



BCD RESOURCES NL

Formerly Beaconsfield Gold NL

ABN 22 057 793 834

ANNUAL REPORT 2010

CORPORATE INFORMATION

BCD RESOURCES NL

ABN 22 057 793 834 ASX Code BCD

Directors

Denis E Clarke	Non-Executive Chairman
Michael W Trumbull	Non-Executive Director
William Tsingos	Non-Executive Director
Kevin J Perrin	Non-Executive Director
Dato' Mohd Ajib Anuar	Non-Executive Director
Choo Mun Keong	Non-Executive Director

Chief Executive Officer

William T Colvin

Company Secretary

Brian D Coulter

Registered Office and Principal Place of Business

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Mine Site Office

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Telephone: (03) 6383 6500
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Share Registry

Computershare Investor Services Pty Limited
PO Box 103
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Telephone: (03) 9415 5000
(03) 9415 4661 (Investor Contact)
1300 136 250 (Investor Contact)
Facsimile: (03) 9473 2500
Website: www.computershare.com

Auditor

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

Banker

Commonwealth Bank of Australia
Level 14, 385 Bourke Street
Melbourne Vic 3000

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Morgans at 401, 401 Collins Street, Melbourne at 3.00pm on 30 November 2010.

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CHAIRMAN'S LETTER

Dear Shareholders,

Key factors relevant to consideration of the Company's performance since 30 June 2009 include:

- The generally disappointing performance of the Tasmania Mine, despite various technical improvements, as described in the CEO's Report.
- The difficult capital market conditions arising from the global financial crisis.
- The discovery in early calendar 2010 of the new higher grade Western Zone at the Tasmania Mine.

The first factor resulted in poor cash flow from operations that placed the Company under financial stress, given its limited cash reserves. The financial impact is quantified in the financial statements for the 2010 year elsewhere in this Annual Report.

At the beginning of the 2010 financial year the Company had repaid all bank debt. However, the weak mine performance subsequently made it imperative to raise additional working capital. Bank debt was completely unavailable. In July 2009 shareholders provided only very limited support to a shareholder share purchase plan that raised less than \$1 million. In September 2009 Malaysia Smelting Corporation Berhad, our then 22% shareholder, announced it wished to sell its shareholding. This negatively impacted all attempts to raise equity capital, and in June 2010 a placement succeeded in raising only \$1.6 million.

The discovery of the new Western Zone, though a very positive development, further increased the need for working capital to fund development required for the earliest possible access to the Zone in the first quarter of calendar 2011.

The Board concluded that in the absence of meaningful debt or equity capital being available, a merger was the best method to capitalise the mine and capture for shareholders the benefits of the new Western Zone.

After a comprehensive search for a suitable corporate transaction, on 22 July 2010 the Company announced that it had entered into a Scheme Implementation Agreement to effect a merger with Bendigo Mining Limited (Bendigo) subject to shareholder approval. The Company also entered into a Loan Agreement under which Bendigo agreed to provide the Company with a pre-completion loan of up to \$8 million to accelerate development of the Tasmania Mine and for working capital purposes. Both parties worked hard on implementation with a shareholder meeting planned for November. Unfortunately the intended merger collapsed very suddenly in early October in circumstances that are described in the Company's release to the Australian Securities Exchange on 14 October 2010. Effectively, the Company was faced with the requirement to raise substantial funds within three days to avoid the prospect of receivership, and the probable complete destruction of shareholder value. Funds were required to pay back \$5 million drawn down on the Bendigo facility, replace the \$3 million balance of the facility and to provide additional working capital.

The severe time frame, and the extremely limited number of potential funders, presented an almost impossible task. Fortunately, it was possible to arrange a \$15 million loan facility with Minemakers Limited (Minemakers) on 13 October, albeit at a low price of 2 cents per share for debt:equity conversion. The arrangement, which is subject to shareholder approval, enabled the corporate survival of the Company and the retention of considerable shareholder value. Just after the announcement of the Minemaker's arrangement the Company's shares traded up to 6.8 cents, compared to around 10 cents before the intended merger with Bendigo was announced. It also ensured operations at the Tasmania Mine would continue as normal, whereas receivership may have resulted in closure of the mine and the sale of the asset at a distressed price.

Should shareholders approve conversion, as expected in December 2010, Minemakers would own 64% of the Company. Existing shareholders would retain a 36% interest, with the Company's balance sheet improved by \$15 million. The Board considers the arrangement with Minemakers represents the best possible outcome for shareholders under the difficult circumstances. Importantly, with the ongoing support of Minemakers, shareholders retain exposure to the substantial upside at the Tasmania Mine and the western Victorian copper and gold assets at a time of rising gold and copper prices.

It has been a very difficult period for our shareholders, and all including myself are undoubtedly deeply disappointed. I believe that but for the determination shown by key executives and directors, the outcome would have been far worse. I therefore thank them for their extraordinary strength and commitment under the most trying of circumstances.



Denis Clarke

Chairman

CEO'S REPORT

Achievements	Objectives
✓ Introduced new lower cost mining method	❖ Rapidly extend development to new gold reserves in Western Zone
✓ Repaid all bank debt	❖ Confirm potential of stockwork as ore source
✓ Discovered higher grade Western Zone	❖ Extend new mining method to cover most production
✓ Increased reserves and mine life	❖ Complete Minemakers transactions
✓ Advanced Victorian copper project	

Tasmania Mine

Ore production from the mine improved by approximately 20,000 tonnes on 2009 to 295,403 tonnes and included a record 85,215 tonnes in the September quarter. Similarly, plant throughput improved to a record 297,229 tonnes. However grade was significantly below plan at 7.2 grams per tonne. Contributing factors included mining dilution and ore loss largely associated with the remote mining method. The lower grade affected mill recovery as recovery decreases as grade decreases. This meant gold production was below the previous year's production at 57,758 ounces.

Safety performance improved during the year and the medically referred injury frequency rate fell to a historic low of 28.1 at the end of June 2010.

The lower grade saw costs per ounce produced rise during the year. However changes to the mining method, some improvements in underground infrastructure and the part replacement of the truck fleet, combined with normal production levels, should see costs fall significantly later in the coming year.

Enhanced Mining Method

An enhanced mining method is being introduced to replace the footwall driving method currently used in the western zone of the mine whilst still achieving the safety benefits consistent with geotechnical best practice. During the year two stopes using this new method were successfully developed and extracted. Based on these results, the method will be applied for all future production in the western part of the orebody and ore produced with this method will gradually increase, forming a significant portion of total ore production by the end of calendar 2011.

The enhanced method will reduce the amount of development required to access a stoping block by around 60% and reduce the production drilling by around 25%. In addition, the method provides an opportunity to further reduce unit costs through improving productivity, ore recovery and backfill dilution.

On the upper levels of the mine, the Company has been establishing development for contract and owner-operated mining operations in the high grade remnants from historic mining. Recent drilling is also confirming the potential for additional resources in this area.

Reserves and Western Zone

During the year drilling intersected new high grade gold mineralisation in the western zone of the mine. Subsequent drilling has already seen 48,000 ounces brought into reserves in the June 2010 reserve statement. The grade is 8.7 grams per tonne gold based on conservative assumptions regarding internal waste and further engineering design work is planned to optimise and increase the reserve grade in this Zone.

Loan funds received by BCD from Minemakers are in part being used to fast track development to allow production from this area by the first half of calendar 2011.

Stockwork Potential

The Company completed a scoping study on mining a zone of stockwork gold mineralisation, which has never previously been mined, in the western footwall of the Tasmania Reef. This confirms the potential for a low-cost source of bulk tonnes to utilise spare mill capacity and increase gold production rates. Its presence has been confirmed in the modern mine from 815 metres below surface (mbs) to 915 mbs and potential for further mineralisation exists above and below these levels.

Only 16,600 ounces is accounted for in the current resource, but the stockwork mineralisation has potential to extend over a much greater vertical distance along much of the western edge of the Tasmania Reef. Using efficient bulk mining methods incremental ore will be "stock-piled" in-situ underground and drawn down as required to supplement higher grade feed from elsewhere in the mine. This will provide flexibility and consistency in terms of mill feed and better utilisation of underground equipment.

Finance

Financial results for the year reflect lower gold production partly offset by lower total production costs and higher gold prices.

The Company is unhedged and received an average gold price of A\$1,236 per ounce, which was 5% higher than for the 2009 financial year. Sales revenue for the 2010 year was \$72.0 million. The consolidated net loss after tax and after minority interests for the year was \$1.1 million (2009: profit of \$9.1 million).

Operating cash flow of \$7.6 million funded capital and mine development expenditure of \$3.1 million and exploration expenditure of \$3.0 million. Cash flow also allowed the repayment of \$1.2 million of convertible note and bank debt, leaving the Company with no bank debt for the first time in a decade. Cash at 30 June 2010 was \$7.8 million. The Company issued shares in a share purchase plan and placement to raise \$2.1 million, with another \$0.5 million placement subsequent to the financial year end.

CEO'S REPORT

Exploration

Tasmanian Gold

During the year in-fill drilling at the Pinafore Deposit assisted in confirming the resource figures established there and the planning for development of a shallow open pit mine. At Pease Creek, where there had been no previous drilling, reverse circulation drilling tested a 600m long corridor of prospective Salisbury Hill conglomerate under transported cover. One hole intersected gold and arsenic anomalism in the same sequence that hosts gold mineralisation at the Tasmania Mine. This was followed up by one diamond drill hole which intersected 0.4 metres at 1.6 g/t gold and 0.3 metres at 2.3 g/t gold associated with stringers of pyrite.

Victorian Regional Gold

Drilling at the Langi Logan and Langi Logan South prospects was undertaken to define the contacts between basalt domes and surrounding sediments as these contacts are favourable hosts for Stawell-style gold mineralisation. Some of this funding came from the successful application for a drilling grant from the Victorian Government under the Rediscover Victoria Drilling 3 program. A grant of \$66,000 was awarded for diamond drilling of Langi-Logan style gold targets. Plans for trenching and drilling the Fairview gold prospect are underway.

Victorian Copper Project

BCD has 800 square kilometres in western Victoria encompassing two copper project areas, the wholly owned area at Stavely, located 100 kilometres west of Ballarat, and the 51% (earning 75%) owned project at Ararat Copper, 40 kilometres north east of Stavely. There is excellent access to the project areas and extensive data from previous explorers is available to rapidly advance the prospects, with both projects having a JORC compliant copper resource. A conceptual development study on the copper resources, based on a nominal 1.5 million tonnes per year flotation plant, has provided encouraging results. This study investigated resource, mining, metallurgical processing, environmental, infrastructure, permitting and cost aspects and identified areas which require further work to take the project to a Feasibility Study.

During the year drilling extended the boundary of the copper mineralisation at the Thursdays Gossan resource. Drillhole SAC030 intersected 42 metres at 0.76% copper (chalcocite mineralisation) from 20 – 62 metres downhole, extending the known copper resource by 40 metres to the east. At Ararat Copper drilling confirmed the presence of oxide mineralisation and provided more confirmation of the more extensive sulphide resource. Drill samples from the oxide and sulphide zones were used in metallurgical tests to confirm processing options. These flotation tests reported copper recoveries of 89% for sulphide material and 35% for oxide material. Further drilling is planned to extend copper mineralisation at Thursdays Gossan, Junction One and Ararat Copper prospects, as well as to further develop the Patanga copper-gold prospect.

Resources and Reserves Statement as at 30 June 2010

Gold Resources (including Reserves)

Category	Tonnes	Gold Grade (g/t)	Contained ounces
Measured Resource (Tasmania Mine)	384,000	12.3	151,000
Indicated Resource (Tasmania Mine)	786,000	11.3	285,000
Inferred Resource (Tasmania Mine)	277,000	9.5	85,000
Inferred Resource (Pinafore Deposit)	810,000	1.5	38,000
Total Resources	2,257,000	7.7	559,000

Copper Resources

Category	Tonnes	Copper (%)	Gold (g/t)	Contained Cu tonnes
Inferred Resource (Thursdays Gossan)	10,600,000	0.45	Nil	48,000
Inferred Resource (Mt Ararat)	700,000	2.7	0.8	19,000
Total	11,300,000	0.6		67,000

Gold Reserves at Tasmania Mine

Category	Tonnes	Gold Grade (g/t)	Contained ounces
Proved Reserve	234,000	9.4	70,000
Probable Reserve	715,000	9.7	224,000
Total Reserve	949,000	9.7	294,000

The Resource/Reserve Statements accurately reflect information compiled by Peter Hills in relation to Ore Reserves at the Tasmania Mine and Troy Lowien for Exploration Results and Mineral Resources at the Tasmania Mine and the Lefroy Project. Mr Hills is a full time employee of BCD Resources (Operations) NL, and at the time of estimation Mr Lowien was a full time employee of Coffey Mining Pty Ltd, and each has sufficient relevant experience in relation to the mineralisation being reported on to qualify as Competent Persons as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (The JORC Code, 2004).

The Resource Statements for the Pinafore, Stavely and Ararat Copper deposits accurately reflects information compiled under the supervision of Peter Thompson M.Sc, a full-time employee of BCD Resources NL, who is a Corporate Member of The Australasian Institute of Mining and Metallurgy and has sufficient relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (The JORC Code, 2004).

