

BCD RESOURCES NL

ABN 22 057 793 834

BCD RESOURCES NL AND CONTROLLED ENTITIES

**ASX PRELIMINARY FINAL REPORT
APPENDIX 4E
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

ASX CODE: BCD

www.bcdresources.com.au

PRELIMINARY FINAL REPORT
FINANCIAL YEAR ENDED 30 JUNE 2011

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 June 2011	30 June 2010	Percentage
	\$'000	\$'000	increase/ (decrease)
Revenue from ordinary activities	65,006	72,426	(10%)
EBITDA	(4,699)	3,084	(252%)
Net loss after tax attributable to members	(18,599)	(1,059)	(>500%)

Dividends

No dividends were declared or paid during the years ended 30 June 2010 and 30 June 2011.

Explanation of Results

Operating activity at the Tasmania Mine increased marginally during the year, with a record 297,578 tonnes of ore treated (2010: 297,229 tonnes). However, gold production of 46,460 ounces was 20% lower than the previous year, due principally to lower head grades which averaged 6.0 g/t gold for the year (2010: 7.2 g/t).

Financial performance for the year was further adversely impacted by: -

- Cost of December 2010 redundancy program as the Tasmania Mine changed to full contract mining;
- Restructure expenses of \$1.5 million, including Bendigo Mining break fee and early repayment fee; and
- Higher interest expense, reflecting February 2011 convertible note issue.

These adverse factors were partly offset by a higher average realised gold price of A\$1,387 per ounce (2010: A\$1,236).

Audit Report

The preliminary report is based on accounts which are in the process of being audited. There are no likely disputes or qualifications to the accounts.

REVIEW OF RESULTS

The financial results for the 2010/11 year for BCD Resources and controlled entities are summarised in the following table:

	2011 (\$'000)	2010 (\$'000)
Gold and silver sales revenue	64,445	71,975
Other	325	181
Total revenue excluding interest revenue	64,770	72,156
EBITDA	(4,699)	3,084
Net loss before tax	(14,712)	(5,756)
Net loss after tax before minority interests	(19,904)	(1,451)
Net loss after tax after minority interests	(18,599)	(1,059)
Basic earnings per share	(3.24)c	(0.26)c
Fully diluted earnings per share	(3.24)c	(0.26)c
Total dividends declared/proposed per share	Nil	Nil
Net Assets	25,355	38,834

The group's financial results for the year reflect lower gold production of 46,460 ounces (2010: 57,758 ounces) and the cost of developing the higher grade Western Zone at depth, partly offset by higher gold prices. The Tasmania Mine treated a record 297,578 tonnes of ore during the year, however gold production was restricted due to lower average head grade of 6.0 g/t gold for the year (2010: 7.2g/t), which in part highlights the grade variability inherent in a high grade underground mine with relatively few discrete working areas. In addition, while the Western Zone was being developed mining was restricted to generally lower grade areas of the orebody, predominantly in the eastern parts of the mine.

Progress in developing the higher grade Western Zone was good and stoping production in this zone is scheduled to commence in early September 2011.

In December 2010 underground mining operations were re-structured and all mining functions transferred to the incumbent mining contractor. Annual savings of \$3.5 to \$5.0 million are expected.

The ore treatment plant continues to demonstrate its ability to process in excess of 1,000 tonnes per day. Overall gold recovery of 81.5% (2010: 84.0%) was lower as a result of the reduced feed grade.

Financial performance for the year was also adversely impacted by two major corporate events. Firstly, restructure expenses of \$1.5 million, including break fee and early repayment fee, were incurred following Bendigo Mining's withdrawal from a proposed merger with BCD. Secondly, a \$17.6 million 20% convertible note issue in February 2011, to provide further working capital and to repay the pre-completion loan from Bendigo Mining, resulted in higher interest expense and borrowing costs during the year. By 30 June 2011, 530 million of these notes (\$5.3m value) had been converted, and a further 100 million (\$1m value) had been converted by 31 August 2011. Under the terms of the convertible note deeds no interest is payable if the notes are converted.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ended 30 June 2011 was negative \$4.699 million (2010: profit of \$3.084 million). Net loss before tax for the year

was \$14.712 million (2010: loss of \$5.756 million). The consolidated net loss after tax and before minority interests for the year was \$19.904 million (2010: loss of \$1.451 million). The consolidated net loss after tax and after minority interests for the year was \$18.599 million (2010: loss of \$1.059 million). The net loss after tax and after minority interests for the year of \$18.599 million includes the parent entity's share (\$10.368 million) of the \$11.673 million loss of the BCD Resources (Operations) NL group for the year.

