

For the period ending 31 December 2011

Highlights

Tasmania Mine Operations

- **Strong safety performance with no LTIs and only one MTI in the quarter.**
- **Mining of the high grade Western Zone continued with excellent recovery and extraction rates, resulting in higher gold production.**
- **December quarter production was 12,346 ounces, an increase of 19% from the September quarter.**
- **Cash cost of production reduced to A\$1,034 per ounce, with average gold price received of \$1,710 per ounce generating a significant cash surplus.**
- **Cost-saving initiatives continued, with steady reduction in costs achieved.**
- **Closure date for Tasmania Mine underground operations of June 2012 was announced.**
- **Lefroy Tailings Project approvals process underway, extending gold production to Dec 2012.**

Corporate

- **Early redemption of convertible notes from cash flow continued, with \$6.7m (including interest) repaid to date and original convertible note debt of \$17.6m due in Feb 2012 reduced to \$6.7m (including interest) at end January.**
- **Gold hedging with delivery of 7,000 ounces at A\$1,750/ounce has been successful and is now complete.**
- **Partly-paid shares cancelled by payment of agreed total of \$32,500.**
- **Buyback of small and unmarketable parcels will be announced on 1 February.**

CEO'S COMMENTARY ON THE QUARTER

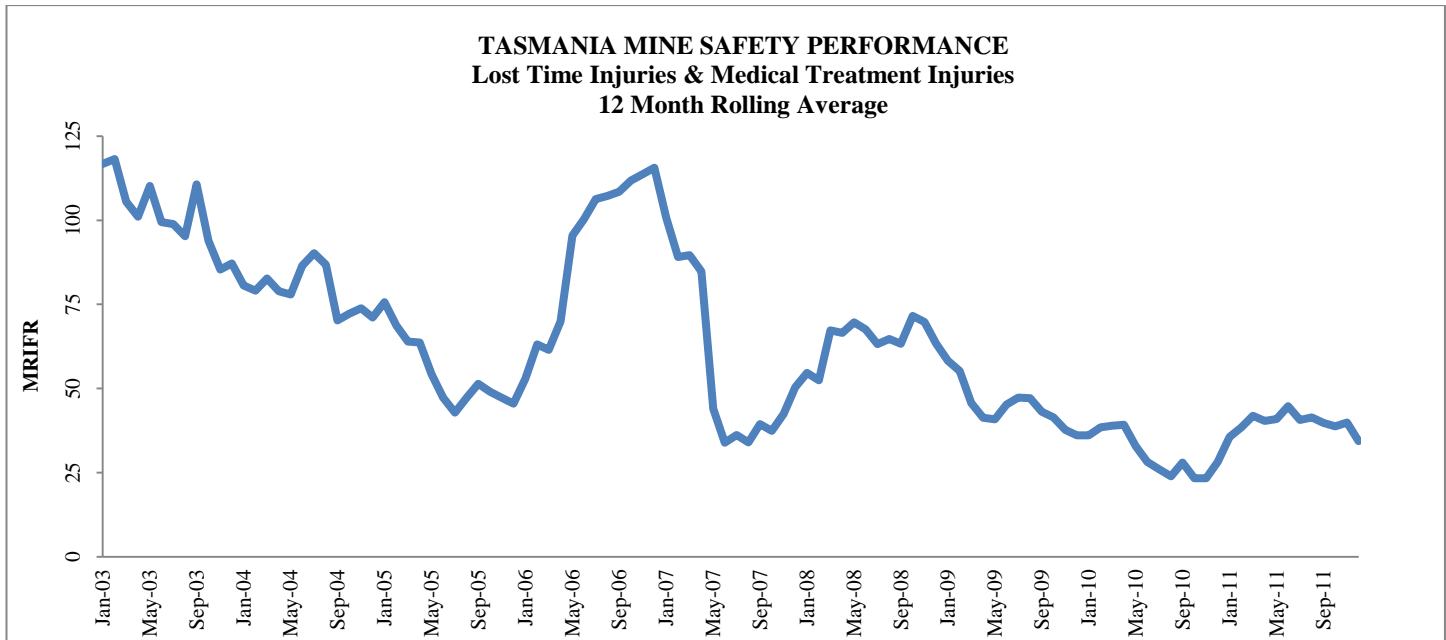
BCD Resources CEO, Peter Thompson said “**Extraction of Western Zone ore using the Radial-In-Reef method is slightly ahead of schedule and has been mined safely, cleanly and efficiently. The high grade ore produced lead to the highest mill recoveries seen for some years, at 88%. Lower operating costs combined with high gold prices and hedging at A\$1,750/ounce has provided strong cash flows and the ability to make significant debt reduction. All secured convertible note debt is scheduled to be repaid in the March quarter, comprising \$5m on 14th February and the remaining \$1.7m to PPT Nominees PL during March under an extension of the loan under the same terms.**

