

BCD Resources NL
EL 55/2008 – Lone Star Creek
Year 1 Annual Report

Ken Morrison
June 2010

Contents

| | Page Number |
|--|--------------------|
| Summary | 1 |
| Introduction and Tenement Information | 1 |
| Exploration Philosophy and Aims | 1 |
| Summary of Previous Exploration Results | 2 |
| Prospect Generation | 5 |
| Expenditure | 13 |
| Year 2 Exploration Program | 13 |

Summary

Four main prospects (Enterprise, Gold Crest, Potoroo and Panama) were identified by previous explorers between 1992 and 2007, in the area now covered by EL 55/2008. An overview of their topographic, geological and magnetic settings shows that all four sites occur at the intersection of NW-SE and NE-SW structures coinciding with intrusive contacts of partly un-roofed, elliptical in plan bodies of Devonian granodiorite, which have weathered to form topographic basins.

Exploration opportunities exist to follow up encouraging drilling and trenching results on all four prospects and to extend their currently understood limits. Enterprise has serious environmental limitations for development, based on its topographic and drainage setting and the existence of residents living close to the prospect.

Gold Crest, Potoroo and Panama are considered high ranking greenfields targets and field exploration on them will start in Year 2, commencing with an A-horizon soil survey and fences of RC percussion drilling on the best anomalies.

Introduction and Tenement Information

EL 55/2008 is an 8 km² tenement in northeast Tasmania (Figure 1), which was granted to Beaconsfield Gold NL (name later changed to BCD Resources NL) on 11 June 2009, for a 5 year term due to expire on 11 June 2014. The EL covers the Golconda gold mineralisation, which is the northern portion of the historic Lisle-Golconda goldfield.

Land tenure is mainly State Forest, with minor freehold forest and a small area of freehold pasture along the northern edge of the licence area, outside of the most prospective area with known gold prospects. Much of the State Forest is pine plantation but the most prospective areas are covered by native eucalypt forest with low wood production value. Several private residences on small freehold bush holdings exist in the central part of the licence area. Access to the prospective parts of the EL is via a network of all weather gravel forestry roads and exploration vehicle tracks, which all connect to Lilydale Road, the bitumen road connecting the city of Launceston, some 40 km by road to the southwest, to Scottsdale, 10 km to east.

This report covers Year 1 exploration activities. No field campaigns were conducted in the year ending June 11, 2009 but progress was made towards delineating prospective targets to be tested by soil survey and RC percussion drilling in licence Year 2.

Exploration Philosophy and Aims

BCD Resources regional exploration in northeast Tasmania has the primary aim of indentifying near surface gold mineralization with potential for open cut mining and

trucking to Beaconsfield. Target mineralization styles in EL 55/2008 are related to the known gold occurrences close to the intrusive contacts between Devonian granodiorite and contact metamorphosed Siluro-Devonian Mathinna Supergroup sandstones (Figure 2).

