

BCD RESOURCES NL

ABN 22 057 793 834

*ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2011*

www.bcdresources.com.au

BCD RESOURCES NL
Corporate Information
Year Ended 30 June 2011

ABN 22 057 793 834

ASX CODE BCD

Directors

Michael D Botting	Non-Executive Chairman
Kevin J Perrin	Non-Executive Director
Nigel B Webb	Non-Executive Director

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the Beaconsfield Community Centre, 92 Weld Street, Beaconsfield, Tasmania at 2pm on 30 November 2011.

Chief Executive Officer

Peter R Thompson

Company Secretary

Brian D Coulter

Registered Office and Principal Place of Business

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Mine Site Office

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Beaconsfield Tas 7270
Telephone: (03) 6383 6500
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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

BCD Resources NL shares are listed on the Australian Securities Exchange (ASX).

Auditor

RSM Bird Cameron Partners
Level 8, Rialto South Tower
525 Collins Street
Melbourne Vic 3000

Solicitors

Mills Oakley Lawyers
Level 6
530 Collins Street
Melbourne Vic 3000

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BCD RESOURCES NL
Directors' Report
Year Ended 30 June 2011

The Directors present their report together with the financial report of the Company for the year ended 30 June 2011.

DIRECTORS

The following persons were Directors of the Company throughout the financial year and until the date of this report. Directors were in office for the entire year and up until the date of this report unless otherwise stated.

- | | |
|---|------------------------|
| • Michael D Botting (appointed 1 March 2011) | Non-executive Chairman |
| • Kevin J Perrin | Non-executive Director |
| • Nigel B Webb (appointed 30 November 2010) | Non-executive Director |
| • Denis E Clarke (resigned 25 February 2011) | Non-executive Chairman |
| • Michael W Trumbull (resigned 25 February 2011) | Non-executive Director |
| • William Tsingos (resigned 17 November 2010) | Non-executive Director |
| • Dato' Mohd Ajib Anuar (resigned 17 November 2010) | Non-executive Director |
| • Choo Mun Keong (resigned 17 November 2010) | Non-executive Director |
| • Neville K Bergin (appointed 18 October 2010)
(resigned 6 November 2010)
(appointed 30 November 2010)
(resigned 24 August 2011) | Non-executive Chairman |
| • Andrew J Drummond (appointed 30 November 2010)
(resigned 1 June 2011) | Non-executive Director |

PRINCIPAL ACTIVITIES

The principal activities of the Company and Consolidated Entity during the financial year were:

- gold production and exploration at the Tasmania Mine in north-east Tasmania; and
- mineral exploration in Tasmania and Victoria.

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

The BCD Resources group, which includes the BCD Resources (Operations) group, has a 100% direct interest in the Tasmania Mine. As at 30 June 2011, 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).

DIVIDENDS

There were no dividends paid or declared during the financial year.

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Directors' Report
Year Ended 30 June 2011

CONSOLIDATED 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 after tax before minority interests	(19,904)	(1,451)
Net loss after tax after minority interests	(18,599)	(1,059)

REVIEW OF OPERATIONS

Tasmania Mine Performance

Ore tonnage production improved marginally to 297,845 tonnes (2010: 295,403 tonnes).

Ore treated of 297,578 tonnes (2010: 297,229 tonnes) at an average head grade of 6.0 g/t gold (2010: 7.2 g/t) produced 46,460 ounces of gold (2010: 57,758 ounces).

The mine treated a record 297,578 tonnes of ore during the year, however gold production was restricted due to the lower average head grade reflecting limited high grade areas available with relatively few discrete working areas. While the higher grade Western Zone was being developed, mining was restricted to generally lower grade areas of the ore body, predominantly in the eastern parts of the mine.

Progress in developing the Western Zone was good and stoping production in this zone commenced in early September 2011.

In December 2010 underground mining operations were re-structured and all mining and maintenance functions transferred to the incumbent mining contractor, Webb Mining Services. 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

The Group's financial results for the year reflect lower gold production and the cost of developing the higher grade Western Zone at depth, partly offset by higher gold prices. The average gold price realised for the year of A\$1,387 per ounce was 12.2% higher than for the 2010 financial year.

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 \$17.630 million 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 148.771 million (\$1.488m value) had been converted by 30 September 2011. Under the terms of the convertible note deeds no interest is payable if the notes are converted. The notes can be converted, at the discretion of the note holders, up until 14 February 2012 at a conversion rate of one ordinary share for each convertible note.

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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 increase in average realised gold price compared to 2010.

Financial Position

Total equity decreased to \$25.355 million from \$38.834 million, a reduction of \$13.479 million. The decrease was the result of the net loss for the year (\$19.904 million) partly offset by share issues (\$5.757 million including \$5.300 million conversion of convertible notes) and the creation of a convertible notes reserve (\$0.664 million) following the issue of secured convertible notes in February 2011.

Share issues during the year comprised: -

- 4.818 million fully paid ordinary shares issued to professional and sophisticated investors to raise \$0.530 million; and
- Conversion of 530 million secured convertible notes issued in February 2011.

The Company raised \$17.630 million through an issue of 1,763,000 million 1 year secured convertible notes. By 30 June 2011, 530 million of these notes (\$5.3m value) had been converted, and a further 148.771 million (\$1.488m value) had been converted or redeemed by 30 September 2011. The convertible notes were issued on 15 February 2011 by the conversion of \$17.630 million of secured loans advanced during the period August to December 2011.

Also during the year the Company received \$5.0 million pre-completion funding as part of a proposed merger with Bendigo Mining Limited. This loan was repaid following Bendigo Mining's withdrawal from the merger.

Further information on the financial condition of the Consolidated Entity is included in the Financial Statements section of the Annual Report.

Cash Flows

Cash flow from operating activities was negative \$13.828 million (2010: positive \$7.621 million) and capital, mine development and exploration expenditure totalled \$5.449 million. BCD Resources has several advanced exploration targets, however exploration expenditure during the year was limited due to financial constraints.

Following the withdrawal of Bendigo Mining Limited from a merger with BCD Resources, the Company raised \$17.630 million in secured loans from Minemakers Limited and a number of professional and sophisticated investors. \$5.0 million of this funding was used to repay a pre-completion loan from Bendigo Mining.

On 14 February 2011 shareholders approved the conversion of the \$17.630 million secured loans into 1,763 million 20% 1 year secured convertible notes.

Cash at 30 June 2011 was \$5.082 million (2010: \$7.834 million).

STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under audit not otherwise disclosed in this report or in the consolidated financial statements.

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CORPORATE STRUCTURE

BCD Resources NL is a no liability company that is incorporated and domiciled in Australia. BCD Resources NL has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which comprise 100% ownership of BCD Metals Pty Ltd, BCD Operations Pty Ltd, BCD Tasmania Pty Ltd and Eagle Copper Ltd. The consolidated financial report also incorporates BCD Resources (Operations) NL, comprising 88.82% ownership of the total shares on issue (90.06% of the voting power) of BCD Resources (Operations) NL, APPL Pty Ltd, ACN 070 164 653 Pty Ltd and Mojixi Pty Ltd (refer note 10 to the Financial Statements).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

With the commencement of mining from the higher grade Western Zone the Company will focus on returning the Tasmania Mine to profitability, with a strong emphasis on lower unit costs by production, productivity and operating cost improvements.

Exploration effort will concentrate on extending gold resources at the Tasmania Mine, exploring the Company's other gold prospects in north-east Tasmania and western Victoria, drilling to expand the Company's copper resources in western Victoria and progressing development studies for the copper resources.

INFORMATION ON DIRECTORS

Current Directors

Mr. Michael David Botting, BE Mining, M.Aus.IMM

Non-Executive Chairman (aged 48)

Mr Botting is a mining engineer with a strong understanding of the Tasmania Mine, and is currently CEO of Morningstar Gold NL. He has over 26 years of underground and open pit mining experience and has worked at senior mine management levels in Western Australia, Victoria and Queensland with both mining companies and mining contractors. He was previously a non-executive Director of Greater Bendigo Gold Mines Ltd.

Mr. Botting joined the board in March 2011, and was elected Chairman of the Company in August 2011. He is a member of the Company's Audit and Risk Management Committee and Chairman of the Remuneration and Appointments Committee.

During the past three years, Mr. Botting has also served as a director of the following companies:

- BCD Resources (Operations) NL (June 2011 to date); and
- Greater Bendigo Gold Mines Ltd (Nov 2007 to Sep 2008).

Mr. Kevin John Perrin, CPA

Non-Executive Director (aged 62)

Mr. Perrin was appointed to the board in February 2006 and is Chair of the Company's Audit and Risk Management Committee and a member of the Company's Remuneration and Appointments Committee. Mr. Perrin is a Certified Practising Accountant (CPA) and since 1975 has been a partner in the Ballarat firm of CPA's, Prowse Perrin & Twomey, conducting an accounting, taxation, audit and financial advisory practice.

He has been a director and shareholder of PPT Financial Pty. Ltd., an independent investment advisory firm holding an Australian Financial Services Licence, since 1990. Prior to that time he held a personal Securities Dealers Licence and was a member of the Stock Exchange of Ballarat Limited.

During the past three years, Mr. Perrin has also served as a director of the following companies:

- BCD Resources (Operations) NL (2007 to date); and
- Nagambie Mining Limited (2010 to date).

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Mr. Nigel Barry Webb

Non-Executive Director (aged 45)

Mr. Webb was appointed to the board in November. He has over 28 years of operational experience in the underground mining industry, and is the Managing Director of Webb Mining Services Pty Ltd, a substantial private company providing mining and civil contracting services.

During the past three years, Mr. Webb has also served as a director of the following company:

- BCD Resources (Operations) NL (June 2011 to date)

Directors who resigned during the year

Dr. Denis Edmund Clarke, Ph.D.(Geology), B.Sc.(Geology), B.A.(Economics & Statistics), F.Aus.IMM

Non-Executive Chairman

Dr. Clarke is a director of a number of Australian mining and exploration companies. He joined the board in November 2004, and served as Company Chairman from February 2005 until his resignation on 25 February 2011.

Mr. Michael Ward Trumbull, BE (Hons) Mining, M.B.A., F.Aus.IMM

Non-Executive Director

Mr. Trumbull is a mining engineer and is Chairman of Nagambie Mining Limited. He was one of the founding directors of BCD Resources (then Beaconsfield Gold) when it listed on the ASX in 1993 and resigned on 25 February 2011.

Mr. William Tsingos

Non-Executive Director

Mr. Tsingos runs his own international trading business. He was most recently appointed to the Board in March 2004, having previously served as a director and consultant since September 2001, and resigned on 17 November 2010.

Dr. Mohd Ajib Anuar

Non-Executive Director

Dato' Seri Dr Mohd Ajib Anuar is the Group Chief Executive Officer/Executive Director of Malaysia Smelting Corporation Berhad. He joined the board in March 2008 and resigned on 17 November 2010.

Choo Mun Keong

Non-Executive Director

Mr. Choo is head of Strategic Planning and Investments / Consulting Geologist of Malaysia Smelting Corporation Berhad. He joined the board in March 2008 and resigned on 17 November 2010.

Mr. Neville Keith Bergin, B.Sc.(Mining), ACSM, M.Aus.IMM, MAICD

Non-Executive Chairman

Mr. Bergin is General Manager – Projects Development for Minemakers Limited. He served on the board initially from 18 October 2010 to 6 November 2010. He joined the board again in November 2010, and served as Company Chairman from 28 February 2011 until his resignation on 24 August 2011.

Mr. Andrew James Drummond, B.Sc.(Hons), F.Aus.IMM, C Man, MAIG, MGSA

Non-Executive Director

Mr. Drummond is Managing Director of Minemakers Limited. He joined the board in November 2010 and resigned on 1 June 2011.

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QUALIFICATIONS AND EXPERIENCE OF THE COMPANY SECRETARY

Mr. Brian David Coulter, B.Com, FCPA, ACIS

Mr. Coulter has a Bachelor of Commerce degree from Melbourne University, is a Fellow of CPA Australia and is an Associate of the Institute of Chartered Secretaries and Administrators.

He has worked in the mining industry, both in Australia and overseas, for more than 40 years, including MIM Holdings Limited/Xstrata, Newcrest Mining Limited, Denehurst Limited and CRA Limited and its London based parent at the time, Rio Tinto Zinc Corporation.

Mr. Coulter has extensive experience in all corporate financial and administration areas, including statutory reporting, company secretarial, financial analysis and the evaluation of investment opportunities.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial 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:

- Since 30 June 2011 a total of 148,770,900 secured convertible notes have been converted or redeemed, leaving a balance of 1,084,229,200 notes outstanding, which represents 61.5% 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. By Deed of Variation the end date was changed to 31 March 2012, for cash consideration of \$100,000. 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.
- In July 2011 the Deed of Cross Guarantee dated on or about 31 May 2007 entered into between BCD Resources NL and its 100% owned subsidiaries BCD Metals Pty Ltd and BCD Operations Pty Ltd was revoked in respect of BCD Metals Pty Ltd. The Deed of Cross Guarantee continues in respect of BCD Resources NL and BCD Operations Pty Ltd with BCD Operations Pty Ltd replacing BCD Metals Pty Ltd as deed trustee.

SHARE OPTIONS

The Company has not granted any options to take up ordinary shares in the capital of the Company during the financial year.

Unissued Shares

As at the date of this report, there were 1,050,000 (2010:15,250,000) unissued shares under options. At the reporting date there were 2,050,000 unissued shares (2010: 16,050,000) under options.

Shares issued as a result of the exercise of options

During the financial year no options were exercised.

