mojixi Pty. Ltd. was de-registered on 24 March 2013.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
11. INTEREST IN JOINTLY CONTROLLED ASSET		
The Consolidated Entity has a 51.51% (2011: 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 \$0.067 million (2012: \$0.693 million).		
The interest in the Tasmania Mine is included in the financial statements as follows:		
CURRENT ASSETS		
Cash	1	1,383
Trade & other receivables	133	1,075
Inventories	-	2,519
TOTAL CURRENT ASSETS	134	4,977
NON-CURRENT ASSETS		
Cash	820	-
Property, plant and equipment (owned & leased)	1,777	3,632
Exploration, evaluation and development	-	339
Security deposit	163	160
TOTAL NON-CURRENT ASSETS	2,760	4,131
TOTAL ASSETS	2,894	9,108
CURRENT LIABILITIES		
Trade and other payables	-	1,520
Interest-bearing loans and borrowings	-	53
Provisions	520	5,437
Other	-	31
TOTAL CURRENT LIABILITIES	520	7,041
NON-CURRENT LIABILITIES		
Provisions	995	143
TOTAL NON-CURRENT LIABILITIES	995	143
TOTAL LIABILITIES	1,515	7,184
NET ASSETS	1,379	1,924

Commitments in relation to the Tasmania Mine are disclosed in note 20.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

12. PROPERTY, PLANT & EQUIPMENT

	Land & Buildings \$'000	Mining Plant & Equipment \$'000	Plant & Equipment under Lease \$'000	Total \$'000
CONSOLIDATED				
At 1 July 2011				
Cost	652	43,352	1,620	45,624
Accumulated depreciation	(477)	(33,090)	(531)	(34,098)
Net carrying amount	175	10,262	1,089	11,526
Year ended 30 June 2012				
At 1 July 2011, net of accumulated depreciation	175	10,262	1,089	11,526
Additions	-	259	-	259
Disposals	-	(237)	-	(237)
Depreciation charge for the year	(134)	(6,937)	(845)	(7,916)
At 30 June 2012, net of accumulated depreciation	41	3,347	244	3,632
At 30 June 2012				
Cost	652	42,005	1,620	44,277
Accumulated depreciation	(611)	(38,658)	(1,376)	(40,645)
Net carrying amount	41	3,347	244	3,632
Year ended 30 June 2013				
At 1 July 2012, net of accumulated depreciation	41	3,347	244	3,632
Additions	-	647	-	647
Disposals	-	(536)	-	(536)
Depreciation charge for the year	(38)	(1,684)	(244)	(1,966)
At 30 June 2013, net of accumulated depreciation	3	1,774	-	1,777
At 30 June 2013				
Cost	44	14,459	-	14,503
Accumulated depreciation	(41)	(12,685)	-	(12,726)
Net carrying amount	3	1,774	-	1,777

Asset Valuation

The ultimate parent entity BCD Resources NL engaged Grays Asset Services, a division of Grays (VIC) Pty Ltd. in June 2013 to undertake a valuation of assets on the bases of market value for existing use (\$10.487 million, BCO 51.51% \$5.402 million) and estimated auction value (\$2.071 million, BCO 51.51% \$1.067 million). The Directors have resolved not to make any change to the asset values as disclosed in these accounts for the financial year ended 30 June 2013.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

13. EXPLORATION, EVALUATION & DEVELOPMENT COSTS

	CONSOLIDATED \$'000
<hr/>	
At 1 July 2011	
Cost	18,388
Accumulated amortisation	(13,062)
Net carrying amount	<u>5,326</u>
 Year ended 30 June 2012	
At 1 July 2011, net of accumulated amortisation	5,326
Additions	154
Exploration costs written off	(617)
Amortisation charge for the year	(4,524)
At 30 June 2012, net of accumulated amortisation	<u>339</u>
 At 30 June 2012	
Cost	17,767
Accumulated amortisation	(17,428)
Net carrying amount	<u>339</u>
 Year ended 30 June 2013	
At 1 July 2012, net of accumulated amortisation	339
Amortisation charge for the year	(339)
At 30 June 2013, net of accumulated amortisation	<u>-</u>
 At 30 June 2013	
Cost	-
Accumulated amortisation	-
Net carrying amount	<u>-</u>

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
14. OTHER NON-CURRENT ASSETS		
Security deposits	163	160
	163	160
15. TRADE AND OTHER PAYABLES		
Current		
Trade and sundry creditors (i)	32	1,727
Borrowings (ii)	48,000	48,000
Amounts payable under indemnity by Consolidated Entity's former banker (iii)	-	144
	48,032	49,871

- (i) Trade and sundry creditors include 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.

Repayment of the advances, at the rate of \$10 per ounce of production from the Tasmania Mine, terminated following the cessation of gold production from the Tasmania Mine.

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

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
16. INTEREST BEARING LOANS & BORROWINGS		
Current		
Lease liability (refer note 20)	-	53
Related party payable – ultimate parent (refer to note 22(d))	44,998	38,746
	44,998	38,799

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	-	515
Employee benefits – long service leave	-	315
Employee benefits – redundancy	-	947
Rehabilitation (refer below)	520	3,736
	520	5,513

Non current

Employee benefits – long service leave	-	-
Rehabilitation (refer below)	995	143
	995	143

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 the rehabilitation of the mine and processing facility sites. The provision represents the net present value of the estimated cost of restoring the mine and processing facility sites.

The annual increase in the provision relating to the change in the net present value of the provision and inflationary increases are accounted for in finance costs.

The rehabilitation provision was reassessed during the 2013 year, due to the closure of the mine, resulting in an increase of forecast costs of \$0.655 million. To 30 June 2013 rehabilitation expenditure incurred was \$3.019 million.