Gold and silver sales revenue for the 2011 year was \$64.445 million (2010: \$71.975 million). The reduction reflects the 19.6% reduction in gold production partly offset by the 12.2% increase in average realised gold price compared to 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 JUNE 2011

	Notes	CONSOLIDATED 2011 \$'000	2010 \$'000
Revenue from gold and silver sales		64,445	71,975
Production costs	2(a)	(66,853)	(64,670)
GROSS PROFIT/(LOSS) FROM MINING OPERATIONS		(2,408)	7,305
Corporate expenses	2(b)	(4,573)	(3,710)
Exploration expenditure written off		(3)	(5)
Depreciation and amortisation	2(c)	(7,067)	(8,120)
OPERATING LOSS BEFORE OTHER INCOME AND EXPENSES		(14,051)	(4,530)
Other income	2(d)	2,285	460
Other expenses	2(e)	-	(966)
OPERATING LOSS BEFORE FINANCIAL INCOME AND EXPENSES		(11,766)	(5,036)
Financial income	2(f)	236	270
Financial expenses	2(f)	(3,182)	(990)
LOSS BEFORE TAX		(14,712)	(5,756)
Income tax benefit/(expense)	3	(5,192)	4,305
NET LOSS AFTER TAX		(19,904)	(1,451)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(19,904)	(1,451)
Attributable to:			
Members of the parent entity		(18,599)	(1,059)
Non-controlling interests		(1,305)	(392)
		(19,904)	(1,451)

EARNINGS PER SHARE (EPS)(cents)

Basic EPS attributable to members of the parent entity	8	(3.24)	(0.26)
Diluted EPS attributable to members of the parent entity	8	(3.24)	(0.26)
Dividend per share (cents)	9	Nil	Nil

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Notes	CONSOLIDATED	
		2011	2010
		\$'000	\$'000
ASSETS			
Current Assets			
Cash	7(a)	3,638	4,202
Trade & other receivables		519	2,924
Prepayments		241	176
Inventories		4,036	3,585
Total Current Assets		8,434	10,887
Non-Current Assets			
Cash	7(a)	1,444	3,632
Property, plant & equipment		24,401	26,026
Exploration, evaluation & development		19,979	20,141
Intangible asset		1,891	1,891
Deferred tax asset		3,521	8,966
Other		651	235
Total Non-Current Assets		51,887	60,891
TOTAL ASSETS		60,321	71,778
LIABILITIES			
Current Liabilities			
Trade & other payables	4	7,942	14,458
Interest-bearing loans & borrowings	5	13,761	792
Provisions		832	2,500
Other		358	331
Total Current Liabilities		22,893	18,081
Non-Current Liabilities			
Payables	4	96	2,029
Interest-bearing loans & borrowings	5	1,103	2,211
Provisions		10,167	9,695
Other		707	928
Total Non-Current Liabilities		12,073	14,863
TOTAL LIABILITIES		34,966	32,944
NET ASSETS		25,355	38,834
EQUITY			
Share capital	6	150,420	144,663
Accumulated losses		(128,800)	(110,201)
Reserves		7,388	6,720
Parent entity interest		29,008	41,182
Non-controlling interest		(3,653)	(2,348)
TOTAL EQUITY		25,355	38,834

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2011

	Notes	CONSOLIDATED	
		2011	2010
		\$'000	\$'000
Cash Flows from Operating Activities			
Receipts from gold and silver sales and other operating revenue		66,190	72,674
BBR settlement		-	43
Payments to suppliers and employees		(80,018)	(65,096)
Net Cash Flows from/(used in) Operating Activities	7(b)	(13,828)	7,621
Cash Flows from Investing Activities			
Interest received		235	270
Proceeds from sale of fixed assets		540	205
Purchase of plant & equipment		(1,748)	(511)
Mine development & exploration expenditure		(3,701)	(5,522)
Net Cash Flows used in Investing Activities		(4,674)	(5,558)
Cash Flows from Financing Activities			
Proceeds from issuing convertible notes		17,630	1,000
Repayment of convertible notes		-	(500)
Proceeds from issue of shares		530	1,472
Payment of share and note issue costs		(104)	(52)
Interest paid and borrowing costs		(910)	(84)
Proceeds from borrowings		22,630	-
Repayment of borrowings		(22,630)	(730)
Repayment of lease principal		(1,017)	(846)
Repayment of indemnity for BCD Resources (Operations) Group relating to pre-acquisition activities		(379)	(789)
Net Cash Flows used in Financing Activities		15,750	(529)
Net Increase/(Decrease) in Cash		(2,752)	1,534
Cash at Beginning of the Financial Period		7,834	6,300
Cash at End of the Financial Period	7(a)	5,082	7,834