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DIRECTORS' SHAREHOLDINGS

As at the date of this report, the interests of the Directors in the shares of BCD Resources NL were:

	Ordinary shares	Partly-paid shares
M D Botting	-	-
K J Perrin	4,300,000	-
N B Webb	330,000,000	-

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year, the number of meetings attended by each Director, and the number of meetings held while they were a Director (or Committee Member) was as follows:

	Directors' Meetings		Meetings of Committees			
	Held	Attended	Audit and Risk Management		Remuneration and Appointments	
			Held	Attended	Held	Attended
Total number of meetings held:	13		2		2	
Number of meetings attended:						
M D Botting	4	4	1	1	1	1
K J Perrin	13	13	2	2	1	1
N B Webb	7	7				
D E Clarke	8	8	1	1	1	1
M W Trumbull	8	8	1	1	1	1
W Tsingos	4	4			1	1
Dato' Mohd Ajib Anuar	4	1				
Choo Mun Keong	4	3				
N K Bergin	7	7	1	1	1	1
A J Drummond	6	5				

Dato' Mohd Ajib Anuar and Choo Mun Keong were granted leave of absence for the period 26 May 2010 to 29 July 2010. In this period one meeting of Directors was held during the year ended 30 June 2011.

COMMITTEE MEMBERSHIP

As at the date of this report, the Company had an Audit and Risk Management Committee and a Remuneration and Appointments Committee.

Members acting on the Committees of the board during the year were:

Audit and Risk Management

K J Perrin (Chairman)
M D Botting
D E Clarke
M W Trumbull
N K Bergin

Remuneration and Appointments

M D Botting (Chairman)
K J Perrin
D E Clarke
W Tsingos
M W Trumbull
N K Bergin

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INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into a Deed of Access, Insurance and Indemnity with each Director of the Company that indemnifies the Director, to the extent permitted by law, against liabilities and legal costs incurred by the Director as an officer of the Company.

The Company maintains a Directors' and Officers' insurance policy that, subject to some exceptions, provides insurance cover to past, present and future Directors, Secretaries and Executive Officers of the Company and its controlled entities. The Company has paid an insurance premium for the policy. The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liabilities insured.

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for Directors and executives of BCD Resources NL ("the Company") and the group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, Key Management Personnel ("KMP") of the Group are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent company.

For the purposes of this report, the term "executive" encompasses the Chief Executive Officer, Chief Financial Officer and Tasmania Mine General Manager (refer note 33).

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Alignment of shareholders' interests with interests of Directors and executives.
- Engage and retain appropriately qualified and high-calibre executives.
- Maintain the integrity of the Company's reward program.
- Portion of executive remuneration may be "at risk", dependent upon meeting pre-determined performance benchmarks.
- Non-Executive Directors may receive part of their remuneration in the form of shares, whether fully or partly-paid.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer ("CEO") and the senior executive team.

The Remuneration and Appointments Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to performance levels and relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and senior executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to

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attract and retain Directors of high calibre, at a cost which is acceptable to stakeholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held on 14 November 2008 when shareholders approved an aggregate remuneration of \$300,000 per year – which only relates to the remuneration paid to the directors for holding their positions of directors of BCD Resources NL. NOTE: The total remuneration paid to the directors for the year also includes the remuneration paid to some directors by BCD Resources (Operations) NL (a subsidiary of BCD Resources NL) for also holding the position of director of that entity. A separate aggregate level of remuneration for payments to these directors for these roles has previously been approved by the shareholders of BCD Resources (Operations) NL (refer to the BCD Resources (Operations) directors report for more information).

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. As and when appropriate, the Board considers advice from external consultants as well as fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a Director of the Company. An additional fee is also paid to the Chairman of the Audit and Risk Management Committee, which recognises the additional time commitment required.

The Constitution provides that any Director who is called upon to perform services for the Company over and above that normally expected of a Non-Executive Director may be paid special remuneration in addition to normal Directors' fees. Approval by the Chairman prior to undertaking such work is required before such special remuneration is paid.

The remuneration of Non-Executive Directors is detailed in the table on page 14.

Senior Executive Remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company in order to:

- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Structure

In determining and assessing the appropriateness of the level and make-up of executive remuneration, the Remuneration and Appointments Committee considers, on a periodic basis, market levels of remuneration for comparable executive roles.

Remuneration consists of the following key elements:

- Fixed Remuneration

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- Variable Remuneration
 - ~ Short Term Incentive ("STI"); and
 - ~ Long Term Incentive ("LTI").

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for senior executives by the Remuneration and Appointments Committee. The remuneration of senior executives is detailed in the table on page 15.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration and Appointments Committee and the process consists of a review of individual performance, relative comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices. The Committee has access to external advice independent of management.

Structure

Senior executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and additional employer superannuation contributions. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Variable Remuneration – Short Term Incentive ("STI")

Objective

The objective of the STI program is to provide an incentive for senior executives to work together towards achievement of the Company's strategic objectives. The total potential STI available will be set at a level so as to provide sufficient incentive to senior executives to achieve operational targets, and such that the cost to the company is reasonable in the circumstances.

Structure

STI payments granted to senior executives are based on the achievement of personal performance measures, which are determined, reviewed, agreed and assessed annually by the Remuneration and Appointments Committee in conjunction with each senior executive. The individual performance of each executive will be assessed against their personal performance plan to determine the level of entitlement to a performance bonus. Such payments will normally be in the form of cash bonuses. Due to the small number of staff, the setting of personal performance plans and the assessment against such plans is on an individual basis and depends upon the particular circumstances of the Company and the individual.

Variable Remuneration – Long Term Incentive ("LTI")

Objective

The objective of the LTI plan is to reward senior executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Structure

LTI's are provided to executives in the form of performance rights, which may be converted to fully paid shares immediately upon vesting, at no cost. Vesting is subject to achievement of key performance indicators specified in the service agreement of the relevant executive. Due to the small number of staff the setting of relevant performance criteria and the assessment against such criteria is on an individual basis and depends on the particular circumstances of the Company and the individual.

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Service Agreements

Remuneration arrangements for key management personnel are formalised in employment agreements. Details of these contracts are provided below.

P. R. Thompson – Chief Executive Officer

The CEO is employed under a rolling contract, having assumed the role on 1 March 2011.

Under the terms of the present contract:

- The CEO receives fixed remuneration of \$338,460 per annum.
- The CEO may be entitled to performance pay (STI) to be determined annually, on a discretionary basis, by the Board. For the first 12 months from 1 March 2011 the maximum amount of STI is \$200,000.

In determining the amount (if any) of STI which is to be paid to the CEO, the Board will have regard to the extent to which KPI's, agreed with the CEO, have been satisfied during the previous 12 months.

The KPI categories for 2011, and their respective weightings, are as follows:

- (1) Profitability (40%)
 - (2) Safety (10%)
 - (3) Shareholder value (40%)
 - (4) Staff retention (10%)
- The CEO will be granted LTI's in the form of 15 million performance rights, subject to receiving any required or appropriate shareholder approval. One third of these performance rights will vest in each of the 3 years following commencement, subject to meeting the specified KPI.

The KPI chosen to determine eligibility for vesting of performance rights, and conversion to fully paid shares, is Total Shareholder Return (TSR) relative to a comparator group.

Relative TSR was selected as the LTI performance measure for the following reasons:

- TSR ensures an alignment between comparative shareholder return, and reward for the CEO.
- The relative measure minimises the effects of market cycles.

The comparator group chosen is the S & P/ASX All Ords Gold sub-industry index. The companies comprising this group were seen as the Company's major competitors for capital and talent.

LTI performance is determined according to the Company's ranking against the comparator group over the performance period.

The vesting schedule is as follows:

Relative TSR Performance Outcome	Percentage of Award that will vest
Below the median	0%
At the median	50%
Between median and 75 th percentile	Straight-line vesting between 50-100% of award
At or above the 75 th percentile	100%

The Company may terminate the contract by providing three months' notice and, at the end of the notice period, paying the CEO three months' salary plus two weeks' salary for each completed or part-completed year of continuous service, other than for gross misconduct. The CEO may terminate the contract by giving three months' notice.

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Year Ended 30 June 2011

B. D. Coulter – Company Secretary and Chief Financial Officer

On 1 July 2011 the Company Secretary's permanent employment was terminated following the closure of the Company's Melbourne office. From that date he has been engaged as a casual employee, with work based on the Company's requirements, and with a flat all inclusive daily remuneration rate to compensate for casual loading, annual leave, sick leave and lack of continuity of service.

As a casual employee there is no notice requirement on either side in the event of termination.

P. Richardson – General Manager, Tasmania Mine

The Tasmania Mine General Manager is an employee of Minemakers Limited, and is seconded to the Company on a fee for service basis. All payments for services are made to Minemakers Limited on the basis of a monthly invoice at cost.

As a contractor there is no notice requirement on either side in the case of termination.

BCD RESOURCES NL
Directors' Report
Year Ended 30 June 2011

Remuneration of Directors and Executives

	Short Term			Post Employ- ment	Share Based Payments	Termin- ation Payments	Total		
	Salary & Fees	Cash Bonus	Non Monetary Benefits	Super- annuation (4)	Value of Options			Equity Compen- sation Value (5)	Perform- ance Related Remun- eration (6)
	\$	\$	\$	\$	\$	\$	\$	%	%
Directors									
M D Botting (7)									
2011 - Directors' fees	12,231	-	-	1,101	-	-	13,332	-	-
K J Perrin (3)									
2011 - Directors' fees (15)	53,000	-	-	-	-	-	53,000	-	-
2010 - Directors' fees (15)	57,000	-	-	-	-	-	57,000	-	-
N B Webb (8)									
2011 - Directors' fees	23,331	-	-	-	-	-	23,331	-	-
D E Clarke (9)									
2011 - Directors' fees (15)	56,667	-	-	-	-	-	56,667	-	-
- Extra services (1)	6,000	-	-	-	-	-	6,000	-	-
2010 - Directors' fees (15)	51,920	-	-	33,080	-	-	85,000	-	-
M W Trumbull (9)									
2011 - Directors' fees (15)	31,804	-	-	2,863	-	-	34,667	-	-
- Extra services (1)	36,204	-	-	3,258	-	-	39,462	-	-
2010 - Directors' fees (15)	49,098	-	-	2,902	-	-	52,000	-	-
- Extra services (1)	19,425	-	-	1,748	-	-	21,173	-	-
W Tsingos (2)(10)									
2011 - Directors' fees (15)	19,789	-	-	-	-	-	19,789	-	-
2010 - Directors' fees (15)	52,000	-	-	-	-	-	52,000	-	-
M A Anuar (10)									
2011 -Directors' fees	9,200	-	-	-	-	-	9,200	-	-
2010 -Directors' fees	40,000	-	-	-	-	-	40,000	-	-
C M Keong (10)									
2011 - Directors' fees	9,200	-	-	-	-	-	9,200	-	-
2010 - Directors' fees	40,000	-	-	-	-	-	40,000	-	-
N K Bergin (11)									
2011 - Directors' fees	26,376	-	-	2,374	-	-	28,750	-	-
A J Drummond (12)									
2011 - Directors' fees	18,348	-	-	1,651	-	-	19,999	-	-
Sub-total - 2011	302,150	-	-	11,247	-	-	313,397	-	-
Sub-total - 2010	309,443	-	-	37,730	-	-	347,173	-	-

BCD RESOURCES NL
Directors' Report
Year Ended 30 June 2011

Remuneration of Directors and Executives (continued)

	Short Term			Post Employ- ment	Share Based Payments	Termin- ation Payments	Total		
	Salary & Fees	Cash Bonus	Non Monetary Benefits	Super- annuation (4)	Value of Options			Equity Compen- sation Value (5)	Perform- ance Related Remun- eration (6)
	\$	\$	\$	\$	\$	\$	\$	%	%
Executives									
P R Thompson									
2011	259,487	-	5,484	25,000	-	-	289,971	-	-
2010	232,798	20,000	-	20,952	8,054	-	281,804	3	10
B D Coulter									
2011	219,590	-	-	42,274	390	143,534	405,788	-	-
2010	196,306	-	-	52,666	3,151	-	252,123	1	1
W T Colvin (13)									
2011	261,697	-	5,036	18,900	2,081	-	287,714	-	-
2010	306,815	26,288	6,728	30,000	16,790	-	386,621	4	11
R K Holder (14)									
2011	284,461	-	-	7,938	443	277,308	570,150	-	-
2010	263,303	22,400	-	23,697	5,245	-	314,645	2	9
P Richardson (15)									
2011	212,963	-	-	-	-	-	212,963	-	-
Sub-total - 2011	1,238,198	-	10,520	94,112	2,914	420,842	1,766,586		
Sub-total – 2010	999,222	68,688	6,728	127,315	33,240	-	1,235,193		
TOTAL – 2011	1,540,348	-	10,520	105,359	2,914	420,842	2,079,983		
TOTAL – 2010	1,308,665	68,688	6,728	165,045	33,240	-	1,582,366		

Notes:

- (1) The Constitution provides that any Director who is called upon to perform services for the Company over and above that normally expected of a Non-Executive Director may be paid special remuneration in addition to normal Directors' fees. Approval by the Chairman is required before such special remuneration is paid.
- (2) W Tsingos' fees were paid to Ramon Cove Pty Ltd.
- (3) K J Perrin's fees were paid to Vinda Pty Ltd
- (4) The amounts disclosed as "superannuation" represent payments made directly to superannuation funds as required by law and/or as directed by the director or executive.
- (5) Represents the value of options included in remuneration as a percentage of total remuneration.
- (6) Represents performance related remuneration as a percentage of total remuneration.
- (7) M D Botting was appointed as a director on 1 March 2011.
- (8) N B Webb was appointed as a director on 30 November 2010.
- (9) D E Clarke and M W Trumbull resigned as directors on 25 February 2011.
- (10) W Tsingos, M A Anuar and C M Keong resigned as directors on 17 November 2010.
- (11) N K Bergin was appointed as a director on 18 October 2010 before resigning on 6 November 2010. He was reappointed on 30 November 2010 then resigned again on 24 August 2011.
- (12) A J Drummond was appointed as a director on 30 November 2010 and resigned on 1 June 2011.
- (13) W T Colvin resigned as chief executive officer on 28 February 2011.
- (14) R K Holder employment terminated on 5 November 2010.
- (15) P Richardson was appointed General Manager of the Tasmanian Mine on 8 November 2010. He is an employee of Minemakers Limited, and is seconded to the Company on a fee for service basis. All payments for services are made to Minemakers Limited on the basis of a monthly invoice at cost.

