

BCD RESOURCES NL

ABN 22 057 793 834

BCD RESOURCES NL AND CONTROLLED ENTITIES

**ASX PRELIMINARY FINAL REPORT
APPENDIX 4E
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

ASX CODE: BCD

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PRELIMINARY FINAL REPORT
FINANCIAL YEAR ENDED 30 JUNE 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET			
	30 June 2010 \$'000	30 June 2009 \$'000	Percentage increase/ (decrease)
Revenue from ordinary activities	72,426	85,682	(15.5%)
EBITDA	3,084	15,236	(79.8%)
Net profit/(loss) after tax attributable to members	(1,059)	9,086	Profit to Loss

Dividends

No dividends were declared or paid during the years ended 30 June 2009 and 30 June 2010.

Explanation of Results

Operating activity at the Tasmania Mine further increased during the year, with a record 297,229 tonnes of ore treated. However, gold production of 57,758 ounces was 18% lower than the previous year, due principally to lower head grades which averaged 7.2 g/t gold for the year.

Lower gold production and sales were partly offset by a higher average realised gold price of A\$1,236 per ounce (2009: A\$1,182) and lower production costs.

Audit Report

The preliminary report is based on accounts which are in the process of being audited. There are no likely disputes or qualifications to the accounts.

REVIEW OF RESULTS

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

	2010 (\$'000)	2009 (\$'000)
Gold and silver sales revenue	71,975	84,039
Other	181	1,258
Total revenue excluding interest revenue	72,156	85,297
EBITDA	3,084	15,236
Net profit/(loss) after tax before minority interests	(1,451)	9,416
Net profit/(loss) after tax after minority interests	(1,059)	9,086
Basic earnings/(loss) per share	(0.26)c	2.29c
Diluted earnings/(loss) per share	(0.26)c	2.29c
Total dividends declared/proposed per share	Nil	Nil
Net Assets	38,834	38,218

The group's financial results for the year reflect lower gold production of 57,758 ounces (2009: 70,178 ounces) partly offset by lower production costs and higher gold prices. The Tasmania Mine treated a record 297,229 tonnes of ore during the year, however gold production was restricted due to lower head grade which averaged 7.2 g/t gold for the year (2009: 8.9g/t). The grade for the year was significantly below plan as a result of mining dilution and ore loss largely associated with the remote mining method. These issues are expected to be mitigated by the enhanced mining method introduced late in the year. As a direct consequence of the lower grade, mill recovery reduced to 84.0% (2009: 90.4%), further impacting gold production. Despite the record level of ore mined and treated, production costs were \$1.479 million lower than the previous year. The average gold price realised for the year of A\$1,236 per ounce was 5% higher than for the 2009 financial year.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ended 30 June 2010 were \$3.084 million (2009: profit of \$15.236 million). The consolidated net loss after tax and before minority interests for the year was \$1.451 million (2009: profit of \$9.416 million). The consolidated net loss after tax and after minority interests for the year was \$1.059 million (2009: profit of \$9.086 million). The net loss after tax and after minority interests for the year of \$1.059 million includes the parent entity's share (\$3.114 million) of the \$3.506 million loss of the BCD Resources (Operations) NL ("BCD Resources (Operations)") group for the year.

Gold and silver sales revenue for the 2010 year was \$71.975 million (2009: \$84.039 million). The reduction reflects the 18% reduction in gold production partly offset by the 5% increase in average realised gold price compared to 2009.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED 2010 \$'000	2009 \$'000
Revenue from gold and silver sales		71,975	84,039
Production costs	2(a)	(64,670)	(66,149)
GROSS PROFIT FROM MINING OPERATIONS		7,305	17,890
Corporate expenses	2(b)	(3,710)	(4,990)
Exploration expenditure written off		(5)	(84)
Depreciation and amortisation	2(c)	(8,120)	(10,837)
OPERATING PROFIT/(LOSS) BEFORE OTHER INCOME AND EXPENSES		(4,530)	1,979
Other income	2(d)	460	2,473
Other expenses	2(e)	(966)	(53)
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL INCOME AND EXPENSES		(5,036)	4,399
Financial income	2(f)	270	385
Financial expenses	2(f)	(990)	(1,832)
PROFIT/(LOSS) BEFORE TAX		(5,756)	2,952
Income tax benefit	3	4,305	6,464
NET PROFIT/(LOSS) AFTER TAX		(1,451)	9,416
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,451)	9,416
Attributable to:			
Members of the parent entity		(1,059)	9,086
Non-controlling interests		(392)	330
		(1,451)	9,416

