

BCD.AU

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Gold, Copper
Australia (TAS, VIC)
Production, Exploration
Exchanges: ASX:BCD

Beaconsfield Gold NL

A\$ 0.10

BCD has returned to full production at the high grade (9.8g/t) Beaconsfield Gold Mine (BGM, TAS). Production rate 80+kozpa - with remote mining method now well established. Gold resource defined to 1290m - potential for depth extensions to 2000m to add 6+ years LOM.

Capital Profile

Share price (A\$)	0.10	
52 week range (A\$/share)	0.09	to 0.30
Number of shares (m)	400.4	
Options and warrants (m)	15.3	
Convertible notes (m)	14.0	
Fully diluted (m)	429.7	
Market capitalisation (undiluted) (A\$m)	38.0	
Debt (A\$m) - Dec 08F	10.8	
Enterprise value (A\$m)	48.8	
Major shareholders:		
Malaysia Smelting Corporation (22.5%), National Nominees Ltd (5.2%)		
Avg monthly volume (m)	14	
Cash (A\$m) - Dec 08F	12.9	
Price/Cash (x)	2.9	
Price/Book (x)	1.2	
Listed company options:	No	

Investment Points

Exploration gold and copper focused; budget ~A\$4mpa.

Production 20koz Au 3Q08; cash costs A\$766/oz - with potential cost reductions going forward.

LOM ~3 years, with downp exploration success expected to extend LOM to 6+ years 2H09.

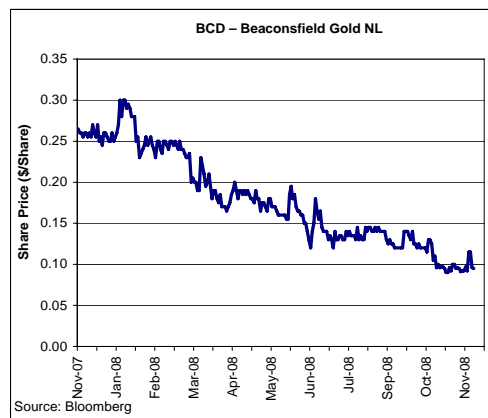
BGM 3Q08 production 20.3koz Au grading 10g/t (+76% over 2Q08). Operating surplus A\$3.9m 3Q08.

Production is unhedged. Operating surplus expected to expand to A\$6m 4Q08. Current gold price ~A\$1100/oz (avg A\$978/oz 2Q08).

Low EV/EBITDA ratio: ~1.2x 2009; 1.2x 2010^A.

Strong exploration upside potential at BGM. Drilling 2008 from 1,290m to 1,590m. Regional exploration potential.

Exploration accelerating in TAS and VIC (Stavely).



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M Trumbull (Non-Exec)
W Tsingos (Non-Exec)
K Perrin (Non Exec)
M Ajib Anuar (Non Exec)
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Production and Financial Forecasts

YEAR END: June	2006a	2007a	2008a	2009F	2010F
Equity Production (koz)	39.8	2.9	33.6	78.2	78.6
EBIT (A\$m)	-13.5	-9.3	-38.4	26.7	23.3
Net Profit (norm) (A\$m)	-14	-10	-35	26	23
EPS (norm) (A¢/share)	-7.6	-3.4	-9.0	6.3	5.5
CFPS (A¢/share)	-4.8	-3.2	-8.7	8.4	8.4
Dividends (A¢/share)	0	0	0	0	0
PER (x)	-1	-3	-1	2	2
P/CF (x)	-2	-3	-1	1	1
Yield (%)	0	0	0	0	0
EV/EBITDA (x)	-5.42	-5.44	-1.44	1.40	1.40
Exploration and Evaluation (A\$m)	1	1	6	6	6
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	10,000	20,000	20,000	12,000	12,000
Land holding ('000 ha)*	120	120	72	72	100

*Tenements applied for or granted. Quarters based on calendar year end. Total 05/06 prod'n was 82koz Au, BCD 48.5%.