BCD RESOURCES NL
Directors' Report
Year Ended 30 June 2011

Remuneration of Directors and Executives (continued)

- (16) The table below summarises the directors' fees for BCD Resources (Operations) NL received by directors during the years ended 30 June 2011 and 30 June 2010 which are included in Salary and Fees and Superannuation above.
- (17) D E Clarke and M W Trumbull resigned as directors of BCD Resources (Operations) NL on 25 February 2011.
- (18) W Tsingos resigned as a director of BCD Resources (Operations) NL on 17 November 2010.
- (19) M D Botting and N B Webb were appointed directors of BCD Resources (Operations) NL on 21 June 2011.
- (20) N K Bergin was appointed a director of BCD Resources (Operations) NL on 28 February 2011 and resigned on 24 August 2011.
- (21) A J Drummond was appointed a director of BCD Resources (Operations) NL on 28 February 2011 and resigned on 20 June 2011.

	Salary & Fees \$	Superannuation \$	Total \$
M D Botting (19)			
2011	-	-	-
K J Perrin			
2011	8,000	-	8,000
2010	12,000	-	12,000
N B Webb (19)			
2011	-	-	-
D E Clarke (17)			
2011	10,000	-	10,000
2010	1,250	13,750	15,000
M W Trumbull (17)			
2011	7,339	661	8,000
2010	11,009	991	12,000
W Tsingos (18)			
2011	4,567	-	4,567
2010	12,000	-	12,000
N K Bergin (20)			
2011	-	-	-
A J Drummond (21)			
2011	-	-	-
TOTAL - 2011	29,906	661	30,567
TOTAL - 2010	36,259	14,741	51,000

BCD RESOURCES NL
Directors' Report
Year Ended 30 June 2011

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of BCD Resources NL support and, except as disclosed, have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the following section of this annual report.

ENVIRONMENTAL REGULATION

The Consolidated Entity's mining operations and exploration activities are subject to particular and significant environmental regulation. Mining licences and exploration permits are in place at all mining operations and for all exploration activities. These licences and permits set out the environmental requirements for the Tasmania Mine and for exploration.

The General Manager of the Tasmania Mine and senior management of the Tasmania Mine have operational responsibility for the management and reporting systems that are in place for all of the entity's mining operations and review compliance with State and Federal regulatory requirements for the entity's mining and exploration activities adjacent to the Tasmania Mine.

The principal environmental requirements affecting the entity are contained in the Development Proposal and Environmental Management Plan ("DP&EMP") governing the Tasmania Mine operations. Important obligations imposed by the DP&EMP regulate the effects of mine dewatering and water disposal, noise emissions from mining, construction and transport operations, tailings disposal, dangerous goods management, reconciliation of development with surrounding land uses, and the impact on areas of vegetation and regional conservation significance.

The Group is registered under the *National Greenhouse and Energy Reporting Act 2007* under which it is required to report energy consumption and greenhouse gas emissions for the twelve months ended 30 June and future periods.

Annual environmental reporting also includes submission of a National Pollutant Inventory report to the Federal Department of Sustainability, Environment, Water, Population and Communities as a requirement of the *National Environment Protection (National Pollutant Inventory) Measure*. This report details air, land and water based emissions from the site.

In addition the Group will be required to comply with the Australian Federal Government's Carbon Reduction Scheme which has been substantively enacted as at the date of this report and is expected to be phased in from July 2012.

Appropriate environmental management systems, with reporting to the BCD Resources Chief Executive Officer and Board of Directors, are in place to comply with the requirements of these environmental regulations. There were no significant incidents of non-compliance during the financial year.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A copy of the Auditor's Independence declaration as required under section 370C of the *Corporations Act 2001* is attached to this report. During the year, additional accounting advice, other assurance related services and tax compliance and advice services were provided by RSM Bird Cameron Partners (auditor of the Company) – refer note 31 to the consolidated financial statements. The Directors are satisfied that the provision of these services did not impair the auditor's independence as none of these services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

BCD RESOURCES NL
Directors' Report
Year Ended 30 June 2011

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under 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.

This report is signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, consisting of a stylized 'K' followed by a series of loops and a trailing line.

K J Perrin
Director

30 September 2011
Melbourne

RSM Bird Cameron Partners
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525 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 3 9286 1800 F +61 3 9286 1999
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of BCD Resources NL for the year ended 30 June 2011, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

J S Croall
J S CROALL
Partner

Dated: 30 September 2011
Melbourne, Victoria

Liability limited by a
scheme approved
under Professional
Standards Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms. RSM International is the name given to a network of independent accounting and consulting firms each of which practices in its own right. RSM International does not exist in any jurisdiction as a separate legal entity.

BCD RESOURCES NL

Corporate Governance Report

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of BCD Resources NL is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of BCD Resources NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company aims to comply with the recommendations of the Australian Securities Exchange Corporate Governance Council ("Council") as contained in the "ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations" to the extent that the Board believes they are practical and applicable to the Company. Entities are required to disclose corporate governance principles that they have not adopted and to state the reasons why specific principles have not been adopted. The corporate governance principles and policies of the Company have been structured with reference to the Council's eight essential corporate governance principles.

Relevant principles are described below. The Company's corporate governance policies, including Charters for the Board and all Board Committees, can be found on BCD Resources' website: www.bcdresources.com.au.

Principle 1: Lay Solid Foundations for Management and Oversight.

The role of the Board is to represent shareholders, provide strategic guidance to and effective oversight of management, foster a culture of good governance, and promote a safe and healthy working environment within the Company.

In performing its role, the Board at all times will endeavour to act:

- (i) in a manner designed to create and continue to build sustainable value for shareholders;
- (ii) in recognition of its overriding responsibility to act honestly, fairly and in accordance with the law in serving the interests of the Company, its shareholders, employees and, as appropriate, other stakeholders;
- (iii) in accordance with the duties and obligations imposed upon Directors by the Company's Constitution and applicable law; and
- (iv) with integrity and objectivity, consistent with 'best practice' ethical, professional and related standards.

The Board has delegated responsibility for the operation and administration of the Company to the Chief Executive Officer and the executive management team. The Chief Executive Officer is accountable to the Board for the authority that is delegated by the Board.

The Board charter supports all delegations of responsibility by formally defining the specific functions reserved for the Board and its committees, and those matters delegated to management. The specific responsibilities of the Board are described in the Board charter which will be found on the Company's website: www.bcdresources.com.au.

Principle 2: Structure the Board to Add Value.

The Board has established a number of Board Committees to facilitate the execution of its responsibilities. The Committees provide a forum for a more detailed analysis of key issues and interaction with management. Each Committee reports its deliberations to the following month's Board meeting.

Details of the number of meetings of the Board and each Committee during the year, and each Director's attendance at those meetings, are set out on page 8 of this report.

BCD RESOURCES NL

Corporate Governance Report

Principle 2: Structure the Board to Add Value (continued)

The current Committees are:

Remuneration and Appointments Committee

Members: M. D. Botting (Chairman), K. J. Perrin.

Function: The Committee assists and advises the Board in relation to the remuneration of the CEO, his senior executive direct reports, employees of the Company, consultants/contractors who are engaged to perform management or executive responsibilities, and Non-Executive Directors.

Audit and Risk Management Committee

Members: K. J. Perrin (Chairman), M. D. Botting,

Function: The Committee assists and advises the Board in discharging its responsibilities in relation to financial reporting, financial risk management, evaluating the effectiveness of the financial control environment and oversight of the external audit function. Matters relating to the assessment and supervision of non-financial business risks and compliance are covered

As the Board comprises only three directors the Company considers it appropriate to have two members on the Audit and Risk Management Committee rather than three as recommended by the ASX Corporate Governance Recommendations..

Board Composition

BCD Resources' Board currently comprises three Non-Executive Directors.

The nomination of all new Directors is considered by the full Board. The Board assesses the nominees against a range of specific criteria, including their experience, professional skills, potential conflicts of interest, the requirement for independence and the existing collective skill sets of the Board.

Details of each Director's skills, experience and relevant expertise are set out in pages 5 to 6.

Independence.

It is Board policy that a majority of Non-Executive Directors, including the Chairman, should be independent and free of any relationship that may conflict with the interests of the Company. Mr Botting and Mr Perrin are both independent. The Board defines 'independence' in accordance with the ASX Recommendations.

In order to ensure that any interest of a Director in a matter to be considered by the Board is known, each Director has contracted with the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they have or may have a conflict of interest.

Independent professional advice and access to Company information

Directors have right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent advice from a suitably qualified adviser at BCD Resources' expense.

BCD RESOURCES NL

Corporate Governance Report

Principle 3: Promote Ethical and Responsible Decision Making.

The Board and the Company's employees are expected to uphold the highest levels of integrity and professional behaviour in their relationships with all the Company's stakeholders. Below is a summary of BCD Resources' core codes and policies that apply to Directors and employees. These policies are available on the Company's website: www.bcdresources.com.au.

Code of Conduct

The Code of Conduct sets ethical and governance standards for directors and senior management reporting to the Chief Executive Officer. The Code requires Directors and senior management to pursue the highest standards of ethical conduct in the interests of shareholders and others with an interest in the Company and seek to conform to the Best Practice Recommendations of the ASX Corporate Governance Council.

Code of Ethics

The Code of Ethics commits all Company employees to the highest standards of ethical behaviour and honesty and with full regard for the safety and health of its employees, customers, the wider community and the environment.

Trading in BCD Resources shares

To safeguard against insider trading, the Company's Share Trading Policy prohibits Directors and employees from trading BCD Resources securities if they are aware of any information that would be expected to have a material effect on the price of Company securities. Further details of this policy will be found on the Company's website: www.bcdresources.com.au.

The Company discloses to the ASX any transaction conducted by the Directors in BCD Resources securities, in accordance with ASX Listing Rules.

Principle 4: Safeguard Integrity in Financial Reporting.

The Chief Executive Officer and Chief Financial Officer have each declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained and present a true and fair view of the Company's financial condition and operating results, in accordance with the Corporations Act and the relevant accounting standards. The Audit and Risk Management Committee is governed by its own Charter, which is available on the Company's website: www.bcdresources.com.au.

Principle 5: Make Timely and Balanced Disclosure.

The Company seeks to provide relevant up-to-date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements under the ASX Listing Rules.

The Board has implemented a Continuous Disclosure Policy to ensure that information considered material by the Company is immediately lodged with the ASX. Other relevant information, including Company presentations and updates by senior management, is also disclosed to the ASX and through the Company's website: www.bcdresources.com.au.

Principle 6: Respect the Rights of Shareholders.

The Board, in adopting a Continuous Disclosure Policy, ensures that shareholders are provided with up-to-date Company information. Communication to shareholders is facilitated by the publication of the Annual Report, Half Year Report, Quarterly Reports, other announcements and the posting of ASX releases on BCD Resources NL's website immediately after their disclosure on the ASX. In addition, all shareholders are encouraged to attend the Annual General Meeting of shareholders and use the opportunity to ask questions. The external auditor attends the meeting and is available to answer questions on the Financial Report.

Principle 7: Recognise and Manage Risk.

The Board believes that risk management and compliance are fundamental to sound management and that overseeing such matters is an important responsibility of the Board.

The Company is developing its risk and opportunity management strategies, including comprehensive reporting and control mechanisms, which are designed to ensure that strategic, operational, legal, reputational and financial risks and opportunities are identified, assessed and managed.

The reporting and control mechanisms support the annual written certifications given by the Chief Executive Officer and the Chief Financial Officer to the Board that the Company's financial reports are based on a sound system of risk management and internal control.

Principle 8: Remunerate Fairly and Responsibly.

Board remuneration

The total annual remuneration paid to Non-Executive Directors may not exceed the limit set by the shareholders at the Annual General Meeting (currently \$300,000). The remuneration of the Non-Executive Directors is fixed rather than variable.

Executive remuneration

The Remuneration and Appointments Committee provides recommendations and direction for the Company's remuneration practices. The Committee ensures that a significant proportion of each senior manager's remuneration is linked to his or her performance and the Company's performance. Performance reviews are conducted at least annually to determine the proportion of remuneration that will be 'at risk' for the upcoming year.

Further details in relation to Director and executive remuneration are set out in the Remuneration Report on pages 9 to 16.