- (b) Movements in rehabilitation provision.

Carrying amount at beginning	3,879	5,133
Discount rate adjustment and unwind of discount	-	423
Expenditure	(3,019)	(550)
Reassessment adjustment	655	(1,127)
Carrying amount at end	1,515	3,879

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
<hr/>		
18. OTHER LIABILITIES		
Current		
Deferred income	-	31
	<hr/>	<hr/>
	-	31
	<hr/>	<hr/>

19. SHARE CAPITAL

	2013	2012
Number of	\$'000	\$'000
shares		
73,677,627	49,688	49,688
	<hr/>	<hr/>
	<hr/>	<hr/>

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.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

20. EXPENDITURE COMMITMENTS

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
<hr/>		
Exploration		
Maintain rights of tenure to exploration tenements	-	780
	<hr/>	
Capital expenditure		
There were no capital expenditure commitments at 30 June 2013 and 30 June 2012		
Commitments in relation to finance leases are as follows:		
Payable not later than one year	-	55
Later than one year but not later than five years	-	-
	<hr/>	
Minimum lease payments	-	55
Less: future finance charges	-	(2)
	<hr/>	
	-	53
	<hr/>	
Current lease liability (note 16)	-	53
Non-current lease liability	-	-
	<hr/>	
	-	53
	<hr/>	

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

21. CONTINGENCIES

Contingent Asset

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. This action is proceeding in the Supreme Court of Tasmania and a mediation date is to be set.

There are currently no Contingent Liabilities.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

22. RELATED PARTY DISCLOSURES

(a) Directors

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 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 2013.

(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 \$6.252 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 was charged management fees of \$0.067 million by the Consolidated Entity for administration of the Tasmania Mine and corporate activities.

(d) Transactions with director related parties

During the year \$25,850 (100% Tasmania Mine) was paid to Webb Industries Pty Ltd in relation to equipment hire. N B Webb is the sole director of Webb Industries Pty Ltd.

During the year \$23,617 was paid to MKS Capital Pty Ltd in relation to refining and freight costs for gold refining. C S Carroll is the managing director of MKS Capital Pty Ltd.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

23. 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.

24. 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.

	2013	2012
	\$	\$
<hr/>		
25. AUDITOR'S 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	47,965	51,362
• other services in relation to the entity and any other entity in the Consolidated Entity		
– tax compliance	-	7,500
	<hr/> 47,965	<hr/> 58,862

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
26. STATEMENT OF CASH FLOWS		
(a) Reconciliation of net loss after tax to net cash flows from operations:		
Net loss after tax	(7,061)	(1,836)
Adjustments for:		
Non-cash items:		
Amortisation of non-current assets	339	4,524
Depreciation of non-current assets	1,966	7,916
Unwind of discount on rehabilitation provision	-	423
Unwind of discount on pre-acquisition indemnities	-	10
Adjustment to pre-acquisition indemnities	36	(42)
Adjustment to provision for rehabilitation	655	(1,127)
Exploration expenditure written off	-	617
Profit on sale of fixed assets	(688)	(622)
Transfers:		
Interest received – transfer to investing activities	(35)	(67)
Financing costs - transfer to financing activities	-	21
Changes in assets and liabilities		
Receivables & prepayments	1,515	(1,296)
Inventories	2,519	(440)
Trade & other creditors & borrowings	189	3,081
Provisions	(4,796)	717
Other assets	(750)	702
Net cash flows from/(used in) operating activities	(6,111)	12,581
(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 balance comprises:		
Current asset	1	1,468
Non-current asset	820	-
	821	1,468

Cash deposits at banks are earning interest at current bank deposit rates. The year average rate was 3.8% (2012: 4.3%).

At 30 June 2013 \$0.820 million (2012: \$1.346 million) of cash was held on deposit and is surplus funds held previously for Tasmania Mine employee entitlements.

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

During the financial year the Consolidated Entity did not enter into any finance leases.

BCD RESOURCES (OPERATIONS) NL
Notes to the Financial Statements
For the Year Ended 30 June 2013

27. KEY MANAGEMENT PERSONNEL DISCLOSURES

Any person(s) having authority and responsibility for controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity are considered key management personnel.

The total of remuneration paid to key management personnel of the company during the year are as follows:

Compensation of Key Management Personnel

Compensation by Category

	CONSOLIDATED	
	2013	2012
	\$	\$
Short-Term	110,470	290,588

NOTE: All directors and executives remuneration was paid by BCD Resources NL with the exception of the Tasmania Mine Manager.

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 2013 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 2013.

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



C S Carroll
Chairman

29 August 2013
Sydney

RSM Bird Cameron Partners

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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, which comprises the consolidated balance sheet as at reporting date, 30 June 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

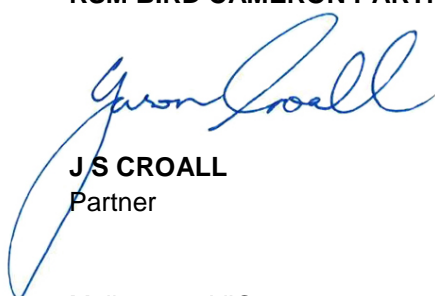
- (a) the financial report of BCD Resources (Operations) NL is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(w) in the financial report which refers to the significant net working capital deficit, net liability position, operating losses and the reliance of the company and consolidated entity on the continued support of BCD Resources NL to enable the company and consolidated entity to meet its debts as and when they fall due. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and, therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.



RSM BIRD CAMERON PARTNERS



JS CROALL
Partner

Melbourne, VIC
Dated: 29 August 2013