

BCD Resources NL – Quarterly Report

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For the period ended 30 September 2011

Highlights

Tasmania Mine Operations

- A 157 day period without lost time injury ended in August, with two LTIs in the quarter.
- Mining of the high grade Western Zone commenced in September, with immediate impact on mill grades and gold production.
- September production was 4,378oz at a cash cost of A\$1,124 per ounce, due to the commencement of production of higher grade material from the Western Zone.
- Gold production for the September quarter was 10,348oz, a reduction of 10% from the June quarter.
- Cash cost of production increased to A\$1,398 per ounce, with average gold price received of \$1,631 generating a cash surplus.
- Cost-saving initiatives continued, with steady reduction in costs achieved and forecast.
- Resources and Reserves updated to 372,000 ounces and 85,000 ounces respectively.

Tasmania Mine Exploration

- Infill diamond drillholes in the Western Zone and F1 footwall lode show strong mineralisation, with intercepts including 3.2m @ 43.7g/t gold, 2.1m @ 24.8 g/t gold and 3.0m @ 13.5 g/t gold.

Corporate

- Early redemption of convertible notes from cash flow has commenced.
- Appointment of Mr Mike Botting and resignation of Mr Neville Bergin as Non-Executive Chairman.

CEO'S COMMENTARY ON THE QUARTER

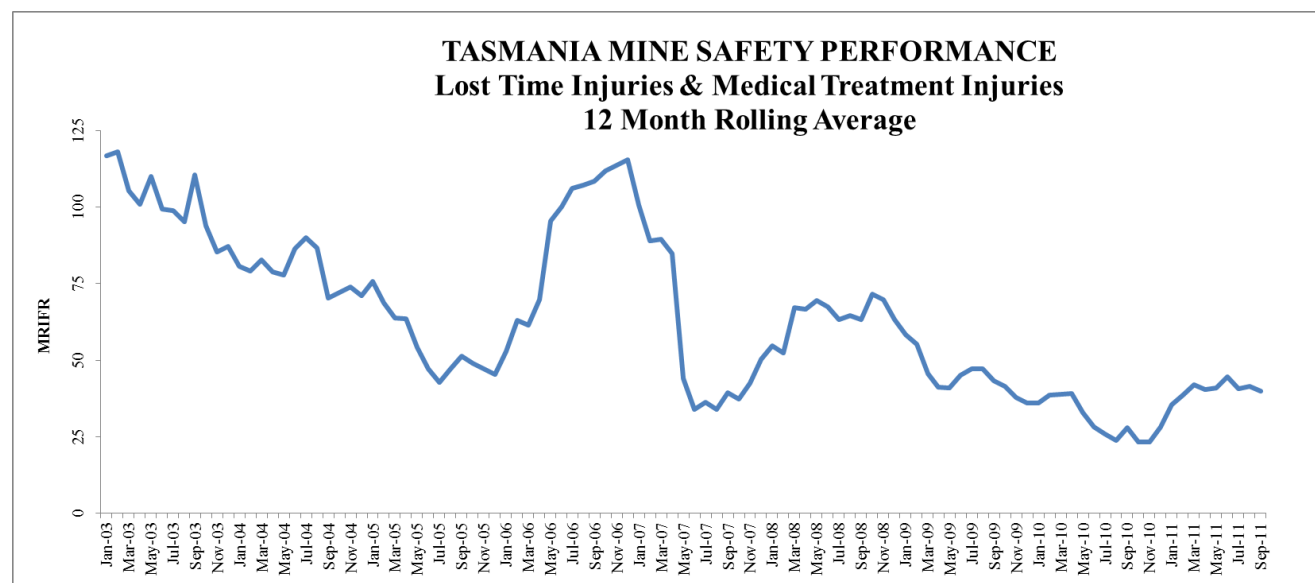
BCD Resources CEO, Peter Thompson said "The commencement of high grade stoping in early September represents a milestone for the Tasmania Mine, following a full year of development of the Western Zone stopes. It is pleasing to see this material being mined cleanly and efficiently, and the associated operating costs reducing. Following a long period of stope establishment, and concerted efforts to reduce costs, the unit operating costs are now falling, and profit margins have increased.