BCD RESOURCES NL

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the Year Ended 30 June 2011**

	Notes	CONSOLIDATED 2011 \$'000	2010 \$'000
Revenue from gold and silver sales		64,445	71,975
Production costs	5(a)	(66,853)	(64,670)
GROSS PROFIT/(LOSS) FROM MINING OPERATIONS		(2,408)	7,305
Corporate expenses	5(b)	(4,573)	(3,710)
Exploration expenditure written off	13	(3)	(5)
Depreciation and amortisation	5(c)	(7,067)	(8,120)
OPERATING LOSS BEFORE OTHER INCOME AND EXPENSES		(14,051)	(4,530)
Other income	5(d)	2,285	460
Other expenses	5(e)	-	(966)
OPERATING LOSS BEFORE FINANCIAL INCOME AND EXPENSES		(11,766)	(5,036)
Financial income	5(f)	236	270
Financial expenses	5(f)	(3,182)	(990)
LOSS BEFORE TAX		(14,712)	(5,756)
Income tax benefit/(expense)	6	(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	24	(1,305)	(392)
		(19,904)	(1,451)
EARNINGS PER SHARE (EPS)(cents)			
Basic EPS attributable to members of the parent entity	28	(3.24)	(0.26)
Diluted EPS attributable to members of the parent entity	28	(3.24)	(0.26)
Dividend per share (cents)		Nil	Nil

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

BCD RESOURCES NL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the Year Ended 30 June 2011

	Notes	CONSOLIDATED 2011 \$'000	2010 \$'000
ASSETS			
Current Assets			
Cash	32(b)	3,638	4,202
Trade & other receivables	7	519	2,924
Prepayments		241	176
Inventories	8	4,036	3,585
Total Current Assets		8,434	10,887
Non-Current Assets			
Cash	32(b)	1,444	3,632
Property, plant & equipment	12	24,401	26,026
Exploration, evaluation & development	13	19,979	20,141
Intangible asset	14	1,891	1,891
Deferred tax asset	6	3,521	8,966
Other	15	651	235
Total Non-Current Assets		51,887	60,891
TOTAL ASSETS		60,321	71,778
LIABILITIES			
Current Liabilities			
Trade & other payables	16	7,942	14,458
Interest-bearing loans & borrowings	17	13,761	792
Provisions	18	832	2,500
Other	19	358	331
Total Current Liabilities		22,893	18,081
Non-Current Liabilities			
Payables	16	96	2,029
Interest-bearing loans & borrowings	20	1,103	2,211
Provisions	21	10,167	9,695
Other	19	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	22	150,420	144,663
Accumulated losses		(128,800)	(110,201)
Reserves	23	7,388	6,720
Parent entity interest		29,008	41,182
Non-controlling interest	24	(3,653)	(2,348)
TOTAL EQUITY		25,355	38,834

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

BCD RESOURCES NL
CONSOLIDATED STATEMENT OF CASH FLOWS
For the 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	32(a)	(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)	(512)
Mine development & exploration expenditure		(3,701)	(5,521)
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 from/(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	32(b)	5,082	7,834

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

BCD RESOURCES NL
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 expenses for the year	-	(1,059)	-	(1,059)	(392)	(1,451)
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

The above statement of changes in equity should be read in conjunction with the accompanying notes.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

1. CORPORATE INFORMATION

The financial report of BCD Resources NL ("the Company") for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 30 September 2011.

BCD Resources NL is a no liability company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The registered office of BCD Resources NL is 5 West Street, Beaconsfield, Tasmania, 7270, Australia. The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian interpretations) as issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

The financial report has been prepared on a historical cost basis.

Comparative information, where necessary, has been reclassified in order to achieve consistency in presentation with amounts disclosed in the current year.

All amounts presented in the Financial Report have been rounded to the nearest thousand Australian dollars (\$'000) unless otherwise stated.

(b) Compliance with IFRS

The financial report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) New accounting standards and interpretations

New Accounting Standards and Interpretations issued but not yet effective and not adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2011 reporting period. Management assesses the impact of these new standards, their applicability to the Company and whether to adopt early.

As at 30 June 2011, the following applicable standards and interpretations had been issued but are not yet effective for financial year ending 30 June 2011. The Company has not adopted these standards early.

Standard/ Interpretation	Summary	Standard applicable for annual reporting periods beginning on	Applicable date for the Company	Impact on Company financial statements
AASB 9 – <i>Financial Instruments</i>	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013	1 July 2013	Impact is being evaluated.
AASB 124 – <i>Related Party Disclosures</i>	Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition.	1 January 2011	1 July 2011	Disclosure only.
AASB 2009 11 – <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2013	1 July 2013	Impact is being evaluated.
AASB 2010 7 – <i>Amendment to Australian Accounting Standards</i>	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2013	1 July 2013	No impact expected.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of BCD Resources NL and its subsidiaries (as outlined in note 10) as at 30 June each year (the "Consolidated Entity").

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation (continued)

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiary entities are recorded in the financial statements of the Company at the lower of cost and recoverable amount.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition (see note 2 (ab)).

Non-controlling interests (previously referred to as minority interests) (refer note 24) not held by the Consolidated Entity are allocated their share of net profit/(loss) after tax in the income statement and are presented within equity in the statement of financial position, separately from parent shareholders' equity.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Gold & silver sales

Significant risks and rewards of goods have passed to the buyer and transaction costs can be reliably measured. Risks and rewards of ownership are considered passed to the buyer when the goods are collected from the Tasmania Mine

Interest income

Revenue is recognised as interest accrues using the effective interest method.

(f) Leases

Finance leases, which transfer to the Consolidated Entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(g) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Trade and other receivables

Trade and other receivables are recognised and carried at amount due less an allowance for any uncollectible amount.

An allowance for uncollectible amounts is made where there is objective evidence that the Consolidated Entity will not be able to collect debts. Bad debts are written off when identified.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each item to its present location and condition are accounted for as follows:

- raw materials – purchase cost on a first-in first-out basis; and
- work in progress (including stockpile of unprocessed ore and gold in circuit) – cost of direct material and labour and a proportion of overheads based on normal operating capacity.

No account is taken of any gold residue residing in plant and equipment (e.g. pumps).

(j) Impairment of financial assets

The Consolidated Entity assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because fair value cannot be reliably measured) the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in the income statement.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Joint ventures

Where the Consolidated Entity's activities are conducted through unincorporated joint ventures that are jointly controlled assets, its proportionate share of the assets, liabilities, gold production and related operating costs are included in the financial statements. Details of the Consolidated Entity's interests in Jointly Controlled Assets are shown in note 11.

(l) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Property, plant & equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Any gain or loss on the disposal of assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the result of the Company or the Consolidated Entity in the year of disposal.

Depreciation is provided for over the life of the area of interest on a production output basis.

Refer note 2 (q) for the accounting policy relating to the impairment of non-financial assets.

(o) Exploration, evaluation & development expenditure

Costs carried forward

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

Amortisation

Costs on productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

Rehabilitation, restoration and environmental costs

Long-term environmental obligations are based on the Consolidated Entity's environmental management plans, in compliance with current environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining life of the mine. These increases are accounted for on a net present value basis.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Exploration, evaluation & development expenditure (continued)

Annual increases in the provision relating to the change in the net present value of the provision and inflationary increases are accounted for in earnings.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets on closure. Cost estimates have been reduced where it is reasonably expected that key pieces of equipment may be gifted to third parties and may therefore not need to be dismantled at the cost of the Company.

(p) Investments and other financial assets

Financial assets in the scope of AASB 139: *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Consolidated Entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Consolidated Entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income statement.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Consolidated Entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Investments and other financial assets (continued)

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(q) Impairment of non-financial assets (excluding goodwill)

The Consolidated Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Consolidated Entity makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the assets or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Goodwill

Goodwill acquired in a business combination is initially recognised at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Consolidated Entity's cash generating unit ("CGU") that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Consolidated Entity are assigned to that unit. The unit to which the goodwill is so allocated:

- represents the lowest level within the Consolidated Entity at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Consolidated Entity's primary or secondary reporting format determined in accordance with AASB 114 *Segment Reporting*.

For the Consolidated Entity's purposes, goodwill is allocated to the Tasmania Mine CGU, as it is the CGU that will benefit from the synergies of the combination.

Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed.

(s) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(t) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs (which include any establishment fees paid or other benefits provided e.g. via issue of options). After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid and other benefits provided on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Convertible notes issued are considered to have a liability component and an equity component, with the liability component representing the issuer's obligation to pay interest and potentially to redeem the bond in cash, and the equity component representing the holder's right to call for shares of the issuer. On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent debt instrument without the conversion feature, and this amount is carried as a financial liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

Interest charged on the liability component of the instrument is recognised as a finance cost in the income statement.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Non-interest-bearing borrowings

All borrowings are initially recognised at the fair value of consideration received.

A specified amount of advances made to BCD Resources (Operations) NL (formerly Allstate Explorations NL) by its banker under the terms of an indemnity agreement has a repayment schedule based on a dollar amount per ounce of gold production from the Tasmania Mine. Production-based repayments are recognised at fair value, but only to the extent that they are supported by recoverable mine reserves. Repayments that will not be made based on current reserves are not recognised, but instead are disclosed as contingent liabilities.

(v) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Parent Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity, net of tax.

(w) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefits, expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits; and
- other types of employee benefits

are recognised in the income statement on a net basis in their respective categories.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Share-based payment transactions

Equity-settled Transactions - employees

The Consolidated Entity provides benefits to employees (including key management personnel) of the Consolidated Entity in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The current plan in place providing these benefits is the BCD Resources NL Option Scheme No. 2, approved by shareholders at the Annual General Meeting on 14 November 2008, which provides benefits to senior executives and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using either a binomial or Black-Scholes model.

In valuing equity-settled transactions, performance conditions and conditions linked to the price of the shares of BCD Resources NL are taken into account ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

Equity-settled Transactions - suppliers

From time to time, the Consolidated Entity may issue options over shares in BCD Resources NL as consideration for services rendered by third party suppliers ('equity-settled transactions').

The cost of these equity-settled transactions with suppliers is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer.

In valuing equity-settled transactions, any performance conditions and conditions linked to the price of the shares of BCD Resources NL are taken into account ('market conditions').

The cost of equity-settled transactions is recognised, in either earnings (if it relates to an expense incurred), or it is capitalised if it represents benefits to be received over a longer time period, (whichever is appropriate), together with a corresponding increase in equity. The recognition of such benefits occurs over the period in which the performance conditions are fulfilled, ending on the date on which the relevant supplier/s becomes fully entitled to the award ('vesting date').

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element. Where the basic EPS is a loss per share, dilution will only occur where the potential dilutive shares would increase the loss per share.

(z) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(aa) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the period/s necessary to match the grant on a systematic basis to the costs that it is intended to compensate. It is not credited directly to shareholders' equity.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the life of the related asset on a unit-of-production basis.

(ab) Business combinations

The purchase method is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. For acquisitions that occurred prior to 1 July 2007, cost was measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Due to the early adoption of the provisions of AASB 3 *Business Combinations (revised)* from 1 July 2007, for any combinations undertaken subsequent to 1 July 2007, costs directly attributable to such a combination would be expensed when incurred.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ab) Business combinations (continued)

In addition, as a result of adopting these revised standards, subsequent changes in BCD Resources NL's controlling ownership interest (as the parent entity) that do not result in a loss of control of BCD Resources (Operations) (formerly Allstate Explorations), as the subsidiary, are accounted for as equity transactions with the owners acting in their capacity as owners and therefore do not give rise to gains or losses.

Carrying amounts of controlling and non-controlling interests (previously referred to as "minority interests") are adjusted to reflect the change in respective ownership interests.

To the extent that the consideration paid for the increase in the controlling interest exceeds the carrying value of the relevant non-controlling interest acquired, it is recognised directly in equity attributable to the controlling interest i.e. BCD Resources NL. Previously such an adjustment would have been recognised directly against goodwill.

(ac) Going concern

The financial statements have been prepared on the going concern basis which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business.

The Consolidated Entity has a net deficiency of current assets to current liabilities of \$14.459 million as at 30 June 2011 and recorded an operating loss after income tax of \$19.904 million for the year then ended. The Company has significant amounts due and receivable from subsidiary entities.

In late 2010 the Company raised \$17.630 million in secured debt in order to: -

- Repay the \$5 million pre-completion loan from Bendigo Mining Limited following that company's withdrawal from a proposed merger with BCD Resources;
- Provide further working capital; and
- Provide adequate funding to enable the Company to develop the high grade Western Zone of the Tasmania Mine during a period when mining was restricted to lower grade areas of the mine. Stopping production in the Western Zone commenced in early September 2011, and the majority of production is planned from this area in the coming year.

In February 2011 shareholders approved the conversion of the \$17.630 million of secured debt into 1,763 million 1 year secured convertible notes. The notes carry an interest rate of 20% p.a., however no interest is payable if the notes are converted. By 30 September 2011 678.771 million (face value \$6.788 million) of these notes had been converted or redeemed.

The present life of mine plan indicates strong cash flows arising from mining the high grade Western Zone of the Tasmania Mine. Should the Company not achieve planned ore grades and mining productivities from the Western Zone significant financial stress could be placed on the Company and Consolidated Entity.

The financial report has been prepared on a going concern basis after taking into account the following factors:-

- (i) Continued strength of the A\$ gold price (the gold price at the date of this report was A\$1,665 per ounce) with all gold being delivered into the spot market.
- (ii) The current life of mine model, which includes mining in the Western Zone, where drilling, development drives and initial stopping production have confirmed high grade mineralisation.

Should the Consolidated Entity not return to profitability, and in turn positive cash flows, there would be significant uncertainty as to whether the Company and/or the Consolidated Entity could continue as going concerns and therefore whether they could realise their assets and extinguish their 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 Company and/or the Consolidated Entity not continue as going concerns.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to:

- meet all its financial commitments as and when they fall due; and
- maintain the capacity to fund its forecast exploration strategy,

with the longer term objective of paying a reasonable dividend to shareholders.

The Group continually monitors and tests its forecast financial position against these criteria.

Liquidity, credit and market risk (including foreign exchange, commodity price and interest rate risk) arise in the normal course of the Group's business. The Group is also exposed to equity price risk from various investment decisions taken from time to time. These risks are managed under Board approved policies and processes. The Group's principal financial instruments comprise interest-bearing and non interest-bearing debt, finance leases, cash and short term deposits. Other financial instruments include trade and other receivables and trade and other payables, which arise directly from operations.