A tight mining schedule until mine closure at the end of June will extract all remaining viable ore with a reducing workforce and cost base.

The Lefroy Tailings Retreatment Project is planned to extend gold production until December with only minor plant modifications required. Beyond that a long-term re-utilisation of the Beaconsfield bacox plant is being sought.”

TASMANIA MINE

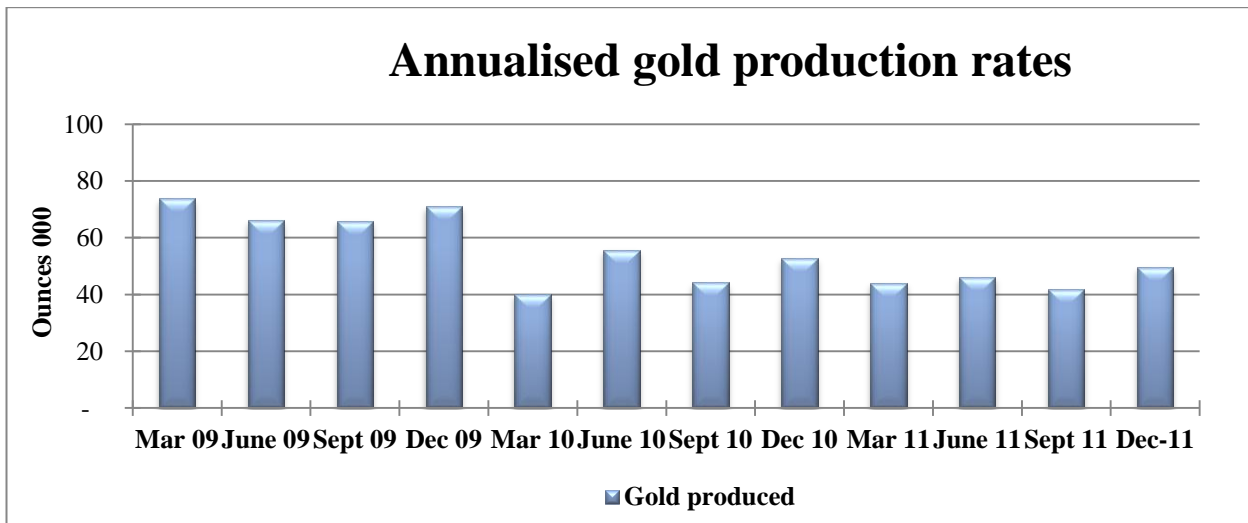
SAFETY

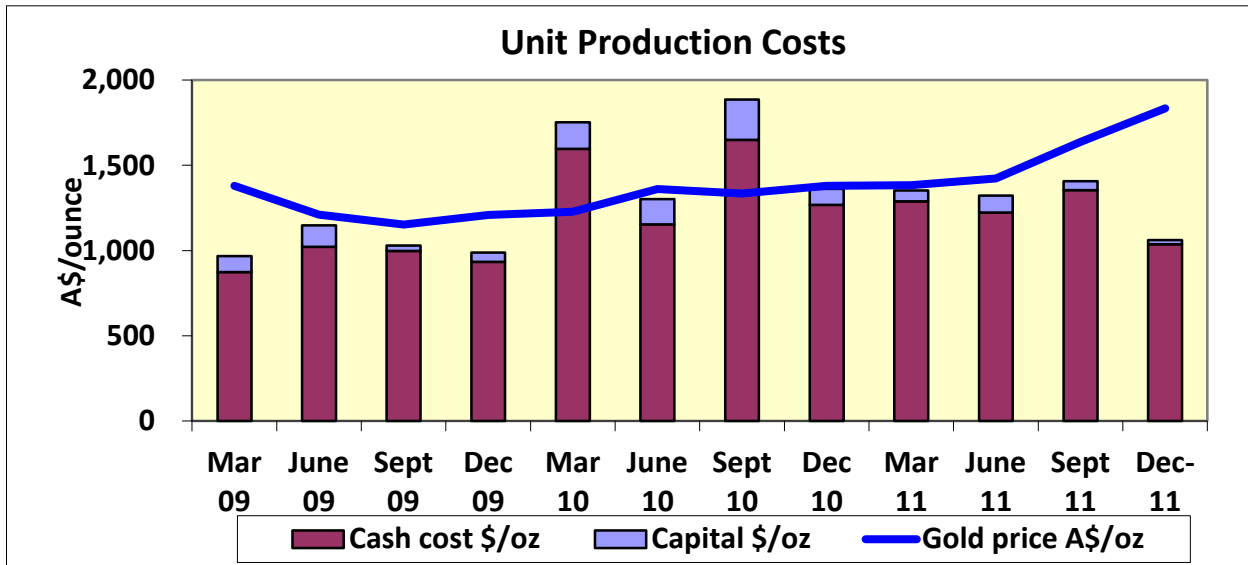


MRIFR (Medically Referred Injury Frequency Rate – number of injuries per million man hours)

Safety performance for the quarter was good, with no LTIs and only one medical treatment injury reported. The 12 month rolling average MRIFR further reduced to 34.4 at the end of December.