Reserves fell, as further decline development was not considered economic because of lower ounces per vertical metre below 1210m level and the East Hanging Wall lode was found too thin to mine profitably. The 47,000 ounces removed from Reserves below the 1210m level are under ongoing review and should they become economic due to changed circumstances, would be reclassified as Reserves.

While the conversion of convertible notes is at the discretion of note holders, the Company is redeeming some of those notes by early repayment and with the cash flow now being generated from mining the Western Zone stopes BCD is planning for further redemptions. We look forward to the elimination of all convertible note debt."

TASMANIA MINE

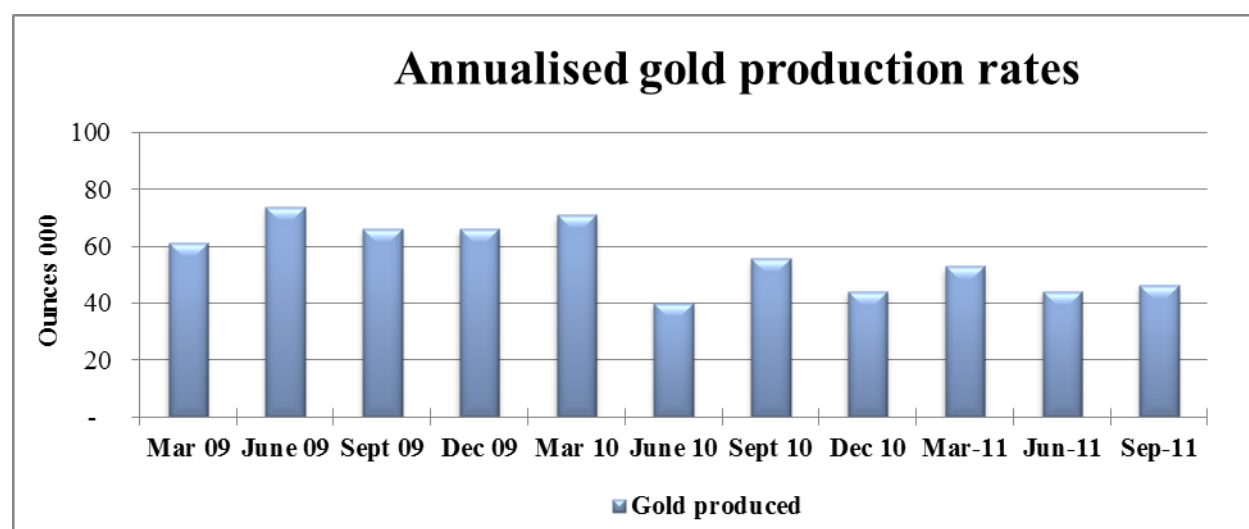
SAFETY

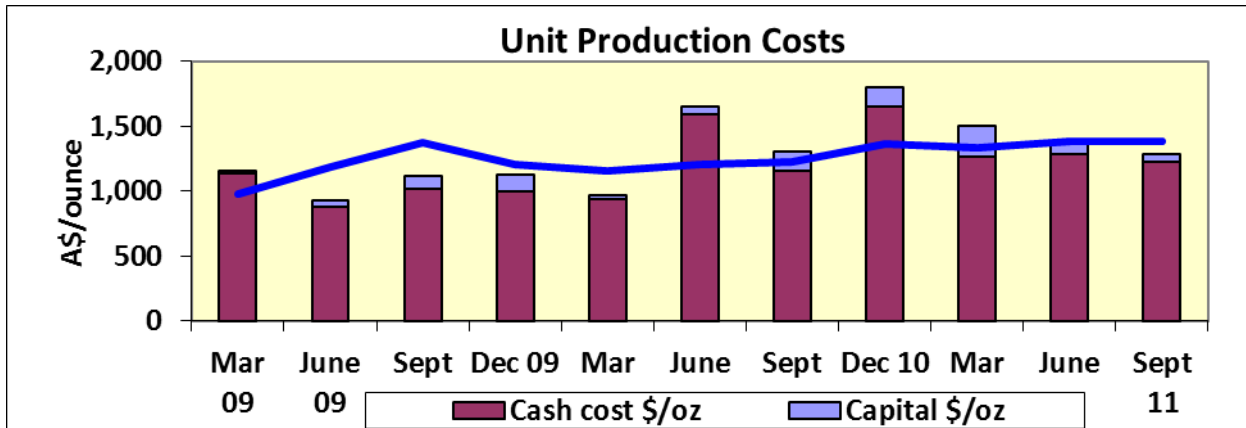


MRIFR (Medically Referred Injury Frequency Rate – number of injuries per million man hours)

