

Increase in Tasmania Mine Gold Reserves

15 September 2010

ASX Announcement

- Reserves have increased by 14% to 294,000 ounces, after allowing for mining depletion of 32,000 ounces during the six months to 30 June 2010
- Resources decreased by 9% to 521,000 ounces
- 84% of Resources in Measured and Indicated categories

An updated Resources and Reserves Statement has been prepared, using ordinary kriging (as in December 2009) to estimate grade. The updated Identified Mineral Resource for the Tasmania Mine, using a 6.0 g/t gold cut-off, as at 30 June 2010 is:

Table 1 Tasmania Mine Resources (including Reserves) at 30 June 2010

Category	Tonnes	Gold Grade (g/t)	Contained ounces
Measured Resource	384,000	12.3	151,000
Indicated Resource	786,000	11.3	285,000
Inferred Resource	277,000	9.5	85,000
Total Resource	1,447,000	11.2	521,000

The previous Total Resource (as at 31 December 2009) contained 571,000 ounces. As well as allowing for mining depletion, the Mineral Resources estimate at 30 June 2010 includes the correction for a compilation error amounting to an overstatement of 36,000 ounces of Indicated Resources reported in the 31 December 2009 statement. This adjustment did not impact the December 2009 or June 2010 Ore Reserve estimates.

Further drilling and a conservative approach to geological modelling of the new Western Zone Indicated and Inferred Resources first announced on 28 May 2010 has reduced the estimated resource grade of the Zone from 16.0 g/t gold to 10.8 g/t gold. The Western Zone Resources and Reserves are included in the 30 June 2010 estimates. The conservative approach to geological modelling taken for this Zone has included some internal waste. The revised estimate is an Indicated Resource of 170,000 tonnes at 10.6 g/t gold and an Inferred Resource of 19,000 tonnes at 12.9 g/t gold for a total of 66,000 ounces. A Probable Reserve of 173,000 tonnes at 8.7 g/t gold for a total of 48,000 ounces has been estimated for the Western Zone. The Inferred Resources will be tested with planned sill drives with a target of converting as much as possible of these to reserves. Further engineering design work is planned to optimise the reserve grade in this Zone.

The updated Ore Reserve (included within the Total Resource) for the Tasmania Mine, using a 6.0 g/t gold cut-off, as at 30 June 2010 is:

Table 2 Tasmania Mine Reserves at 30 June 2010

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 previous Total Reserve (as at 31 December 2009) was 285,000 ounces of contained gold. The increase to 30 June 2010, before allowing for mining depletion during the six months, is 9,000 ounces (an increase of 3.2%). The increase, after allowing for mining depletion of 32,000 ounces, was 41,000 ounces (an increase of 14%).

Since mining recommenced in 2007 the grade of the ore delivered to the process plant has not reflected the Ore Reserve grade, largely as a result of mining dilution and ore loss associated with the remote footwall mining method, as well as the inclusion of lower grade feed. The remote footwall method is now obsolete. An enhanced remote mining method, which is currently being implemented, has been designed to address the dilution and ore loss issues. In addition, the opportunity has been taken to mine a significant amount of material from outside the reserves at a grade that is economic under prevailing conditions, but is lower grade than the reserve cut-off grade of 6 g/t gold. This lower grade material has reduced the reported ore grade at the process plant.

Including Inferred Resources from the Pinafore Deposit at Lefroy in north-east Tasmania, the Company has gold Resources of 559,000 ounces as follows:

Table 3 Total Company Gold Resources (including Reserves) at 30 June 2010

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

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, Mr Lowien of Coffey Mining Pty Ltd, and each has more than five years experience in the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

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