From time to time, derivative financial instruments may be used to hedge exposure to fluctuations in commodity prices. The Board has, however, determined that for the immediate future the Group will remain unhedged, with all production from the Tasmania Mine available for delivery at spot price.

The Group's forecast financial risk position with respect to key financial objectives is considered regularly by the Board.

The following table discloses the carrying amounts of each class of financial asset and financial liability at year end.

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Financial Assets		
Cash	5,082	7,834
Trade & other receivables	519	2,924
Other	651	235
Financial Liabilities		
Trade & other payables	8,038	16,487
Interest-bearing loans and borrowings	14,864	3,003

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk

(i) Foreign exchange risk

The Group has no direct exposure to foreign exchange risk as it does not operate internationally nor does it have any foreign currency denominated financial instruments.

Indirect exposure to foreign exchange risk arises from the impact of the US dollar exchange rate on the Australian dollar gold price. The Group's gold sales are denominated in Australian dollars.

(ii) Commodity price risk

The Group's revenues are exposed to fluctuations in the Australian dollar gold price, which is determined by the combination of the US dollar gold price and the US dollar exchange rate.

From time to time, as part of the process of managing its exposure to movements in commodity prices, the Group may enter into forward sales contracts that guarantee a minimum sale price for gold.

The Board has resolved that for the present time future production should remain unhedged.

(iii) Interest rate risk

The Group is exposed to interest rate risk as it borrows and/or invests funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings which is evaluated to align with interest rate views and defined risk appetite. Details of the Group's types and levels of debt are included in notes 17 and 20.

At 30 June 2011 the Group's only interest bearing debt related to convertible notes and finance leases, both of which are at fixed interest rates.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

Interest rate exposure

The Group's interest rate exposure at balance date is summarised as follows:

Consolidated	2011			2010		
	Weighted average interest rate %	Floating interest \$'000	Fixed interest \$'000	Weighted average interest rate %	Floating interest \$'000	Fixed interest \$'000
Financial Assets						
Cash	4.6	5,082	-	3.6	7,834	-
Security deposits	4.4	632	-	-	-	-
Total Assets		5,714	-		7,834	-
Financial Liabilities						
Lease commitments	9.3	-	1,210	9.4	-	2,003
Convertible notes	19.3	-	13,330	10.0	-	1,000
Total liabilities		-	14,540		-	3,003
Net exposure		5,714	(14,540)		7,834	(3,003)

The other financial instruments of the Group are not included in the above table as they are non-interest bearing and not subject to interest rate risk.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At 30 June 2011, if interest rates changed by +/- 1%, with all other variables held constant, the estimated impact on post-tax loss and equity would have been:

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
Impact on post-tax result:(Higher)/Lower		
Interest rates + 1%	57	78
Interest rates – 1%	(57)	(78)
Impact on equity: Higher/(Lower)		
Interest rates + 1%	57	78
Interest rates – 1%	(57)	(78)

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-effective manner.

The management team continually reviews the Group's liquidity position, including cash flow projections based upon the current life of mine plan, to determine the forecast liquidity position and maintain appropriate liquidity levels. Where necessary, adjustments to future cash flow requirements can be made to ensure sufficient liquidity is maintained. The Group has no financing facilities at its disposal to manage risk (refer note 32).

The following table analyses the contractual fixed repayments and interest resulting from recognised financial liabilities, disclosed by financial maturity groupings based on the remaining period at the reporting date to the contractual maturity date. For all obligations the respective undiscounted cash flows for the respective upcoming financial years are presented.

Consolidated	Less than 3 months \$'000	3-6 months \$'000	6-12 months \$'000	1-2 years \$'000	More than 2 years \$'000
2011					
Trade payables	5,971	-	-	-	-
Sundry creditors and accruals	905	-	-	-	-
Other payables	224	111	310	106	-
Lease liabilities	237	567	358	107	-
Convertible notes	50	-	13,061	1,050	-
	7,387	678	13,729	1,263	-
2010					
Trade payables	11,523	-	-	-	-
Sundry creditors and accruals	1,840	-	-	-	-
Other payables	138	148	387	1,045	1,442
Lease liabilities	237	237	474	1,163	107
Convertible notes	50	-	50	100	1,050
	13,788	385	911	2,308	2,599

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

3. FINANCIAL RISK MANAGEMENT (continued)

(d) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables, and represents the potential financial loss if counterparties fail to perform as contracted with a maximum exposure equal to the carrying amount of these financial assets as recorded in the financial statements.

It is the Group's policy that all customers who wish to trade on credit terms and providers of capital or financial counter parties are subject to a credit risk analysis including assessment of credit rating, short term liquidity and financial position.

The Group controls credit risk by:-

- maintaining cash and deposits only with reputable major Australian banks; and
- delivering all gold produced at the Tasmania Mine to a major gold refinery.

Gold deliveries are made weekly, and maximum credit exposure is eight days.

The majority of receivables, other than gold sale receivables, relate to GST refunds due from the Australian Taxation Office. These are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There were no impairments of receivables as at 30 June 2011 or 30 June 2010 for the Group.

(e) Fair value

The methods for estimating fair value are outlined in each of the relevant notes to the financial statements and unless indicated, carrying value approximates fair value.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

3. FINANCIAL RISK MANAGEMENT (continued)

(f) Capital management

The Group's objectives when managing capital are to maintain a strong capital base capable of withstanding cash flow variability, whilst providing the flexibility to pursue its growth aspirations. The Group aims to maintain an optimal capital structure to reduce the cost of capital and maximise shareholder returns.

The capital structure of the Group consists of debt, which includes interest-bearing loans and borrowings as disclosed in notes 17 and 20, cash and cash equivalents and equity.

The Group will balance its overall capital structure through the issue of new shares as well as the issue of new debt or redemption of existing debt.

During the year, the Group undertook the following activities in relation to capital management:

Debt

During the year the following movements occurred in the Company's interest bearing debt position: -

- Borrowed and retired Bendigo Mining Limited pre-completion loans of \$5 million;
- Borrowed and retired \$17.630 million of secured loans as part of the February 2011 secured convertible note issue; and
- Raised \$17.630 million, to repay \$17.630 million of secured loans, through the issue of 1,763 million 20% 1 year secured convertible notes in February 2011.

Equity Issues

Share issues during the year comprised: -

- 4.818 million fully paid ordinary shares issued to sophisticated and professional investors to raise \$0.530 million; and
- Conversion of 530 million secured convertible notes, issued in February 2011, resulting in the issue of 530 million fully paid ordinary shares (value \$5.3 million).

Subsequent to year end a further 100 million secured convertible notes were converted, resulting in the issue of 100 million fully paid ordinary shares (value \$1.0 million).

Refer note 22 for more information.

The Group is not subject to any externally imposed capital requirements.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(a) Mine rehabilitation provision

The Consolidated Entity assesses its mine rehabilitation yearly in accordance with the accounting policy note stated in note 2(o). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Factors that will affect this liability include future development, changes in technology, price increases and changes in interest rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

(b) Unit-of-production method of depreciation

The Consolidated Entity uses the unit-of-production basis when depreciating life of mine specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves and resources of the mine property at which it is located. These calculations require the use of estimates and assumptions.

(c) Impairment of non-financial assets excluding goodwill

The Consolidated Entity reviews all assets half-yearly to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is the higher of the fair value less costs to sell and value in use calculated in accordance with accounting policy note 2(q). The value in use calculations require the use of estimates and assumptions such as discount rates, commodity prices, future operating development and sustaining capital requirements and operating performance (including the magnitude and timing of related cash flows). In assessing value in use, the estimated future cash flows are discounted to their present value using asset-specific pre-tax discount rates.

(d) Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees and suppliers by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial or Black-Scholes valuation model.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(e) Capitalisation of exploration and evaluation costs

The Consolidated Entity's accounting policy for exploration and evaluation is set out in note 2(o). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available.

(f) Deferred tax assets

Deferred tax assets are recognised for tax losses where management considers that it is probable that future taxable profits will be available to utilise those tax losses. When determining the quantum of tax losses eligible to be recognised as a deferred tax asset, the Consolidated Entity is cognisant of the Tasmania Mine ore reserve estimates. Refer note 2(l).

(g) Ore Reserve Estimates

The Consolidated Entity estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC Code 2004'). The estimated quantities of economically recoverable reserves are based on interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying value of property, plant and equipment, exploration, evaluation & development, provision for rehabilitation obligations, the recognition of deferred tax assets, other payables, as well as the amount of depreciation and amortisation charged to the Income Statement.

(h) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimate of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in note 14.

(i) Convertible Notes

The Group has assessed that the convertible notes contain both a liability and an equity component. The fair value of the convertible notes is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The Group has assessed the market rate of interest by reference to similar liabilities that do not have a conversion option.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
5. REVENUES 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		
Materials, wages and other	62,518	61,777
Superannuation	805	1,172
Government royalties	915	1,043
Redundancy	3,213	230
Changes in inventories	(598)	448
	66,853	64,670
(b) CORPORATE EXPENSES		
Administration	2,338	1,956
Superannuation	102	157
Legal fees	504	1,494
Restructure costs	1,548	-
Operating lease payments	77	67
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
Release of deferred income – government grant	195	259
Profit on sale of fixed assets	325	138
Adjustment to pre-acquisition indemnities	1,732	-
Other	33	20
	2,285	460

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

		CONSOLIDATED	
		2011	2010
		\$'000	\$'000
(e) OTHER EXPENSES			
Adjustment to pre-acquisition indemnities		-	966
		-	966
(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

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
6. INCOME TAX		
The major components of income tax expense/benefit are:		
Current income tax expense/(benefit)	5,192	(4,305)
Deferred income tax	-	-
Income tax benefit as reported in the statement of comprehensive income	5,192	(4,305)
Income tax as reported in equity	-	-
A reconciliation between tax benefit and the product of accounting loss before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:		
Accounting loss before income tax	(14,712)	(5,756)
Prima facie income tax benefit calculated 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 recognised (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)

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
6. INCOME TAX (continued)		
Deferred Income Tax		
Deferred income tax at 30 June relates to the following:		
<i>Deferred tax assets</i>		
Provisions	3,300	3,658
Other	1,062	729
Carry forward revenue losses	8,817	13,025
TOTAL DEFERRED TAX ASSETS	13,179	17,412
<i>Deferred tax liabilities</i>		
Accelerated depreciation for tax purposes	9,037	7,781
Other	621	665
TOTAL DEFERRED TAX LIABILITIES	9,658	8,446
NET DEFERRED TAX ASSETS	3,521	8,966
Tax Losses		
<i>Revenue Losses</i>		
Deferred tax assets for unused revenue losses not recognised		
- BCD Resources	14,494	10,878
- BCD Resources (Operations)	22,751	16,460
	37,245	27,338
<i>Capital Losses</i>		
Deferred tax assets for unused capital losses not recognised		
- BCD Resources	205	205
- BCD Resources (Operations)	22,132	22,132
	22,337	22,337

The amount of deferred tax assets brought to account is predicated on the taxable profits expected to emanate from mining in the high grade Western Zone of the Tasmania Mine. These expected profits are based on the current life of mine model.

No deferred tax asset is recognised on the balance sheet for the above capital losses. The capital losses arose in Australia and are available indefinitely for offset against future capital gains of a similar nature subject to continuing to meet relevant statutory tests.

Tax Consolidation

The Consolidated Entity is not consolidated for the purposes of income taxation.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

		CONSOLIDATED	
		2011	2010
		\$'000	\$'000
7.	TRADE AND OTHER RECEIVABLES		
	Current (i)		
	Share of joint venture receivables (ii)	422	841
	Gold bullion awaiting settlement (iii)	62	1,774
	Other	35	309
		519	2,924
(i)	Fair value and credit risk		
	Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.		
	The maximum exposure to credit risk is the fair value of receivables. Collateral not held as security.		
	None of these trade and other receivables are past due or considered impaired.		
(ii)	Joint venture receivables are generally collected on 30-90 day term and are non-interest bearing.		
(iii)	Balance of proceeds from gold shipments in June 2011 was received in July 2011.		
8.	INVENTORIES		
	Supply inventories at cost	2,067	2,215
	Stockpile of unprocessed ore at cost	289	201
	Gold in circuit at cost	1,680	1,169
		4,036	3,585

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

9. PARENT ENTITY

BCD Resources NL is the Parent Entity of the Consolidated Entity.

At 30 June 2011 BCD Resources NL, BCD Metals Pty Ltd and BCD Operations Pty Ltd were parties to a Deed of Cross Guarantee under which each company guaranteed the debts of the others. In July 2011 the Deed of Cross guarantee was revoked in respect of BCD Metals Pty Ltd. The Deed of Cross Guarantee continues in respect of BCD Resources NL and BCD Operations Pty Ltd, with each company continuing to guarantee the debts of the other (refer page 7).

Details of contingent liabilities of the Parent Entity are contained in note 26. The Parent Entity has expenditure commitments as summarised in note 25.

Summarised financial information in respect of the Parent Entity is set out below.

	Parent Entity	
	2011	2010
	\$'000	\$'000
<u>Assets & Liabilities</u>		
Current assets	3,903	6,747
Non-current assets	46,899	64,712
Total assets	50,802	71,459
Current liabilities	15,340	4,959
Non-current liabilities	3,270	3,216
Total liabilities	18,610	8,175
Net assets	32,192	63,284
<u>Shareholders' equity</u>		
Issued capital	150,420	144,663
Reserves	2,044	1,376
Accumulated losses	(120,272)	(82,755)
Total equity	32,192	63,284
	Year ended	Year ended
	30 June 2011	30 June 2010
	\$'000	\$'000
Profit/(Loss) for the year	(37,517)	3,040
Total comprehensive income for the year	(37,517)	3,040

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

10. INTEREST IN SUBSIDIARIES

	Country of Incorporation	Class of shares	% Held by BCD Resources NL (based on shares on issue)		Investment carrying value	
			2011	2010	2011	2010
			%	%	\$'000	\$'000

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 2(d).