Safety performance was generally good during the quarter, including a continuous period without loss time injury of 157 days. Four injuries (2 medical treatment injuries and two lost time injuries) were sustained during the quarter. The 12 month rolling average MRIFR reduced to 39.8 at the end of September.

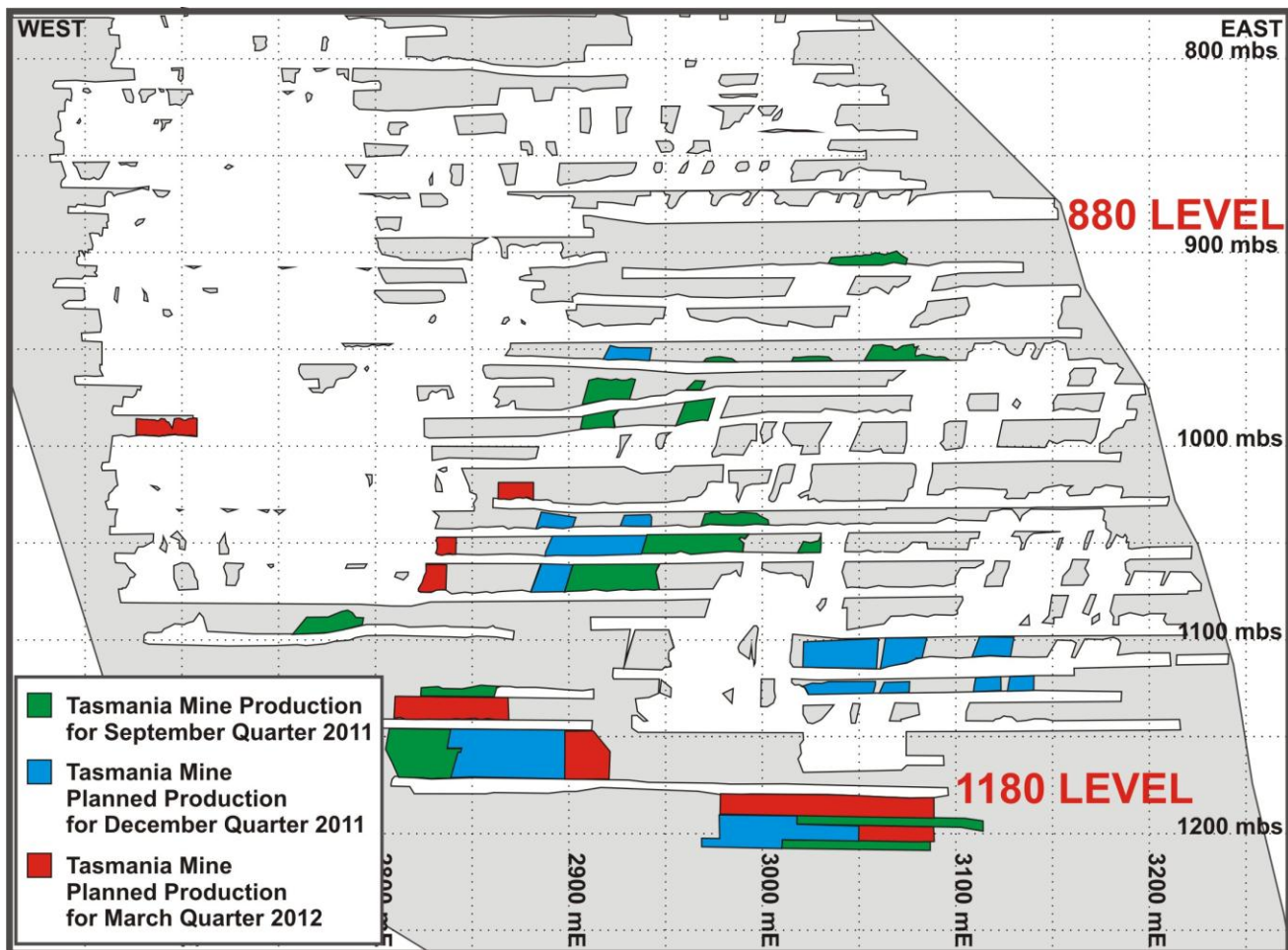
PRODUCTION





Gold production of 10,348 ounces was 10% lower than June quarter production, resulting from 57,542 tonnes (15% less) processed, at a slightly higher grade of 6.8 g/t gold, with similar metallurgical recovery of 82%. Ore availability was limited to lower grade Eastern sources during July and August, until the commencement of Western Zone stoping in early September. Production in September rose to 4,378 ounces from processing of 18,950 tonnes at 8.7 g/t gold, including the first 1½ panels of Western Zone stoping. Figure 1 below identifies the areas mined during the September quarter, as well as those planned for the December and March quarters.

Figure 1 Tasmania Mine Long section showing production from September quarter, and planned production for December and March quarters.



Mine Development

