

BCD RESOURCES NL

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BCD RESOURCES NL AND CONTROLLED ENTITIES

**ASX APPENDIX 4D AND FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2010**

ABN 22 057 793 834

ASX CODE: BCD

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ASX APPENDIX 4D

HALF-YEAR FINANCIAL REPORT TO 31 DECEMBER 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 December 2010 \$'000	31 December 2009 \$'000	Percentage increase/ (decrease)
Revenue from ordinary activities	32,773	40,882	(20%)
EBITDA	(7,303)	5,915	(223%)
Net profit/(loss) after tax attributable to members	(11,192)	662	(>500%)

Dividends

No dividends were declared or paid during the half-years ended 31 December 2009 and 31 December 2010.

Explanation of Results

In summary for the half-year ended 31 December 2010:

The net loss after tax attributable to members for the half-year of \$11.192 million includes the parent entity's share (\$5.732 million) of the \$6.453 million loss of the BCD Resources (Operations) NL group for the half-year.

The downturn in performance compared to the December 2009 half year reflects: -

- lower gold production of 24,053 ounces (December 2009 half year 33,995 ounces);
- 5% increase in cost of production;
- restructure expenses of \$1.5 million, including Bendigo Mining break fee and early repayment fee; and
- cost of December 2010 redundancy program as the Tasmania Mine changed to full contract mining.

These adverse factors were partly offset by higher gold price realised in the December 2010 half year of A\$1,371 per ounce (December 2009 A\$1,186 per ounce).

Refer to the commentary in the Directors' Report for more information.

CORPORATE INFORMATION

ABN 22 057 793 834

ASX CODE BCD

Directors

Neville K Bergin	Chairman
Kevin J Perrin	Non-Executive Director
Andrew J Drummond	Non-Executive Director
Nigel B Webb	Non-Executive Director

Chief Executive Officer

Peter R Thompson

Company Secretary

Brian D Coulter

Registered Office and Principal Place of Business

Level 7, Exchange Tower
530 Little Collins Street
Melbourne Vic 3000

Telephone:	(03) 9909 7401
Facsimile:	(03) 9909 7402
Website:	www.bcdresources.com.au
E-mail:	enquiries@bcdresources.com.au

Mine Site Office

5 West Street
Beaconsfield TAS 7270

Telephone:	(03) 6383 6500
Facsimile:	(03) 6383 6590

Share Registry

Computershare Investor Services Pty Limited
PO Box 103
Abbotsford Vic 3067

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

BCD RESOURCES NL
HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2010

Your directors submit their report for the half-year ended 31 December 2010.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Kevin J Perrin

Neville K Bergin (Appointed 18 October 2010)
 (Resigned 6 November 2010)
 (Re-appointed 30 November 2010)

Andrew J Drummond (Appointed 30 November 2010)

Nigel B Webb (Appointed 30 November 2010)

Denis E Clarke (Resigned 25 February 2011)

Michael W Trumbull (Resigned 25 February 2011)

William Tsingos (Resigned 17 November 2010)

Dato' Mohd Ajib Anuar (Resigned 17 November 2010)

Choo Mun Keong (Resigned 17 November 2010)

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the half-year were:

- to produce gold through the operation of the Tasmania Mine in north-east Tasmania; and
- mineral exploration in Australia.

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

Following the consolidation of mine ownership in April 2007, the expanded BCD Resources NL group has a 100% direct interest in the Tasmania Mine. As at 31 December 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). BCD Resources (Operations) NL (formerly Allstate Explorations NL), the 90.06% owned subsidiary of BCD Resources NL (based on voting rights, and 88.82% based on total shares on issue), is Manager of the Tasmania Mine.

CONSOLIDATED RESULT

The consolidated loss for the half-year after income tax and minority interests was \$11.192 million (31 December 2009 half-year: profit of \$0.662 million). This was after providing \$3.739 million for depreciation and amortisation and \$0.929 million for finance costs.

The downturn in performance compared to the December 2009 half year reflects lower gold production of 24,053 ounces (December 2009 33,995 ounces), 5% increase in cost of production, restructure expenses of \$1.5 million (including Bendigo Mining break fee and early repayment fee) and the cost of the December 2010 redundancy program as the Tasmania Mine changed to full contract mining. These adverse factors were partly offset by higher gold price realised in the December 2010 half year of A\$1,371 per ounce (December 2009 A\$1,186).

