



For the period ended 30 June 2014

#### HIGHLIGHTS

- **STORMONT (TASMANIA) JOINT VENTURE GOLD PROJECT NEARING COMPLETION.**
- **ENVIRONMENTAL AUTHORITY FOR THE LORENA PROJECT GRANTED BY THE QUEENSLAND DEPARTMENT OF ENVIRONMENT AND HERITAGE PROTECTION IN MAY 2014.**
- **LORENA GOLD PROJECT CONSTRUCTION WELL ADVANCED.**
- **COMMISSIONING AND PRODUCTION OF LORENA GOLD CONCENTRATES EXPECTED IN THE LAST QUARTER OF 2014.**

#### CHAIRMAN'S COMMENTARY ON THE QUARTER

BCD Resources Chairman, Mr Clive Carroll, said:

*"The main focus for our Company this quarter has been the operations of mining and processing of our Stormont Joint Venture in Tasmania and to progress processing plant construction for the Lorena Joint Venture high grade gold project at Cloncurry.*

*The Company has also progressed significantly in meeting all preconditions for the Lorena project financing and working capital facility.*

*The process of consolidating the company's balance sheet with the restructure of its subsidiary companies has also been successful and is substantially complete."*

#### STEEL CONSTRUCTION AND POSITIONING OF FLOTATION PLANT AT LORENA – JULY 2014



**STORMONT GOLD JOINT VENTURE (BCD 50% Economic Interest)**

Project commissioning for the mining and processing of ore and production of gold from its 50% Joint Venture with Torque Mining Ltd and Frontier Resources Ltd (ASX: FNT) at Stormont in Tasmania commenced in January and is expected to be complete in July to early August. BCD is the Manager of the Joint Venture.

During the quarter 34,600 tonnes of ore was mined and 40,584 tonnes hauled to the Beaconsfield processing facility, 38,728 tonnes of ore was processed in the quarter at an average grade of 3.31g/t which was an improvement of 0.23g/t from the March quarter. Approximately 5,961 ounces of gold has been produced with 4,644 being sold at an average gold price of A\$1,398. BCD Resources has delivered ounces to its forward sales for its 50% share, which average a gold price of A\$1,392.

All project Capex and working capital obligations have been met by BCD from the Company's own cash resources. Mining is now expected to continue until the end of July and has been extended due to the unexpected hard nature of the rock and the clay like nature of the oxidised ore. Processing is likely to be completed by the end August.

Processing rates have improved since the March quarter as a process to screen material to streamline processing of problematic ore was deployed in late March.

Total quantities of ore to be processed for the project are now expected to approach 100,000 tonnes which includes any ore that was marked to be re-sampled during the mining process. Grade to the mill is projected to date to be lower than that expected for the project, but has improved. Metallurgical recoveries on the other hand are above expectations.

**LORENA JV PROJECT (BCD 50% Economic Interest / Manager)**

During the quarter the Queensland Department of Environment and Heritage Protection granted the Lorena Joint Venture an Environmental Authority Permit (EA) in accordance with the Environmental Protection Act 1994 for the development of the Lorena Gold Project located about 15km east of Cloncurry in northwest Queensland controlled by Malachite Resources Limited (ASX: MAR) (Malachite).

The EA takes effect from 1 May 2014 and allows the joint venture to proceed with the development of the Lorena Gold Project subject to terms and conditions which are set out in the Permit. The Lorena Gold Project is a 50/50 joint venture between Malachite and BCD.

Granting of the EA enabled processing plant construction at Lorena to commence. Contractors commenced constructing in April for the ball mill and flotation area concrete slabs and pedestal arrangements and were completed in June. The fabrication of the steel materials for the Flotation building has been delivered to site with the primary ball mill steel structure expected to be completed by end July.

BCD is required to fund the development of the Lorena Gold Project to earn its 50% economic share in the project. BCD has spent approximately \$2.266 million on civil construction, plant and equipment and a further \$0.511 million on the approval and feasibility stage of the project to date.

As a condition of the project finance and working capital facility offer previously reported to Shareholders, further independent metallurgical testing and pit optimisation was required. This work is now complete, with positive results.

Following review of the results of the work, the Joint Venture now intends to initially high grade the A Lode, Stage I, and to schedule the B Lode for more economic processing onsite, identified as Stage II. The drilling from the B Lode indicated more oxidised ore than originally had been indicated, which can be processed at Lorena during Stage II.

### LORENA JV PROJECT (BCD 50% Economic Interest / Manager) (continued)

The final mine plan is currently being developed to accommodate both stages and a planned head grade feed to the mill of a minimum 11.0 grams in ore delivered to the mill at Lorena. The JV is confident the newly optimised Lode A mine plan will significantly improve Stage I project economics.

