



## COMPANY UPDATE

11th November 2015

### HIGHLIGHTS

- **Heads of Agreement executed to acquire the significant Hellyer Gold-Polymetallic Tailings Deposit, Processing Plant and infrastructure assets, via a proposed merger arrangement.**
- **Receiver and Manager retired 3rd November 2015.**
- **Recommissioning of the Beaconsfield Gold Plant to process third party Gold Concentrates near completion.**
- **Funding secured to enable recommencement of gold production at Beaconsfield.**
- **BCD to receive cash refund for Research and Development initiatives \$0.48M.**

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### OVERVIEW

BCD Resources NL (ASX: BCD) (BCD/the Company) is pleased to announce it has made significant progress toward relisting on the ASX following its voluntary suspension in January 2015. The Company is now positioned, subject to necessary statutory, funding and shareholder approvals to become a significant, long term, gold and base metal producer within 12 months, following the proposed Hellyer acquisition.

The proposed restructured Company should be in a position to generate significant positive cash-flow from the two existing complementary processing facilities at Hellyer and Beaconsfield with minimal recommissioning capital requirements.

### HELLYER GOLD TAILINGS DEPOSIT / INFRASTRUCTURE ACQUISITION

The Company has signed a Heads of Agreement (the Agreement) with Ivy Resources Pty Ltd (Ivy), to acquire the Hellyer Tailings and Processing Plant assets in Tasmania. Implementation of the Agreement will see the two parties combine their respective assets, to enable the prompt recommencement of mining and processing at Hellyer to produce a suite of concentrate products and a saleable Pyrite by-product. Included in the suite of products will be an Arsenopyrite gold concentrate which will be then transported and processed at Beaconsfield to produce gold dore.

**The essential terms of the Heads of Agreement are as follows:-**

- BCD to issue Ivy or its nominee's sufficient shares in BCD to deliver to Ivy approximately 90% of the post- merger issued capital of BCD.
- Ivy to appoint at least 2 Board nominees post-merger.
- Standard conditions precedent including the completion of a satisfactory Deed to Company Arrangement (DOCA) and formal agreement from BCD's secured creditor MKS Precious Metals Pty Ltd (MKS).
- BCD to assume management responsibility for Hellyer test work and on site activities with immediate effect.

Execution of the Merger Implementation Agreement (MIA) is expected to take place within the next two weeks. The Company will seek re-listing on the ASX as soon as practicable following the completion of ASX requirements and approval by shareholders of the MIA.

BCD is currently working with Ivy to establish the necessary project timetable to expedite recommissioning at Hellyer.

The existing Hellyer metal inventory is significant (Table 1). Following the optimisation and completion of ongoing metallurgical test work, BCD expects to establish a 7 plus year continuous mining and processing operation. Processing of Tailings at steady state following recommissioning should be around 1 Million tonnes per annum.

Subject to the completion of necessary finance and statutory approvals, operations should recommence during the second half of 2016.

**TABLE 1- SUMMARY OF ZINC- LEAD SILVER TAILINGS RESOURCES**

**Hellyer Tailing Dam Resource Deposit**

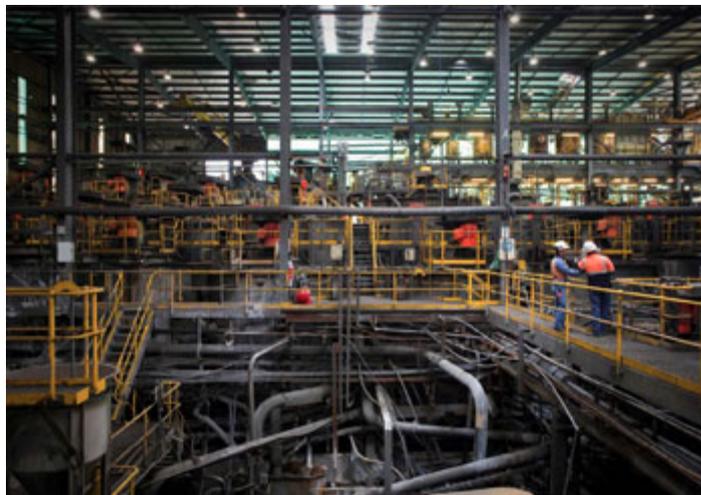
<b>JORC Classification</b>	<b>Mt</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>Cu (%)</b>	<b>Pb (%)</b>	<b>Zn (%)</b>
Measured	4.9	2.7	105	0.2	3.1	2.8
Indicated	2.5	2.6	104	0.2	3	2.6
Inferred	2.1	2.4	103	0.2	2.9	1.7
<b>Total</b>	<b>9.5</b>	<b>2.6</b>	<b>104</b>	<b>0.2</b>	<b>3</b>	<b>2.5</b>

The post-merger Gold inventory is also significant as set out in Table 2. Further test work to maximise economic recoveries of Gold and Silver from the Hellyer tailings deposit is ongoing and further metallurgical test work will be undertaken as a result.