Net assets at 31 December 2010 were \$27.418 million (30 June 2010: \$38.834 million).

REVIEW OF FINANCIAL RESULTS

The financial results for the 31 December 2010 half-year for BCD Resources NL are summarised in the following table:

	31 Dec 2010	31 Dec 2009
	\$'000	\$'000
Gold and silver sales revenue	32,678	40,624
Other revenue (excluding interest)	21	174
Total revenue (excluding interest)	32,699	40,798
EBITDA	(7,303)	5,915
Net profit/(loss) after tax and minority interests	(11,192)	662
Basic profit/(loss) per share (cents)	(2.67)	0.16
Net tangible assets (\$ per share)	0.06	0.09

REVIEW OF OPERATIONS

1. Tasmania Mine

The Tasmania Mine operated at full production throughout the half-year with 165,788 tonnes of ore mined (equivalent to 329,000 tonnes per annum) which was 24% higher than for the June 2010 half-year and 2% higher than for the December 2009 half-year.

Gold production for the period of 24,053 ounces was 29% (9,942 ounces) lower than for the December 2009 half-year due mainly to a 25% fall in the average gold grade of ore treated to 5.70 g/t gold (December 2009 half-year 7.64 g/t), which in part highlights the grade variability inherent in a high grade underground mine with relatively few discrete working areas. In addition, the decision to accelerate access towards the newly discovered Western Zone restricted mining to generally lower grade areas of the orebody, predominantly in the Eastern parts of the mine.

Good progress was made towards accessing the Western Zone and establishing stoping production, which is planned to commence in the June 2011 quarter. A trial block of four stopes was successfully mined using the new enhanced mining method. This method will provide significant cost and productivity benefits and become the predominant mining method over the next year.

In December underground mining operations were re-structured and all activities transferred to the incumbent contractor. Annual savings of between \$3.5 and \$5.0 million are expected to result.

The ore treatment plant processed 160,639 tonnes of ore during the December half-year (December 2009 half-year 161,791 tonnes), equivalent to 321,000 tonnes per annum. The plant continues to demonstrate its ability to process in excess of 1,000 tonnes per day. Overall gold recovery of 81.7% (December 2009 half-year 85.6%) was lower as a result of the reduced feed grade.

2. Tasmania Mine Expenditure

The increased quantity of ore mined saw the cost of production for the half-year increase to \$33.910 million (December 2009 half-year \$32.226 million).

Cash costs of production were \$1,442 per ounce, \$71 per ounce (5%) higher than the average selling price for the half-year of A\$1,371 per ounce. Cash cost per tonne milled increased by 6% to \$216 per tonne as a result of higher expenditure and marginally lower mill throughput.

The restructure of underground operations resulted in the retrenchment of 85 people who were paid their full entitlements of \$4.1 million. Cash held specifically for this purpose by the former administrator of BCD Resources (Operations) NL was used to fund \$2.2 million of the restructure costs. These abnormal costs are not included in unit costs of production.

3. BCD Resources Revenue

Total revenue from gold and by-product silver sales for the December 2010 half-year was \$32.678 million (December 2009 half-year \$40.624 million). The reduction from the previous corresponding half-year reflects the net impact of lower gold production and higher realised gold price of A\$1,371 per ounce (2009: A\$1,186 per ounce).

4. Ore Reserves/Resources (as at 30 June 2010)

An updated Resource and Reserve Statement, as at 30 June 2010, was released in September 2010.

The reported Identified Gold Resources for the Tasmania Mine and nearby Pinafore Deposit were:

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 reported Identified Copper Resources were:

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	11,300,000	0.6		67,000

The Ore Reserve (included within the Total Resource) for the Tasmania Mine was estimated as:

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

5. Exploration

Exploration activities in the half-year were restricted by corporate merger activities and a lack of strong cash flow from the Tasmania Mine.

5.1 Tasmania Mine Resource Extension Drilling

Western Stockworks extensional diamond drilling was completed, extending this zone from 700mbs (metres below surface) to 1030 mbs. An updated resource estimate was calculated and published, of 234,000t @ 4.22g/t for 31,800oz.

Diamond drilling to extend remnant gold resources above the crown pillar in the East of the mine commenced, with some encouraging intersections between 350mbs and 475mbs, but no resource estimated.

