



## **CHAIRMAN'S ADDRESS**

**ADDRESS BY DR. DENIS CLARKE AT THE GENERAL MEETING OF BCD RESOURCES NL**

**HELD AT MORGANS AT 401, 401 COLLINS STREET, MELBOURNE**

**AT 2:00 PM MONDAY 14 FEBRUARY 2011**

I expect today's meeting will close the page on a very difficult chapter in the Company's history.

Recapitalisations done under emergency circumstances are destructive of shareholder value to a greater or lesser degree, and the recapitalisation that shareholders will vote on today is, in my opinion, no exception. Nevertheless, the recapitalisation is recommended by the non-associated directors to avoid the probable total destruction of shareholder value should it not be approved. Full information is set out in the Explanatory Statement and Notice of Meeting.

We are now focused on the future and the opportunities available to improve shareholder value.

The principal opportunity arises from the on-going development of the new higher grade Western Zone of the Tasmania Mine, coupled with the economies derived from a radical restructure of all mining activities.

The Western Zone, discovered less than a year ago, is the key to a substantial improvement in mine performance, as its development will lead to an increase in the grade of ore processed. I am pleased to be able to report that good progress has been made in accessing the Western Zone. After some months of intensive activity, we recently completed the first in-ore drive into, and across, the Western Zone on the 1180 metre level. This drive has given us our first close internal look at the Western Zone, which has previously been seen only in drill holes. We are pleased with the excellent grades seen in the drive faces and with the confirmation of our expectations based on resource drilling. Much hard work remains to be completed before profitable stoping can commence, but we expect to finish this work during the June quarter. In the meantime, we will continue to mine modest amounts of high grade Western Zone ore from reef development and floor benching. Once stoping commences, gold production rates will increase significantly, with a corresponding reduction in the unit cost of production.

The recapitalisation has been accompanied by a wide-ranging restructure of the Tasmania Mine operation that has reduced the workforce significantly, and which now sees all mining activities conducted by a contractor. Without the funding made available by the recapitalisation that shareholders are voting on today, this restructure would not have been possible. Substantial cost savings flow from the restructure. Significant change of this type at a mining operation is always difficult, but the necessary restructure has been successfully completed with minimal impact on production. The ongoing savings will be significant.

We expect that the combination of full development of the new Western Zone and the lower costs from the restructure to produce strong cash flow to underpin future company performance.

A less obvious opportunity is associated with our Victorian exploration effort that has necessarily taken a back seat recently while we focused on the Tasmania Mine. We believe our Victorian projects, and the copper resources in particular, are valuable assets which are perhaps not fully appreciated by investors. The copper price is now at a record high and, once the recapitalisation is complete, we intend to renew our efforts to realise fully the value of these projects.

In summary, subject to shareholder approval of the recapitalisation today, the opportunity for shareholders to participate in future rewards from our mining and exploration efforts has been preserved.

We are today about to open a completely new page in the Company's history.