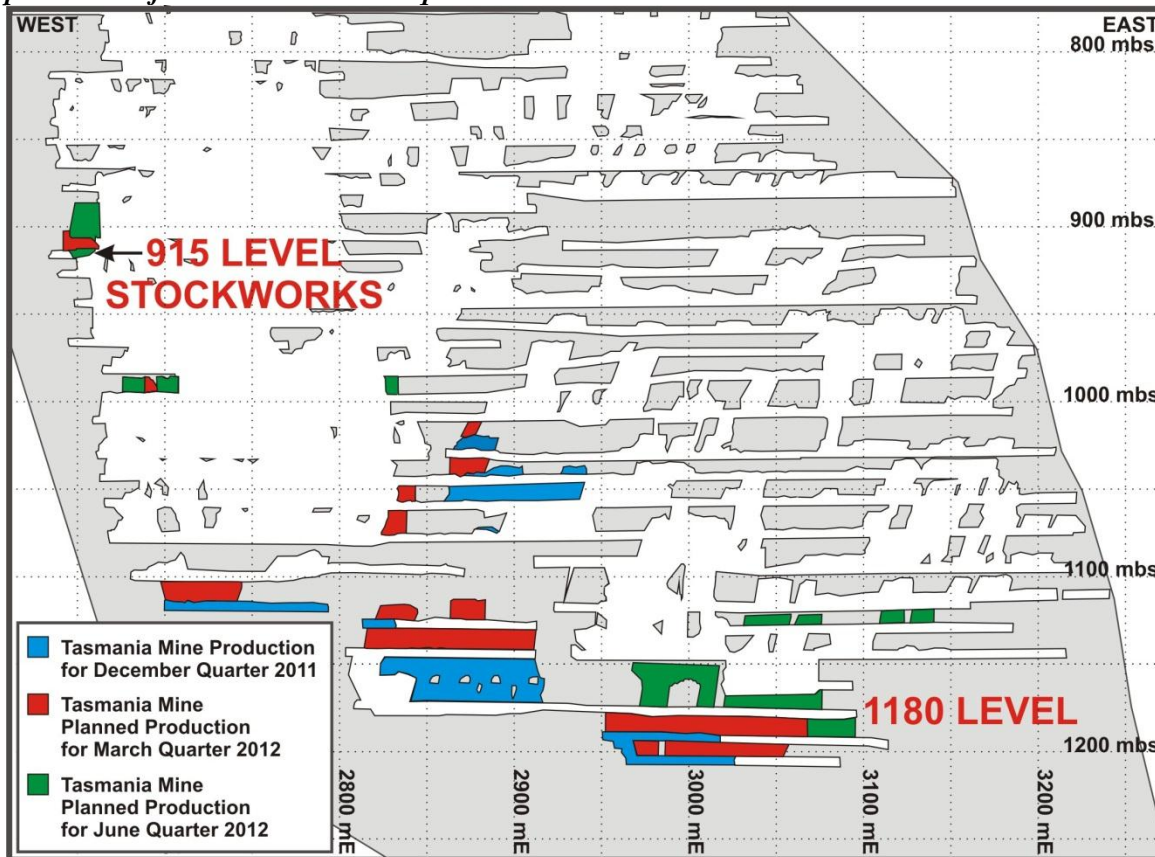
PRODUCTION





Gold production of 12,346 ounces was 19% higher than September quarter production, resulting from 58,887 tonnes processed, at a higher average grade of 7.4 g/t gold, and higher metallurgical recovery of 88%. Key production areas were the radial-in-reef stopes on 1160 and 1180 Western Zone, and commencement of stoping from the deepest level, 1210. Development work is essentially complete, and included development access into the Stockwork Zone on 915 level, and a footwall sill on 1180 which will ensure remote access only for removal of a high-stress ore zone. Figure 1 below identifies the areas mined during the December quarter, as well as those planned for the March and June quarters.