5.2 Tasmanian Regional Gold Exploration

Diamond drilling at North Pease Creek (one hole), following up gold-arsenic anomalism from aircore drilling. Modest mineralisation associated with pyrite was intersected, including 0.3m @ 2.3g/t from 102m down hole.

Soil sampling at Golconda (EL55/2008) was deferred until January 2011 due to wet ground and soil conditions.

5.3 Victorian Regional Gold Exploration

Diamond drilling at the Langi Logan gold prospect (Ararat Project) commenced with one hole completed, LLD002, intersecting weak gold-arsenic mineralisation. This programme is subsidised by the Rediscover Victoria Drilling 3 initiative.

The single licence held at Heathcote, EL5161 was relinquished.

5.4 Victorian Copper Project

There was no drilling activity while funding alternatives to advance this project were assessed. The three Ararat Project exploration licences were transferred into joint holding with the original owner, and farm-in partner, Range River Gold Ltd.

6. Gold Hedging

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 half-year was A\$1,371 per ounce.

7. Claim Against Blake Dawson

The BCD Resources group has withdrawn its notice of appeal against the decision handed down by the WA Supreme Court in May 2010. The case has now been settled with each party essentially bearing their own costs of the action.

8. Loan Facility

An A\$15 million loan facility with Minemakers Limited (Minemakers) was arranged in October 2010 on extremely short notice to provide further working capital and repay a pre-completion loan from Bendigo Mining after that company's withdrawal from the proposed merger with BCD.

The terms of the Minemakers loan were renegotiated and additional facilities were obtained, after Minemakers advised BCD that it believed a material adverse change had occurred in BCD's financial position. Minemakers required immediate repayment of the \$8.5 million already advanced and was not prepared to advance any further loan funds, leaving the Company again facing the real prospect of receivership.

Replacing the entire \$15 million Minemakers facility was not feasible within the available timeframe despite extensive enquiries with brokers, mining corporates, offshore and local investors. Further discounted terms were offered, reflective of the limited opportunity for due diligence and the emergency nature of the funding required. On this basis, Other Investors' loan funds of \$6.1 million were secured, sufficient to satisfy Minemakers that the Company was adequately funded and to withdraw its demand for immediate repayment of the \$8.5 million advanced.

Subsequently, a further \$3.0 million of additional loan funds were raised on the same terms from additional Other Investors to further protect the Company's financial position.

A general meeting of Shareholders was held on 14 February 2011 to consider a number of resolutions in relation to the loan facility. At the meeting, BCD shareholders approved the conversion of the secured loans into secured convertible notes with the following terms:

- Fixed and floating charges over the assets of the BCD Group, excluding various deposits held to back employee entitlements and rehabilitation bonds;
- Minemakers security first ranking and Other Investors security second ranking;
- Notes convertible at any time within the 12-month term at the note-holder's option at a 1.0 cent per BCD ordinary share conversion price; and
- Interest of 20% p.a. payable on redemption, with no interest payable if notes are converted to shares.

ROUNDING

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under Australian Securities and Investments Commission (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.

AUDITOR'S INDEPENDENCE DECLARATION

A declaration of independence has been provided by our auditor, RSM Bird Cameron Partners, and is attached at page 8.

Signed in accordance with a resolution of the directors.



Kevin Perrin
Director
28 February 2011

RSM Bird Cameron Partners
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of BCD Resources NL for the half year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Rsm Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

Jason Croall
J S CROALL
Partner

28 February 2011
Melbourne, VIC

STATEMENT OF COMPREHENSIVE INCOME

HALF-YEAR ENDED 31 DECEMBER 2010

		CONSOLIDATED	
	Notes	31 Dec 2010	31 Dec 2009
		\$'000	\$'000
Revenue from gold and silver sales		32,678	40,624
Production costs	2(a)	(36,934)	(32,800)
GROSS PROFIT/(LOSS) FROM MINING OPERATIONS		(4,256)	7,824
Corporate expenses	2(b)	(3,270)	(1,554)
Depreciation and amortisation	2(c)	(3,739)	(4,705)
OPERATING PROFIT/(LOSS) BEFORE OTHER INCOME/(EXPENSES)		(11,265)	1,565
Other income	2(d)	223	334
Other expenses	2(e)	-	(689)
OPERATING PROFIT/(LOSS) BEFORE FINANCE COSTS		(11,042)	1,210
Financial income	2(f)	74	84
Financial expenses	2(f)	(929)	(417)
PROFIT/(LOSS) BEFORE TAX		(11,897)	877
Income tax benefit/(expense)		(16)	(279)
NET PROFIT/(LOSS) AFTER TAX		(11,913)	598
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(11,913)	598
Attributable to:			
Members of the parent entity		(11,192)	662
Non-controlling interests		(721)	(64)
		(11,913)	598
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents per share)		(2.67)	0.16
Diluted earnings/(loss) per share (cents per share)		(2.67)	0.16
Dividends per share		-	-