All necessary Project plant and equipment has now being procured and is either now physically located at Lorena or in final stages of manufacture and in transport to Lorena. Discussions have commenced with suitably qualified contractors for critical aspects of construction in addition to mining.

Based on the current construction status of the Project, the company is confident that mill processing of ore will commence during the last quarter of 2014.

POSITIONING OF FLOTATION CELLS AND CONDITIONING TANK AT LORENA – JULY 2014



STEEL WORK FOR FLOTATION BUILDING AND BALL MILL FOUNDATIONS – JULY 2014



### MIDDLE ARM – BEACONSFIELD HISTORICAL TAILINGS

Due to the priority focus on the Stormont and Lorena projects, a programme for further sampling and metallurgical testing of the identified high grade resource of 19,700 ounces within the greater resource of 29,900 ounces has been extended to commence when viable to do so.

### OTHER

During the quarter the Company continued to explore additional long term processing opportunities at our Company's Beaconsfield processing facilities. These discussions are ongoing.

### CURRENT EXPLORATION TENEMENTS

- Beaconsfield Consolidated Mining Lease      1767 P/M (a)      Beaconsfield Tasmania
- Middle Arm Beaconsfield      EL 6/2012      Beaconsfield Tasmania

(a) The mining lease is currently not in operation and rehabilitation works are being undertaken. The lease will be cancelled upon successful completion of rehabilitations works.

No tenements were acquired or disposed of during the quarter.

### HISTORICAL TASMANIA MINE REHABILITATION

Rehabilitation works on the former Tasmanian Mine site continued during the quarter with approximately 7,000 tonnes of wetlands sediment being removed and disposed of into the company's operating tailings dam.

The removal of the sediment was in addition to the stockpiling of approx. 60,000 tonnes of the sediment for drying. Expenditure for the quarter was approximately \$140,000.

### FINANCE

The Company has received a finance facility of A\$1 million from Eclectic Investments Pty Limited a company related to BCD's Chairman. The A\$1 million facility is now fully drawn. Interest due on the drawdown amounts was paid in full during the March quarter. The facility is expected to be repaid in September 2015.

The Company currently has no other debt obligations.

The company has also accepted a firm offer for the provision of certain project financing facilities to support the development and working capital requirements of the Lorena Project Joint Venture.

The proposed financing facilities is subject to satisfying normal financing conditions precedent, will be provided by MKS Switzerland SA, an international integrated precious metal group. The facilities provide drawdowns for up to A\$3 million cash against capital and civil construction and a further A\$2.5 million concentrates/metal financing facility to assist with working capital requirements. In addition, MKS will provide the Joint Venture with various forward sales, marketing and refining facilities for gold produced at Lorena.

## **GOLD FORWARD SALES**

Deferred forward sales balance was reduced by a further 1,225 ounces during the quarter at an average delivery price of A\$1,392 per ounce. The balance of outstanding forward sales is currently 1,400 ounces which is expected to be delivered against the Stormont Gold project.

## **CASH POSITION**

Group free cash totalled A\$0.061 million at 30 June 2014 plus approximately 630 ounces of fine gold at refining (BCD Share) and a further \$0.120 million in gold receipts for June paid in July.

## **VICTORIAN COPPER PROJECT**

Following the completion of the sale process of the Victorian copper assets for a total consideration of A\$2.8 million, the fourth instalment of A\$0.5 million was received in the quarter. The \$500,000 was applied directly toward the necessary capital expenditure for the Lorena Project and working capital requirements of the Stormont project.

## **CONSOLIDATION OF SUBSIDIARIES**

On the 30 September 2013 BCD sent a letter of demand to BCD Resources (Operations) NL and its subsidiaries for outstanding debts together with a request for the resignation of BCD Resources (Operations) NL in its capacity as manager of the Beaconsfield Mine Joint Venture (BMJV). On 1 October 2013 BCD Resources (Operations) NL and its subsidiaries was placed into Administration and following the second meeting of Creditors a Deed of Company Arrangement was executed on the 25 November 2013.

On the 27 May 2014 a hearing in the Supreme Court of Victoria at Melbourne, Commercial and Equity Division, was held in the matter of deed administrators for BCD Resources (Operations) NL's (Subject to a Deed of Company Arrangement) application for leave to transfer all shares not already owned by BCD Resources NL to BCD Resources NL under section 444GA of the Corporations Act 2001 as per the Deed of Company Arrangement. A decision to grant the leave sought was handed down on the 28 May 2014 by the Honourable Justice Digby. The final share transfer was executed on 19 June 2014.

The administration process is expected to be complete by the end of July, early August. Thereafter, BCD will be a much more simple corporate structure and more importantly, achieve 100% control of all assets.

## **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 in August 2014 has been set aside.

*Competent Persons Statement*

*The information in this report that relates to Mineral Resources for the Lorena Gold deposit has been previously published by Malachite Resources Ltd. That information was released to the ASX on 30 July 2013.*

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