DIRECTORS' REPORT

The Directors present their report together with the financial report of the Company for the year ended 30 June 2010.

Directors

The following persons were Directors of the Company throughout the financial year and until the date of this report.

Denis E Clarke	Non-executive Chairman
Michael W Trumbull	Non-executive Director
William Tsingos	Non-executive Director
Kevin J Perrin	Non-executive Director
Dato' Mohd Ajib Anuar	Non-executive Director
Choo Mun Keong	Non-executive Director

Principal Activities

The principal activities of the Company and Consolidated Entity during the financial year were:

- gold production and exploration at the Tasmania Mine in north-east Tasmania; and
- mineral exploration in Tasmania and Victoria.

There have been no significant changes in the nature of those activities during the year.

The BCD Resources group, which includes the BCD Resources (Operations) group, has a 100% direct interest in the Tasmania Mine.

As at 30 June 2010, members of BCD Resources NL had an overall 94.88% equity interest in the Tasmania Mine (based on voting rights, and 94.24% based on total shares on issue).

Dividends

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

Consolidated 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

REVIEW OF OPERATIONS

Tasmania Mine Performance

Ore production improved to 295,403 tonnes (2009: 275,311 tonnes), including a record 85,215 tonnes in the September quarter.

Ore treated of 297,229 tonnes (2009: 271,391 tonnes) at an average head grade of 7.2 g/t gold (2009: 8.9 g/t) produced 57,758 ounces of gold (2009: 70,178 ounces).

The mine treated a record 297,229 tonnes of ore during the year, however gold production was restricted due to lower head grade.

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.

Financial Performance

The Group's financial results for the year reflect lower gold production partly offset by lower production costs and higher gold prices.

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 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 increase in average realised gold price compared to 2009.

DIRECTORS' REPORT

Financial Position

Total equity increased to \$38.834 million from \$38.218 million, an increase of \$0.616 million. The increase was the net result of capital raisings (\$2.067 million) and the net loss for the year (\$1.451 million).

Share issues during the year comprised: -

- 6.444 million fully paid ordinary shares issued to existing shareholders to raise \$0.967 million pursuant to the Company's 2009 share purchase plan; and
- 10 million fully paid ordinary shares issued to professional and sophisticated investors to raise \$1.100 million

The Company raised a further \$1.000 million through an issue of 6.250 million 10% 3 year unsecured convertible notes.

Subsequent to year end the Company raised a further \$0.530 million through a placement of 4.818 million fully paid ordinary shares to sophisticated and professional investors (refer Events Subsequent to Balance Date).

Also during the year the Company retired interest bearing debt as follows: -

- CBA working capital facility of \$0.730 million; and
- 2 million 6% unsecured convertible notes \$0.500 million.

Further information on the financial condition of the Consolidated Entity is included in the Financial Statements section of the Annual Report.

Cash Flows

Cash flow from operating activities of \$7.621 million (2009: \$16.965 million) funded capital and mine development expenditure of \$3.1 million. Exploration expenditure of \$3.0 million included expenditure on deep resource drilling at the mine. BCD Resources has several advanced exploration targets, and intends to maintain a substantial exploration program during the coming year.

Cash flow also allowed the repayment of \$1.230 million of convertible note and bank debt, leaving the Company with no bank debt for the first time in a decade. Cash at 30 June 2010 was \$7.834 million (2009: \$6.300 million).

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 NL is a no liability company that is incorporated and domiciled in Australia. BCD Resources NL has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which comprise 100% ownership of BCD Metals Pty Ltd, BCD Operations Pty Ltd, BCD Tasmania Pty Ltd and Eagle Copper Ltd. The consolidated financial report also incorporates BCD Resources (Operations) NL, comprising 88.82% ownership of the total shares on issue (90.06% of the voting power) of BCD Resources (Operations) NL, APPL Pty Ltd, ACN 070 164 653 Pty Ltd and Mojix Pty Ltd (refer Note 10 to the Financial Statements).

Likely Developments and Expected Results of Operations

The Company will focus on further improvements in profitability at the Tasmania Mine, with a strong emphasis on lower unit costs by production, productivity and operating cost improvements.

Exploration effort will concentrate on extending gold resources at the Tasmania Mine, drilling the Company's other gold prospects in north-east Tasmania and western Victoria, drilling to expand the Company's copper resources in western Victoria and progressing development studies for the copper resources.

Information on Directors

Dr. Denis Edmund Clarke, Ph.D.(Geology), B.Sc.(Geology), B.A.(Economics & Statistics), F.Aus.IMM

Non-Executive Chairman (aged 69)

Dr. Clarke has broad technical, financial and corporate experience in the mining and mineral exploration industry. Over sixteen years in various senior positions he contributed significantly to the outstanding success of Plutonic Resources Limited which developed rapidly from a small explorer / non-producer into one of Australia's largest gold producers operating five mines. In 1998 Plutonic was absorbed by Homestake Mining Company, the merger valuing Plutonic at about A\$1 billion. Subsequently, he consulted to, and accepted board positions with, a range of miners and explorers. From 1999 to 2009 as Non-Executive Director and Consultant he contributed to the rapid growth of Troy Resources NL.

Dr. Clarke joined the board in November 2004, and was elected Chairman of the Company in February 2005. He is a member of the Company's Audit and Risk Management Committee and Chairman of the Remuneration and Appointments Committee.

DIRECTORS' REPORT

During the past three years Dr. Clarke has also served as a director of the following companies:

- Troy Resources NL (1999 to 2009);
- Cullen Resources Ltd (1999 to date);
- Anglo Australian Resources NL (1999 to date);
- BCD Resources (Operations) NL (2007 to date); and
- Hill End Gold Limited (2010 to date)

Mr. Michael Ward Trumbull, BE (Hons) Mining, M.B.A., F.Aus. IMM

Non-Executive Director (aged 60)

Mr. Trumbull has a degree in mining engineering (first class honours) from the University of Queensland and a master of business administration from Macquarie University. A Fellow of the Australian Institute of Mining and Metallurgy, he has over 35 years of broad mining industry experience with companies including Mount Isa Mines Limited, Associated Minerals Consolidated Limited, Western Mining Corporation Limited, Conzinc Rio Tinto of Australia Limited, Amax Exploration (Australia) Limited, Australian Consolidated Minerals Limited, Nicron Resources Limited, and BCD Resources (Operations) NL.

From 1983 to 1992, he worked with Australian Consolidated Minerals as, progressively, Senior Mining Engineer, Project Manager – Westonia Gold Mine, Resident Manager – Westonia Gold Mine and General Manager – Investments.

In 1979, while working for Amax Exploration, he recommended that company's involvement in resurrecting the historic Tasmania Mine workings. He was one of the founding directors of BCD Resources (then Beaconsfield Gold) when it listed on the ASX in 1993 and sub-underwrote the Company's first equity raising to carry out deep drilling of the Tasmania Reef below the old workings. From March 1993 to November 2004, he was the sole Executive Director for BCD Resources. He is a member of the Company's Audit and Risk Management Committee and a member of the Remuneration and Appointments Committee.

During the past three years, Mr. Trumbull has also served as a director of the following companies:

- Nagambie Mining Limited (2005 to date); and
- BCD Resources (Operations) NL (2007 to date).

Mr. William Tsingos

Non-Executive Director (aged 52)

Mr. Tsingos has for more than 30 years been running his own international trading business dealing in electrical and engineering products, predominantly to government utilities and public companies involved in the mining, transport, heavy engineering and construction industries. Mr. Tsingos was most recently appointed to the Board in March 2004, having previously served as a director and consultant since September 2001. He is a member of the Company's Remuneration and Appointments Committee.

During the past three years Mr. Tsingos has also served as a director of the following company:

- BCD Resources (Operations) NL (2007 to date).

Mr. Kevin John Perrin, CPA

Non-Executive Director (aged 61)

Mr. Perrin was appointed to the board in February 2006 and is Chair of the Company's Audit and Risk Management Committee. Mr. Perrin is a Certified Practising Accountant (CPA) and since 1975 has been a partner in the Ballarat firm of CPA's, Prowse Perrin & Twomey, conducting an accounting, taxation, audit and financial advisory practice.

He has been a director and shareholder of Prowse Perrin & Twomey Investment Services Pty. Ltd., an independent investment advisory firm holding an Australian Financial Services Licence, since 1990. Prior to that time he held a personal Securities Dealers Licence and was a member of the Stock Exchange of Ballarat Limited.

During the past three years, Mr. Perrin has also served as a director of the following companies:

- BCD Resources (Operations) NL (2007 to date); and
- Nagambie Mining Limited (2010 to date).

Dr. Mohd Ajib Anuar

Non-Executive Director (aged 60)

Dato' Seri Dr Mohd Ajib Anuar is the Group Chief Executive Officer/Executive Director of Malaysia Smelting Corporation Berhad ("MSC").

He holds the professional qualification of the Association of Chartered Certified Accountants, United Kingdom. He has more than 36 years of experience and expertise in the global tin and mineral resources industry. He also serves as the Managing Director of the Straits Trading Group's resource management unit, Straits Resource Management Private Limited. Currently, he serves as the Chairman of the Kuala Lumpur Tin Market, the President of the Malaysian Chamber of Mines and the Chairman of the Malaysian Tin Industry (Research and Development) Board as well as a Director of ITRI Innovation Ltd, UK (the research and development body of the world's tin industry).

DIRECTORS' REPORT

Prior to his appointment as the CEO of MSC, he spent 23 years in Malaysia Mining Corporation Berhad Group of Companies (now known as MMC Corporation Berhad Group of Companies ("MMC")), serving in various senior positions including as the General Manager of the Finance Division, Director of Business Development and Managing Director of MMC's International Marketing Division. He has also served as the Deputy Chairman of the Kuala Lumpur Commodity Exchange (1988 to 1993) as well as Chairman of the Malaysian Futures Clearing Corporation (1990 to 1993).

During the past three years, Dr. Anuar has also served as a director of the following companies:

- Malaysia Smelting Corporation Berhad (1986 to date);
- Australian Oriental Minerals NL (2003 to date);
- Rahman Hydraulic Tin Sdn Bhd (2004 to date);
- Redring Solder (Malaysia) Sdn Bhd (2000 to date); and
- Straits Resource Management Private Ltd (2006 to date).

Choo Mun Keong

Non-Executive Director (aged 65)

Mr. Choo has more than 35 years' experience in exploration and mining geology, and considerable expertise in resources investment.

He is currently head of Strategic Planning and Investments / Consulting Geologist of Malaysia Smelting Corporation Berhad.

His previous experience includes seven years as Chief Geologist of Pernas Charter Management Sdn Bhd (general managers for the Malaysia Mining Corporation Group of companies) and two years as consultant and representative in South East Asia for Anglo American Pacific Ltd.

Mr Choo holds a BSc (Hons) in Geology from the University of Malaysia and is a Chartered Engineer (UK). He is also a member of the Institute of Materials, Minerals and Mining (MIMMM) and has served as Vice President of the Geological Society of Malaysia and Chairman of the Institution of Mining and Metallurgy (Malaysian Section).

During the past three years, Mr. Choo has also served as a director of the following company:

- Australia Oriental Minerals NL (2007 to date).

Qualifications and Experience of the 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.

Mr. Coulter has extensive experience in all corporate financial and administration areas, including statutory reporting, company secretarial, financial analysis and the evaluation of investment opportunities.

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 except for those matters referred to below:

- On 22 July 2010 BCD Resources 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 \$A162 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 not revoking its opinion that the scheme is in the best interest 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 drawn down in four tranches. At the date of this report the first two tranches totalling A\$5 million had been drawn

DIRECTORS' REPORT

- 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 and in equity at 30 June. The remaining \$0.5 million was received after year end.

Share Options

The Company has not granted any option to take up ordinary shares in the capital of the company during the financial year.

Unissued Shares

As at the date of this report, there were 15,250,000 (2009: 16,050,000) unissued shares under options. At the reporting date there were 16,050,000 unissued shares (2009: 16,050,000) under options.

Shares issued as a result of the exercise of options

During the financial year no options were exercised.

Directors' Shareholdings

As at the date of this report, the interests of the Directors in the shares of BCD Resources NL were:

	Ordinary shares	Partly-paid shares
D E Clarke	1,099,750	1,000,000
M W Trumbull	6,584,831	-
W Tsingos	1,022,256	400,000
K J Perrin	4,300,000	-
Dato' Mohd Ajib Anuar	-	-
Choo Mun Keong	-	-

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		Meetings of Committees			
	Held	Attended	Audit and Risk Management		Remuneration and Appointments	
	Held	Attended	Held	Attended	Held	Attended
Total number of meetings held:	7		2		2	
Number of meetings attended:						
D E Clarke	7	7	2	2	2	2
M W Trumbull	7	7	2	2	2	2
W Tsingos	7	7			2	2
K J Perrin	7	7	2	2		
Dato' Mohd Ajib Anuar	7	5				
Choo Mun Keong	7	4				

Dato' Mohd Ajib Anuar and Choo Mun Keong were granted leave of absence during the period 26 May 2010 to 29 July 2010, during which period two meetings of Directors were held.