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



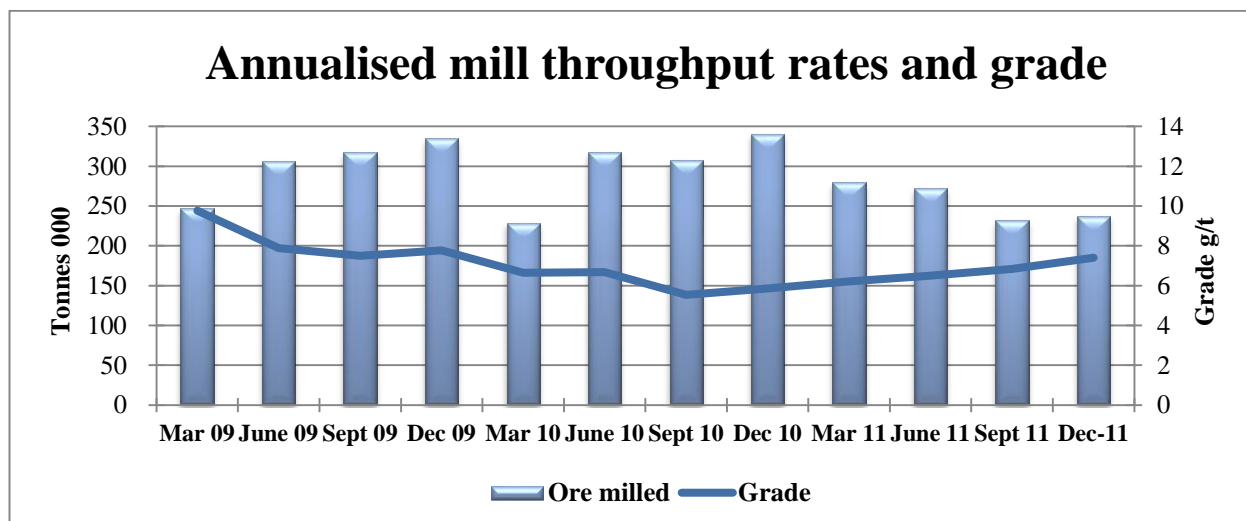
Mine Development

Development activity included sill driving on 915m (Stockworks Zone), 1115m, 1130m, 1200m and 1210m levels. Total development for the quarter was 499 metres, of which 15m was capitalised, and 484m was expensed.

Mine Operations

Ore sources in the December Quarter were from eastern stopes of the mine (levels 1020m, 1030m, 1040m and 1080m), from the Western Zone (1160m, 1180m levels) and from the deepest level, 1210m. Development ore provided 17,500 tonnes or 30% of total ore tonnes mined. Stopping by Radial-in-Reef method was completed (1160W and 1180W) with excellent mining recoveries and minimal dilution; remaining Western Zone material is to be extracted from 1150m and 1130m levels using conventional stopping. Mined ore grades averaged 7.4g/t.

Mill Operations



Mill throughput was 58,887 tonnes for the quarter, at an average grade of 7.4 g/t gold and a much improved mill recovery of 88.1%. The mill continued to perform well during the quarter, with routine maintenance undertaken during scheduled downtime. Processing costs have been reducing with lower chemical reagent requirements, due to the composition of ore processed.

Closure Plan

Work is advanced on the scheduling and execution of the mine closure plan, in consultation with the EPA, Department of Mines and the local community, including the Beaconsfield Museum. The largest single issues in the closure plan are the remediation of tailings dams and of the wetlands between the mine and the Tamar estuary.

COSTS

Site and Corporate costs continue to reduce. Cash costs of production of A\$1,034 per ounce were 26% lower than in the September quarter, reflecting the higher grades treated, higher metallurgical recovery and higher proportion of stopping activities. The contract development workforce completed its tasks and demobilised, with total workforce numbers further reduced to 128. Some sales of surplus underground equipment are expected during coming months.

