



New Funding Arrangements - Update

16 December 2010

ASX Announcement

- **Further to the \$6.1 million of loans provided by New Investors (ASX announcement 22 November 2010), a further \$3.03 million has been provided by additional New Investors, on the same terms.**
- **BCD shareholder approval will be sought end January/early February 2011 to convert the short-term loans from Minemakers (\$8.5 million) and New Investors (\$9.13 million) to 12-month convertible notes.**

BCD Resources NL (ASX: BCD) advises that the Company has received additional loans of \$3.03 million from additional New Investors, on the same terms as the \$6.1 million of loans referred to in the ASX announcement of 22 November 2010.

Subject to approval by BCD shareholders at a general meeting to be convened end January/early February 2011, both the \$8.5 million Minemakers' loan, which is secured by a first ranking charge, and the \$9.13 million of loans from New Investors, which are secured by second ranking charges, will be converted to 12-month secured convertible notes with a conversion price of 1.0 cent per share.

The board of BCD recommends that, to secure the Company's future, it is essential that shareholders approve the conversion of the short-term loans into convertible notes at the general meeting.

The new funding arrangements will provide a platform for the Tasmania Mine to work through the current loss-making period and return to profitability when production commences from the new Western Zone.

In the Notice of Meeting material to be prepared for shareholders, the extreme importance of shareholders approving the proposed funding arrangements will be fully explained and highlighted.

If the new funding arrangements are approved by BCD shareholders, and Minemakers and all the New Investors subsequently convert all the convertible notes into BCD shares, Minemakers would hold 39% of the issued share capital of BCD, New Investors would hold 42% collectively and existing BCD shareholders would retain 19%. BCD's balance sheet would be improved by \$17.63 million.

For further information contact:

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