Committee Membership

As at the date of this report, the Company had an Audit and Risk Management Committee and a Remuneration and Appointments Committee.

Members acting on the Committees of the board during the year were:

Audit and Risk Management	Remuneration and Appointments
K J Perrin (Chairman)	D E Clarke (Chairman)
D E Clarke	W Tsingos
M W Trumbull	M W Trumbull

Indemnification and Insurance of Directors and Officers

The Company 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.

DIRECTORS' REPORT

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 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.

Remuneration Report - Audited

This report outlines the remuneration arrangements in place for Directors and executives of BCD Resources NL ("the Company") and the group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel ("KMP") of the Group are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent company.

For the purposes of this report, the term "executive" encompasses the Chief Executive Officer, Chief Financial Officer, Tasmania Mine General Manager and General Manager, Exploration.

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Alignment of shareholders' interests with interests of Directors and executives.
- Engage and retain appropriately qualified and high-calibre executives.
- Maintain the integrity of the Company's reward program.
- Portion of executive remuneration may be "at risk", dependent upon meeting pre-determined performance benchmarks.
- Non-Executive Directors may receive part of their remuneration in the form of shares, whether fully or partly-paid.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer ("CEO") and the senior executive team.

The Remuneration and Appointments Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to performance levels and relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and senior executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of high calibre, at a cost which is acceptable to stakeholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held on 14 November 2008 when shareholders approved an aggregate remuneration of \$300,000 per year – which only relates to the remuneration paid to the directors for holding their positions of directors of BCD Resources NL. NOTE: The total remuneration paid to the directors for the year also includes the remuneration paid to some directors by BCD Resources (Operations) NL (a subsidiary of BCD Resources NL) for also holding the position of director of that entity. A separate aggregate level of remuneration for payments to these directors for these roles has previously been approved by the shareholders of BCD Resources (Operations) NL (refer to the BCD Resources (Operations) directors report for more information).

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. As and when appropriate, the Board considers advice from external consultants as well as fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a Director of the Company. An additional fee is also paid to the Chairman of the Audit and Risk Management Committee, which recognises the additional time commitment required.

The Constitution provides that any Director who is called upon to perform services for the Company over and above that normally expected of a Non-Executive Director may be paid special remuneration in addition to normal Directors' fees. Approval by the Chairman prior to undertaking such work is required before such special remuneration is paid.

DIRECTORS' REPORT

The remuneration of Non-Executive Directors is detailed in the table on pages 11 and 12.

Senior Executive Remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company in order to:

- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Structure

In determining and assessing the appropriateness of the level and make-up of executive remuneration, the Remuneration and Appointments Committee considers, on a periodic basis, market levels of remuneration for comparable executive roles.

Remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration
 - Short Term Incentive ("STI"); and
 - Long Term Incentive ("LTI").

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for senior executives by the Remuneration and Appointments Committee. The remuneration of senior executives is detailed in the table on page 12.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration and Appointments Committee and the process consists of a review of individual performance, relative comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices. The Committee has access to external advice independent of management.

Structure

Senior executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and additional employer superannuation contributions. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Variable Remuneration – Short Term Incentive ("STI")

Objective

The objective of the STI program is to provide an incentive for senior executives to work together towards achievement of the Company's strategic objectives. The total potential STI available will be set at a level so as to provide sufficient incentive to senior executives to achieve operational targets, and such that the cost to the company is reasonable in the circumstances.

Structure

STI payments granted to senior executives are based on the achievement of personal performance measures, which are determined, reviewed, agreed and assessed annually by the Remuneration and Appointments Committee in conjunction with each senior executive. The individual performance of each executive will be assessed against their personal performance plan to determine the level of entitlement to a performance bonus. Such payments will normally be in the form of cash bonuses. Due to the small number of staff, the setting of personal performance plans and the assessment against such plans is on an individual basis and depends upon the particular circumstances of the Company and the individual.

Variable Remuneration – Long Term Incentive ("LTI")

Objective

The objective of the LTI plan is to reward senior executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Structure

LTI's are granted to executives in the form of options issued pursuant to the Company's employee option plan approved by shareholders at the Annual General Meeting on 14 November 2008. These options are issued at the discretion of the Remuneration and Appointments Committee and are issued for nil consideration. Due to the small number of staff the setting of relevant performance criteria and the assessment against such criteria is on an individual basis and depends on the particular circumstances of the Company and the individual.

DIRECTORS' REPORT

Service Agreements

Remuneration and other terms of employment for the CEO and the senior executives are formalised in service agreements. These agreements provide, where applicable, for the provision of performance related cash bonuses, other benefits and participation in a BCD Resources NL option scheme.

All contracts with senior executives may be terminated by either party giving the required notice and subject to termination payments as detailed below.

W. T. Colvin – Chief Executive Officer

Term of agreement – permanent employee commencement 1 September 2005.

The Company may terminate the contract by providing three months' notice and, at the end of the notice period, paying Mr Colvin three months' salary plus two weeks' salary for each completed year of continuous service, other than for gross misconduct. Mr Colvin may terminate the contract by giving three months' notice.

B. D. Coulter – Company Secretary and Chief Financial Officer

Term of agreement – rolling monthly contract commencement 19 July 2004.

The Company may terminate the contract by providing one month's notice. In the event of termination due to a change of control of the company Mr. Coulter will be paid a termination payment of one month's salary for each year of service, pro-rata for any part-completed year.

R. K. Holder – General Manager, Tasmania Mine

Term of agreement – permanent employee commencement 18 January 1999 for all service related payments.

The Company may terminate the contract by providing three months' notice and, at the end of the notice period, paying Mr Holder three months' salary plus two weeks' salary for each completed year of continuous service, other than for gross misconduct. Mr Holder may terminate the contract by giving three months' notice.

P. R. Thompson – General Manager, Exploration

Term of agreement – permanent employee commencement 18 August 2008.

The Company may terminate the contract by providing three months' notice and, at the end of the notice period, paying Mr Thompson three months' salary plus two weeks' salary for each completed year of continuous service, other than for gross misconduct. Mr Thompson may terminate the contract by giving three months' notice.

Remuneration of Directors and Executives

	Short Term			Post Employment	Share Based Payments	Total		
	Salary & Fees	Cash Bonus	Non Monetary Benefits	Super-annuation (4)	Value of Options		Equity Compensation Value (5)	Performance Related Remuneration (6)
	\$	\$	\$	\$	\$	\$	%	%
Directors								
<i>D E Clarke</i>								
2010 - Directors' fees (7)	51,920	-	-	33,080	-	85,000	-	-
2009 - Directors' fees (7)	-	-	-	85,000	-	85,000	-	-
<i>M W Trumbull</i>								
2010 - Directors' fees (7)	49,098	-	-	2,902	-	52,000	-	-
- Extra services (1)	19,425	-	-	1,748	-	21,173	-	-
2009 - Directors' fees (7)	26,417	-	-	25,583	-	52,000	-	-
- Extra services (1)	65,424	-	-	5,888	-	71,312	-	-
<i>W Tsingos (2)</i>								
2010 - Directors' fees (7)	52,000	-	-	-	-	52,000	-	-
2009 - Directors' fees (7)	52,000	-	-	-	-	52,000	-	-
<i>K J Perrin (3)</i>								
2010 - Directors' fees (7)	57,000	-	-	-	-	57,000	-	-
2009 - Directors' fees (7)	57,000	-	-	-	-	57,000	-	-

DIRECTORS' REPORT

	Short Term			Post Employment	Share Based Payments	Total		
	Salary & Fees	Cash Bonus	Non Monetary Benefits	Super- annuation (4)	Value of Options		Equity Compen- sation Value (5)	Perform- ance Related Remun- eration (6)
	\$	\$	\$	\$	\$	\$	%	%
M A Anuar								
2010 - Directors' fees	40,000	-	-	-	-	40,000	-	-
2009 - Directors' fees	52,500	-	-	-	-	52,500	-	-
C M Keong								
2010 - Directors' fees	40,000	-	-	-	-	40,000	-	-
2009 - Directors' fees	52,500	-	-	-	-	52,500	-	-
Sub-total - 2010	309,443	-	-	37,730	-	347,173	-	-
Sub-total - 2009	305,841	-	-	116,471	-	422,312	-	-
Executives								
W T Colvin								
2010	306,815	26,288	6,728	30,000	16,790	386,621	4	11
2009	296,833	62,000	6,728	28,667	42,557	436,785	10	24
B D Coulter								
2010	196,306	-	-	52,666	3,151	252,123	1	1
2009	148,389	-	-	105,000	14,113	267,502	5	5
R K Holder								
2010	263,303	22,400	-	23,697	5,245	314,645	2	9
2009	252,350	20,000	-	25,982	16,913	315,245	5	12
P R Thompson								
2010	232,798	20,000	-	20,952	8,054	281,804	3	10
2009	181,574	-	-	37,175	13,696	232,445	6	6
Sub-total - 2010	999,222	68,688	6,728	127,315	33,240	1,235,193		
Sub-total - 2009	879,146	82,000	6,728	196,824	87,279	1,251,977		
TOTAL - 2010	1,308,665	68,688	6,728	165,045	33,240	1,582,366		
TOTAL - 2009	1,184,987	82,000	6,728	313,295	87,279	1,674,289		

Notes:

- (1) The Constitution provides that any Director who is called upon to perform services for the Company over and above that normally expected of a Non-Executive Director may be paid special remuneration in addition to normal Directors' fees. Approval by the Chairman is required before such special remuneration is paid.
- (2) W Tsingos' fees were paid to Ramon Cove Pty Ltd.
- (3) K J Perrin's fees were paid to Prowse Perrin & Twomey
- (4) The amounts disclosed as "superannuation" represent payments made directly to superannuation funds as required by law and/or as directed by the director or executive.
- (5) Represents the value of options included in remuneration as a percentage of total remuneration.
- (6) Represents performance related remuneration as a percentage of total remuneration.
- (7) D E Clarke, K J Perrin, M W Trumbull and W Tsingos are directors of BCD Resources (Operations) NL. The table below summarises the directors' fees received by them during the years ended 30 June 2010 and 30 June 2009 for carrying out this role which are included in Salary and Fees and Superannuation above.

DIRECTORS' REPORT

	Salary & Fees \$	Super annuation \$	Total \$
D E Clarke			
2010	1,250	13,750	15,000
2009	-	15,000	15,000
M W Trumbull			
2010	11,009	991	12,000
2009	6,417	5,583	12,000
W Tsingos			
2010	12,000	-	12,000
2009	12,000	-	12,000
K J Perrin			
2010	12,000	-	12,000
2009	12,000	-	12,000
TOTAL - 2010	36,259	14,741	51,000
TOTAL - 2009	30,417	20,583	51,000

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of BCD Resources NL support and, except as disclosed, have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the following section of this annual report.

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 the Tasmania Mine and for exploration.

Mr R Holder, as General Manager of the Tasmania Mine, and senior management of the Tasmania Mine have operational responsibility for the management and reporting systems that are in place for all of the entity's mining operations and review compliance with State and Federal regulatory requirements for the entity's mining and exploration activities adjacent to the Tasmania Mine.

The principal environmental requirements affecting the entity are contained in the Development Proposal and Environmental Management Plan ("DP&EMP") governing the Tasmania Mine operations. Important obligations imposed by the DP&EMP regulate the effects of mine dewatering and water disposal, noise emissions from mining, 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.

Appropriate environmental management systems, with reporting to the BCD Resources Chief Executive Officer 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, additional accounting advice, other assurance related services and tax compliance and advice services were provided by RSM Bird Cameron Partners (auditor of the Company) – refer Note 31 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.

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.

D.E. Clarke
Director



30 September 2010
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
Level 8 Rialto Sth Tower, 525 Collins St
Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 3 9286 1800 F +61 3 9286 1999
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of BCD Resources NL for the year ended 30 June 2010, 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
RSM BIRD CAMERON PARTNERS
Chartered Accountants

J S Croall
J S CROALL
Partner

Melbourne, VIC
Dated: *30 September 2010*

CORPORATE GOVERNANCE REPORT

Corporate Governance Statement

The Board of Directors of BCD Resources NL is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of BCD Resources NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company aims to comply with the recommendations of the Australian Securities Exchange Corporate Governance Council ("Council") as contained in the "ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations" to the extent that the Board believes they are practical and applicable to the Company. Entities are required to disclose corporate governance principles that they have not adopted and to state the reasons why specific principles have not been adopted. The corporate governance principles and policies of the Company have been structured with reference to the Council's eight essential corporate governance principles.

Relevant principles are described below. The Company's corporate governance policies, including Charters for the Board and all Board Committees, can be found on BCD Resources' website at www.bcdresources.com.au.

Principle 1: Lay Solid Foundations for Management and Oversight.

The role of the Board is to represent shareholders, provide strategic guidance to and effective oversight of management, foster a culture of good governance, and promote a safe and healthy working environment within the Company.

In performing its role, the Board at all times will endeavour to act:

- (i) in a manner designed to create and continue to build sustainable value for shareholders;
- (ii) in recognition of its overriding responsibility to act honestly, fairly and in accordance with the law in serving the interests of the Company, its shareholders, employees and, as appropriate, other stakeholders;
- (iii) in accordance with the duties and obligations imposed upon Directors by the Company's Constitution and applicable law; and
- (iv) with integrity and objectivity, consistent with 'best practice' ethical, professional and related standards.