Development activity included sill driving on 1130m, 1200m and 1210m levels, ore and waste pass establishment. Total development for the quarter was 445 metres, of which 14m was capitalised, and 431m was expensed. Significant effort was put into ground support in the establishment of Western Zone stoping, including the installation of two thousand 6m and 7m cable bolts.

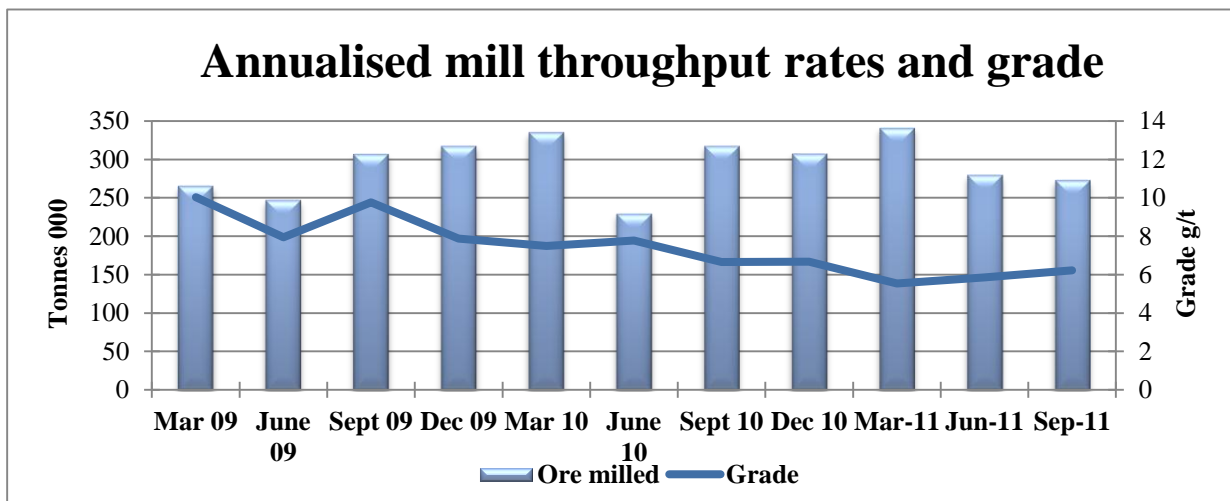
Mine Operations

Ore sources in the September Quarter were from eastern stopes of the mine (levels 910m, 955m, 980m, 990m, 1030m, 1040m, 1080m and 1120m), a small tonnage from crown pillar remnant stopes (475E) and 9,000t from the Western Zone during September (1160m, 1180m levels). Development ore was generated from sill drives on levels 1130m, 1200m and 1210m. Mined ore grades averaged 6 g/t during July and August, rising to 8.7g/t for September.

Stoping of the Western Zone mineralisation commenced following a long and detailed establishment process. Extraction of ore has been clean and efficient, with stopes divided into upper and lower portions, and extracted from the 1160m and 1180m levels respectively. This has allowed faster extraction, better control of dilution, quicker backfilling of stopes and less opportunity for stope hanging wall failure. Three panels were extracted in the quarter, with 9 more planned for the December quarter, as shown in Fig. 1.