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2011

	Issued Capital \$'000	Accumulated Losses \$'000	Other Reserves \$'000	Attributable to Members of the Parent \$'000	Non- controlling Interest \$'000	Total Equity \$'000
As at 1 July 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 expense for the year	-	(1,059)	-	(1,059)	(392)	(1,451)
Equity Transactions:						
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
Loss for the year	-	(18,599)	-	(18,599)	(1,305)	(19,904)
Total income and expenses for the year	-	(18,599)	-	(18,599)	(1,305)	(19,904)
Issue of share capital	5,830	-	-	5,830	-	5,830
Transaction costs **	(73)	-	-	(73)	-	(73)
Share based payments	-	-	4	4	-	4
Convertible notes reserve	-	-	664	664	-	664
As at 30 June 2011	150,420	(128,800)	7,388	29,008	(3,653)	25,355

**These amounts have been tax-effected

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

This preliminary final report has been prepared in accordance with the measurement and recognition requirements of Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the Consolidated Financial Report for the half-year ended 31 December 2010.

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
2. REVENUE 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		
(a) PRODUCTION COSTS		
Operating expenses	63,176	62,949
Government royalties	915	1,043
Redundancy	3,213	230
Changes in inventories	(598)	448
	66,853	64,670
(b) CORPORATE EXPENSES		
Administration	2,517	2,180
Legal fees	504	1,494
Restructure costs	1,548	-
Share-based payments	4	36
	4,573	3,710
(c) DEPRECIATION AND AMORTISATION		
Depreciation		
Buildings	48	60
Mining plant and equipment	2,883	3,144
Plant and equipment under lease	296	323
	3,227	3,527
Amortisation		
Exploration, evaluation and development costs	3,840	4,593
	3,840	4,593
	7,067	8,120
(d) OTHER INCOME		
BBR settlement	-	43
Profit on sale of fixed assets	325	138
Release of deferred income – government grant	195	259
Adjustment to pre-acquisition indemnities	1,732	-
Other	33	20
	2,285	460
(e) OTHER EXPENSES		
Adjustment to pre-acquisition indemnities	-	966
	-	966

NOTES TO THE FINANCIAL STATEMENTS

		CONSOLIDATED	
		2011	2010
		\$'000	\$'000
2.	REVENUE AND EXPENSES (continued)		
	(f) FINANCIAL INCOME AND EXPENSES		
	Financial income		
	Interest income	236	270
		236	270
	Financial expenses		
	Interest expenses	1,794	251
	Borrowing expenses	335	2
	Finance lease charges	156	196
	Unwind of discount on restoration provision	747	394
	Unwind of discount on pre-acquisition indemnities	150	147
		3,182	990
3.	INCOME TAX		
	Numerical reconciliation of income tax benefit to prima facie tax expense/(benefit)		
	Profit/(loss) before income tax	(14,712)	(5,756)
	Prima facie income tax expense/(benefit) at 30% (2010 – 30%)	(4,414)	(1,727)
	Non-deductible items	3	13
	Share transaction costs deducted	(31)	(98)
	Pre-acquisition indemnities increase/(reduction)	(475)	334
	Deferred tax assets recognized (not previously brought to account)	-	(2,827)
	Deferred tax assets not recognised	4,664	-
	Deferred tax assets reversed	5,445	-
	Income tax expense/(benefit)	5,192	(4,305)

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
<hr/>		
4. TRADE & OTHER PAYABLES		
Current		
Trade payables	5,971	11,523
Amounts paid under indemnity by former BCD Resources (Operations) banker (pre-acquisition activities)	644	673
Sundry creditors & accruals	1,327	2,262
	7,942	14,458
	<hr/>	
Non-current		
Amounts paid under indemnity by former BCD Resources (Operations) banker (pre-acquisition activities)	96	2,029
	<hr/>	
5. INTEREST BEARING LOANS & BORROWINGS		
Current		
Lease liabilities	1,107	792
Convertible notes (secured) – February 2012 (i)	12,654	-
	13,761	792
	<hr/>	
(i) These notes are redeemable on 15 February 2012		
Non-Current		
Lease liabilities	103	1,211
Convertible notes (unsecured) – August 2012 (ii)	1,000	1,000
	1,103	2,211
	<hr/>	
(ii) These notes are redeemable in August 2012.		