The Board has delegated responsibility for the operation and administration of the Company to the Chief Executive Officer and the executive management team. The Chief Executive Officer is accountable to the Board for the authority that is delegated by the Board.

The Board charter supports all delegations of responsibility by formally defining the specific functions reserved for the Board and its committees, and those matters delegated to management. The specific responsibilities of the Board are described in the Board charter which will be found on the Company's website.

Principle 2: Structure the Board to Add Value.

The Board has established a number of Board Committees to facilitate the execution of its responsibilities. The Committees provide a forum for a more detailed analysis of key issues and interaction with management. Each Committee reports its deliberations to the following month's Board meeting.

Details of the number of meetings of the Board and each Committee during the year, and each Director's attendance at those meetings, are set out on page 8 of this report.

The current Committees are:

Remuneration and Appointments Committee.

Members: D. E. Clarke (Chairman), M. W. Trumbull, W. Tsingos.

Function: The Committee assists and advises the Board in relation to the remuneration of the CEO, his senior executive direct reports, employees of the Company, consultants/contractors who are engaged to perform management or

executive responsibilities, and Non-Executive Directors.

Audit and Risk Management Committee.

Members: K. J. Perrin (Chairman), D. E. Clarke, M. W. Trumbull

Function: The Committee assists and advises the Board in discharging its responsibilities in relation to financial reporting, financial risk management, evaluating the effectiveness of the financial control environment and oversight of the external audit function. Matters relating to the assessment and supervision of non-financial business risks and compliance are covered.

Board Composition.

BCD Resources' Board currently comprises six Non-Executive Directors.

The nomination of all new Directors is considered by the full Board. The Board assesses the nominees against a range of specific criteria, including their experience, professional skills, potential conflicts of interest, the requirement for independence and the existing collective skill sets of the Board.

Details of each Director's skills, experience and relevant expertise are set out in pages 5 to 7.

Independence.

It is Board policy that a majority of Non-Executive Directors, including the Chairman, should be independent and free of any relationship that may conflict with the interests of the Company. Dr Clarke, Mr Trumbull, Mr Tsingos and Mr Perrin are all independent. The Board defines 'independence' in accordance with the ASX Recommendations.

In order to ensure that any interest of a Director in a matter to be considered by the Board is known, each Director has contracted with the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to

CORPORATE GOVERNANCE REPORT

constraints on their participation and voting in relation to any matters in which they have or may have a conflict of interest.

Independent professional advice and access to Company information.

Directors have right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent advice from a suitably qualified adviser at BCD Resources' expense.

Principle 3: Promote Ethical and Responsible Decision Making.

The Board and the Company's employees are expected to uphold the highest levels of integrity and professional behaviour in their relationships with all the Company's stakeholders. Below is a summary of BCD Resources' core codes and policies that apply to Directors and employees. These policies are available on the Company's website: www.bcdresources.com.au.

Code of Conduct.

The Code of Conduct sets ethical and governance standards for directors and senior management reporting to the Chief Executive Officer. The Code requires Directors and senior management to pursue the highest standards of ethical conduct in the interests of shareholders and others with an interest in the Company and seek to conform to the Best Practice Recommendations of the ASX Corporate Governance Council.

Code of Ethics

The Code of Ethics commits all Company employees to the highest standards of ethical behaviour and honesty and with full regard for the safety and health of its employees, customers, the wider community and the environment.

Trading in BCD Resources shares.

To safeguard against insider trading, the Company's Share Trading Policy prohibits Directors and employees from trading BCD Resources securities if they are aware of any information that would be expected to have a material effect on the price of Company securities. Further details of this policy will be found on the Company's website.

The Company discloses to the ASX any transaction conducted by the Directors in BCD Resources securities, in accordance with ASX Listing Rules.

Principle 4: Safeguard Integrity in Financial Reporting.

The Chief Executive Officer and Chief Financial Officer have each declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained and present a true and fair view of the Company's financial condition and operating results, in accordance with the Corporations Act and the relevant accounting standards. The Audit and Risk Management Committee is governed by its own Charter, which is available on the Company's website.

Principle 5: Make Timely and Balanced Disclosure.

The Company seeks to provide relevant up-to-date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements under the ASX Listing Rules.

The Board has implemented a Continuous Disclosure Policy to ensure that information considered material by the Company is immediately lodged with the ASX. Other relevant information, including Company presentations and updates by senior management, is also disclosed to the ASX and through the Company's website.

Principle 6: Respect the Rights of Shareholders.

The Board, in adopting a Continuous Disclosure Policy, ensures that shareholders are provided with up-to-date Company information. Communication to shareholders is facilitated by the publication of the Annual Report, Half Year Report, Quarterly Reports, other announcements and the posting of ASX releases on BCD Resources NL's website immediately after their disclosure on the ASX. In addition, all shareholders are encouraged to attend the Annual General Meeting of Shareholders and use the opportunity to ask questions. The external auditor attends the meeting and is available to answer questions on the Financial Report.

Principle 7: Recognise and Manage Risk.

The Board believes that risk management and compliance are fundamental to sound management and that overseeing such matters is an important responsibility of the Board.

The Company is developing its risk and opportunity management strategies, including comprehensive reporting and control mechanisms, which are designed to ensure that strategic, operational, legal, reputational and financial risks and opportunities are identified, assessed and managed.

The reporting and control mechanisms support the annual written certifications given by the Chief Executive Officer and the Chief Financial Officer to the Board that the Company's financial reports are based on a sound system of risk management and internal control.

Principle 8: Remunerate Fairly and Responsibly.

Board remuneration.

The total annual remuneration paid to Non-Executive Directors may not exceed the limit set by the shareholders at the Annual General Meeting (currently \$300,000). The remuneration of the Non-Executive Directors is fixed rather than variable.

Executive remuneration.

The Remuneration and Appointments Committee provides recommendations and direction for the Company's remuneration practices. The Committee ensures that a significant proportion of each senior manager's remuneration is linked to his or her performance and the Company's performance. Performance reviews are conducted at least annually to determine the proportion of remuneration that will be 'at risk' for the upcoming year. BCD Resources executives participate in the Company's employee option scheme.

Further details in relation to Director and executive remuneration are set out in the Remuneration Report on pages 9 to 13.

STATEMENT OF COMPREHENSIVE INCOME

for the Year Ended 30 June, 2010

	Notes	2010 \$'000	2009 \$'000
Revenue from gold and silver sales		71,975	84,039
Production costs	5(a)	(64,670)	(66,149)
Gross profit from mining operations		7,305	17,890
Corporate expenses	5(b)	(3,710)	(4,990)
Exploration expenditure written off	13	(5)	(84)
Depreciation and amortisation	5(c)	(8,120)	(10,837)
Operating profit/(loss) before other income and expenses		(4,530)	1,979
Other income	5(d)	460	2,473
Other expenses	5(e)	(966)	(53)
Operating profit/(loss) before financial income and expenses		(5,036)	4,399
Financial income	5(f)	270	385
Financial expenses	5(f)	(990)	(1,832)
Profit/(loss) before tax		(5,756)	2,952
Income tax benefit	6	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	28	(0.26)	2.29
Diluted eps attributable to members of the parent entity	28	(0.26)	2.29
Dividend per share (cents)		nil	nil

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

STATEMENT OF FINANCIAL POSITION

for the Year Ended 30 June, 2010

	Notes	2010 \$'000	Consolidated 2009 \$'000
ASSETS			
Current Assets			
Cash	32(b)	4,202	3,342
Trade & other receivables	7	2,924	3,179
Prepayments		176	648
Inventories	8	3,585	3,935
Total Current Assets		10,887	11,104
Non-Current Assets			
Cash	32(b)	3,632	2,958
Property, plant & equipment	12	26,026	25,983
Exploration, evaluation & development	13	20,141	19,290
Intangible asset	14	1,891	1,891
Deferred tax asset	6	8,966	4,645
Other	15	235	613
Total Non-Current Assets		60,891	55,380
Total Assets		71,778	66,484
LIABILITIES			
Current Liabilities			
Trade & other payables	16	14,458	12,896
Interest-bearing loans & borrowings	17	792	1,838
Provisions	18	2,500	2,516
Other	19	331	519
Total Current Liabilities		18,081	17,769
Non-Current Liabilities			
Payables	16	2,029	1,388
Interest-bearing loans & borrowings	20	2,211	1,639
Provisions	21	9,695	6,470
Other	19	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	22	144,663	142,632
Accumulated losses		(110,201)	(109,160)
Reserves	23	6,720	6,702
Parent entity interest		41,182	40,174
Non-controlling interest	24	(2,348)	(1,956)
Total Equity		38,834	38,218

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

STATEMENT OF CASH FLOWS

for the 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	32(a) 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	(512)	(2,163)
Mine development & exploration expenditure	(5,521)	(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	32(b) 7,834	6,300

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Year Ended 30 June, 2010

	Issued Capital \$'000	Accumulated Losses \$'000	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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

1 Corporate Information

The financial report of BCD Resources NL ("the Company") for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 30 September 2010.

BCD Resources NL is a no liability company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The registered office of BCD Resources NL is Level 7, Exchange Tower, 530 Little Collins Street, Melbourne, Victoria, 3000, Australia. The nature of the operations and principal activities of the Consolidated Entity 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").

(c) New accounting standards and interpretations

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

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective, have not been adopted by the Group for the annual reporting period ended 30 June 2010. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report
AASB 2009-5	<i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136, 139]</i>	Amends a number of standards as a result of the annual improvements project.	1 January 2010	No material impact anticipated
AASB 2009-8	<i>Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]</i>	Amends AASB 2 Share-based Payment and supersedes Interpretation 8 Scope of AASB 2 and Interpretation 11 AASB 2 – Group and Treasury Share Transactions.	1 January 2010	No material impact anticipated
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 2013	No material impact anticipated
Interpretation 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>	This Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It does not address the accounting by the creditor.	1 January 2010	No material impact anticipated

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

2 Summary of Significant Accounting Policies (continued)

(c) New accounting standards and interpretations (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report
AASB 124	<i>Related Party Disclosures</i>	Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition.	1 January 2011	Disclosures only
2009-10	<i>Amendments to Australian Accounting Standards – Classification to Rights Issues</i>	Amends AASB 132 to clarify the requirements for classification of rights, options and warrants.	1 February 2010	No material impact anticipated
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 2011	Disclosures only
2009-12	<i>Amendments to Australian Accounting Standards</i>	Amends AASB 8 Operating Segments as a result of the revised AASB 124. Amends AASB 5, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052 as a result of the annual improvement project.	1 January 2011	No material impact anticipated
2009-13	<i>Amendments to Australian Accounting Standards arising from interpretation 19</i>	Amends AASB 1 due to the issuance of Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments.	1 July 2010	No material impact anticipated
2010-2	<i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements and amends AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052.	1 July 2013	No material impact anticipated
2010-3	<i>Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	Amends AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139 as a result of the annual improvements project.	1 July 2010	No material impact anticipated
2010-4	<i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	Further amends AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13 as a result of the annual improvements project	1 January 2010	No material impact anticipated

* designates the beginning of the applicable annual reporting period unless otherwise stated

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of BCD Resources NL and its subsidiaries (as outlined in note 10) as at 30 June each year (the “Consolidated Entity”).

Subsidiaries are all those entities over which the Group 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.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

2 Summary of Significant Accounting Policies (continued)

(d) Basis of consolidation (continued)

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.

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.

Investments in subsidiary entities are recorded in the financial statements of the Company at the lower of cost and recoverable amount.

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 (see note 2 (ab)).

Non-controlling interests (previously referred to as minority interests) (refer note 24) not held by the Consolidated Entity are allocated their share of net profit/(loss) after tax in the income statement and are presented within equity in the statement of financial position, separately from parent shareholders' equity.

(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 from the Tasmania Mine

Interest income

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

(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.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over 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 are accounted for as follows:

- raw materials – purchase cost on a first-in first-out basis; and
- work in progress (including stockpile of unprocessed ore and gold in circuit) – 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.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

2 Summary of Significant Accounting Policies (continued)

(j) Impairment of financial assets (continued)

(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.

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
- 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.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

2 Summary of Significant Accounting Policies (continued)

(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 are 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. The life of the area of interest is estimated to be approximately 4 years from 30 June 2010 (2009:3 years).

Refer note 2 (q) for the accounting policy relating to the impairment of non-financial 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

2 Summary of Significant Accounting Policies (continued)

(p) Investments and other financial assets (continued)

(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.

(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.

(q) Impairment of non-financial assets (excluding goodwill)

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.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

2 Summary of Significant Accounting Policies (continued)

(r) Goodwill

Goodwill acquired in a business combination is initially recognised at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Consolidated Entity's cash generating unit ("CGU") that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Consolidated Entity are assigned to that unit. The unit to which the goodwill is so allocated:

- represents the lowest level within the Consolidated Entity at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Consolidated Entity's primary or secondary reporting format determined in accordance with AASB 114 *Segment Reporting*.

For the Consolidated Entity's purposes, goodwill is allocated to the Tasmania Mine CGU, as it is the CGU that will benefit from the synergies of the combination.

Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed.

(s) 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.

(t) 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 paid or other benefits provided e.g. via issue of options). After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid and other benefits provided on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Convertible notes issued are considered to have a liability component and an equity component, with the liability component representing the issuer's obligation to pay interest and potentially to redeem the bond in cash, and the equity component representing the holder's right to call for shares of the issuer. On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent debt instrument without the conversion feature, and this amount is carried as a financial liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

Interest charged on the liability component of the instrument is recognised as a finance cost in the income statement.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

(u) Non-interest-bearing borrowings

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

A specified amount of advances made to Allstate by its 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.

(v) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Parent Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity, net of tax.

(w) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

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

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

2 Summary of Significant Accounting Policies (continued)

(w) Employee benefits (continued)

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.

(x) Share-based payment transactions

Equity-settled Transactions - employees

The Consolidated Entity provides benefits to employees (including key management personnel) of the Consolidated Entity in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The current plan in place providing these benefits is the BCD Resources NL Option Scheme No. 2, approved by shareholders at the Annual General Meeting on 14 November 2008, which provides benefits to senior executives and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using either a binomial or Black-Scholes model.

In valuing equity-settled transactions, performance conditions and conditions linked to the price of the shares of BCD Resources NL are taken into account ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

Equity-settled Transactions - suppliers

From time to time, the Consolidated Entity may issue options over shares in BCD Resources NL as consideration for services rendered by third party suppliers ('equity-settled transactions').

The cost of these equity-settled transactions with suppliers is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer.

In valuing equity-settled transactions, any performance conditions and conditions linked to the price of the shares of BCD Resources NL are taken into account ('market conditions').

The cost of equity-settled transactions is recognised, in either earnings (if it relates to an expense incurred), or it is capitalised if it represents benefits to be received over a longer time period, (whichever is appropriate), together with a corresponding increase in equity. The recognition of such benefits occurs over the period in which the performance conditions are fulfilled, ending on the date on which the relevant supplier/s becomes fully entitled to the award ('vesting date').

(y) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element. Where the basic EPS is a loss per share, dilution will only occur where the potential dilutive shares would increase the loss per share.

(z) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(aa) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

2 Summary of Significant Accounting Policies (continued)

(aa) Government grants (continued)

When the grant relates to an expense item, it is recognised as income over the period/s necessary to match the grant on a systematic basis to the costs that it is intended to compensate. It is not credited directly to shareholders' equity.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the life of the related asset on a unit-of-production basis.

(ab) Business combinations

The purchase method is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. For acquisitions that occurred prior to 1 July 2007, cost was measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Due to the early adoption of the provisions of AASB 3 *Business Combinations (revised)* from 1 July 2007, for any combinations undertaken subsequent to 1 July 2007, costs directly attributable to such a combination would be expensed when incurred.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

In addition, as a result of adopting these revised standards, subsequent changes in BCD Resources NL's controlling ownership interest (as the parent entity) that do not result in a loss of control of Allstate, as the subsidiary, are accounted for as equity transactions with the owners acting in their capacity as owners and therefore do not give rise to gains or losses.

Carrying amounts of controlling and non-controlling interests (previously referred to as "minority interests") are adjusted to reflect the change in respective ownership interests.

To the extent that the consideration paid for the increase in the controlling interest exceeds the carrying value of the relevant non-controlling interest acquired, it is recognised directly in equity attributable to the controlling interest i.e. BCD Resources NL. Previously such an adjustment would have been recognised directly against goodwill.

(ac) Going concern

The Consolidated Entity has a net deficiency of current assets to current liabilities of \$7.194 million and recorded an operating loss after income tax of \$1.451 million for the year ended 30 June 2010. The Company has significant amounts due and receivable from subsidiary entities. The Consolidated Entity has received \$5million in funds post year end as part of a scheme of arrangement entered into with Bendigo Mining Limited ("Bendigo Mining"). These funds have been used to address short term working capital requirements as well as to fast track mine development at the Consolidated Entity's Tasmania Mine. Should the scheme of arrangement currently on the table between BCD Resources NL and Bendigo Mining, to be voted on later in the 2010 calendar year, be successfully passed by the requisite majorities of shareholders, then there is no immediate requirement for repayment of these funds. If, however, the scheme of arrangement is not passed by the requisite majorities of shareholders, and the merger between BCD Resources NL and Bendigo Mining is not consummated, then Bendigo Mining has the right to demand repayment of the loan within 60 days. Should this occur then this could place significant financial stress on the Company and Consolidated Entity if the Company is unable to find or raise the funds to repay the loan. The ability of the Company and/or the Consolidated Entity to continue as going concerns, including the ability of the Company and/or the Consolidated Entity to pay their debts as and when they fall due, is dependent, in the short term, on the continued support from Bendigo Mining.

The financial report has been prepared on a going concern basis after taking into account the current financing arrangements with Bendigo Mining, alluded to above, and the following other factors:-

- (i) Continued strength of the A\$ gold price (the gold price at the date of this report was A\$1,350 per ounce) with all gold being delivered into the spot market.
- (ii) The current life of mine model, which includes mining in the Western Zone, where recent gold discoveries of high grade returns have been announced to the market.

Should the Consolidated Entity not return to profitability, and in turn positive cash flows, and/or the current funding support provided by Bendigo Mining 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

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

2 Summary of Significant Accounting Policies (continued)

(ac) Going concern (continued)

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.

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; and
 - maintain the capacity to fund its forecast exploration strategy,
- with the longer term objective of paying a reasonable dividend to shareholders.

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. The Group is also exposed to equity price risk from various investment decisions taken from time to time. 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.

From time to time, derivative financial instruments may be used to hedge exposure to fluctuations in commodity prices. The Board has, however, determined that for the immediate future the Group will remain unhedged, with all production from the Tasmania Mine available for delivery at spot price.

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	
	2010	2009
	\$'000	\$'000
Financial Assets		
Cash	7,834	6,300
Trade & other receivables	2,924	3,179
Other	235	613
Financial Liabilities		
Trade & other payables	16,487	14,284
Interest-bearing loans and borrowings	3,003	3,477

(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.

The Board has resolved that for the present time future production should remain unhedged.

(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 notes 17 and 20.

At 30 June 2010 the Group's only interest bearing debt related to convertible notes and finance leases, both of which are at fixed interest rates.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

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:

	2010			2009		
Consolidated	Weighted average interest rate	Floating Interest \$'000	Fixed Interest \$'000	Weighted average interest rate	Floating Interest \$'000	Fixed Interest \$'000
Financial Assets						
Cash	3.6	7,834	-	4.7	6,300	-
Security deposit				4.7	372	
Total Assets		7,834	-		6,672	-
Financial Liabilities						
Lease commitments	9.4	-	2,003	8.9	-	2,251
Convertible notes	10.0	-	1,000	6.0	-	496
Secured bank loan	-	-	-	9.7	730	-
Total liabilities		-	3,003		730	2,747
Net exposure		7,834	(3,003)		5,942	(2,747)

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 2010, if interest rates changed by +/- 1%, with all other variables held constant, the estimated impact on post-tax loss and equity would have been:

	Consolidated	
	2010 \$'000	2009 \$'000
Impact on post-tax result: (Higher)/Lower		
Interest rates + 1%	78	59
Interest rates - 1%	(78)	(59)
Impact on equity: Higher/(Lower)		
Interest rates + 1%	78	59
Interest rates - 1%	(78)	(59)

(c) Liquidity risk

The liquidity position of the Group is managed 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, including cash flow projections based upon the current life of mine plan, 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. Included in note 32 is a list of the financing facilities the Group has at its disposal to manage risk.

The following table analyses the contractual fixed repayments and interest resulting from recognised financial liabilities, disclosed by financial maturity groupings based on the remaining period at the reporting date to the contractual maturity date. For all obligations the respective undiscounted cash flows for the respective upcoming financial years are presented.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

3 Financial Risk Management (continued)

(c) Liquidity risk (continued)

	Less than 3 months \$'000	3-6 months \$'000	6-12 months \$'000	1-2 years \$'000	More than 2 years \$'000
2010					
Trade payables	11,523	-	-	-	-
Sundry creditors and accruals	1,840	-	-	-	-
Other payables	138	148	387	1,045	1,442
Lease liabilities	237	237	474	1,163	107
Convertible notes	50	-	50	100	1,050
	13,788	385	911	2,308	2,599
2009					
Trade payables	9,864	-	-	-	-
Sundry creditors and accruals	1,093	-	-	-	-
Other payables	348	197	463	753	876
Bank loan	734	-	-	-	-
Lease liabilities	205	199	398	795	1,011
Convertible notes	515	-	-	-	-
	12,759	396	861	1,548	1,887

(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 Australian gold refinery.

Gold deliveries are made weekly, and maximum credit exposure is eight days. The counterparty to all gold sales is a major Australian bank.

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 2010 or 30 June 2009 for the Group.

(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 notes 17 and 20, cash and cash equivalents and equity.

The Group will balance its overall capital structure through the issue of new shares as well as the issue of new debt or redemption of existing debt.

During the year, the Group undertook the following activities in relation to capital management:

Debt

During the year the Company retired interest bearing debt as follows: -

- CBA working capital facility \$0.730 million; and
- 2 million 6% unsecured convertible notes \$0.500 million redeemed in September 2009.

The Company raised a further \$1.000 million through an issue of 6.25 million 10% 3 year unsecured convertible notes in August 2009.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

3 Financial Risk Management (continued)

(f) Capital management (continued)

Equity Issues

Share issues during the year comprised: –

- 6,444 million fully paid ordinary shares issued to existing shareholders to raise \$0.967 million pursuant to the Company's 2009 share purchase plan; and
- 10 million fully paid ordinary shares issued to sophisticated and professional investors to raise \$1.100 million.

Subsequent to year end the Company raised a further \$0.530 million through a placement of 4.818 million shares to sophisticated and professional investors (refer Events Subsequent to Balance Date).

Refer note 22 for more information.

The Group is not subject to any externally imposed capital requirements.

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). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Factors that will affect this liability include future development, changes in technology, price increases and changes in interest rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

(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 excluding goodwill

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) Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees and suppliers by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial or Black-Scholes valuation model.

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

4 Significant Accounting Judgements, Estimates and Assumptions (continued)

(f) Deferred tax assets

Deferred tax assets are recognised for tax losses where management considers that it is probable that future taxable profits will be available to utilise those tax losses. When determining the quantum of tax losses eligible to be recognised as a deferred tax asset, the Consolidated Entity is cognisant of the Tasmania Mine ore reserve estimates. Refer note 2(l).

(g) Ore Reserve Estimates

The Consolidated Entity estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC Code 2004'). The estimated quantities of economically recoverable reserves are based on interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying value of property, plant and equipment, exploration, evaluation & development, provision for rehabilitation obligations, the recognition of deferred tax assets, other payables, as well as the amount of depreciation and amortisation charged to the Income Statement.

(h) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimate of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in note 14.

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

	Consolidated	
	2010	2009
	\$'000	\$'000
(a) Production Costs		
<i>Operating expenses</i>		
Materials, wages and other	62,007	63,714
Superannuation	1,172	1,163
Government Royalties	1,043	1,189
Changes in inventories	448	83
	64,670	66,149
(b) Corporate Expenses		
Administration	1,956	2,434
Superannuation	157	132
Legal fees	1,494	2,269
Operating lease payments	67	66
Share-based payments	36	89
	3,710	4,990
(c) Depreciation And Amortisation		
<i>Depreciation</i>		
Buildings	60	106
Mining plant and equipment	3,144	5,051
Plant and equipment under lease	323	395
	3,527	5,552
<i>Amortisation</i>		
Exploration, evaluation and development costs	4,593	5,285
	4,593	5,285
	8,120	10,837

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

5 Revenue and Expenses (continued)

	Consolidated	
	2010	2009
	\$'000	\$'000
(d) Other Income		
BBR settlement	43	1,258
Release of deferred income – government grant	259	466
Profit on sale of fixed assets	138	-
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
(f) Financial Income And Expenses		
Financial income		
Interest income	270	385
	270	385
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
	990	1,832

6 Income Tax

The major components of income tax expense/benefit are:

Current income tax benefit	(4,305)	(6,464)
Deferred income tax	-	-
Income tax benefit as reported in the statement of comprehensive income	(4,305)	(6,464)
Income tax as reported in equity	-	-

A reconciliation between tax benefit and the product of accounting profit/(loss) before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:

Accounting profit/(loss) before income tax	(5,756)	2,952
Prima facie income tax expense/(benefit) calculated 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)
Income tax benefit	(4,305)	(6,464)

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

6 Income Tax (continued)

	Consolidated	
	2010	2009
	\$'000	\$'000
Deferred Income Tax		
Deferred income tax at 30 June relates to the following:		
Deferred tax assets		
Provisions	3,658	2,696
Other	729	754
Carry forward revenue losses	13,025	9,554
Total Deferred Tax Assets	17,412	13,004
Deferred tax liabilities		
Accelerated depreciation for tax purposes	7,781	7,723
Other	665	636
Total Deferred Tax Liabilities	8,446	8,359
Net Deferred Tax Assets	8,966	4,645
Tax Losses		
Revenue Losses		
Deferred tax assets for unused revenue losses not recognised		
- BCD Resources	10,878	14,687
- BCD Resources (Operations)	16,460	17,001
	27,338	31,688
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, based on the current gold reserves and hence current reserve life of the Tasmania Mine.		
Capital Losses		
Deferred tax assets for unused capital losses not recognised		
- BCD Resources	205	205
- BCD Resources (Operations)	22,132	22,132
	22,337	22,337

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 not consolidated for the purposes of income taxation.