BCD Resources (Operations) NL	Australia	Ordinary	88.82 ^(a)	88.82 ^(a)	-	-
BCD Metals Pty. Ltd.	Australia	Ordinary	100.00 ^(c)	100.00 ^(b)	-	-
BCD Operations Pty. Ltd.	Australia	Ordinary	100.00 ^(b)	100.00 ^(b)	-	-
BCD Tasmania Pty. Ltd.	Australia	Ordinary	100.00 ^(c)	100.00 ^(c)	-	-
Eagle Copper Ltd.	Australia	Ordinary	100.00 ^(b)	100.00 ^(d)	-	-
APPL Pty. Ltd.	Australia	Ordinary	88.82 ^(b)	88.82 ^(b)	-	-
ACN 070 164 653 Pty. Ltd.	Australia	Ordinary	88.82 ^(c)	88.82 ^(c)	-	-
Mojixi Pty. Ltd.	Australia	Ordinary	88.82 ^(c)	88.82 ^(c)	-	-

^(a) As of 29 August 2011 BCD Resources (Operations) NL is an unlisted public company and is required to lodge audited consolidated financial reports for the BCD Resources (Operations) NL consolidated group as at 30 June 2011. NOTE: BCD Resources NL owns 90.06% of the voting rights of BCD Resources (Operations) NL.

^(b) For the year ended 30 June 2011 these subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. This relief does not apply to BCD Metals Pty Ltd after 30 June 2011 due to revocation of the Deed of Cross Guarantee (refer Events Subsequent to Balance Date on page 7).

^(c) These subsidiaries do not require audited financial reports for the current year as they are small proprietary limited companies.

^(d) Eagle Copper Ltd is an unlisted public company and is required to lodge an audited financial report. This company was incorporated on 5 February 2010. Accordingly, the first financial report will be for the period 5 February 2010 to 30 June 2011.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
<hr/>		
11. INTEREST IN JOINTLY CONTROLLED ASSET		
The Consolidated Entity has a 100% (2010: 100%) interest in the assets, liabilities and output of a jointly controlled asset, called the Tasmania Mine.		
The Tasmania Mine is not a separate legal entity. It is a contractual arrangement between the participants for the sharing of costs and output and does not generate revenue and profit.		
The interest in the Tasmania Mine is included in the financial statements as follows:		
CURRENT ASSETS		
Cash	1,323	1,839
Trade & other receivables	606	934
Inventories	4,036	3,585
TOTAL CURRENT ASSETS	5,965	6,358
NON-CURRENT ASSETS		
Cash	1,444	3,372
Property, plant and equipment (owned & leased)	24,373	25,989
Exploration, evaluation and development	14,026	14,630
Security deposit	362	-
TOTAL NON-CURRENT ASSETS	40,205	43,991
TOTAL ASSETS	46,170	50,349
CURRENT LIABILITIES		
Trade and other payables	5,971	11,523
Interest-bearing loans and borrowings	1,108	792
Provisions	788	2,175
Other	358	331
TOTAL CURRENT LIABILITIES	8,225	14,821
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	103	1,211
Provisions	10,167	9,695
Other	707	928
TOTAL NON-CURRENT LIABILITIES	10,977	11,834
TOTAL LIABILITIES	19,202	26,655
NET ASSETS	26,968	23,694

Commitments in relation to the Tasmania Mine are disclosed in note 25.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

12. PROPERTY, PLANT & EQUIPMENT

	Land & Buildings \$'000	Mining Plant & Equipment \$'000	Plant & Equipment under Lease \$'000	Total \$'000
CONSOLIDATED				
At 1 July 2009				
Cost	1,192	50,959	2,805	54,956
Accumulated depreciation	(742)	(27,770)	(461)	(28,973)
Net carrying amount	450	23,189	2,344	25,983
Year ended 30 June 2010				
At 1 July 2009, net of accumulated depreciation	450	23,189	2,344	25,983
Additions - rehabilitation asset	-	2,725	-	2,725
- plant & equipment	-	512	400	912
Transfer of assets (from)/to leased assets and mining plant and equipment	-	99	(99)	-
Depreciation charge for the year	(60)	(3,144)	(323)	(3,527)
Disposals	-	(67)	-	(67)
At 30 June 2010, net of accumulated depreciation	390	23,314	2,322	26,026
At 30 June 2010				
Cost	1,192	53,838	3,075	58,105
Accumulated depreciation	(802)	(30,524)	(753)	(32,079)
Net carrying amount	390	23,314	2,322	26,026
Year ended 30 June 2011				
At 1 July 2010, net of accumulated depreciation	390	23,314	2,322	26,026
Additions	-	1,748	70	1,818
Depreciation charge for the year	(48)	(2,883)	(296)	(3,227)
Disposals	-	(216)	-	(216)
At 30 June 2011, net of accumulated depreciation	342	21,963	2,096	24,401
At 30 June 2011				
Cost	1,192	54,616	3,145	58,953
Accumulated depreciation	(850)	(32,653)	(1,049)	(34,552)
Net carrying amount	342	21,963	2,096	24,401

Leased Assets

Assets under lease are pledged as security for the associated lease liabilities.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

13. EXPLORATION, EVALUATION & DEVELOPMENT COSTS

	CONSOLIDATED \$'000
At 1 July 2009	
Cost	41,251
Accumulated amortisation	(21,961)
Net carrying amount	19,290
Year ended 30 June 2010	
At 1 July 2009, net of accumulated amortisation	19,290
Additions	5,449
Exploration costs written off	(5)
Amortisation charge for the year	(4,593)
At 30 June 2010, net of accumulated amortisation	20,141
At 30 June 2010	
Cost	46,695
Accumulated amortisation	(26,554)
Net carrying amounts	20,141
Year ended 30 June 2011	
At 1 July 2010, net of accumulated amortisation	20,141
Additions	3,681
Exploration costs written off	(3)
Amortisation charge for the year	(3,840)
At 30 June 2011, net of accumulated amortisation	19,979
At 30 June 2011	
Cost	50,373
Accumulated amortisation	(30,394)
Net carrying amounts	19,979
Net carrying amount represented by:	
Tasmania Mine interest	14,026
Consolidated Entity Tenements	
- Victoria	4,093
- Tasmania	1,860
	19,979

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
14. INTANGIBLE ASSET		
Goodwill (i)	1,891	1,891

(i) This represents the Goodwill on acquisition of subsidiary in 2007.

Impairment test for goodwill

Goodwill acquired through the acquisition of the BCD Resources (Operations) group (formerly the Allstate group) in 2007 has been allocated to the Tasmania Mine cash-generating unit, which is a reportable segment. The recoverable amount of the Tasmania Mine cash-generating unit has been determined using a value in use calculation using cash flow projections as at 30 June 2011, based on financial budgets approved by senior management.

The pre-tax discount rate used in the impairment model was 16.0%.

Key assumptions used in value in use calculations for Tasmania Mine at 30 June 2011 and 30 June 2010

The calculation of value in use for the Tasmania Mine is most sensitive to the following assumptions:

- Gold price
- Reserves
- Discount rate
- Operating costs.

Gold price – the gold price used is based on the year end AUD spot gold price. This is maintained at a flat level for the remainder of the mine life.

Reserves – the reserves used in the impairment calculations are based on the most recently issued JORC compliant reserves. The life of mine average recovery factor is then applied to determine recoverable ounces.

Discount rate – the discount rate used reflects management's estimate of the time value of money and the risks specific to the Tasmania Mine that are not already reflected in the cash flows. In determining the appropriate discount rate for the Tasmania Mine, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for business risk specific to the operation.

Operating costs – operating costs are based on estimates of future costs to be incurred to extract the reserves from the ground in accordance with the current life of mine plan. This makes allowance for all costs of operating including sustaining capital expenditure, safety related costs and future closure costs including redundancy payments.

Sensitivity to changes in assumptions

With respect to the assessment of value in use, management believes that there are no reasonably possible changes in any of the above key assumptions that would cause the carrying value of the Tasmania Mine to materially exceed its recoverable amount.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
15. OTHER NON-CURRENT ASSETS		
Security deposits	651	235
	651	235
16. TRADE AND OTHER PAYABLES		
Current		
Trade payables (i)	5,971	11,523
Amounts paid under indemnity by BCD Resources (Operations) former banker (pre-acquisition activities) (ii)	644	673
Sundry creditors and accruals (iii)	1,327	2,262
	7,942	14,458
Non-Current		
Amounts paid under indemnity by BCD Resources (Operations) former banker (pre-acquisition activities) (ii)	96	2,029
	96	2,029

(i) This is the Consolidated Entity's share of joint venture trade creditors. They are non-interest-bearing and normally settled in 30-60 days.

(ii) BCD Resources (Operations) former banker

Under the terms of an agreement with BCD Resources (Operations) former banker, the agreement being a pre-requisite of terminating the Allstate Deeds of Company Arrangement and consolidating ownership of the Tasmania Mine, BCD Resources (Operations) agreed to repay advances paid to it in accordance with an indemnity agreement and guarantee.

An agreed amount is being repaid at the rate of \$10 per ounce of future gold production from the Tasmania Mine, with no recourse beyond that.

The current liability includes the amount payable to 30 June 2012 at the fixed amount per ounce based on forecast production.

The non-current portion is the fair value of amounts payable at the fixed amount per ounce after 30 June 2012, based on production projections and present recoverable reserves. The excess not supported by current reserves is disclosed as a contingent liability (refer note 26(a)).

(iii) Sundry creditors and accruals are non-interest-bearing and normally settled within 30-60 days.

Information regarding the interest rate and liquidity risk associated with trade and other payables is set out in note 3.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
17. INTEREST BEARING LOANS & BORROWINGS		
Current		
Lease liability (refer note 25)	1,107	792
Convertible Notes – February 2012 (i)	12,654	-
	13,761	792

(i) Convertible notes are secured. Principal terms are:

- Interest of 20% per annum, payable only if not converted. Interest is payable on 15 February 2012.
- BCD Resources must redeem in full on 15 February 2012 unless the notes have been converted; and
- Notes can be converted at any time during their life.

Information regarding the interest rate and liquidity risk of the interest bearing loans and borrowings is set out in note 3.

18. PROVISIONS

Current

Employee benefits – annual leave	502	1,711
Employee benefits – long service leave	330	789
	832	2,500

19. OTHER LIABILITIES

Current

Deferred income (i)	358	331
---------------------	------------	-----

Non-current

Deferred income (i)	707	928
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(i) Deferred income relates to the proceeds from the Beaconsfield Community Fund grant specifically for decline expenditure. This will be recognised as income over the life of the mine on a unit-of-production basis.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
20. INTEREST BEARING LOANS & BORROWINGS		
Non current		
Lease liability (refer note 25)	103	1,211
Convertible notes – August 2012 (i)	1,000	1,000
	1,103	2,211

(i) The convertible notes were issued in August 2009 and are unsecured.

Principal terms are:

- Interest of 10.0% per annum, payable each six months in arrears until conversion or redemption;
- BCD Resources NL must redeem the notes in full on 12 August 2012 unless the notes have been converted; and
- Notes can be converted at any time during their life.

Information regarding the interest rate and liquidity risk of interest bearing loans and borrowings is set out in note 3.

21. PROVISIONS

Non current

Employees benefits – long service leave	202	477
Rehabilitation (refer below)	9,965	9,218
	10,167	9,695

Rehabilitation

- (a) A provision for rehabilitation is recognised in relation to the restoration of the Hart Shaft collar area, the mine dewatering system and other costs associated with the rehabilitation of the mine and processing plant sites. The provision represents the net present value of the estimated cost of restoring the mine and processing plant sites.

The annual increase in the provision relating to the change in the net present value of the provision and inflationary increases are accounted for in finance costs.

- (b) Movements in rehabilitation provision.

Carrying amount at beginning	9,218	6,099
Additions during the year	-	2,725
Discount rate adjustment and unwind of discount	747	394
Carrying amount at end	9,965	9,218

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
22. CONTRIBUTED EQUITY		
Ordinary shares – listed (i)	150,402	144,645
Partly-paid shares – unlisted (ii)	18	18
	<u>150,420</u>	<u>144,663</u>
 (i) Ordinary Shares		
Issued and fully paid	<u>150,402</u>	<u>144,645</u>

Movement in ordinary shares on issue

	No. Thousands	\$'000
At 1 July 2009	400,436	142,614
Issued during the year		
- Share Purchase Plan	6,444	967
- Issued to sophisticated investor	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	<u>951,703</u>	<u>150,402</u>

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
22. CONTRIBUTED EQUITY (continued)		
(ii) Partly Paid Shares		
Issued and paid to \$0.01	18	18

The partly paid shares on hand at year end have been paid to \$0.01. Transaction costs have been offset against the paid up amount.

Partly paid shares carry no voting rights or rights to dividends or any other distributions while they remain partly paid, and are unlisted. Once fully paid they carry all rights of existing ordinary shares.

Movement in partly paid shares on issue

No partly paid shares were issued or converted during the period 1 July 2009 to 30 June 2011.