Working temperatures and ventilation at the base of the mine were improved through the extension of the return air rise to the 1200m level. Other structural safety improvements include completion of the escape ladder way system to the 1200m level. A new 20 man refuge chamber has been installed and other refuge chamber positions reconfigured to match underground activities.

Mill Operations



Mill throughput was 57,542 tonnes for the quarter, at an average grade of 6.8g/t gold and mill recovery of 81.8%. The mill continued to perform well during the quarter, although under-utilised, and routine maintenance was undertaken during scheduled downtime. There were no further issues with high lead levels, and mill recoveries were consistent, rising slightly with the increased head grade in September.

COSTS

Cash costs of production of A\$1,398 per ounce were 6% higher than in the June quarter, reflecting the lower tonnage treated and gold produced. Site operating costs continue to reduce as savings are identified and the proportion of development activity is reduced, with monthly site costs now consistently below \$5million. A review of the contract mining workforce arrangements is currently underway, to seek further cost savings.

Capital expenditure was \$0.4m, which was limited to decline development, completion of tailings dam buttressing and installation of seismic monitoring sensors.

EXPLORATION

TASMANIA MINE RESERVE DEFINITION

F1 Lode

Diamond drilling was completed to assist with stoping design and to confirm ore continuity in the Footwall lode lying above and behind the Western Zone. This Footwall lode (“F1”) is a quartz splay which is to be mined independently from the 1115m and 1130m levels. Drilling intersections include 3.2m @ 43.7g/t gold, 2.1m @ 24.8g/t gold and 3.0m @ 13.5g/t gold (true widths) and significant results are shown in Table 1 and in Figure 2 below.

Figure 2 Tasmania Mine Long Section showing position of 1200, 1210 and 1130 sill drives. Positions of new drillholes D208, D211, D213 and D218 are also shown.

Background colours depict contours of thickness x grade and represent the quality of drillhole intersections present.