7 Trade And Other Receivables

Current (i)

Share of joint venture receivables (ii)	841	723
Gold bullion awaiting settlement (iii)	1,774	2,454
Other	309	2
	2,924	3,179

(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 are generally collected on 30-90 day term and are non-interest bearing.

(iii) Proceeds from a gold shipment on 30 June 2010 were received on 8 July 2010.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

8 Inventories

	Consolidated	
	2010	2009
	\$'000	\$'000
Supply inventories at cost	2,215	2,116
Stockpile of unprocessed ore at net realisable value	201	670
Gold in circuit at net realisable value	1,169	1,149
	3,585	3,935

9 Parent Entity

BCD Resources NL is the Parent Entity of the Consolidated Entity. BCD Resources NL, BCD Metals Pty Ltd and BCD Operations Pty Ltd are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others (see Note 10). Details of contingent liabilities of the Parent Entity are contained in note 26. The Parent Entity has expenditure commitments as summarised in Note 25.

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

	Parent Entity	
	2010	2009
	\$'000	\$'000
Assets & Liabilities		
Current assets	6,747	21,847
Non-current assets	64,712	43,638
Total assets	71,459	65,485
Current liabilities	4,960	5,613
Non-current liabilities	3,216	1,694
Total liabilities	8,176	7,307
Net assets	63,283	58,178
Shareholders' equity		
Issued capital	144,662	142,632
Reserves	1,376	1,511
Accumulated losses	(82,755)	(85,965)
Total equity	63,283	58,178

	Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
Profit for the year	3,040	3,830
Total comprehensive income for the year	3,040	3,830

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

10 Interest In Subsidiaries

	Country of Incorporation	Class of shares	% Held by Beaconsfield Gold NL (based on shares on issue)		Investment carrying value	
			2010 %	2009 %	2010 \$'000	2009 \$'000
BCD Resources (Operations) NL	Australia	Ordinary	88.82(a)	88.82(a)	-	-
BCD Metals Pty. Ltd.	Australia	Ordinary	100.00(b)	100.00(b)	-	-
BCD Operations Pty. Ltd.	Australia	Ordinary	100.00(b)	100.00(b)	-	-
BCD Tasmania Pty. Ltd.	Australia	Ordinary	100.00(c)	100.00(c)	-	-
Eagle Copper Ltd	Australia	Ordinary	100.00(e)	-	-	-
APPL Pty. Ltd.	Australia	Ordinary	88.82(d)	88.82(d)	-	-
ACN 070 164 653 Pty. Ltd.	Australia	Ordinary	88.82(c)	88.82(c)	-	-
Mojixi Pty. Ltd.	Australia	Ordinary	88.82(c)	88.82(c)	-	-

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).

- (a) As BCD Resources (Operations) NL remains a listed entity, it will be required to prepare and lodge consolidated financial statements for the BCD Resources (Operations) consolidated group as at 30 June 2010. NOTE: BCD Resources NL owns 90.06% of the voting rights of BCD Resources (Operations) NL.
- (b) These subsidiaries have 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.
- (c) These subsidiaries do not require audited accounts for the current year as they are small proprietary limited companies.
- (d) During the 2010 year APPL Pty Ltd was granted relief from the necessity to prepare financial reports in accordance with class order 98/1418 (as amended) issued by the Australian Securities and Investment Commission. APPL Pty Ltd is a wholly owned subsidiary of BCD Resources (Operations) NL. These companies are the parties to the class order. For the 2009 year APPL Pty Ltd was required to lodge audited accounts as it was a large proprietary limited company.
- (e) The company was incorporated on 5 February 2010 and the first financial report will be for the period 5 February 2010 to 30 June 2011.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

11 Interest in Jointly Controlled Asset

The Consolidated Entity has a 100% (2009: 100%) 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 interest in the Tasmania Mine is included in the financial statements as follows:

	Consolidated	
	2010	2009
	\$'000	\$'000
CURRENT ASSETS		
Cash	1,839	2,203
Trade & other receivables	934	1,319
Inventories	3,585	3,935
Total Current Assets	6,358	7,457
NON-CURRENT ASSETS		
Cash	3,372	2,707
Property, plant and equipment (owned & leased)	25,989	25,941
Exploration, evaluation and development	14,630	15,244
Security deposit	-	372
Total Non-Current Assets	43,991	44,264
Total Assets	50,349	51,721
CURRENT LIABILITIES		
Trade and other payables	11,523	9,864
Interest-bearing loans and borrowings	792	612
Provisions	2,175	2,398
Other	331	519
Total Current Liabilities	14,821	13,393
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	1,211	1,639
Provisions	9,695	6,470
Other	928	1,000
Total Non-Current Liabilities	11,834	9,109
Total Liabilities	26,655	22,502
Net Assets	23,694	29,219

Commitments in relation to the Tasmania Mine are disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

12 Property, Plant & Equipment

	Land & Buildings \$'000	Mining Plant & Equipment \$'000	Plant & Equipment under Lease \$'000	Total \$'000
CONSOLIDATED				
At 1 July 2008				
Cost	1,192	48,170	1,940	51,302
Accumulated depreciation	(636)	(22,538)	(247)	(23,421)
Net carrying amount	556	25,632	1,693	27,881
Year ended 30 June 2009				
At 1 July 2008, net of accumulated depreciation	556	25,632	1,693	27,881
Additions	-	2,163	1,491	3,654
Transfer of assets (from)/to leased assets and mining plant and equipment	-	445	(445)	-
Depreciation charge for the year	(106)	(5,051)	(395)	(5,552)
At 30 June 2009, net of accumulated depreciation	450	23,189	2,344	25,983
At 30 June 2009				
Cost	1,192	50,959	2,805	54,956
Accumulated depreciation	(742)	(27,770)	(461)	(28,973)
Net carrying amount	450	23,189	2,344	25,983
Year ended 30 June 2010				
At 1 July 2009, net of accumulated depreciation	450	23,189	2,344	25,983
Additions - rehabilitation asset	-	2,725	-	2,725
- plant & equipment	-	512	400	912
Transfer of assets (from)/to leased assets and mining plant and equipment	-	99	(99)	-
Depreciation charge for the year	(60)	(3,144)	(323)	(3,527)
Disposals	-	(67)	-	(67)
At 30 June 2010, net of accumulated depreciation	390	23,314	2,322	26,026
At 30 June 2010				
Cost	1,192	53,838	3,075	58,105
Accumulated depreciation	(802)	(30,524)	(753)	(32,079)
Net carrying amount	390	23,314	2,322	26,026

Leased Assets

Assets under lease are pledged as security for the associated lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

13 Exploration, Evaluation & Development Costs

	Consolidated \$'000
At 1 July 2008	
Cost	34,661
Accumulated amortisation	(16,676)
Net carrying amount	17,985
Year ended 30 June 2009	
At 1 July 2008, net of accumulated amortisation	17,985
Additions	6,674
Exploration costs written off	(84)
Amortisation charge for the year	(5,285)
At 30 June 2009, net of accumulated amortisation	19,290
At 30 June 2009	
Cost	41,251
Accumulated amortisation	(21,961)
Net carrying amount	19,290
Year ended 30 June 2010	
At 1 July 2009, net of accumulated amortisation	19,290
Additions	5,449
Exploration costs written off	(5)
Amortisation charge for the year	(4,593)
At 30 June 2010, net of accumulated amortisation	20,141
At 30 June 2010	
Cost	46,695
Accumulated amortisation	(26,554)
Net carrying amounts	20,141
Net carrying amount represented by:	
Tasmania Mine interest	14,630
Consolidated Entity Tenements	
- Victoria	3,768
- Tasmania	1,743
	20,141

14 Intangible Asset

	Consolidated	
	2010 \$'000	2009 \$'000
Goodwill (i)	1,891	1,891

(i) This represents the Goodwill on acquisition of subsidiary in 2007.

Impairment test for goodwill

Goodwill acquired through the acquisition of the BCD Resources (Operations) group (formerly the Allstate group) in 2007 has been allocated to the Tasmania Mine cash-generating unit, which is a reportable segment.

The recoverable amount of the Tasmania Mine cash-generating unit has been determined using a value in use calculation using cash flow projections as at 30 June 2010, based on financial budgets approved by senior management covering a four year period.

The pre-tax discount rate used in the impairment model was 14.5%.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

14 Intangible Asset (continued)

Key assumptions used in value in use calculations for Tasmania Mine at 30 June 2010 and 30 June 2009

The calculation of value in use for the Tasmania Mine is most sensitive to the following assumptions:

- Gold price
- Reserves
- Discount rate
- Operating costs.

Gold price – the gold price used is based on the year end AUD spot gold price. This is maintained at a flat level for the remainder of the mine life, which is approximately 4 years.

Reserves – the reserves used in the impairment calculations are based on the most recently issued JORC compliant reserves. The life of mine average recovery factor is then applied to determine recoverable ounces.

Discount rate – the discount rate used reflects management's estimate of the time value of money and the risks specific to the Tasmania Mine that are not already reflected in the cash flows. In determining the appropriate discount rate for the Tasmania Mine, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for business risk specific to the operation.

Operating costs – operating costs are based on estimates of future costs to be incurred to extract the reserves from the ground in accordance with the current life of mine plan. This makes allowance for all costs of operating including sustaining capital expenditure, safety related costs and future closure costs including redundancy payments.

Sensitivity to changes in assumptions

With respect to the assessment of value in use, management believes that there are no reasonably possible changes in any of the above key assumptions that would cause the carrying value of the Tasmania Mine to materially exceed its recoverable amount.

15 Other Non-Current Assets

	Consolidated	
	2010 \$'000	2009 \$'000
Security deposits	235	613
	235	613

16 Trade and Other Payables

Current

Trade payables (i)	11,523	9,864
Amounts paid under indemnity by BCD Resources (Operations) former banker (pre-acquisition activities) (ii)	673	982
Sundry creditors and accruals (iii)	2,262	2,050
	14,458	12,896

Non-Current

Amounts paid under indemnity by BCD Resources (Operations) former banker (pre-acquisition activities) (ii)	2,029	1,388
	2,029	1,388

(i) This is the Consolidated Entity's share of joint venture trade creditors. They are non-interest-bearing and normally settled in 30-60 days.

(ii) BCD Resources (Operations) former banker

Under the terms of an agreement with BCD Resources (Operations) former banker, the agreement being a pre-requisite of terminating the Allstate Deeds of Company Arrangement and consolidating ownership of the Tasmania Mine, BCD Resources (Operations) agreed to repay advances paid to it in accordance with an indemnity agreement and guarantee.

An agreed amount is being repaid at the rate of \$10 per ounce of future gold production from the Tasmania Mine, with no recourse beyond that.

The current liability includes the amount payable to 30 June 2011 at the fixed amount per ounce based on forecast production.

The non-current portion is the fair value of amounts payable at the fixed amount per ounce after 30 June 2011, based on production projections and present recoverable reserves. The excess not supported by current reserves is disclosed as a contingent liability (refer Note 26(a)).

(iii) Sundry creditors and accruals are non-interest-bearing and normally settled within 30-60 days.

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

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

17 Interest Bearing Loans & Borrowings

	Consolidated	
	2010	2009
	\$'000	\$'000
Current		
Lease liability (refer note 25)	792	612
Convertible Notes – September 2009 (i)	-	496
Secured bank loan (ii)	-	730
	792	1,838

(i) The convertible notes were redeemed in September 2009.

(ii) This loan was fully repaid in July 2009 and all security released.

Information regarding the interest rate and liquidity risk of the interest bearing loans and borrowings is set out in note 3.

18 Provisions

Current

Employee benefits – annual leave	1,711	1,687
Employee benefits – long service leave	789	829
	2,500	2,516

19 Other Liabilities

Current

Deferred income (i)	331	519
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Non current

Deferred income (i)	928	1,000
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(i) Deferred income relates to the proceeds from the Beaconsfield Community Fund grant specifically for decline expenditure. This will be recognised as income over the life of the mine on a unit-of-production basis.

20 Interest Bearing Loans & Borrowings

Non current

Lease liability (refer note 25)	1,211	1,639
Convertible notes – August 2012 (i)	1,000	-
	2,211	1,639

(i) The convertible notes were issued in August 2009 and are unsecured.

Principal terms are:

- Interest of 10.0% per annum, payable each six months in arrears until conversion or redemption;
- BCD Resources NL must redeem the notes in full on 12 August 2012 unless the notes have been converted; and
- Notes can be converted at any time during their life.

Information regarding the interest rate and liquidity risk of interest bearing loans and borrowings is set out in note 3.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

21 Provisions

	Consolidated	
	2010	2009
	\$'000	\$'000
Non current		
Employees benefits – long service leave	477	371
Rehabilitation (refer below)	9,218	6,099
	9,695	6,470

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

- (b) Movements in rehabilitation provision.