Company Comment

Overview:BCD listed on the ASX in 1987. It owns the producing Beaconsfield Gold Mine in Tasmania. It has a gold-focused exploration program that is targeting Beaconsfield deeps and regional structures, as well as regional gold and base metal targets in Tasmania and Victoria.

Beaconsfield (Au; TAS) - 35km², 100%. Historic underground mine on the Tasmania Reef, with gold endowment of 2moz to 1200m depth in siliceous metasediments. Current resource of 873kt @ 15.8g/t for 446koz Au defined to 1290m depth, containing reserve 1.1mt @ 9.8g/t for 346koz Au. Resource nearly identical to Mar '06 (443koz Au) due to discovery of new ore. BCD has acquired an effective 94.9% interest in the mine (previously 61.7%). Since the 2006 Anzac Day cave-in, all mining restrictions have been lifted, subject to rigorous standards of ground stabilisation and seismic monitoring. Stope development in the more seismically active western portion of the mine is by remote loaders, with drilling from parallel footwall drive. 3Q08 production 20.3koz Au (fully unhedged) contained in 70.5kt, a 76% increase on 2Q08. 4Q08 target 20-25koz. Mill recovery 91.9%, capacity can be upgraded to 300ktpa. There is potential for depth extensions below 1,290m - underground drilling aims to extend resource base to ~1600m by June '09 and eventually 2000m. Recent deep intercepts (~1350m) include 4.1m @ 8.7 g/t Au. **Exploration targets** (brownfield) 11km fault-bounded strike with potential for repeat structures similar to Tasmania Reef - historic exploration was hindered by cover. BCD has commenced near-mine diamond drilling (~1,500m) and regional RC (5,000m, eg Salisbury Hill). Initial results pending.

Lefroy (Au;TAS): 800km², purchased from Lefroy Resources (ASX:LEF) in 3Q08. Project covers three known goldfields with historic production >500koz Au. LEF has spent \$4.6m on exploration since 2004. Focus is on the Lefroy Goldfield, 18km east of Beaconsfield - 25km drilling on 5km long, near surface inferred resource of 247koz Au. BCD aims to develop satellite pits and truck ore to Beaconsfield.

Stavely (Au, Ag, base metals; VIC) - 1180km² 100%. Favourable location/infrastructure with various gold and base metal targets. At **Thursdays Gossan** (Cu), there is a consistent near-surface copper (chalcocite) blanket ~23m thick below ~27m cover. Maiden JORC inferred resource (Aug '08): 47.3kt Cu at 0.45% (cut off 0.3% Cu). Potential open pit and flotation operation, ~5ktpa Cu product. Potential for additional supergene material nearby, and primary sulphides at depth, eg drilling at a serpentinite contact found 7.7m from 94.7m depth @ 4.2% Cu, 1.1g/t Au, 25g/t Ag and 0.1% Ni. Potential 20km strike.

Investment Comment: RCR visited Beaconsfield in Oct '08 and saw the effectiveness of the new remote mining method and geotechnical monitoring program. Now that full production has been attained BCD can focus on process refinements such as reducing dilution. The mine has a 3-year reserve with a good track record of resource expansions (100m depth = ~1 yr production), as well as exploration upside at Beaconsfield (Au), Lefroy (Au) and Stavely (Au-base metals). At A\$766/oz Au the operation is relatively high cost, though buffered by a favourable AU/US exchange rate. BCD has a strategic relationship with Malaysia Smelting Corporation (MSC), which invested A\$19.6m at A\$0.28/share in 1Q08. We estimate NAV, at 5% discount based on current reserves, of A\$98m or A\$0.25/share fully diluted, increasing to A\$0.33/share with exploration upside. A systemic recovery in gold shares and cost improvements should see BCD approach A\$0.20 share (current ~A\$0.10).

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)						
Gold	Classification	Project	Ore	Au	Cut Off	Au	Au	Au Equity
		Equity	Mt	g/t	g/t	t	koz	koz
Reserves	Proved, probable	94.9%	1.1	9.80		10.7	346	312
Resources (includes proved and probable reserves)								
Beaconsfield	Meas + Ind + Inf	94.9%	0.87	15.8	6.0	13.8	446	423
Lefroy (quoted by previous owner)	Inferred	100%	1.10	8.3	0.5	9	247	247
Sub total						22.9	693	670
Mineralised Material (est., non compliant with JORC)						0.0	0	0

* BCD announced a JORC inferred Cu resource at Thursdays Gossan (Stavely) Aug '08, of 12.4mt @ 0.42% for 51.7kt Cu (0.0% cut off).

Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Beaconsfield	94.9%	Au	na	Reef	CIL	Production	Aus (TAS)
Stavely - Fair View	100%	Au	na	VMS	na	Mid Expl	Aus (VIC)
Stavely - Thursdays Gossan	100%	Cu,Ni,Au	na	Gossan	Heap L.	Mid Expl	Aus (VIC)
Lefroy	100%	Au	na	Reef	na	Early Expl	Aus (TAS)

^A Gold price forecast is A\$1225/oz in 2009 and A\$1090/oz in 2010.

The underground mine at Beaconsfield, on the Tasmania Reef, re-opened in 2H07 after closing in April '06 following a cave-in. Full production levels of 80-100kozpa Au were reached in 3Q08, There is exploration potential to 5km depth, mineable to ~2km using current methods. Current resource base is 1290m.

BEACONSFIELD GOLD NL VALUATION

			Target Price A\$m	Valuation (Low) A\$m	Sensitivity (High) A\$m
Projects	Equity	Gold (moz)	Valuation US\$/oz		
+ Beaconsfield Reserve	95%	0.35	115	60	54
+ Reserve expansion	95%	0.48*	44	32	-
+ NE Tas Exploration	100%	0.25	6	2	-
+ Stavely	100%	-	-	2	-
Sub Total			96	54	123
+ Cash			4.7	4.7	4.7
+ Tax Losses			32.3	32.3	32.3
- Debt			1.3	1.3	1.3
- Corporate			15.5	15.5	15.5
Sub Total			20.2	20.2	20.2
ADU NET ASSET VALUE			116	74	143
Capital Structure					
Shares			400	400	400
Fully Diluted Shares			416	416	416
ADU NET ASSET VALUE PER SHARE	:A\$/share		0.29	0.19	0.36
ADU NET ASSET VALUE DILUTED	:A\$/share fully diluted		0.29	0.19	0.36

* Assumes two replacements of three-year (240koz Au) reserve.

BEACONSFIELD GOLD MINE

	Equity		Sensitivity			
LONG TERM GOLD PRICE^	:US\$/oz	600	800	900	1000	1200
EXCHANGE RATE	:AUUS	0.70	0.70	0.70	0.70	0.70
BEACONSFIELD GOLD MINE NPV @ 5% NOMINAL**	:A\$m	95%	60	103	130	158
BEACONSFIELD GOLD MINE NPV @ 5% NOMINAL**	:US\$m	95%	42	72	91	111
NPV/SHARE	:A\$/share	0.40	0.68	0.86	1.05	1.41

** Includes a discount of 30% of the project valuation:

30%

^Gold price forecasts are US\$900/oz in calendar 2008 to 2010, thence long term price indicated.

BEACONSFIELD GOLD MINE KEY ASSUMPTIONS

RESOURCE ESTIMATES			
Conceptual Gold Target			
		Gold	
		Mt	gt koz
	Beaconsfield Reserve	1.1	9.8 346
	Beaconsfield reserve replace, 3yrs*2	1.5	9.8 480
	Total	2.6	9.8 826
MINING METHOD	Underground		
PROCESS METHOD	Dedicated Gold Plant Gravity, biological leach, Merrill-Crowe		
PRODUCTION RATE	:mtpa	0.35	
	:kozpa	80-100	Based on reserve grade 9.8g/t Au
CAPITAL COSTS	:US\$	27.9m	Current value PPE; sustaining capex of 4%
RECOVERY - GOLD	:%	91.7	
OPERATING COSTS	:A\$/t	220	
	US\$/oz	550	
TAX	:%	30	
ROYALTY	:%	2.5	
MINE LIFE	:Years	3 to 10, depending on reserve replenishment	
RECOMMISSION DATE	:	2H07	

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