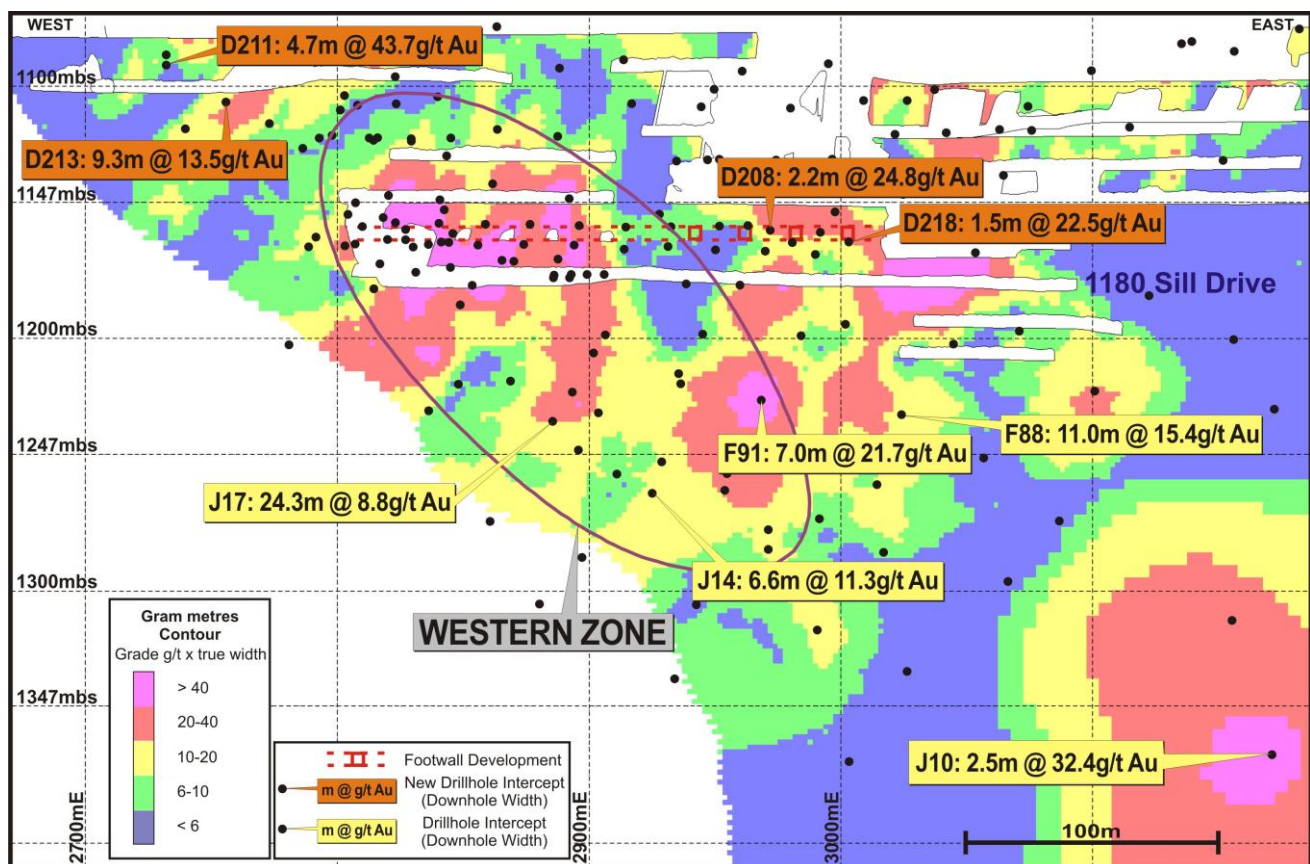


Table 1 Significant Intersections, Slope Definition Drilling, Tasmania Mine

Hole ID	Target	Easting	Northing	Depth (mbs)	From (m)	To (m)	Intersection Width (m)	Estimated True Width (m)	Grade (Au g/t)
D211	F1	2735.7	4658.1	-1089.4	14.8	19.5	4.70	3.20	43.7
D208	W Zone	2974.5	4494.0	-1154.6	14.1	16.3	2.20	2.10	24.8
D213	F1	2759.2	4625.2	-1104	40.7	50.0	9.3	3.0	13.5
D218	W Zone	3006.1	4484.3	-1159.2	21.1	22.6	1.50	1.20	22.5
D215	W Zone	2994.6	4491.5	-1155.2	14.7	16.45	1.75	1.70	15.6
D205	W Zone	2879.9	4510.7	-1152.2	11.05	13.4	2.35	2.30	9.7
D210	W Zone	2873.8	4498.9	-1166.6	22.9	26.0	3.10	2.10	9.3
D209	W Zone	2972.8	4487.2	-1162.6	20.5	21.3	0.80	0.60	18.6
D206	W Zone	2917.8	4504.7	-1153	11.4	12.4	1.00	1.00	10.3

Widths shown are calculated horizontal widths. Eastings, Northings and depths shown are for the mid-points of each mineralised intersection. mbs is "metres below surface"

VICTORIAN COPPER PROJECT

Discussions with various parties interested in investing in this project continued during the quarter, including several site inspections.

Drilling at the Thursdays Gossan Chalcocite (TGC), Junction 1 and Ararat Copper prospects is planned for January/February 2012, following the harvest of crops at Stavely.

RESERVES AND RESOURCES

Ore Resources and Reserves were calculated as at 30 June 2011, and show depletion from 2010. Total gold Resources are quoted as 372,000 oz, and Reserves as 85,000 oz, as detailed below. Reductions in Reserves from 2010 are detailed in Table 5 below.

Resource and Reserves Statement as at 30 June 2011

Table 2 Gold Resources (including Reserves)

Category	Tonnes	Gold Grade (g/t)	Contained ounces
Measured Resource (Tasmania Mine)	262,000	11.5	96,000
Indicated Resource (Tasmania Mine)	430,000	11.1	153,000
Inferred Resource (Tasmania Mine)	319,000	8.4	85,000
Inferred Resource (Pinafore Deposit)	810,000	1.5	38,000
Total Resources	1,821,000	6.3	372,000

Table 3 Copper Resources, Victoria

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

Table 4 Gold Reserves at Tasmania Mine

Category	Tonnes	Gold Grade (g/t)	Contained ounces
Proved Reserve	137,000	8.6	38,000
Probable Reserve	139,000	10.6	47,000
Total Reserve	276,000	9.6	85,000