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

AS AT 31 DECEMBER 2010		CONSOLIDATED	
		As at 31 Dec 2010 \$'000	As at 30 June 2010 \$'000
	Notes		
ASSETS			
Current Assets			
Cash	9	4,289	4,202
Trade & other receivables		2,661	2,924
Prepayments		387	176
Inventories		4,816	3,585
Total Current Assets		12,153	10,887
Non-Current Assets			
Cash	9	2,503	3,632
Property, plant & equipment		25,559	26,026
Exploration, evaluation & development		20,631	20,141
Intangible assets		1,891	1,891
Deferred tax assets		8,966	8,966
Other		209	235
Total Non-Current Assets		59,759	60,891
TOTAL ASSETS		71,912	71,778
LIABILITIES			
Current Liabilities			
Trade & other payables		10,669	14,458
Interest-bearing loans & borrowings	3	18,793	792
Provisions		1,196	2,500
Other		371	331
Total Current Liabilities		31,029	18,081
Non-Current Liabilities			
Payables		1,640	2,029
Interest-bearing loans & borrowings	3	1,453	2,211
Provisions		9,588	9,695
Other		784	928
Total Non-Current Liabilities		13,465	14,863
TOTAL LIABILITIES		44,494	32,944
NET ASSETS		27,418	38,834
EQUITY			
Share capital	4	145,156	144,663
Accumulated losses		(121,393)	(110,201)
Reserves		6,724	6,720
Parent entity interest		30,487	41,182
Non-controlling interest		(3,069)	(2,348)
TOTAL EQUITY		27,418	38,834

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

STATEMENT OF CASH FLOWS

HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	CONSOLIDATED	
		31 Dec 2010 \$'000	31 Dec 2009 \$'000
Cash Flows from Operating Activities			
Receipts from customers		34,307	41,761
Payments to suppliers & employees		(48,458)	(35,163)
Net Cash Flows from /(used in) Operating Activities		(14,151)	6,598
Cash Flows from Investing Activities			
Interest received		68	76
Proceeds from sale of fixed assets		14	140
Purchase of plant & equipment		(1,201)	-
Mine development & exploration expenditure		(2,577)	(2,019)
Net Cash Flows used in Investing Activities		(3,696)	(1,803)
Cash Flows from Financing Activities			
Proceeds from borrowings		22,630	-
Repayment of borrowings		(5,000)	(730)
Proceeds from issue of shares		530	372
Payment of share issue costs		(52)	(52)
Proceeds from convertible notes		-	1,000
Repayment of convertible notes		-	(500)
Interest paid		(461)	(32)
Payment of borrowing costs		(230)	-
Repayment of indemnity for BCD Resources (Operations) Group (formerly Allstate Explorations) relating to pre- acquisition activities		(138)	(513)
Repayment of lease principal		(474)	(302)
Net Cash Flows from/(used in) Financing Activities		16,805	(757)
Net Increase / (Decrease) in Cash		(1,042)	4,038
Cash at Beginning of the Financial Period		7,834	6,300
Cash at End of the Financial Period	9	6,792	10,338

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

STATEMENT OF CHANGES IN EQUITY

HALF-YEAR ENDED 31 DECEMBER 2010

	Issued Capital \$'000	Accumulated Losses \$'000	Other Reserves \$'000	Attributable to Member Holders of the Parent \$'000	Non- Controlling interest \$'000	Total Equity \$'000
At 1 July 2009	142,632	(109,160)	6,702	40,174	(1,956)	38,218
Equity transactions						
Issues of Shares	967	-	-	967	-	967
Transaction Costs*	(36)	-	-	(36)	-	(36)
Share Based Payments	-	-	22	22	-	22
Total equity transactions	931	-	22	953	-	953
Profit for the period	-	662	-	662	(64)	598
As at 31 December 2009	143,563	(108,498)	6,724	41,789	(2,020)	39,769
At 1 July 2010	144,663	(110,201)	6,720	41,182	(2,348)	38,834
Equity transactions						
Issue of Shares	530	-	-	530	-	530
Transaction Costs *	(37)	-	-	(37)	-	(37)
Share Based Payments	-	-	4	4	-	4
Total equity transactions	493	-	4	497	-	497
Loss for the period	-	(11,192)	-	(11,192)	(721)	(11,913)
As at 31 December 2010	145,156	(121,393)	6,724	30,487	(3,069)	27,418

