



For the period ended 31 March 2013

HIGHLIGHTS

OPERATIONS

- **50% Joint Venture interest with Malachite Resources Limited to develop Malachite's Lorena high grade gold project at Cloncurry, North West Queensland - due diligence completed with decision to proceed released to ASX on 8th April 2013.**
- **Of significant importance for BCD was the execution of a binding sale agreement of the Victorian Copper Asset on 25th March 2013 for a total consideration of \$2.8 million. The funds received from the sale will materially underpin required capital expenditure for the Lorena Joint Venture interest.**
- **Victorian Copper Asset consideration for \$2.8 million receivable over a twelve month period.**
- **March quarter Lefroy tailings project delivered 1,703 ounces of gold loaded onto carbon from 45,279 dry tonnes of tailings treated. Mining and Processing for Lefroy now completed.**
- **Stormont gold project Joint Venture Agreement executed and draft DPEMP submitted and progressing through statutory approval process. Project to return a 50% profit interest for BCD.**
- **Sales of surplus mining equipment realises over \$1.5 million after the completion of underground mining post June 2013.**

CORPORATE

- **Forward gold hedging of 3,000 ounces at \$1,550 per ounces to secure greater economic value to future gold sales of Lefroy and Stormont production.**
- **Net free cash position \$1.711m at 31 March, Company remains debt free. In addition a further 800 ounces of gold loaded to carbon valued at \$1.2 million were unsold at quarter end.**

CHAIRMAN'S COMMENTARY ON THE QUARTER

BCD Resources Chairman, Mr Clive Carroll, said:

"The highlight for our Company this quarter has been the ultimate decision by the Board of Directors to commit to the development of the Companies Joint Venture interest in the Lorena high grade gold project at Cloncurry, North West Queensland.

Our Company looks forward to the commencement of mining and processing of our Stormont Joint Venture during the June quarter."

OPERATIONS REPORT

LEFROY TAILINGS PROJECT (100% BCD)

Processing of Lefroy tailings was completed in the March quarter. A total of 129,499 dry tonnes in total was treated at an average head grade of 1.35 g/t Au.

Gold loaded onto carbon for the period totalled 1,703 ounces at a total cash cost of \$1,782 per ounce with project recovery at 50.4%. Major factors contributing to the higher than expected total cost structure was the much lower than budgeted actual gold recoveries compared to the initial feasibility study.

A total of 1,722 ounces of fine gold was sold during the quarter and primarily delivered into forward sales at an average price of A\$1,676 per ounce.

ASSET SALES

Sales of underground mine plant and equipment realised an additional \$320,000 during the quarter. The sale completed the assets sales process for redundant mining equipment and injected a total in excess of \$1.5 million since July 2012.

MINE REHABILITATION

Implementation of the Decommissioning and Rehabilitation activities continued. Further drying out and stockpiling of waste material at the Wetlands ready for removal/disposal progressed in addition to the clean-up of equipment near the mine site in preparation for rehabilitation. The Hart shaft has been capped, and capping of the return air rise and fresh air rise shafts is being re-evaluated to a more economical solution.

BCD is also re-evaluating the means in which it will dispose of wetlands sludge material and considers the project to be a long term approach over the next two years.

Approximately \$266,000 was expended on rehabilitation works during the quarter.

FUTURE PROJECTS

LORENA JV PROJECT (BCD 50% economic interest)

BCD and Malachite Resources Ltd (MAR) have formally agreed to enter into a Joint Venture for the development of the Lorena Gold Mine (Lorena) under the terms of the Heads of Agreement (refer ASX announcement dated 27 November 2012) following the successful completion of due diligence by both parties. This decision keeps on track the target of commencing production from Lorena before the end of 2013, subject to the necessary statutory approvals.

During the due diligence period BCD has completed metallurgical test work and engineering feasibility work and is satisfied that it can successfully recover gold from gold concentrate produced at Lorena at the Beaconsfield facility in Tasmania. The overall recovery of gold from ore mined at Lorena to doré is expected to be between 75% and 80% based on the test work carried out to date. With further metallurgical optimisation it is expected that the higher end of this range should be achieved.

Project engineering studies for the installation of a 150,000 tonne per annum flotation production facility at Lorena capable of producing approximately 50,000 ounces of contained gold in concentrate over an initial 16 month processing period (Stage One open cut) have been completed. This work has confirmed the robust project economics of the Stage One open cut Lorena project. Based on the work to date, and prior to finalising detailed engineering drawings and pit optimisation work etc., the total cash operating cost of the project is expected to be in the range A\$800/oz to A\$900/oz of gold produced based on current project parameters.