Table 5 Major Ore Reserve reductions since June 2010

Ounces of gold	Comment
66,800	Depletion due to mining
47,000	Below 1210m Level removed from Reserve as no decline access and not currently regarded as economic
32,500	East Hanging Wall lode removed as deemed too thin to mine profitably
14,000	Unprofitable pillars removed from Reserve
12,000	Reserves which have been left in new remnant pillars
11,000	Incremental ore sterilized or removed as not profitable to mine
8,000	Reduction due to changes in estimation method

Table 5 above shows the major components (191,300 ounces) of the total reduction in Reserve (209,000 ounces) since June 2010. A combination of the reducing gold endowment with depth and the lack of decline development beyond the 1210m level has resulted in the removal of material previously classified as reserve as well as removal of the East Hanging Wall lode.

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, Stavelly and Ararat Copper deposits and the exploration results presented in this report 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). Mr Thompson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CORPORATE

GOLD PRICING

The BCD Resources Group remains completely unhedged and all production from the Tasmania Mine is available for delivery at the spot price. The average gold price received during the Quarter was A\$1,631 per ounce. The policy concerning hedging is regularly reviewed.

CASH POSITION

Group cash and bullion despatched and included as revenue totalled A\$6.5 million at 30 September 2011. Of this, A\$3.0 million was held as environmental bonds or to guarantee employee entitlements.

TASMANIA ROYALTY DISPUTE

The BCD Resources group has commenced proceedings in the Supreme Court of Tasmania to recover alleged overpayment of Tasmanian mining royalty totalling \$2.6 million. These payments were made during the period 2003 to 2006 by the then receiver and manager of BCD and by the deed administrators of Allstate Explorations NL (now BCD Resources (Operations) NL).

SHARES ON ISSUE

During the September quarter, there were further conversions of 100,000,000 convertible notes to shares in BCD. As of today's date, 28 October, there were 1,051,703,439 shares on issue, with 1,090,479,200 secured convertible notes still held.

Some early redemptions of convertible notes held by Minemakers Ltd have been made with payments of \$720,000 to 31 October. Further early redemptions are planned during November and December, allowing savings on interest and a reduction in dilution to shareholders. These will be funded out of the strong expected cash flows arising from the mining of the western zone.

EXECUTIVE AND BOARD CHANGES

As previously announced, during the period non-executive Chairman Neville Bergin resigned. Mr Bergin is General Manager project Development for Minemakers Ltd ('MAK') and wishes to focus on MAK's Wonarah Project and on other MAK interests. The BCD Board thanks Mr Bergin for the contribution he made following his appointment in November 2010.

Mr Mike Botting, previously non-executive director, was appointed non-executive Chairman of BCD.



For further information contact:

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APPENDIX

QUARTERLY COMPARATIVES

PRODUCTION

	December 2010	March 2011	June 2011	September 2011
Ore hoisted	84,887 tonnes	71,533 tonnes	60,524 tonnes	57,360 tonnes
Ore treated	84,451 tonnes	69,294 tonnes	67,645 tonnes	57,542 tonnes
Head Grade	5.9 g/t	6.0 g/t	6.5 g/t	6.8 g/t
Gold treated	15,894 ounces	13,413 ounces	14,138 ounces	12,653 ounces
Recovery *	82.4%	81.5%	81.1%	81.8%
Gold produced	13,098 ounces	10,934 ounces	11,474 ounces	10,348 ounces

* Recovery excludes movements of gold in circuit

COSTS

	December 2010	March 2011	June 2011	September 2011
Cash cost	\$1,269 per ounce	\$1,240 per ounce	\$1,317 per ounce	\$1,398 per ounce
Capital cost	\$93 per ounce	\$47 per ounce	\$107 per ounce	\$53 per ounce
Cash cost per tonne milled	\$197 per tonne	\$196 per tonne	\$223 per tonne	\$251 per tonne
Revenue received	\$1,383 per ounce	\$1,385 per ounce	\$1,424 per ounce	\$1,631 per ounce

All costs and revenues in Australian dollars

Cash costs are calculated in accordance with former Gold Institute definitions, and include Tasmanian Government ad-valorem royalties and credit for by-product silver.