* 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 HALF-YEAR ENDED 31 DECEMBER 2010

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

This general purpose financial report for the half-year ended 31 December 2010 has been prepared in accordance with applicable accounting standards including AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

It is recommended the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by BCD Resources NL during the half-year ended 31 December 2010 and up to the date of signing these accounts in accordance with the continuous disclosure obligations of the *Corporations Act 2001* and the *ASX Listing Rules*.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(b) Going Concern

The Consolidated Entity incurred a loss after tax for the period of \$11.9 million and net cash outflows from operating activities for the period of \$14.2 million. As at 31 December 2010 the Consolidated Entity had a deficiency of current assets to current liabilities of \$18.9 million. Despite this, the half-year consolidated financial report has been prepared on a going concern basis after a detailed assessment of the Consolidated Entity's cash flow forecasts for the next 12 months. These forecasts take into account the following significant matters:

- the Tasmania Mine is operating at full production level, with all gold delivered into the spot market;
- the December 2010 restructure of underground mining operations is expected to result in annual savings of between \$3.5 and \$5.0 million;
- stope production from the high grade Western Zone of the Tasmania Mine is planned to commence in the June 2011 quarter, significantly increasing mined gold grade and gold production;
- prior to stope production from the Western Zone gold production will be boosted by modest amounts of high grade Western Zone ore recovered from reef development and floor benching; and
- continued strength of the A\$ gold price (the gold price at the date of this report was A\$1,390 per ounce), with all gold being sold into the spot market.

On this basis the Directors believe the Company will be able to pay its debts as and when they fall due.

Should the Consolidated Entity not return to profitability, and in turn to positive cash flows, there would be significant uncertainty as to whether the Consolidated Entity could continue as a going concern and therefore whether it could realise its assets and extinguish its liabilities in the normal 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 Consolidated Entity not continue as a going concern.

This is consistent with the accounting policy adopted at 30 June 2010.

BCD RESOURCES NL
HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2010

		CONSOLIDATED	
		31 Dec 2010	31 Dec 2009
		\$'000	\$'000
2. REVENUES AND EXPENSES			
Results before income tax include the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Consolidated Entity			
(a) PRODUCTION COSTS			
Operating expenses		35,141	32,077
Government royalties		479	574
Redundancy expenses		2,545	-
Changes in inventories		(1,231)	149
		36,934	32,800
(b) CORPORATE EXPENSES			
Administration		1,762	1,532
Restructure expenses		1,504	-
Share-based payments			
- Employment compensation		4	22
		3,270	1,554
(c) DEPRECIATION AND AMORTISATION			
Depreciation			
Buildings		26	36
Mining plant and equipment		1,487	1,736
Plant and equipment under lease		155	181
		1,668	1,953
Amortisation			
Exploration, evaluation and development costs		2,071	2,752
		2,071	2,752
		3,739	4,705
(d) OTHER INCOME			
Profit on sale of fixed assets		10	140
Release of deferred income – government grant		105	160
Adjustment to pre-acquisition indemnities		97	-
Other		11	34
		223	334
(e) OTHER EXPENSES			
Adjustment to pre-acquisition indemnities		-	689
		-	689

BCD RESOURCES NL
HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2010

		CONSOLIDATED	
		31 Dec 2010	31 Dec 2009
		\$'000	\$'000
<hr/>			
(f) FINANCIAL INCOME AND EXPENSES			
Financial income			
Interest income		74	84
		<hr/>	<hr/>
		74	84
		<hr/>	<hr/>
Financial expenses			
Interest expenses		317	56
Borrowing expenses		230	2
Finance lease charges		87	102
Unwind of discount on restoration provision		147	203
Unwind of discount on pre-acquisition indemnities		148	54
		<hr/>	<hr/>
		929	417
		<hr/>	<hr/>