23. RESERVES

	Share based payment reserve	Business combination asset revaluation reserve	Value of conversion rights for convertible notes	Other reserves	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED					
At 1 July 2009	1,340	5,344	-	18	6,702
Share based payments					
- Employment Compensation	36	-	-	-	36
Transfer to accumulated losses	-	-	-	(18)	(18)
At 30 June 2010	1,376	5,344	-	-	6,720
Share based payments					
- Employment Compensation	4	-	-	-	4
Value of conversion rights for convertible notes issued	-	-	664	-	664
At 30 June 2011	1,380	5,344	664	-	7,388

Nature and purpose of reserves

Shared based payment reserve

The share based payment reserve is used to record the value of share based payments provided to key management personnel as part of their remuneration and to third parties for the provision of goods and services.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

Business combination asset revaluation reserve

The business combination asset revaluation reserve represents BCD Resources' 25.62% share (its original ownership interest) of the movement in the net fair value of the BCD Resources (Operations) (formerly Allstate) group's net asset position between the date that BCD Resources first acquired the 25.62% interest and the date it obtained control of the group through the acquisition of the Newmont and other shares (30 April 2007).

Value of conversion rights for convertible notes reserve

The value of conversion rights for convertible notes represents the initial value ascribed to the conversion feature embedded within the convertible notes issued during the current year. This reserve has been tax effected. It effectively represents the holder's right to call for shares of the issuer. Refer note 2(c) and note 20 for further information.

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
<hr/>		
24. NON-CONTROLLING INTERESTS		
Non-controlling interests in BCD Resources (Operations) NL comprises:		
Interest in accumulated losses at beginning of the year	(13,503)	(13,111)
Add: Interest in loss after income tax for the year	(1,305)	(392)
	<hr/>	<hr/>
Interest in accumulated losses at end of the year	(14,808)	(13,503)
	<hr/>	<hr/>
Interest in Share Capital at beginning and end of the year	5,555	5,555
	<hr/>	<hr/>
Interest in Business Combination Asset Revaluation Reserve at beginning and end of the year	5,600	5,600
	<hr/>	<hr/>
Total Non-controlling Interests	(3,653)	(2,348)
	<hr/>	<hr/>

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
<hr/>		
25. EXPENDITURE COMMITMENTS		
Exploration		
In order to maintain rights of tenure to exploration tenements, the consolidated entity is committed to tenement rentals and minimum exploration expenditure in terms of the requirements of the Victorian Department of Primary Industry and Tasmanian Department of Infrastructure, Energy and Resources. This requirement will continue for future years with the amount dependent upon tenement holdings	2,247	2,959
	<hr/>	
Capital expenditure		
There were no capital expenditure commitments at 30 June 2011 and 30 June 2010		
Commitments in relation to finance leases are as follows:		
Payable not later than one year	1,162	947
Later than one year but not later than five years	107	1,270
	<hr/>	
Minimum lease payments	1,269	2,217
Less: future finance charges	(59)	(214)
	1,210	2,003
	<hr/>	
Current lease liability (note 17)	1,107	792
Non-current lease liability (note 20)	103	1,211
	1,210	2,003
	<hr/>	

Lease liabilities are secured by the leased items of plant and equipment.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
25. EXPENDITURE COMMITMENTS (continued)		
Commitments in relation to operating leases (non-cancellable)		
Payable not later than one year	71	69
Later than one year but not later than five years	6	77
Aggregate lease expenditure contracted for at reporting date.	77	146
This has not been provided for.		

26. CONTINGENCIES

(a) Contingent Liabilities

Interest – Former Banker

In accordance with BCD Resources' facility agreement with its former banker, the banker agreed to defer its claim for \$4 million of accrued interest, pending receipt of the Consolidated Entity's share of proceeds from the claims against BBR and related claims. The interest was only payable from proceeds received from the BBR claims, with 50% of BCD Resources' 48.49% share of proceeds from the BBR claims being applied towards payment of the \$4 million deferred interest until the deferred interest has been paid in full.

Following the June 2005 settlement with BBR's professional indemnity insurer (previously reported) the contingent liability relating to interest was \$0.848 million at 30 June 2008.

In early 2009 the claim against the BBR Companies was settled before going to court, and as a result the contingent liability was further reduced to \$0.651 million.

This contingent liability has now been fully settled following resolution of the Company's claim against Blake Dawson (refer Note 26 (b)), and no further amounts are payable to the former banker.

BCD Resources (Operations) Former Banker

Under the terms of an agreement with BCD Resources (Operations) former banker, the agreement being a pre-requisite of terminating the Allstate Deeds of Company Arrangement and consolidating ownership of the Tasmania Mine, BCD Resources (Operations) agreed to repay advances made to it by the former banker.

An agreed amount is being repaid at a fixed A\$ per ounce of gold produced from the Tasmania Mine after 27 February 2007, with no recourse beyond that.

Present recoverable reserves of the Tasmania Mine are insufficient to fully repay the advances. An amount of \$2.821 million (\$0.790 million at 30 June 2010), out of the total advances of \$3.572 million (as at 30 June 2011) will only be repaid if recoverable reserves are increased by approximately 282,000 ounces. Refer note 16 for details of amounts that have been recognised in relation to these advances.

Claim Against Blake Dawson

A summary of the claim is set out in note 26(b) Contingent Assets. The Company elected not to proceed with its appeal against the Court's decision, and all potential liability for costs was removed as a result of the settlement reached.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

26. CONTINGENCIES (continued)

(b) Contingent Assets

Claim Against Blake Dawson

The BCD Resources group's action against Blake Dawson was heard in the WA Supreme Court in March 2010.

The decision of the court was handed down on 7 May 2010. Whilst the judge found in the Company's favour that Blake Dawson had breached its contract of retainer, he awarded nominal charges only and awarded costs to Blake Dawson. The Company initially filed a notice of appeal against the decision, however elected not to proceed with the appeal.

Royalty Payments to Mineral Resources Tasmania ("MRT")

In December 2004, the Company submitted a claim to MRT alleging overpayment of profit-based royalty by the BCD Resources (formerly Beaconsfield Gold) receiver and manager, up to the date of his retirement in March 2004.

The alleged overpayment (approximately \$0.710 million) arose mainly from an understatement of depreciation and amortisation expense in calculating profit for royalty, thereby overstating profit.

Profit royalty of \$0.385 million was accrued for the year ended 30 June 2004, but has not been accrued in subsequent years. The Company continues to pay ad valorem royalty to MRT when it becomes due.

In April 2005 MRT formally rejected the Company's claim. The Company was successful in quashing the MRT decision to reject the Company's claim. Proceedings have commenced to recover the overpayment.

Following the takeover of BCD Resources (Operations) (formerly Allstate Explorations NL) in 2007, a review of profit-based royalty payments by Allstate has revealed that the former Allstate deed administrator paid profit-based royalty to MRT calculated on the same basis as that used by the BCD Resources receiver and manager. BCD Resources (Operations) has advised MRT that it will seek to recover approximately \$1.877 million allegedly overpaid up to June 2006

Recovery of the BCD Resources and BCD Resources (Operations) overpayments will result in a write-back to profit of approximately \$2.972 million (comprising the reversal of the current accrual of \$0.385 million and the recognition of the \$2.587 million overpayment).

Both actions are proceeding in the Supreme Court of Tasmania.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

27. RELATED PARTY DISCLOSURES

(a) Directors

The following persons held the position of Director of the Company during the past financial year:

Michael D Botting	Non-Executive Chairman (Appointed 1 March 2011)
Kevin J Perrin	Non-Executive Director
Nigel B Webb	Non-Executive Director (Appointed 30 November 2010)
Denis E Clarke	Non-Executive Chairman (Resigned 25 February 2011)
Michael W Trumbull	Non-Executive Director (Resigned 25 February 2011)
William Tsingos	Non-Executive Director (Resigned 17 November 2010)
Dato' Mohd Ajib Anuar	Non-Executive Director (Resigned 17 November 2010)
Choo Mun Keong	Non-Executive Director (Resigned 17 November 2010)
Neville K Bergin	Non-Executive Chairman (Appointed 18 October 2010) (Resigned 6 November 2010) (Reappointed 30 November 2010) (Resigned 24 August 2011)
Andrew J Drummond	Non-Executive Director (Appointed 30 November 2010) (Resigned 1 June 2011)

Transactions entered into during the year with the Directors of the Company and their Director related entities are within normal employee relationships, on terms and conditions no more favourable to those available to other employees.

(b) Transactions with related parties in the group

During the year the parent entity advanced loans to (\$52,083 million) and received repayments from (\$68.236 million) entities within the group on short term intercompany accounts.

These transactions were undertaken on an interest free basis except for the cash advanced by BCD Resources to the BCD Resources (Operations) Group to fund its operations. The interest expense received from the BCD Resources (Operations) Group by BCD Resources totalled \$4.105 million.

During the year BCD Resources charged management fees of \$0.849 million to the BCD Resources (Operations) Group for administration of the Tasmania Mine and corporate activities.

On 30 September 2011 BCD Resources advised BCD Resources (Operations) NL ("BCO") that it will not require repayment of loans owed by BCO to BCD Resources as at 30 September 2011 until such time as BCO is capable of paying these loans without any adverse consequences in relation to solvency. The Company has undertaken not to withdraw this financial support for at least 12 months.

(c) Transactions with director related parties

As disclosed in the Remuneration Report, \$212,963 was paid to Minemakers Limited for the services of the Tasmania Mine General Manager. A J Drummond is Managing Director of Minemakers Limited.

During the year \$19,011,213 was paid to Webb Mining Services Pty Ltd in relation to the underground mining contract at the Tasmania Mine. N B Webb is the sole director of Webb Mining Services Pty Ltd.

Commission of \$70,000 was paid to PPT Nominees Pty Ltd in relation to secured debt, subsequently converted to secured convertible notes, raised in late 2010. K J Perrin is a director of PPT Nominees Pty Ltd.

(d) Ownership interests

The ownership interests in related parties in the wholly owned group are set out in note 10.

(e) Ultimate controlling entity

The ultimate controlling entity of the Consolidated Entity is BCD Resources NL.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

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

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

	\$'000	\$'000
Net loss after tax and non-controlling interests 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

29. SEGMENT INFORMATION

The Consolidated Entity operates within the minerals exploration and mining industry in Australia and has one customer from which it sources its revenue. All sales are made within Australia. All assets owned by the Consolidated Entity are held within Australia.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

30. EVENTS AFTER THE BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial 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:

- Since 30 June 2011 a total of 148,770,900 secured convertible notes have been converted or redeemed, leaving a balance of 1,084,229,200 notes outstanding, which represents 61.5% 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. By Deed of Variation the end date was changed to 31 March 2012, for cash consideration of \$100,000. 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.
- In July 2011 the Deed of Cross Guarantee dated on or about 31 May 2007 entered into between BCD Resources NL and its 100% owned subsidiaries BCD Metals Pty Ltd and BCD Operations Pty Ltd was revoked in respect of BCD Metals Pty Ltd. The Deed of Cross Guarantee continues in respect of BCD Resources NL and BCD Operations Pty Ltd with BCD Operations Pty Ltd replacing BCD Metals Pty Ltd as deed trustee.

CONSOLIDATED

2011 **2010**
\$ **\$**

31. AUDITOR'S REMUNERATION

Amounts received or due and receivable by RSM

Bird Cameron Partners for :

• an audit and/or review of the financial report of the entity and any other entity in the consolidated entity	94,000	121,143
• other services in relation to the entity and any other entity in the consolidated entity		
- tax compliance	17,250	14,000
- assurance related	11,500	11,960
- other tax services and advice	62,321	39,550
	185,071	186,653

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
<hr/>		
32. STATEMENT OF CASH FLOWS		
(a) Reconciliation of net loss after tax 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 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

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

32. STATEMENT OF CASH FLOWS (continued)

(b) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash at bank and on hand. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
Cash balance comprises:		
Current asset	3,638	4,202
Non-current asset	1,444	3,632
	5,082	7,834

Cash deposits at banks are earning interest at current bank deposit rates. The average rate for the year was 4.6% (2010: 3.6%).

At 30 June 2011 \$3.128 million (2010: \$4.753 million) of cash was held on deposit as security for Tasmania Mine employee entitlements. This cash can only be used to settle Tasmania Mine employee entitlements.

(c) Financing facilities available

At reporting date there were no financing facilities available to the Consolidated Entity. There were no financing facilities available to the Consolidated Entity at 30 June 2010.

(d) Non-cash financing activities – finance lease transactions

During the financial year the Consolidated Entity did not enter into any finance leases. During the 2010 year the Consolidated Entity acquired plant and equipment with an aggregate fair value of \$0.401 million by means of finance leases.

33. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

Michael D Botting	Non-Executive Chairman - appointed 1 March 2011
Kevin J Perrin	Non-Executive Director
Nigel B Webb	Non-Executive Director – appointed 30 November 2010
Denis E Clarke	Non-Executive Chairman – resigned 25 February 2011
Michael W Trumbull	Non-Executive Director – resigned 25 February 2011
William Tsingos	Non-Executive Director – 17 November 2010
Dato' Mohd Ajib Anuar	Non-Executive Director – resigned 17 November 2010
Choo Mun Keong	Non-Executive Director – resigned 17 February 2010
Neville K Bergin	Non-Executive Director – resigned 24 August 2011
Andrew J Drummond	Non-Executive Director – resigned 1 June 2011

(ii) Executives

Peter R Thompson	Chief Executive Officer – appointed 1 March 2011
Paul Richardson	Tasmania Mine General Manager – appointed 8 November 2010
Brian D Coulter	Chief Financial Officer and Company Secretary
William T Colvin	Chief Executive Officer – resigned 28 February 2011
Richard K Holder	Tasmania Mine General Manager – terminated 5 November 2010

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

33. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Compensation of Key Management Personnel

Compensation by Category

	CONSOLIDATED	
	2011	2010
	\$	\$
Short-Term	1,550,868	1,384,081
Post Employment	105,359	165,045
Share-based Payments	2,914	33,240
Termination Payments	420,842	-
	2,079,983	1,582,366

(c) Option holdings of Key Management Personnel

All options refer to options over ordinary shares of BCD Resources NL, which are exercisable on a one-for-one basis under the Beaconsfield Gold NL Option Scheme or the Beaconsfield Gold NL Option Scheme No. 2.