Carrying amount at beginning	6,099	5,638
Additions during the year	2,725	-
Discount rate adjustment and unwind of discount	394	461
Carrying amount at end	9,218	6,099

22 Contributed Equity

Ordinary shares – listed (i)	144,645	142,614
Partly-paid shares – unlisted (ii)	18	18
	144,663	142,632

- (i) Ordinary Shares

Issued and fully paid	144,645	142,614
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Movement in ordinary shares on issue

	No. 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

	Consolidated	
	2010	2009
	\$'000	\$'000
(ii) Partly Paid Shares		
Issued and paid to \$0.01	18	18

The partly paid shares on hand at year end have been paid to \$0.01. Transaction costs have been offset against the paid up amount.

Partly paid shares carry no voting rights or rights to dividends or any other distributions while they remain partly paid, and are unlisted.

Once fully paid they carry all rights of existing ordinary shares.

Movement in partly paid shares on issue

No partly paid shares were issued or converted during the period 1 July 2008 to 30 June 2010.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

23 Reserves

	Share based payment reserve \$'000	Business combination asset revaluation reserve \$'000	Other reserves \$'000	Total \$'000
CONSOLIDATED				
At 1 July 2008	1,220	5,344	18	6,582
Share based payments				
- Employment Compensation	89	-	-	89
- Staveland Royalty Agreement	31	-	-	31
At 1 July 2009	1,340	5,344	18	6,702
Share based payments				
- Employment Compensation	36	-	-	36
Transfer to accumulated losses	-	-	(18)	(18)
At 30 June 2010	1,376	5,344	-	6,720

Nature and purpose of reserves

Shared based payment reserve

The share based payment reserve is used to record the value of share based payments provided to key management personnel as part of their remuneration and to third parties for the provision of goods and services.

Business combination asset revaluation reserve

The business combination asset revaluation reserve represents BCD Resources' 25.62% share (its original ownership interest) of the movement in the net fair value of the BCD Resources (Operations) (formerly Allstate) group's net asset position between the date that BCD Resources first acquired the 25.62% interest and the date it obtained control of the group through the acquisition of the Newmont and other shares (30 April 2007).

24 Non-Controlling Interests

Non-controlling interests in BCD Resources (Operations) NL comprises:

	Consolidated	
	2010	2009
	\$'000	\$'000
Interest in accumulated losses at beginning of the year	(13,111)	(13,441)
Add: Interest in profit/(loss) after income tax for the year	(392)	330
Interest in accumulated losses at end of the year	(13,503)	(13,111)
Interest in Share Capital at beginning and end of the year	5,555	5,555
Interest in Business Combination Asset Revaluation Reserve at beginning and end of the year	5,600	5,600
Total Non-controlling Interests	(2,348)	(1,956)

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

25 Expenditure Commitments

	Consolidated	
	2010	2009
	\$'000	\$'000
Exploration		
In order to maintain rights of tenure to mining tenements, the consolidated entity is committed to tenement rentals and minimum exploration expenditure in terms of the requirements of the Victorian Department of Primary Industry and Tasmanian Department of Infrastructure, Energy and Resources. This requirement will continue for future years with the amount dependent upon tenement holdings	2,959	3,105
Capital expenditure		
There were no capital expenditure commitments at 30 June 2010 and 30 June 2009		
Commitments in relation to finance leases are as follows:		
Payable not later than one year	947	801
Later than one year but not later than five years	1,270	1,806
Minimum lease payments	2,217	2,607
Less: future finance charges	(214)	(356)
	2,003	2,251
Current lease liability (Note 17)	792	612
Non-current lease liability (Note 20)	1,211	1,639
	2,003	2,251
Lease liabilities are secured by the leased items of plant and equipment.		
Commitments in relation to operating leases (non-cancellable)		
Payable not later than one year	69	67
Later than one year but not later than five years	77	6
Aggregate lease expenditure contracted for at reporting date.		
This has not been provided for:	146	73
The operating lease is for premises at Level 7, Exchange Tower, 530 Little Collins Street, Melbourne, Vic., 3000.		

26 Contingencies

(a) Contingent Liabilities

Interest – Former Banker

In accordance with BCD Resources' facility agreement with its former banker, the banker agreed to defer its claim for \$4 million of accrued interest, pending receipt of the Consolidated Entity's share of proceeds from the claims against BBR and related claims. The interest was only payable from proceeds received from the BBR claims, with 50% of BCD Resources' 48.49% share of proceeds from the BBR claims being applied towards payment of the \$4 million deferred interest until the deferred interest has been paid in full.

Following the June 2005 settlement with BBR's professional indemnity insurer (previously reported) the contingent liability relating to interest was \$0.848 million at 30 June 2008.

In early 2009 the claim against the BBR Companies was settled before going to court, and as a result the contingent liability was further reduced to \$0.651 million.

This contingent liability will be settled following resolution of the Company's claim against Blake Dawson (refer Note 26 (b)). The former banker will receive 50% of the Company's 48.49% share of any payout from the claim against Blake Dawson, to a maximum of \$0.651 million.

BCD Resources (Operations) Former Banker

Under the terms of an agreement with BCD Resources (Operations) former banker, the agreement being a pre-requisite of terminating the Allstate Deeds of Company Arrangement and consolidating ownership of the Tasmania Mine, BCD Resources (Operations) agreed to repay advances made to it by the former banker.

An agreed amount is being repaid at a fixed A\$ per ounce of gold produced from the Tasmania Mine after 27 February 2007, with no recourse beyond that.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

26 Contingencies (continued)

(a) Contingent Liabilities (continued)

Present recoverable reserves of the Tasmania Mine are insufficient to fully repay the advances. An amount of \$0.790 million (\$2.096 million at 30 June 2009), out of the total advances of \$3.950 million (as at 30 June 2010) will only be repaid if recoverable reserves are increased by approximately 79,000 ounces. Refer note 16 for details of amounts that have been recognised in relation to these advances.

Claim Against Blake Dawson

A summary of the claim is set out in note 26(b) Contingent Assets. Should the Company fail in its appeal against the Court's decision, costs awarded to Blake Dawson are expected to be approximately \$650,000, of which \$200,000 is held by the Court as security against costs.

(b) Contingent Assets

Claim Against Blake Dawson

The BCD Resources group's action against Blake Dawson was heard in the WA Supreme Court in March 2010. The claim of \$7.0 million, plus interest and costs, related to damages for alleged professional negligence and breach of contract arising from advice concerning certain insurance and risk management issues associated with the contract for construction of the treatment plant at the Tasmania Mine in 1998/1999.

The decision of the court was handed on 7 May 2010. Whilst the judge found in the Company's favour that Blake Dawson had breached its contract of retainer, he awarded nominal charges only and awarded costs to Blake Dawson. The Company has filed a notice of appeal against the decision.

Royalty Payments to Mineral Resources Tasmania ("MRT")

In December 2004, the Company submitted a claim to MRT alleging overpayment of profit-based royalty by the BCD Resources (formerly Beaconsfield Gold) receiver and manager, up to the date of his retirement in March 2004.

The alleged overpayment (approximately \$0.710 million) arose mainly from an understatement of depreciation and amortisation expense in calculating profit for royalty, thereby overstating profit.

Profit royalty of \$0.385 million was accrued for the year ended 30 June 2004, but has not been accrued in subsequent years. The Company continues to pay ad valorem royalty to MRT when it becomes due.

In April 2005 MRT formally rejected the Company's claim. The Company was successful in quashing the MRT decision to reject the Company's claim. Proceedings have commenced to recover the overpayment.

Following the takeover of BCD Resources (Operations) (formerly Allstate Explorations NL) in 2007, a review of profit-based royalty payments by Allstate has revealed that the former Allstate deed administrator paid profit-based royalty to MRT calculated on the same basis as that used by the BCD Resources receiver and manager. BCD Resources (Operations) has advised MRT that it will seek to recover approximately \$1.877 million allegedly overpaid up to June 2006

Recovery of the BCD Resources and BCD Resources (Operations) overpayments will result in a write-back to profit of approximately \$2.972 million (comprising the reversal of the current accrual of \$0.385 million and the recognition of the \$2.587 million overpayment).

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

27 Related Party Disclosures

(a) Directors

The following persons held the position of Director of the Company during all of the past financial year:

Denis E Clarke	Non-Executive Chairman
Michael W Trumbull	Non-Executive Director
William Tsingos	Non-Executive Director
Kevin J Perrin	Non-Executive Director
Dato' Mohd Ajib Anuar	Non-Executive Director
Choo Mun Keong	Non-Executive Director

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) Transactions with related parties in the wholly owned group

During the year the parent entity advanced loans to (\$58.545 million) and received repayments from (\$61.440 million) entities within the wholly owned group on short term intercompany accounts.

These transactions were undertaken on an interest free basis except for the cash advanced by BCD Resources to the BCD Resources (Operations) Group to fund its operations. The interest expense received from the BCD Resources (Operations) Group by BCD Resources totalled \$3.269 million.

During the year BCD Resources charged management fees of \$0.671 million to the BCD Resources (Operations) Group for administration of the Tasmania Mine and corporate activities.

(c) Ownership interests

The ownership interests in related parties in the wholly owned group are set out in Note 10.

(d) Ultimate controlling entity

The ultimate controlling entity of the Consolidated Entity is BCD Resources NL.

28 Earnings/(Loss) Per Share

	2010	2009
Basic earnings/(loss) per share (cents)	(0.26)	2.29
Diluted earnings/(loss) per share (cents)	(0.26)	2.29
The following income and share data were used in the calculations of basic and diluted earnings/(loss) per share:		
	\$'000	\$'000
Net profit/(loss) after tax and non-controlling interests used as the numerator:		
- Basic earnings/(loss) per share	(1,059)	9,086
- Diluted earnings/(loss) per share	(1,059)	9,268
	Number of Shares ('000)	Number of Shares ('000)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating:		
Basic earnings/(loss) per share	405,771	396,126
Diluted earnings/(loss) per share	405,771	405,589

29 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.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

30 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 except for those matters referred to below:

- On 22 July 2010 BCD Resources 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 \$A162 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 not revoking its opinion that the scheme is in the best interest 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 drawn down in four tranches. At the date of this report the first two tranches totalling A\$5 million had been drawn

- 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 and in equity at 30 June. The remaining \$0.5 million was received after year end.

31 Auditors' Remuneration

	Consolidated	
	2010	2009
	\$	\$
Amounts received or due and receivable by RSM Bird Cameron Partners for :		
• an audit and/or review of the financial report of the entity and any other entity in the consolidated entity (1)	121,143	87,227
• other services in relation to the entity and any other entity in the consolidated entity		
– tax compliance	53,550	37,501
– assurance related	11,960	8,740
	186,653	133,468
Amounts received or due and receivable by Ernst & Young (Australia) for:		
• an audit and/or review of the financial report of the entity and any other entity in the consolidated entity (2)	-	25,490
	-	25,490

(1). RSM Bird Cameron Partners was the auditor for the BCD Resources Group for the years ended 30 June 2009 and 30 June 2010.

(2) Ernst & Young (Australia) was the auditor for the year ended 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

32 Statement Of Cash Flows

	Consolidated	
	2010	2009
	\$'000	\$'000
(a) Reconciliation of net profit/(loss) after tax 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	287
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 benefit	(4,305)	(6,464)
Adjustment to pre-acquisition indemnities	966	(717)
Profit on sale of 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	5,417
Provisions	89	692
Other assets	377	(16)
Net cash flows from operating activities	7,621	16,965

(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 Balance Sheet as follows:

Cash	7,834	6,300
Net cash	7,834	6,300

Cash deposits at banks are earning interest at current bank deposit rates. The average rate for the year was 3.6% (2009: 4.7%).

At 30 June 2010 \$4.753 million (2009: \$4.841 million) of cash was held on deposit as security for Tasmania Mine employee entitlements. This cash can only be used to settle Tasmania Mine employee entitlements.

(c) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

Facilities used at reporting date	-	730
Facilities unused at reporting date	-	-
Total facilities	-	730

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

During the financial year the Consolidated Entity acquired plant and equipment with an aggregate fair value of \$0.401 million (2009: \$1.240 million) by means of finance leases.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

33 Key Management Personnel Disclosures

(a) Details of Key Management Personnel

(i) Directors

Denis E Clarke	Non-Executive Chairman
Michael W Trumbull	Non-Executive Director
William Tsingos	Non-Executive Director
Kevin J Perrin	Non-Executive Director
Dato' Mohd Ajib Anuar	Non-Executive Director
Choo Mun Keong	Non-Executive Director

(ii) Executives

William T Colvin	Chief Executive Officer
Brian D Coulter	Chief Financial Officer and Company Secretary
Richard K Holder	Tasmania Mine General Manager
Peter R Thompson	General Manager, Exploration

(b) Compensation of Key Management Personnel

Compensation by Category

	Consolidated	
	2010 \$'000	2009 \$'000
Short-Term	1,384,081	1,273,715
Post Employment	165,045	313,295
Share-based Payment	33,240	87,279
	1,582,366	1,674,289

(c) Option holdings of Key Management Personnel

All options refer to options over ordinary shares of BCD Resources NL, which are exercisable on a one-for-one basis under the Beaconsfield Gold NL Option Scheme or the Beaconsfield Gold NL Option Scheme No. 2.