**EARNINGS/(LOSS) PER SHARE
(EPS)(cents)**

Basic EPS attributable to members of the parent entity	8	(0.26)	2.29
Diluted EPS attributable to members of the parent entity	8	(0.26)	2.29
Dividend per share (cents)	9	Nil	Nil

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Notes	CONSOLIDATED	
		2010	2009
		\$'000	\$'000
ASSETS			
Current Assets			
Cash	7(a)	4,202	3,342
Trade & other receivables		2,924	3,179
Prepayments		176	648
Inventories		3,585	3,935
Total Current Assets		10,887	11,104
Non-Current Assets			
Cash	7(a)	3,632	2,958
Property, plant & equipment		26,026	25,983
Exploration, evaluation & development		20,141	19,290
Intangible asset		1,891	1,891
Deferred tax asset		8,966	4,645
Other		235	613
Total Non-Current Assets		60,891	55,380
TOTAL ASSETS		71,778	66,484
LIABILITIES			
Current Liabilities			
Trade & other payables	4	14,458	12,896
Interest-bearing loans & borrowings	5	792	1,838
Provisions		2,500	2,516
Other		331	519
Total Current Liabilities		18,081	17,769
Non-Current Liabilities			
Payables	4	2,029	1,388
Interest-bearing loans & borrowings	5	2,211	1,639
Provisions		9,695	6,470
Other		928	1,000
Total Non-Current Liabilities		14,863	10,497
TOTAL LIABILITIES		32,944	28,266
NET ASSETS		38,834	38,218
EQUITY			
Share capital	6	144,663	142,632
Accumulated losses		(110,201)	(109,160)
Reserves		6,720	6,702
Parent entity interest		41,182	40,174
Non-controlling interest		(2,348)	(1,956)
TOTAL EQUITY		38,834	38,218

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED	
		2010	2009
		\$'000	\$'000
Cash Flows from Operating Activities			
Receipts from gold and silver sales and other operating revenue		72,674	82,869
BBR settlement		43	1,258
Payments to suppliers and employees		(65,096)	(67,162)
Net Cash Flows from Operating Activities	7(b)	7,621	16,965
Cash Flows from Investing Activities			
Interest received		270	370
Proceeds from sale of fixed assets		205	-
Payment of outstanding amounts relating to acquisition of subsidiary		-	(977)
Proceeds from sale of financial asset		-	263
Purchase of plant & equipment		(511)	(2,163)
Mine development & exploration expenditure		(5,522)	(6,861)
Net Cash Flows used in Investing Activities		(5,558)	(9,368)
Cash Flows from Financing Activities			
Proceeds from issuing convertible notes		1,000	-
Repayment of convertible notes		(500)	(4,080)
Proceeds from issue of shares		1,472	3,921
Proceeds from share purchase plan		-	594
Payment of share issue costs		(52)	(306)
Interest paid		(84)	(734)
Repayment of borrowings		(730)	(3,691)
Repayment of lease principal		(846)	(370)
Repayment of indemnity for BCD Resources (Operations) Group relating to pre-acquisition activities		(789)	(472)
Net Cash Flows used in Financing Activities		(529)	(5,138)
Net Increase in Cash		1,534	2,459
Cash at Beginning of the Financial Period		6,300	3,841
Cash at End of the Financial Period	7(a)	7,834	6,300

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2010

	Issued Capital \$'000	Accumulated Losses \$'000	Other Reserves \$'000	Attributable to Members of the Parent \$'000	Non- controlling Interest \$'000	Total Equity \$'000
As at 1 July 2008	138,953	(118,246)	6,582	27,289	(2,286)	25,003
Profit for the year	-	9,086	-	9,086	330	9,416
Total income and expense for the year	-	9,086	-	9,086	330	9,416
Equity Transactions:						
Issue of share capital	3,879	-	-	3,879	-	3,879
Transaction costs**	(200)	-	-	(200)	-	(200)
Share based payments	-	-	120	120	-	120
As at 30 June 2009	142,632	(109,160)	6,702	40,174	(1,956)	38,218
Loss for the year	-	(1,059)	-	(1,059)	(392)	(1,451)
Total income and expenses for the year	-	(1,059)	-	(1,059)	(392)	(1,451)
Issue of share capital	2,067	-	-	2,067	-	2,067
Transaction costs **	(36)	-	-	(36)	-	(36)
Share based payments	-	-	36	36	-	36
Transfer of reserves to accumulated losses	-	18	(18)	-	-	-
As at 30 June 2010	144,663	(110,201)	6,720	41,182	(2,348)	38,834