Capital expenditure was \$0.2m, which was limited to decline development.

LEFROY TAILINGS PROJECT

The Lefroy Tailings are located on a mining lease near Lefroy, 40km from the Beaconsfield plant. Studies on this material, including tonnes and grade validation, metallurgical testwork, environmental

studies and permitting were completed, with a positive outcome. Plans for treatment of this material at the Beaconsfield treatment plant are underway, with an EPA submission to be lodged in February. The tailings stockpile at Lefroy is estimated to be 140,000 tonnes averaging 1.4 g/t gold, containing 6,000oz of gold. Metallurgical recovery using carbon-in-pulp (CIP) technology is expected to be 75%, and this would require some plant modifications in the June quarter. If approved, processing of this material would occur between August and December 2012.

EXPLORATION

PINAFORE DEPOSIT, LEFROY

Complete core from ten diamond drillholes in the Pinafore deposit were recovered, re-logged and used for density testwork. This exercise will allow an improved density estimate to be made, improving the confidence of the Pinafore Inferred Resource estimate. Pit optimisation studies on the Pinafore deposit were completed and indicate that at current gold prices, the Pinafore deposit is not a viable project.

VICTORIAN COPPER PROJECT

Discussions with various parties interested in investing in this project continued during the quarter but no firm bids were received.

A 6,000m infill and extensional aircore drilling programme is planned for the Thursdays Gossan Chalcocite (TGC) and Fairview Gold prospects, Stavely Project commencing in February 2012.