The movements during the year in the number of options over ordinary shares in BCD Resources NL, held directly, indirectly or beneficially by each key management personnel, including their related entities, were as follows:

30 June 2011	<i>Balance at beginning of period 01-Jul-10</i>	<i>Granted as Remuneration</i>	<i>Options Lapsed</i>	<i>Balance at end of period 30-Jun-11</i>	<i>Vested and exercisable</i>	<i>Unvested</i>
W T Colvin ⁽¹⁾	3,200,000	-	3,200,000	-	-	-
B D Coulter	550,000	-	-	550,000	550,000	-
R K Holder ⁽²⁾	650,000	-	650,000	-	-	-
P R Thompson	500,000	-	-	500,000	500,000	-
	4,900,000	-	3,850,000	1,050,000	1,050,000	-

⁽¹⁾ Resigned 28 February 2011

⁽²⁾ Employment terminated on 5 November 2010

30 June 2010	<i>Balance at beginning of period 01-Jul-09</i>	<i>Granted as Remuneration</i>	<i>Options Lapsed</i>	<i>Balance at end of period 30-Jun-10</i>	<i>Vested and exercisable</i>	<i>Unvested</i>
W T Colvin	3,200,000	-	-	3,200,000	2,667,000	533,000
B D Coulter	550,000	-	-	550,000	450,000	100,000
R K Holder	650,000	-	-	650,000	483,500	166,500
P R Thompson	500,000	-	-	500,000	500,000	-
	4,900,000	-	-	4,900,000	4,100,500	799,500

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

33. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Shareholdings of Key Management Personnel

Shares held in BCD Resources NL- Direct and Indirect Holdings

The movements during the year in the number of ordinary shares in BCD Resources NL, held directly, indirectly or beneficially by each key management personnel, including their personally related entities, were as follows:

30 June 2011	Balance 01-Jul-10		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30-Jun-11	
	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid
Directors										
Denis E Clarke ⁽¹⁾	1,099,750	1,000,000	-	-	-	-	(1,099,750)	(1,000,000)	-	-
Michael W Trumbull ⁽¹⁾	6,584,831	-	-	-	-	-	(6,584,831)	-	-	-
William Tsingos ⁽²⁾	1,022,256	400,000	-	-	-	-	(1,022,256)	(400,000)	-	-
Kevin J Perrin	4,300,000	-	-	-	-	-	-	-	4,300,000	-
Nigel B Webb ⁽³⁾	-	-	-	-	-	-	330,000,000	-	330,000,000	-
Key Management Personnel										
Peter R Thompson	800,000	-	-	-	-	-	-	-	800,000	-
Totals	13,806,837	1,400,000	-	-	-	-	321,293,163	(1,400,000)	335,100,000	-

⁽¹⁾ Resigned on 25 February 2011

⁽²⁾ Resigned on 17 November 2010

⁽³⁾ Appointed as a director on 30 November 2010

30 June 2010	Balance 01-Jul-09		Granted as Remuneration		On Exercise of Options		Net Change Other		Balance 30-Jun-10	
	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid	Ord	Partly Paid
Directors										
Denis E Clarke	999,750	1,000,000	-	-	-	-	100,000	-	1,099,750	1,000,000
Michael Trumbull	6,579,553	-	-	-	-	-	5,278	-	6,584,831	-
William Tsingos	1,022,256	400,000	-	-	-	-	-	-	1,022,256	400,000
Kevin J Perrin	4,200,000	-	-	-	-	-	100,000	-	4,300,000	-
Key Management Personnel										
Peter R Thompson	800,000	-	-	-	-	-	-	-	800,000	-
Totals	13,601,559	1,400,000	-	-	-	-	205,278	-	13,806,837	1,400,000

All equity transactions with key management personnel and their related parties (where applicable) have been entered into under terms and conditions no more favourable than those the Consolidated Entity would have adopted if dealing at arm's length.

(e) Other transactions and balances with Key Management Personnel

There were no other transactions or balances with Key Management Personnel.

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

34. SHARE-BASED PAYMENT PLANS

Employee Option Plan

The establishment of the BCD Resources NL Option Scheme No. 2 was approved by shareholders at the 2008 Annual General Meeting, and all employee options issued during the year ended 30 June 2009 were issued under that scheme. In prior years employee options were issued under the terms of the Beaconsfield Gold NL Option Scheme, which scheme is now terminated. No options were issued during the year ended 30 June 2011.

Options are issued for no consideration, and are granted for a five year period from grant date or deemed grant date.

Options granted under the scheme carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

Set out below are summaries of options granted to employees under the BCD Resources NL Option Scheme No.2 (2009 year) and the BCD Resources NL option scheme (prior to 2009 year):

<i>Grant Date</i>	<i>Expiry Date</i>	<i>Exercise Price</i>	<i>Balance at start of the year Number</i>	<i>Granted during the year Number</i>	<i>Exercised during the year Number</i>	<i>Expired during the year Number</i>	<i>Balance at end of the year Number</i>	<i>Exercisable at end of the year Number</i>
Consolidated and parent entity-2011								
23 Dec 05	01 Sep 10	\$0.374	800,000	-	-	800,000	-	-
05 Apr 07	01 Sep 11	\$0.340	800,000	-	-	800,000	-	-
05 Apr 07	05 Apr 12	\$0.340	250,000	-	-	-	250,000	250,000
28 Sep 07	18 Jun 12	\$0.288	150,000	-	-	150,000	-	-
14 Jan 09	01 Sep 13	\$0.220	2,400,000	-	-	2,100,000	300,000	300,000
14 Jan 09	26 Jun 13	\$0.152	500,000	-	-	-	500,000	500,000
14 Jan 09	10 Nov 13	\$0.220	150,000	-	-	150,000	-	-
Total			5,050,000	-	-	4,000,000	1,050,000	1,050,000
Weighted average exercise price			0.265	-	-	-	0.216	0.216

BCD RESOURCES NL
Notes to the Financial Statements
For the Year Ended 30 June 2011

34. SHARE-BASED PAYMENT PLANS (continued)

Employee Option Plan (continued)

<i>Grant Date</i>	<i>Expiry Date</i>	<i>Exercise Price</i>	<i>Balance at start of the year Number</i>	<i>Granted during the year Number</i>	<i>Exercised during the year Number</i>	<i>Expired during the year Number</i>	<i>Balance at end of the year Number</i>	<i>Exercisable at end of the year Number</i>
Consolidated and parent entity-2010								
23 Dec 05	01 Sep 10	\$0.374	800,000	-	-	-	800,000	800,000
05 Apr 07	01 Sep 11	\$0.340	800,000	-	-	-	800,000	800,000
05 Apr 07	05 Apr 12	\$0.340	250,000	-	-	-	250,000	250,000
28 Sep 07	18 June 12	\$0.288	150,000	-	-	-	150,000	150,000
14 Jan 09	01 Sep 13	\$0.220	2,400,000	-	-	-	2,400,000 ⁽¹⁾	1,600,500
14 Jan 09	26 Jun 13	\$0.152	500,000	-	-	-	500,000	500,000
14 Jan 09	10 Nov 13	\$0.220	150,000	-	-	-	150,000 ⁽²⁾	75,000
Total			5,050,000	-	-	-	5,050,000	4,175,500
Weighted average exercise price			0.265	-	-	-	0.265	0.274

(1). 799,500 vested on 1 September 2010.

(2). 75,000 vested on 10 November 2010.

The weighted average remaining contractual life of employee share options outstanding at the end of the year was 1.75 years (2010: 2.26 years).

No options were granted during the years ended 30 June 2011 or 2010.

BCD RESOURCES NL

Directors' Declaration

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

- (1) (a) the financial report of the consolidated entity, and the additional disclosures included in the Directors' report designated as audited are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of the consolidated entity's performance for the year ended on that date;
 - (ii) complying with Accounting Standards and Corporations Regulations 2001;
 - (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; and
 - (c) in the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 2 to the financial statements.
- (2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2011.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 10 to the financial statements will, as a group, be able to meet any obligation or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

On behalf of the Board



K J Perrin
Director

Melbourne, 30 September 2011

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BCD RESOURCES NL**

Report on the Financial Report

We have audited the accompanying financial report of BCD Resources NL, which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

- (a) the financial report of BCD Resources NL is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(b).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(ac) in the financial report which refers to a net deficiency of current assets to current liabilities of BCD Resources NL and the reliance of the company, and consolidated entity, to achieve production results in accordance with the consolidated entity's life of mine model, so as to meet its debts as and when they fall due. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's, and consolidated entity's, ability to continue as going concerns and, therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of BCD Resources NL for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants


J S CROALL
Partner

Dated: 30 September 2011
Melbourne, Victoria

BCD RESOURCES NL
ASX Additional Information

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 27 September 2011.

(a) Distribution of equity securities

The numbers of shareholders, by size of holding, in each class of share are:

			Ordinary shares		Partly-paid shares	
			Number of holders	Number of shares	Number of holders	Number of shares
1	-	1,000	1,820	719,123	-	-
1,001	-	5,000	1,506	4,105,399	-	-
5,001	-	10,000	735	5,647,361	-	-
10,001	-	100,000	1,580	59,232,006	-	-
100,001	and over		664	981,999,550	5	3,250,000
			6,305	1,051,703,439	5	3,250,000
The number of shareholders holding less than a marketable parcel of shares are:			5,079	31,260,814		

The number of fully-paid ordinary shares by location are:

	Number of Shares
Tasmania	378,371,728
Victoria	272,804,431
New South Wales	229,171,228
Western Australia	78,547,467
Queensland	39,185,107
South Australia	13,238,901
Australian Capital Territory	3,691,477
Northern Territory	3,124,577
Total Australia	1,018,134,916
Overseas	33,568,523
Total	1,051,703,439

BCD RESOURCES NL
ASX Additional Information

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Webb Mining Services Pty Ltd	330,000,000	31.38
2	Eclectic Investments Pty Limited	75,000,000	7.13
3	Au Mining Limited	46,280,000	4.40
4	Minemakers (Gold) Pty Ltd	38,464,006	3.66
5	PPT Nominees Pty Ltd	22,738,135	2.16
6	Mr Kai Liu	20,800,000	1.98
7	Lewer Corporation Pty Ltd	20,000,000	1.90
8	Atlantic Investment (Aust) Pty Ltd	17,000,000	1.62
9	Mr Andrew Ian Brown	15,000,000	1.43
10	Mr Geoffrey Knight Morgan <G&M Morgan Investments A/C>	12,800,000	1.22
11	Drysdale Metals Pty Ltd	11,762,648	1.12
12	Au Mining Limited <Au Mining Limited A/C>	9,500,000	0.90
13	JP Morgan Nominees Australia Limited <Cash Income A/C>	8,391,251	0.80
14	Russell Equity Pty Ltd <Joe Russell Super Fund A/C>	6,181,754	0.59
15	Mr Sean Michael Nold	5,555,000	0.53
16	HSBC Custody Nominees (Australia) Limited – GSCO ECA	5,405,965	0.51
17	Mr Michael Leonard Mackey	4,650,000	0.44
18	Saturn Investments Sarl	4,385,965	0.42
19	Zero Nominees Pty Ltd	4,314,170	0.41
20	Vinda Pty Ltd	4,300,000	0.41
		662,528,894	63.00

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of shares
Webb Mining Services Pty Ltd	330,000,000
Eclectic Investments Pty Ltd	75,000,000

(d) Voting rights

All fully paid ordinary shares carry one vote per share without restriction.

Partly-paid shares carry no voting rights.

BCD RESOURCES NL
ASX Additional Information

(e) Schedule of interests in mining tenements

Name	Tenement	Interest	State
Tasmania Mine Tenements (a)			
• Beaconsfield Consolidated Mining Lease	1767 P/M	100.0	Tas
• Beaconsfield Retention Licence	RL 1/1999	100.0	Tas
• Salisbury Hill	EL 29/2008	100.0	Tas
BCD Resources Group Exploration Licences (b) (c)			
• Lefroy Mining Lease	ML 16M/1991 (f)	100.0	Tas
• Lefroy	EL 35/2001 (f)	100.0	Tas
• Stavelly	EL 4556 (d)	100.0	Vic
Ararat Farm-in (e)			
• Ararat	EL 3019	51.0	Vic
• Norval	EL 4758	51.0	Vic
• Ararat South	EL 5076	51.0	Vic

(a) The BCD Resources (Operations) group has a 51.51% interest in these tenements.

(b) The BCD Resources (Operations) group has no interest in these tenements.

(c) In September 2011 Tasmanian ELs 34/2008, 36/2008, 55/2008, 13/2007, 13/2006 and 30/2006 were transferred to an unlisted gold exploration company (refer Events Subsequent to Balance Date on page 7). Those ELs will be transferred back to BCD Resources should the gold exploration company not successfully list on the Australian Securities Exchange by 31 March 2012.

(d) A controlled entity of the Company has a 100% interest in this tenement, subject to a 3% net smelter return royalty, with an option to reduce the 3% royalty to 1%.

(e) At the date of this report all licences are held jointly in the names of BCD Metals Pty Ltd (100% owned by BCD Resources NL) and Range River Gold Ltd (Administrators Appointed). BCD Metals Pty Ltd will increase its interest to 75% by funding a further \$700,000 of expenditure by July 2013.

(f) Subject to a 1% royalty to Lefroy Resources Limited.