**These amounts have been tax-effected

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

This preliminary final report has been prepared in accordance with the measurement and recognition requirements of Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the Consolidated Financial Report for the half-year ended 31 December 2009.

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
2. REVENUE 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	63,179	64,877
Government royalties	1,043	1,189
Changes in inventories	448	83
	64,670	66,149
(b) CORPORATE EXPENSES		
Administration	2,180	2,632
Legal fees	1,494	2,269
Share-based payments	36	89
	3,710	4,990
(c) DEPRECIATION AND AMORTISATION		
Depreciation		
Buildings	60	106
Mining plant and equipment	3,144	5,051
Plant and equipment under lease	323	395
	3,527	5,552
Amortisation		
Exploration, evaluation and development costs	4,593	5,285
	4,593	5,285
	8,120	10,837
(d) OTHER INCOME		
BBR settlement	43	1,258
Profit on sale of fixed assets	138	-
Release of deferred income – government grant	259	466
Adjustment to pre-acquisition indemnities	-	717
Other	20	32
	460	2,473
(e) OTHER EXPENSES		
Adjustment to pre-acquisition indemnities	966	-
Loss on sale of financial asset	-	53
	966	53

NOTES TO THE FINANCIAL STATEMENTS

		CONSOLIDATED	
		2010	2009
		\$'000	\$'000
2.	REVENUE AND EXPENSES (continued)		
	(f) FINANCIAL INCOME AND EXPENSES		
	Financial income		
	Interest income	270	385
		<u>270</u>	<u>385</u>
	Financial expenses		
	Interest expenses	251	730
	Borrowing expenses	2	288
	Finance lease charges	196	166
	Unwind of discount on restoration provision	394	461
	Unwind of discount on pre-acquisition indemnities	147	187
		<u>990</u>	<u>1,832</u>
3.	INCOME TAX		
	Numerical reconciliation of income tax benefit to prima facie tax expense/(benefit)		
	Profit/(loss) before income tax	(5,756)	2,952
		<u>(5,756)</u>	<u>2,952</u>
	Prima facie income tax expense/(benefit) at 30% (2009 – 30%)	(1,727)	886
	Non-deductible items	13	43
	Share transaction costs deducted	(98)	(99)
	Investment allowance	-	(114)
	Pre-acquisition indemnities increase/(reduction)	334	(159)
	Deferred tax assets recognised (not previously brought to account)	(2,827)	(7,021)
		<u>(2,827)</u>	<u>(7,021)</u>
	Income tax benefit	<u>(4,305)</u>	<u>(6,464)</u>

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
4. TRADE & OTHER PAYABLES		
Current		
Trade payables	11,523	9,864
Amounts paid under indemnity by former BCD Resources (Operations) banker (pre-acquisition activities)	673	982
Sundry creditors & accruals	2,262	2,050
	14,458	12,896
Non-current		
Amounts paid under indemnity by former BCD Resources (Operations) banker (pre-acquisition activities)	2,029	1,388
5. INTEREST BEARING LOANS & BORROWINGS		
Current		
Lease liabilities	792	612
Convertible notes – September 2009 (i)	-	496
Secured bank loan	-	730
	792	1,838
(i) The notes were redeemed on 14 September 2009		
Non-Current		
Lease liabilities	1,211	1,639
Convertible notes – August 2012 (i)	1,000	-
	2,211	1,639

(i) These notes are redeemable in August 2012.