The movements during the year in the number of options over ordinary shares in BCD Resources NL, held directly, indirectly or beneficially by each key management personnel, including their related entities, were as follows:

30 June 2010	Balance at beginning of period 01-Jul-09	Granted as Remuneration	Options Lapsed	Balance at end of period 30-Jun-10	Vested and exercisable	Unvested
W T Colvin	3,200,000	-	-	3,200,000	2,667,000	533,000
B D Coulter	550,000	-	-	550,000	450,000	100,000
R K Holder	650,000	-	-	650,000	483,500	166,500
P R Thompson	500,000	-	-	500,000	500,000	-
	4,900,000	-	-	4,900,000	4,100,500	799,500

30 June 2009	Balance at beginning of period 01-Jul-08	Granted as Remuneration	Options Exercised	Balance at end of period 30-Jun-09	Vested and exercisable	Unvested
W T Colvin	1,600,000	1,600,000	-	3,200,000	2,134,000	1,066,000
B D Coulter	250,000	300,000	-	550,000	350,000	200,000
R K Holder	150,000	500,000	-	650,000	317,000	333,000
P R Thompson	-	500,000	-	500,000	250,000	250,000
	2,000,000	2,900,000	-	4,900,000	3,051,000	1,849,000

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

33 Key Management Personnel Disclosures (continued)

(d) Shareholdings of Key Management Personnel

Shares held in BCD Resources NL- Direct and Indirect Holdings

The movements during the year in the number of ordinary shares in BCD Resources NL, held directly, indirectly or beneficially by each key management personnel, including their personally related entities, were as follows:

	Balance 01-Jul-09		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30-Jun-10	
30 June 2010	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid
Directors										
Denis E Clarke	999,750	1,000,000	-	-	-	-	100,000	-	1,099,750	1,000,000
Michael Trumbull	6,579,553	-	-	-	-	-	5,278	-	6,584,831	-
William Tsingos	1,022,256	400,000	-	-	-	-	-	-	1,022,256	400,000
Kevin J Perrin	4,200,000	-	-	-	-	-	100,000	-	4,300,000	-
Key Management Personnel										
Peter R Thompson	800,000	-	-	-	-	-	-	-	800,000	-
Totals	13,601,559	1,400,000	-	-	-	-	205,278	-	13,806,837	1,400,000

	Balance 01-Jul-08		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30-Jun-09	
30 June 2009	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid
Directors										
Denis E Clarke	496,191	1,000,000	-	-	-	-	503,559	-	999,750	1,000,000
Michael W Trumbull	6,054,497	-	-	-	-	-	525,056	-	6,579,553	-
William Tsingos	929,323	400,000	-	-	-	-	92,933	-	1,022,256	400,000
Kevin J Perrin	1,829,412	-	-	-	-	-	2,370,588	-	4,200,000	-
Key Management Personnel										
Peter R Thompson(1)	400,000	-	-	-	-	-	400,000	-	800,000	-
Totals	9,709,423	1,400,000	-	-	-	-	3,892,136	-	13,601,559	1,400,000

All equity transactions with key management personnel and their related parties (where applicable) have been entered into under terms and conditions no more favourable than those the Consolidated Entity would have adopted if dealing at arm's length.

(e) Other transactions and balances with Key Management Personnel

There were no other transactions or balances with Key Management Personnel.

34 Share-Based Payment Plans

Employee Option Plan

The establishment of the BCD Resources NL Option Scheme No. 2 was approved by shareholders at the 2008 Annual General Meeting, and all employee options issued during the year ended 30 June 2009 were issued under that scheme. In prior years employee options were issued under the terms of the Beaconsfield Gold NL Option Scheme, which scheme is now terminated. No options were issued during the year ended 30 June 2010.

Options are issued for no consideration, and are granted for a five year period from grant date or deemed grant date.

Options granted under the scheme carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

Set out below are summaries of options granted to employees under the BCD Resources NL Option Scheme No.2 (2009 year) and the BCD Resources NL option scheme (prior to 2009 year):

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

34 Share-Based Payment Plans (continued)

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
Consolidated and parent entity-2010								
23 Dec 05	01 Sep 10	\$0.374	800,000	-	-	-	800,000	800,000
05 Apr 07	01 Sep 11	\$0.340	800,000	-	-	-	800,000	800,000
05 Apr 07	05 Apr 12	\$0.340	250,000	-	-	-	250,000	250,000
28 Sep 07	18 Jun 12	\$0.288	150,000	-	-	-	150,000	150,000
14 Jan 09	01 Sep 13	\$0.220	2,400,000	-	-	-	2,400,000(1)	1,600,500
14 Jan 09	26 Jun 13	\$0.152	500,000	-	-	-	500,000	500,000
14 Jan 09	10 Nov 13	\$0.220	150,000	-	-	-	150,000(2)	75,000
Total			5,050,000	-	-	-	5,050,000	4,175,500
Weighted average exercise price			0.265	-	-	-	0.265	0.274

(1) 799,500 vest on 1 September 2010.

(2) 75,000 vest on 10 November 2010.

Under the terms of the Scheme Implementation Agreement with Bendigo Mining Limited all employee options will be cancelled on the implementation date of the scheme of arrangement (estimated to be 26 November 2010) by the Company paying to each option holder independently assessed value of the options.

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
Consolidated and parent entity-2009								
23 Dec 05	01 Sep 10	\$0.374	800,000	-	-	-	800,000	800,000
05 Apr 07	01 Sep 11	\$0.340	800,000	-	-	-	800,000	800,000
05 Apr 07	05 Apr 12	\$0.340	250,000	-	-	-	250,000	250,000
28 Sep 07	18 June 12	\$0.288	150,000	-	-	-	150,000	150,000
14 Jan 09	01 Sep 13	\$0.220	-	2,400,000	-	-	2,400,000(1)	801,000
14 Jan 09	26 Jun 13	\$0.152	-	500,000	-	-	500,000(2)	250,000
14 Jan 09	10 Nov 13	\$0.220	-	150,000	-	-	150,000(3)	-
Total			2,000,000	3,050,000	-	-	5,050,000	3,051,000
Weighted average exercise price			0.350	0.209	-	-	0.265	0.299

(1) 799,500 options vested 1 September 2009, 799,500 vest on 1 September 2010.

(2) 250,000 options vested on 26 June 2010.

(3) 50% of options vested on 10 November 2009, 50% vest on 10 November 2010.

The weighted average remaining contractual life of employee share options outstanding at the end of the year was 2.26 years (2009: 3.26 years).

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2009 was calculated for each issue of options.

The fair value at grant date was independently determined using the binominal model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2009 included:

- (a) Options are granted for no consideration
- (b) Exercise prices as per 2009 year table above

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June, 2010

34 Share-Based Payment Plans (continued)

- (c) Grant dates as per 2009 year table above
- (d) Expiry date is 5 years from grant date or deemed grant date
- (e) Share price at grant date or deemed grant date was consistent for each issue at \$0.135
- (f) Price volatility of the Company's shares as at the grant date or deemed grant date was consistent for each issue at 56.0%
- (g) Risk – free interest rate at grant date or deemed grant date is based on treasury bond yields with maturities approximately the expiry dates of the options.

No options were granted during the year ended 30 June 2010.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of BCD Resources 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 2010 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 2010.

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



D E Clarke

Director

Melbourne, 30 September 2010

INDEPENDENT AUDIT REPORT

RSM Bird Cameron Partners

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

BCD RESOURCES NL

Report on the Financial Report

We have audited the accompanying financial report of BCD Resources NL ("the company"), which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 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.

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Adelaide and Canberra
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INDEPENDENT AUDIT REPORT

RSM Bird Cameron Partners

Chartered Accountants

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of BCD Resources 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 2010 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(b).

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 2(ac) in the financial report which alludes to a net deficiency of current assets to current liabilities of BCD Resources NL and the reliance of the company, and consolidated entity, on the continued support of Bendigo Mining Limited and/or the ability to achieve production results in accordance with the consolidated entity's life of mine model, so as 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, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of BCD Resources NL for the financial year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.


RSM BIRD CAMERON PARTNERS
Chartered Accountants


JS CROALL
Partner

Melbourne, Victoria
Dated: 30 September 2010

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows.
The information is current as at 24 September 2010.

(a) Distribution of equity securities

The numbers of shareholders, by size of holding, in each class of share are:

	Ordinary shares		Partly-paid shares	
	Number of holders	Number of shares	Number of holders	Number of shares
1 - 1,000	1,816	726,844	-	-
1,001 - 5,000	1,571	4,353,230	-	-
5,001 - 10,000	801	6,193,374	-	-
10,001 - 100,000	1,606	54,061,402	-	-
100,001 & over	376	356,363,589	5	3,250,000
	6,170	421,698,439	5	3,250,000
The number of shareholders holding less than a marketable parcel of shares are:	3,009	3,349,046		

The number of fully-paid ordinary shares by location are:

	Number of shares
Victoria	188,102,362
New South Wales	90,134,416
Western Australia	39,591,288
Queensland	19,030,911
Tasmania	14,607,607
South Australia	5,029,355
Australian Capital Territory	2,173,692
Northern Territory	232,922
Total Australia	358,902,553
Overseas	62,795,886
Total	421,698,439

ASX ADDITIONAL INFORMATION

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

Listed ordinary shares		
	Number of shares	Percentage of ordinary shares
1 Malaysia Smelting Corporation Berhad	45,000,000	10.67
2 Bendigo Mining Limited	45,000,000	10.67
3 Citicorp Nominees Pty Limited	15,550,552	3.69
4 Nefco Nominees Pty Ltd	12,222,887	2.90
5 Drysdale Metals Pty Ltd	11,762,648	2.79
6 Lefroy Resources Limited	11,660,323	2.77
7 ANZ Nominees Limited<Cash Income A/c>	8,896,328	2.11
8 Equity Trustees Limited<SGH PI Smaller Co's Fund>	8,752,633	2.08
9 Mining Nut Pty Ltd	6,050,000	1.43
10 HSBC Custody Nominees (Australia) Limited – A/c 3	5,405,965	1.28
11 UBS Nominees Pty Ltd	5,150,655	1.22
12 Saturn Investments Sarl	4,385,965	1.04
13 Zero Nominees Pty Ltd	4,314,170	1.02
14 UBS Wealth Management Australia Nominees Pty Ltd	4,273,687	1.01
15 Cypron Pty Ltd <MW Trumbull Super Fund A/c>	4,186,946	0.99
16 Synergy Holdings Pty Ltd	4,163,228	0.99
17 Adare Manor Pty Ltd	4,000,000	0.95
18 Pan Australian Nominees Pty Limited	4,000,000	0.95
19 Brispot Nominees Pty Ltd <House Head Nominee No 1 /A/c>	3,850,153	0.91
20 Evergem Pty Ltd	3,838,924	0.91
	212,465,064	50.38

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of shares
Malaysia Smelting Corporation Berhad	45,000,000
Bendigo Mining Limited	45,000,000

(d) Voting rights

All fully paid ordinary shares carry one vote per share without restriction.

Partly-paid shares carry no voting rights.

ASX ADDITIONAL INFORMATION

(e) Schedule of interests in mining tenements

Name	Tenement	Interest	State
Tasmania Mine Tenements (a)			
• Beaconsfield Consolidated Mining Lease	1767 P/M	100.0	Tas
• Beaconsfield Retention Licence	RL 1/1999	100.0	Tas
• Salisbury Hill	EL 29/2008	100.0	Tas
BCD Resources Group Exploration Licences (b)			
• Flowery Gully	EL 7/2009	100.0	Tas
• Lefroy Mining Lease	ML 16M/1991 (e)	100.0	Tas
• Golconda	EL 30/2006 (e)	100.0	Tas
• Lefroy	EL 35/2001 (e)	100.0	Tas
• Mt Wilson	EL 55/2008	100.0	Tas
• Lone Star	EL 13/2006 (e)	100.0	Tas
• Lisle	EL 13/2007 (e)	100.0	Tas
• Mathinna	EL 34/2008	100.0	Tas
• Avenue River	EL 36/2008	100.0	Tas
• Stavely	EL 4556 (c)	100.0	Vic
Ararat Farm-in (d)			
• Ararat	EL 3019		Vic
• Norval	EL 4758		Vic
• Ararat South	EL 5076		Vic

(a) The BCD Resources (Operations) group has a 51.51% interest in these tenements.

(b) The BCD Resources (Operations) group has no interest in these tenements.

(c) A controlled entity of the Company has a 100% interest in this tenement,, subject to a 3% net smelter return royalty, with an option to reduce the 3% royalty to 1%.

(d) At the date of this report all licences are held in the name of Range River Gold Ltd. A controlled entity of the Company (BCD Metals Pty Ltd) has earned a 51% interest in the tenements by funding exploration expenditure of \$300,000, and the tenements will shortly be transferred to joint names (Range River Gold Ltd and BCD Metals Pty Ltd). The controlled entity will increase its interest to 75% by funding a further \$700,000 of expenditure by July 2013.

(e) Subject to a 1% royalty to Lefroy Resources Limited.

