

CHAIRMAN'S ADDRESS

BY MR MICHAEL BOTTING AT THE ANNUAL GENERAL MEETING OF BCD RESOURCES
HELD AT 2.00PM WEDNESDAY 30 NOVEMBER 2011 IN BEACONSFIELD, TASMANIA

The financial year 2010/11 was a difficult one for our company that ultimately resulted in a number of changes at both Board level and within the business. As reported at the last AGM by the Chairman at the time, Dr Dennis Clark there were a series of extraordinary events, the most significant of which was the withdrawal of Bendigo Mining (now Unity Mining Ltd) from a planned merger in October 2010 that impacted substantially on the fortunes of the Company and the Shareholders. To immediately repay an \$8M debt to Bendigo Mining and fund the development of the deeper higher grade Western Ore Zone at the Tasmania Mine, for which the initial debt was incurred, the Company was required to issue 1,763 million secured convertible notes in February 2011 to Minemakers and other investors at a face value of 1c raising \$17M. The conversion of some of those notes to shares and selling on market at prices as low as 1.1c has effectively put a cap on any sustained share price appreciation until the outstanding balance is paid when it becomes due in February 2012.

The Tasmania Mine

The availability of funds through the issue of the convertible notes, significant cost reductions, a rising gold price and our un-hedged position enabled us to survive a period of lower gold production due to the availability of only lower grade ore and to fund development of the deeper Western Ore Zone.

Since September this year, when production from the Western Ore Zone at the Tasmania Mine commenced, the fortunes of the Company have improved significantly. Gold production has increased and the cash flow from operations has improved. This has allowed the Company to repay \$2.7M in convertible notes early, making savings in interest payments, and the Board is confident that the Company will be able to repay the balance when it comes due, particularly in light of our recent decision to enter into a forward sales contract for 7,000 ounces over a 3 month period at a price of A\$1,747 per ounce.

At this point I would like to acknowledge the success of the operational team in mining the Western Ore Zone to date, which has involved the implementation of a relatively new mining technique that is unique to the Tasmania Mine and which has been developed to minimise the risks to all those who work in the mine.

As I stated earlier, the withdrawal of Bendigo Mining from the planned merger impacted substantially on the fortunes of the shareholders and the Company. For the Tasmania Mine one impact of the delayed funding was the delay of mine development. This, coupled with poorer than anticipated mined recoveries and ore reserve reconciliation in the eastern end of the ore body, has meant that deeper ore zones below the 1210 level can no longer be mined in parallel with production sources higher in the mine. As the contained gold in the ore body is reducing with depth, the resource below the 1210 level isn't currently viable as a stand-alone production source. Consequently it has now been excluded from both the ore reserves and the current production plans. The implications for mine life are that in the current mine plan production finishes in mid 2012. As activities in the mine wind down and stopes are mined, the Operation is expected to be significantly cash positive.

Beyond the completion of mining at the Tasmania mine, the management team is examining other potential production sources in the area and opportunities to utilise the assets of the business in other projects, which our CEO will explain further in his presentation.

Stavely and Ararat Copper and Gold Projects

One opportunity I would like to discuss is our exciting copper and gold projects at Stavely and Ararat in Western Victoria. With the recently improved cash position of the Company further exploration expenditure is planned and the Company continues to receive expressions of interest from parties seeking to participate in the development of this project. We expect that investment in these assets will be easier to attract after the redemption of convertible notes and removal of the associated security charges.

Conclusions

Although 2010-11 was a difficult year for the Company, we did achieve our objective of developing the Western ore zone, which is now generating strong cash flows.

The Board is confident of being able to repay all convertible notes as they fall due and of generating significant additional cash.

Based on current projections, underground mining at the Tasmania Mine is expected to be completed in mid-2012, and the Board is considering further near-term developments. Upon completion of underground mining, the Company expects to have a net asset valuation that is significantly greater than its current market capitalisation.

In the longer term the Board looks forward to re-utilising its major asset, the Beaconsfield Process Plant, by leveraging into an undeveloped refractory deposit. The Company is involved in confidential discussions with the owners of such deposits.

Finally I wish to thank all Employees and Stakeholders for their hard work and continued support during the past year.