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
6. CONTRIBUTED EQUITY		
Ordinary shares – listed (i)	144,645	142,614
Partly-paid shares – unlisted (ii)	18	18
	144,663	142,632
(i) Movement in ordinary shares on issue		
	Thousands	\$'000
At 1 July 2008	374,576	138,935
Issued during the year		
- Rights issue	25,860	3,879
Transaction costs (tax effected)	-	(200)
At 30 June 2009	400,436	142,614
Issued during the year		
- Share Purchase Plan	6,444	967
- Issued to sophisticated investor on 30 June 2010	10,000	1,100
Transaction costs (tax effected)	-	(36)
At 30 June 2010	416,880	144,645

(ii) There was no movement in partly paid shares during the year.

NOTES TO THE FINANCIAL STATEMENTS

		CONSOLIDATED	
		2010	2009
		\$'000	\$'000
7.	CASH FLOW RECONCILIATION		
(a)	Reconciliation of cash		
	Cash balances comprise:		
	Cash	7,834	6,300
(b)	Reconciliation of net profit/(loss) to net cash flows from operations:		
	Net profit/(loss) after tax	(1,451)	9,416
	Adjustments for:		
	Non-cash items:		
	Amortisation of :		
	- non-current assets	4,593	5,285
	- borrowing costs	2	288
	Depreciation of non-current assets	3,527	5,552
	Unwind of discount on restoration provision	394	461
	Unwind of discount on pre-acquisition indemnities	147	187
	Exploration expenditure written off	5	84
	Share based payments	36	89
	Tax expense/(benefit)	(4,305)	(6,464)
	Adjustment to pre-acquisition indemnities	966	(717)
	Profit on sale of fixed assets	(138)	-
	Loss on sale of financial asset	-	53
	Transfers:		
	Interest received - transfer to Investing Activities	(270)	(369)
	Finance Costs - transfer to Financing Activities	84	735
	Changes in assets and liabilities		
	Receivables	(3,279)	(3,606)
	Inventories	350	(121)
	Trade & other creditors & borrowings	6,494	5,655
	Provisions	89	692
	Other assets	377	(255)
	Net cash flows from operating activities	7,621	16,965

NOTES TO THE FINANCIAL STATEMENTS

	2010	2009
8. EARNINGS PER SHARE (EPS)		
Basic EPS (cents)	(0.26)	2.29
Diluted EPS (cents)	(0.26)	2.29

The following reflects the income and share data used in the calculations of basic and diluted EPS:

	\$'000	\$'000
Net profit/(loss) used as the numerator:		
- basic EPS	(1,059)	9,086
- diluted EPS	(1,059)	9,268
	No of Shares ('000)	No. of Shares ('000)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating:		
- basic EPS	405,771	396,126
- diluted EPS	405,771	405,589

9. DIVIDENDS

	Cents per share	Total amount \$'000	Franked/ unfranked	Date of Payment
Dividends recognised in the current year are:				
2010 – Dividend paid during the year				
Interim – ordinary	Nil	Nil		Not applicable
Subsequent events				
<i>Dividends proposed and not recognised as a liability</i>				
Since the end of the financial year, the directors declared the following dividends:				
Final – ordinary	Nil	Nil		Not applicable

NOTES TO THE FINANCIAL STATEMENTS

	2010	2009
10. NET TANGIBLE ASSET BACKING		
Net tangible asset backing per ordinary security	\$0.089	\$0.091

11. SUBSEQUENT EVENTS

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

The Merger will be implemented by way of a scheme of arrangement under which it is proposed Bendigo will acquire all of the ordinary shares in BCD. BCD shareholders will receive 0.72 Bendigo shares for each BCD share held which, based on the last closing prices before announcement, implied a combined market capitalisation of A\$162 million. The scheme of arrangement will require approval by BCD shareholders at a meeting expected to be held in November 2010.

The Merger is unanimously recommended by the BCD directors and each of the directors of BCD (and each relevant entity controlled by a BCD director) intends to vote in favour of the scheme in the absence of a superior proposal and subject to the independent expert concluding that the scheme is in the best interests of BCD shareholders.

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

The Loan is able to be drawn down in four tranches, with the first advance being A\$3.5 million.

- On 5 July 2010 the Company announced a placement of a total of 14.8 million new shares raising \$1.6 million, of which \$1.1 million had been received by 30 June and is included in the cash balance at 30 June. The remaining \$0.5 million was received after year end.

There are no other matters or circumstances which have arisen since 30 June 2010 that have significantly affected or may significantly 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.