**TABLE 2- HELLYER GOLD RESOURCES (COMBINED)**

**Summary of Hellyer Gold Resources (JORC 2012)**

<b>DEPOSIT</b>	<b>Mt</b>	<b>Gold g/t</b>	<b>Silver g/t</b>	<b>Gold (k/oz)</b>	<b>Silver (k/oz)</b>
Hellyer Tailings	9.5	2.6	104	796	31,859
Mt. Charter Gold	6.1	1.2	36	239	6,971
Fossey Barite	2.2	1.3	38	92	2,688
<b>Total</b>	<b>17.8</b>	<b>2</b>	<b>61</b>	<b>1,127</b>	<b>41,518</b>



## LORENA PROJECT

In 2014 BCD commenced the 50/50 Joint Venture Agreement (JVA) with Malachite Recourses Limited (ASX: MAR) to develop and operate the Lorena Gold Project at Cloncurry in North Queensland. Concentrate produced from Lorena was to be processed into gold dore bars at Beaconsfield. In accordance with the terms of the JVA, BCD was unable to earn its 50% interest in the project, as it did not meet its obligation to fund project development through to the completion of construction and commissioning.

Following appointment of the Manager and Receiver by MKS, protracted negotiations took place between all relevant parties in relation to the renegotiation of the then JVA and further the sale of the Lorena asset with MAR. Consensus was not reached resulting in MAR terminating the original JVA in May 2015.

The Directors will continue to work with MAR to secure the best outcome for the Company going forward and in particular dealing with the Company's assets at Lorena. BCD owns 100% of the above ground assets at Lorena, which are secured by MKS.



## BEACONSFIELD ACTIVITIES

Over the past 3 months the Company has been in discussion with various producers and suppliers of Arsenopyrite gold bearing concentrates and recently reached agreement with 2 suppliers. Discussion is ongoing with other potential suppliers.

Recommissioning of the Company's bacox facility has commenced and production of gold dore is expected in the first quarter 2016.



## **FUNDING**

BCD has been successful in its submission for a cash refund for Research and Development initiatives in both the 2014 and 2015 years, resulting in refunds of \$0.21M and \$0.27M respectively.

Eclectic Investments Pty Ltd (Eclectic) has agreed to sole fund the DOCA, for approximately \$0.75M as part of a new \$1.25M secured debt facility for further working capital, including the recommissioning of the Beaconsfield Bacox plant. As part of the Merger agreement, Eclectic has also agreed to convert \$0.65M of its existing \$1.25M unsecured debt to equity.

Ivy has agreed to provide additional working capital advances of up to \$0.75M, in addition to certain ongoing funding obligations for Hellyer until the MIA is executed. In the meantime Ivy will reimburse BCD for necessary Hellyer test work and other necessary maintenance and project related costs.

## **CORPORATE MATTERS**

As previously advised, in January 2015, BCD advised the ASX, MKS had appointed Messrs Christopher John Palmer and Bryan Patrick Collis of O'Brien Palmer as Receiver and Manager of BCD. On 3 November 2015 the Receiver and Manager retired and returned control of BCD to its Directors.

On 10 April 2015 MKS appointed Gregory Winfield Hall and William Anthony Honner from PricewaterhouseCooper as Administrators (Administrators). In August 2015 a Deed of Company Arrangement (DOCA) was put to unsecured creditors of the Company by the Administrators. The DOCA was accepted by unsecured creditors at its meeting and will be effectuated following the conditions precedent being met or subsequently waived.

In January 2015, Mr David Groves resigned from the Company as a Non-Executive Director and in September 2015 Mr Michael Boorne also resigned as a Non-Executive Director. Both former Directors made valuable contributions to BCD during their tenure and the Company thanks them for their contributions.

Ms Richelle Greenwood the current Chief Operating Officer of the Company will be appointed as an Executive Director of the Company following the effectuation of the DOCA. Mr Adrian Lungan, The Chairman of Ivy, has agreed to join the Board following execution of the MIA.

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