



BCD RESOURCES NL

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Company Update

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ASX Announcement

BCD Resources NL (ASX:BCD) is pleased to announce an operational update, following the gold-in-circuit clean up of the processing plant at Beaconsfield, and commencement of the Lefroy tailings retreatment project.

July Gold Production

As previously announced, final ore from the Tasmania Mine was processed at the end of June, with 10,823oz produced in the June quarter, at an operating cost of \$786 per ounce. During July, clean up of all gold circuits and tanks in the processing plant has resulted in greater than expected production of **2,680** ounces, with around 400 ounces expected for August. Most of the additional gold has come from sumps and scaling and concentrate build-up at the base of Bacox tanks.

Lefroy Tailings Retreatment

The Lefroy road upgrade and Beaconsfield process plant modifications are almost complete, allowing conventional Carbon-in-Leach (CIL) processing of tailings from Lefroy. Haulage and stockpiling of tailings has commenced, with some 4,000 tonnes currently at the Beaconsfield plant. Processing of these tailings is planned to commence on 12 August. 140,000 tonnes of this material at an estimated average grade of 1.4g/t gold, containing 6,000oz, are scheduled for treatment between August and December this year. Gold recoveries are expected to be 75%, with estimated operating costs below \$1,000 per ounce.

Middle Arm Tailings Project

Exploration Licence EL6/2012 at Middle Arm, Beaconsfield was granted on 7 August. This licence covers that part of the Tamar river estuary into which tailings from the historical Tasmania Mine were placed until closure in 1914. A vibracore drilling programme is planned, to commence in late August, subject to MRT approval. Further details of this project are given in the Company's June 2012 Quarterly Report.

Cash Balance

The Company at 31 July had \$7.3m in cash, \$1.5m in gold bullion despatched for which proceeds had not been received, and \$2.4m of unavailable cash (employee entitlements and environmental bonds).

Recent media comments regarding Tasmania Mine

With regard to a recent Fairfax press article on the Tasmania Mine and the underground disposal of mine tailings, the Company reiterates the environmentally safe and responsible nature of its proposals, which are endorsed by EPA Tasmania and Minerals & Resources Tasmania ('MRT'). BCD is confident that the disposal

method is best practice and that it is the best way to ensure there is no environmental legacy. Some points made in the Company's June quarterly report are repeated below:

Rehabilitation of surface stockpiles, clean-up of Wetlands, dismantling of mine infrastructure and hydromining of tailings dam 2 ('TSF2') have commenced, with \$1.1m spent to date on closure activities. Some further details and background to the Decommissioning and Closure Plan ('DRP') include:

- *The EPA regards underground tailings disposal as 'best environmental practice'.*
- *Conventional capping or a wet closure of TSF2 would still have resulted in a substantial, new and open-ended environmental bond.*
- *Underground tailings disposal is a standard practice in many underground Australian mines, and has been used at the Tasmania Mine for many years as stope fill material. Other mines which dispose of tailings underground include Mt Isa, CSA Cobar, Endeavour Cobar, Gwalia, Kanowna Belle, Cannington, Golden Grove, Henty, the Kambalda nickel and gold mines (Australia) and Falconbridge, Kidd Creek, Bouchart-Herbert, Chimo, Campbell, Myra Falls and Golden Giant (Canada) .*
- *The encapsulation of tailings underground and underwater ensures that no further oxidation of that material could occur (not an issue at Beaconsfield as all sulphides have already been oxidised).*
- *Internal studies as well as external, independent studies during 2011 and 2012 have demonstrated that the Tasmania Mine has no economically viable future, given the reduction in metal endowment at depth and the great costs required to extend mine depth, even at a future gold price of above A\$2,000/oz.*
- *The high fixed costs of maintaining shafts, hoisting systems and ventilation etc. contribute to a prohibitive cost of Care and Maintenance, even if there were near-viable resources left in the ground.*

The following additional points are made with regard to returning tailings underground:

- No detectable cyanide will be present in any materials placed underground. All residual cyanide is destroyed following gold extraction by a dedicated cyanide destruction unit.
- The materials returned underground are essentially the same materials which were removed from the mine, without the gold or sulphide content.
- No materials will be introduced above the depth of the historical Tasmania Mine, 375 metres below surface. From that position upwards, the mine will gradually refill with fresh water as it did following closure in 1914.
- There will be no short-term or long-term chemical impact on any aquifers in the Beaconsfield district from the planned placement of tailings material underground.

For further information contact:

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