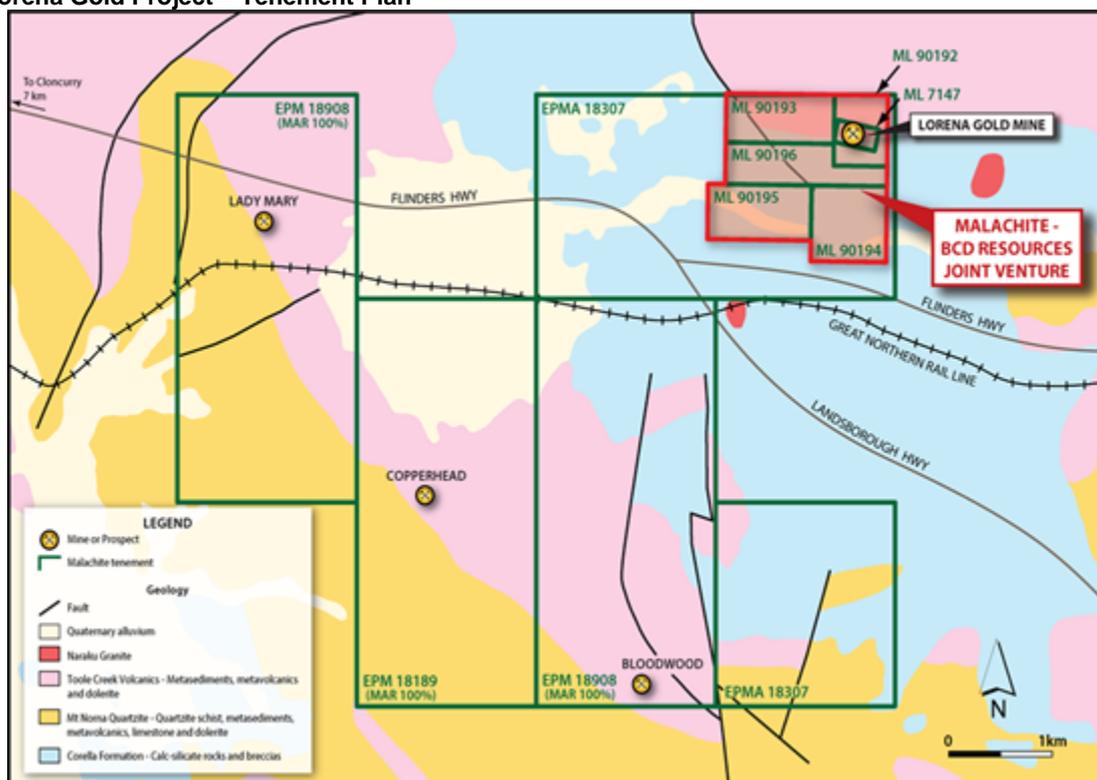
BCD considers that there are considerable regional opportunities once the plant is operating at Lorena. Following the Stage One open cut operations, operations may continue beyond the initial 16 month term based on potential extensions of the current Lorena resource at depth, potential new resources from surrounding prospects, and the toll treatment of third party ores.

The key terms of the Joint Venture (as previously announced) are as follows:

- Malachite and BCD propose to establish an unincorporated Joint Venture to develop and operate the project and to transport the concentrate produced at Lorena to BCD's processing facility situated at Beaconsfield in Tasmania for final treatment and production of gold doré.
- BCD will be the Manager of the Joint Venture and be responsible for all development, operating and management functions.
- The Joint Venture will operate on the existing granted mining leases at Lorena (MLs 7147 and 90192 – 96) and will apply to all open cut and underground resources within the mining lease area (Refer Figure 1: Lorena Gold Project – Tenement Plan).
- In order to earn its initial equal share, BCD is required to solely fund the development of the project to the point of commercial production, including construction and commissioning of a flotation facility, capable of efficiently processing a minimum of 120,000 tonnes of ore per annum, and related infrastructure by 31st December 2013.
- Initially the net proceeds will be shared 50/50, but once production exceeds 80,000 ounces of saleable gold equivalent, Malachite's share of proceeds will increase to 65% and after 120,000 ounces of saleable gold equivalent have been produced from Lorena, Malachite and BCD will share the product 75% MAR and 25% BCD.

Joint Venture documentation will be completed as soon as practicable alongside the commencement of detailed engineering drawings, pit optimisation work, and the finalisation and submission of documentation required for regulatory approval to develop the project.

Figure 1: Lorena Gold Project – Tenement Plan



STORMONT GOLD JOINT VENTURE (BCD 50% economic interest)

Work on the mine approval process and feasibility study has advanced considerably through the March quarter. Following the positive outcome from the feasibility study, a Notice of Intent and Mine Lease application have been submitted, and a Development Proposal and Environmental Management Plan (DPMP) is currently being assessed by the Environmental Protection Authority (EPA).

Due to statutory approval processes the application was unable to be expedited as much as previously thought and BCD has been unable to commence processing the Stormont deposit as soon as hoped after the completion of Lefroy tailings processing. The application process continues and is progressing with a very detailed and thorough approach. There has been no resource estimate change since the December 2012 Quarterly Report.

EXPLORATION REPORT

HISTORICAL BEACONSFIELD TAILINGS (EL6/2012)

Middle Arm Tailings

Exploration licence EL6/2012 is continuing to undergo feasibility testing to ensure an economic recovery.

CORPORATE REPORT

GOLD PRICING

Lefroy Tailings Project forward sales at a gold price of A\$1,737 per ounce were bought to account during the quarter. An additional forward sale has been entered with a gold price of A\$1,550 per ounce for 3,000 ounces.

During the quarter 498.32 ounces of Lefroy Tailings project production has been delivered against this contract. The Company's policy concerning hedging is regularly reviewed.

The average gold price received during the quarter was A\$1,676 per ounce.

VICTORIAN COPPER PROJECT

The completion of the sale process of the Victorian copper assets for a total consideration of \$2.8 million, payable by instalments over a period of twelve months following statutory transfer of the three exploration licences comprising the sale assets has been finalised.

The first \$2.3 million of the consideration is payable in cash, with the final instalment of \$0.5 million payable in cash or, at the option of BCD, in shares to the value of \$0.5 million should the assets reside in an ASX listed entity. A binding sale agreement was executed by BCD and Northern Platinum Pty Limited on 25 March 2013.

Proceeds from the sale will be applied directly to necessary expenditure towards the early commencement of BCD's Stormont and Lorena gold production projects.

CASH POSITION

Group free cash totalled A\$1.711 million at 31 March 2013, excluding gold loaded carbon in transit valued at \$1.2 million. The Company is debt-free.

TASMANIA ROYALTY DISPUTE

The BCD Resources group continued its 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). Mediation of the claims has been requested, and a date for mediation has been set in May 2013.

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