BCD RESOURCES NL
HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2010

		CONSOLIDATED	
		31 Dec 2010	30 June 2010
		\$'000	\$'000
3. INTEREST – BEARING LOANS & BORROWINGS			
Current			
Secured loans		17,630	-
Lease liabilities		1,163	792
		18,793	792
Non-Current			
Convertible notes		1,000	1,000
Lease liabilities		453	1,211
		1,453	2,211
4. ISSUED CAPITAL			
(a) Issued and paid up capital			
Ordinary shares fully paid – Listed		145,138	144,645
Partly paid shares – Unlisted		18	18
		145,156	144,663
(b) Movements in shares on issue			
	Number of Shares		
	(‘000)	\$'000	
<i>(i) Ordinary shares fully paid:</i>			
At 1 January 2010	406,880	143,545	
Issued during the period	10,000	1,100	
Less transaction costs (tax effected)	-	-	
At 30 June 2010	416,880	144,645	
Issued during the period	4,819	530	
Less transaction costs (tax effected)	-	(37)	
At 31 December 2010	421,699	145,138	

(ii) Partly paid shares

No partly paid shares were issued or converted during the period 1 January 2010 to 31 December 2010.

5. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change in any contingent liability or contingent asset other than: -

Subsidiary Company Former Banker (Contingent Liability)

The contingent amount repayable to the former banker of BCD Resources (Operations) NL increased to \$0.927 million at 31 December 2010 (\$0.790 million at 30 June 2010) due to a marginal reduction in recoverable reserves at the Tasmania Mine.

Claim Against Blake Dawson

The BCD Resources group has withdrawn its notice of appeal against the decision handed down by the WA Supreme Court in May 2010. The case has now been settled with each party essentially bearing their own costs of the action.

6. EVENTS AFTER THE BALANCE SHEET DATE

There has not arisen in the interval between the end of the half-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:

Issue of Convertible Notes

At the General Meeting held on 14 February 2011 shareholders approved the conversion of \$17.63 million of loans into a total of 1,763,000,000 convertible notes. The notes were issued on 16 February 2011 with the following terms:

- Redeemable at the end of 12 months if not converted;
- Convertible into one fully paid share at any time within 12 months;
- Interest of 20% p.a. payable on redemption, with no interest payable if notes converted to shares.

Conversion of the loans means that no interest is payable on the loans. No interest has been accrued in the December 2010 half year.

Issue of Shares on Conversion of Convertible Notes

On 23 February 2011 330,000,000 fully paid ordinary shares in the Company were issued following the conversion of the same number of convertible notes

7. SEGMENT INFORMATION

The group operates within the gold mining industry in Australia. Its principal activities are the production of gold at the Tasmania Mine and mineral exploration in Australia.

Seasonality

The Consolidated Entity's operations are not affected by cyclical or seasonal changes.

BCD RESOURCES NL
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		CONSOLIDATED	
		31 Dec 2010	31 Dec 2009
		\$'000	\$'000
8.	NON-CONTROLLING INTERESTS		
	Non-Controlling interests in BCD Resources (Operations) NL comprise:		
	Interest in Accumulated Losses at beginning of the period	(13,503)	(13,111)
	Add: Interest in loss after income tax for the period	(721)	(64)
	Interest in Accumulated Losses at end of the period	(14,224)	(13,175)
	Interest in Share Capital at beginning and end of the period	5,555	5,555
	Interest in Business Combination Asset Revaluation reserve at beginning and end of the period	5,600	5,600
	Total Non-Controlling Interests	(3,069)	(2,020)

9. CASH AND CASH EQUIVALENTS

Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash comprised the following at 31 December:

		CONSOLIDATED	
		31 Dec 2010	31 Dec 2009
		\$'000	\$'000
	Cash at bank & in hand		
	Current asset	4,289	7,539
	Non-current asset	2,503	2,799
		6,792	10,338

At 31 December 2010 \$2.649 million (2009: \$4.603 million) of cash was held on deposit as security for Tasmania Mine employee entitlements.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of BCD Resources NL, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001* including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) As indicated in note 1(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.

On behalf of the Board



Kevin Perrin
Director

28 February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

BCD RESOURCES NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BCD Resources NL ("the company"), which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BCD Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of BCD Resources NL, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BCD Resources NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, we draw attention to Note 1(b) 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 consolidated entity to achieve production results in accordance with the consolidated entity's life of mine model. These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.


RSM BIRD CAMERON PARTNERS

Chartered Accountants


J S CROALL
Partner

28 February 2011
Melbourne, VIC