The Resource/Reserve Statements accurately reflect information compiled by Peter Hills in relation to Ore Reserves at the Tasmania Mine and Troy Lowien for Exploration Results and Mineral Resources at the Tasmania Mine and the Lefroy Project. Mr Hills is a full time employee of BCD Resources (Operations) NL, and at the time of estimation Mr Lowien was a full time employee of Coffey Mining Pty Ltd, and each has sufficient relevant experience in relation to the mineralisation being reported on to qualify as Competent Persons as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (The JORC Code, 2004). The Resource Statements for the Pinafore, Stavely and Ararat Copper deposits and the exploration results presented in this report accurately reflects information compiled under the supervision of Peter Thompson M.Sc, a full-time employee of BCD Resources NL, who is a Corporate Member of The Australasian Institute of Mining and Metallurgy and has sufficient relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (The JORC Code, 2004). Mr Thompson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CORPORATE

GOLD PRICING

A 7,000 oz hedging facility was entered into during the December quarter, with 6,047 ounces of December quarter gold shipments delivered into the forward contract, and the balance during January 2012. That facility was for a fixed price delivery of between \$1,747 and \$1,753 per ounce, and delivered a premium to the Company above the spot gold price to the value of A\$0.8 million. The BCD Resources Group currently is completely unhedged and all production from the Tasmania Mine is available for delivery at the spot price. The average gold price received during the Quarter was A\$1,710 per ounce. The policy concerning hedging is regularly reviewed.

CASH POSITION

Group cash and bullion despatched and included as revenue totalled A\$9.5 million at 31 December 2011. Of this, A\$3.1 million was held as environmental bonds or to guarantee employee entitlements. \$3.7m was paid for early retirement of convertible notes (see below).

TASMANIA ROYALTY DISPUTE

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

SHARES ON ISSUE

During the December quarter, there were no further conversions of convertible notes to shares in BCD. As of today's date, 31 January 2012, there were 1,051,703,439 shares on issue, with 555,024,634 secured convertible notes still held, representing a secured debt of \$6.67m.

Some early redemptions of convertible notes held by Minemakers Ltd have been made with total payments of \$6.72 million to 31 January, allowing savings on interest and a reduction in dilution to shareholders.

BUYBACK OF SMALL AND UNMARKETABLE PARCELS

As to be announced on 1 February 2012, the Company intends to implement a Small Parcel Program to provide an opportunity for eligible small shareholders to sell their shareholding without incurring any brokerage or handling costs. BCD will also offer a Top Up Facility, being an opportunity for eligible small shareholders to increase their shareholding in BCD to a marketable parcel.

BUYBACK OF PARTLY PAID SHARES

As announced on 21 December 2011, the Company has cancelled all outstanding partly-paid shares, at a total cost of \$32,500.



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APPENDIX

QUARTERLY COMPARATIVES

PRODUCTION

	March 2011	June 2011	September 2011	December 2011
Ore hoisted	71,533 tonnes	60,524 tonnes	57,360 tonnes	59,204 tonnes
Ore treated	69,294 tonnes	67,645 tonnes	57,542 tonnes	58,887 tonnes
Head Grade	6.0 g/t	6.5 g/t	6.8 g/t	7.4 g/t
Gold treated	13,413 ounces	14,138 ounces	12,653 ounces	14,010 ounces
Recovery *	81.5%	81.1%	81.8%	88.1%
Gold produced	10,934 ounces	11,474 ounces	10,348 ounces	12,346 ounces

* Recovery excludes movements of gold in circuit

COSTS

	March 2011	June 2011	September 2011	December 2011
Cash cost	\$1,240 per ounce	\$1,317 per ounce	\$1,398 per ounce	\$1,034 per ounce
Capital cost *	\$47 per ounce	\$107 per ounce	\$53 per ounce	\$26 per ounce
Cash cost per tonne milled	\$196 per tonne	\$223 per tonne	\$251 per tonne	\$217 per tonne
Revenue received	\$1,385 per ounce	\$1,424 per ounce	\$1,631 per ounce	\$1,710 per ounce

All costs and revenues in Australian dollars

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