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
6. CONTRIBUTED EQUITY		
Ordinary shares – listed (i)	150,402	144,645
Partly-paid shares – unlisted (ii)	18	18
	150,420	144,663
(i) Movement in ordinary shares on issue		
	Thousands	\$'000
At 1 July 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
Issued during the year		
- Issued to sophisticated investor	4,818	530
- Conversion of convertible notes	530,000	5,300
-Other	5	-
Transaction costs (tax effected)	-	(73)
At 30 June 2011	951,703	150,402

(ii) There was no movement in partly paid shares during the year.

NOTES TO THE FINANCIAL STATEMENTS

		CONSOLIDATED	
		2011	2010
		\$'000	\$'000
7.	CASH FLOW RECONCILIATION		
(a)	Reconciliation of cash		
	Cash balances comprise:		
	Current asset	3,638	4,202
	Non-current asset	1,444	3,632
		5,082	7,834
(b)	Reconciliation of net profit/(loss) to net cash flows from operations:		
	Net loss after tax	(19,904)	(1,451)
	Adjustments for:		
	Non-cash items:		
	Amortisation of :		
	- non - current assets	3,840	4,593
	- borrowing costs	-	2
	Depreciation of non-current assets	3,227	3,527
	Unwind of discount on restoration provision	747	394
	Unwind of discount on pre-acquisition indemnities	150	147
	Exploration expenditure written off	3	5
	Share based payments	4	36
	Tax expense/(benefit)	5,192	(4,305)
	Adjustment to pre-acquisition indemnities	(1,732)	966
	Profit on sale of fixed assets	(325)	(138)
	Transfers:		
	Interest received - transfer to Investing Activities	(235)	(270)
	Finance Costs - transfer to Financing Activities	911	84
	Changes in assets and liabilities		
	Receivables	(2,548)	(3,279)
	Inventories	(451)	350
	Trade & other creditors & borrowings	(349)	6,494
	Provisions	(1,942)	89
	Other assets	(416)	377
	Net cash flows from/(used in) operating activities	(13,828)	7,621

NOTES TO THE FINANCIAL STATEMENTS

	2011	2010
8. EARNINGS PER SHARE (EPS)		
Basic EPS (cents)	(3.24)	(0.26)
Diluted EPS (cents)	(3.24)	(0.26)

The following reflects the income and share data used in the calculations of basic and diluted EPS:

	\$'000	\$'000
Net loss used as the numerator:		
- basic EPS	(18,599)	(1,059)
- diluted EPS	(18,599)	(1,059)

	No of Shares ('000)	No. of Shares ('000)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating:		
- basic EPS	573,795	405,771
- diluted EPS	573,795	405,771

9. DIVIDENDS

	Cents per share	Total amount \$'000	Franked/ unfranked	Date of Payment
Dividends recognised in the current year are:				
2011 – Dividend paid during the year				
Interim – ordinary	Nil	Nil		Not applicable
Subsequent events				
<i>Dividends proposed and not recognised as a liability</i>				
Since the end of the financial year, the directors declared the following dividends:				
Final – ordinary	Nil	Nil		Not applicable

NOTES TO THE FINANCIAL STATEMENTS

	2011	2010
10. NET TANGIBLE ASSET BACKING		
Net tangible asset backing per ordinary security	\$0.025	\$0.089

11. SUBSEQUENT EVENTS

- Since 30 June 2011 a total of 116,515,837 secured convertible notes have been converted or redeemed, leaving a balance of 1,116,484,263 notes outstanding, which represents 63.3% of the notes issued in February 2011.

The notes have a maturity date of 15 February 2012 and an interest rate of 20% per annum. Under the terms of the convertible note agreements no interest is payable on notes that are converted.

- In July 2011 an agreement was signed with an unlisted gold exploration company for the sale of six non-core Tasmanian exploration licences, subject to the successful listing of that company on the ASX by 30 September 2011, for a consideration of \$600,000 value in shares. These tenements have high expenditure commitments which BCD was unlikely to achieve, and work to date had not shown significant results. These licences are ELs 34/2008, 36/2008, 55/2008, 13/2007, 13/2006 and 30/2006.
- Tasmania Mine Reserves have been depleted since June 2010 by mining extraction, sterilisation of pillars, and the re-classification of some material below the 1210 level. The calculation of updated Reserves is incomplete but is expected to be reported during October 2011.

There are no other matters or circumstances which have arisen since 30 June 2011 that have significantly affected or may significantly 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.