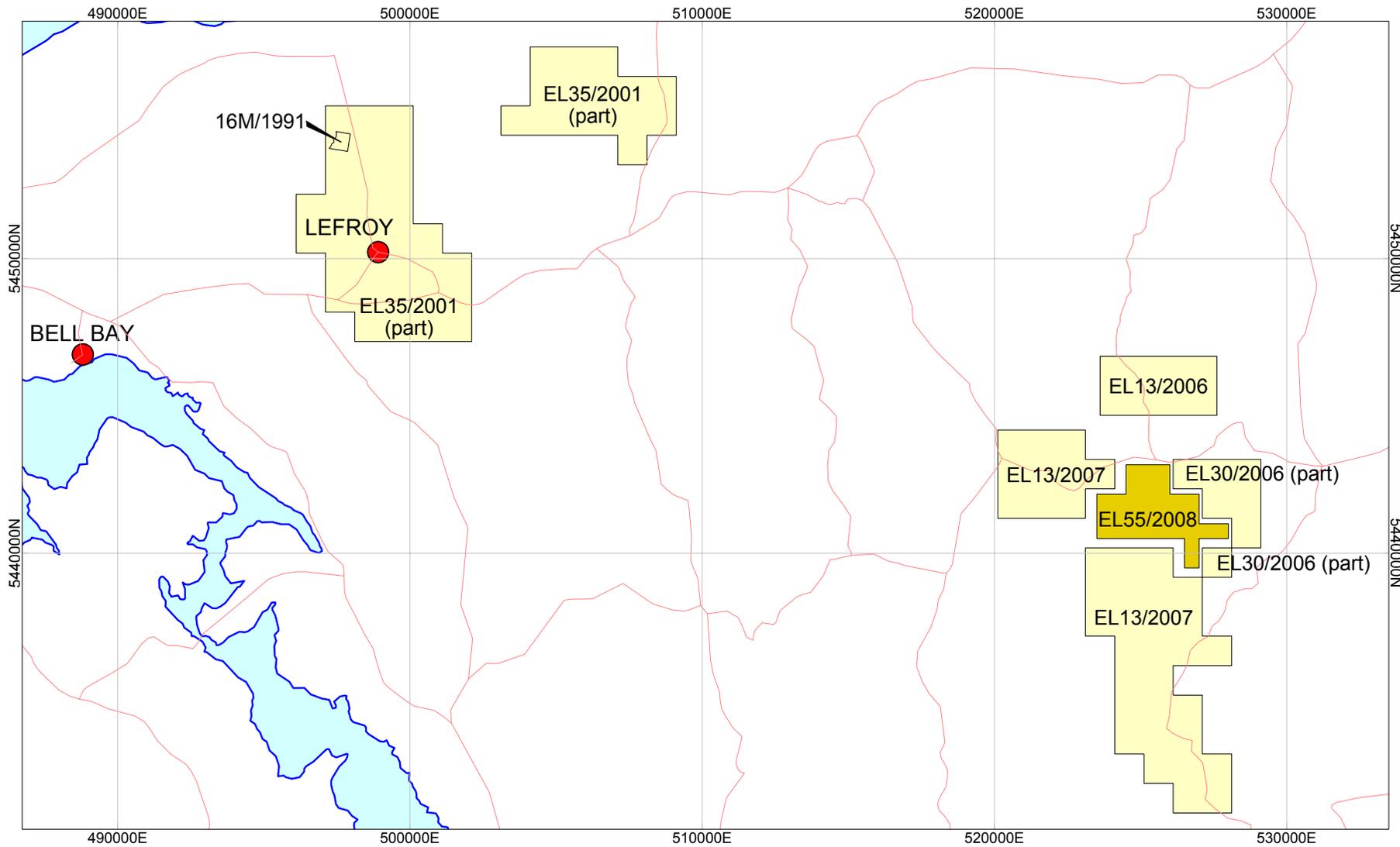
The geology in the Golconda area is considered prospective for fracture system hosted and disseminated gold in both the granodiorite and sandstones near the contact. There is sufficient encouragement in the results of previous exploration to support a new program to test these aims.

Summary of Previous Exploration Results

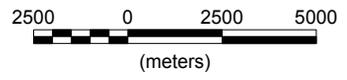
The most effective modern era exploration on the area now covered by EL 55/2008 was conducted between 1992 and 2007, when the area was part of the larger EL/2/92 over the Lisle-Golconda goldfield. EL 2/92 was originally held by Macmin NL and the company restructured and changed names several times (Tasmin Pty Ltd, TasEx Resources Ltd, Tas Gold Ltd, Frontier Resources Ltd) during the period of tenure. Substantial campaigns of soil surveying, structural interpretation, trenching and percussion and diamond drilling were conducted over 15 years, leading to four main areas of prospectivity being identified (Enterprise, Gold Crest, Potoroo and Panama). The four prospects all returned some encouraging drilling and/or trenching results but none of them produced compelling evidence of continuity during follow-up drill testing. Compilation of the EL2/92 data is in progress and results to date are encouraging in the context of BCD's aims.

Results from previous work which meet BCD criteria to warrant further work include:

- Enterprise diamond drill hole E009-4m @ 12.8 g/t Au in granodiorite from 6m.
- Gold Crest diamond drill hole GCD002-16m @ 0.9 g/t Au from 27m in granodiorite.
- Potoroo trench TP1-20m @ 1.2 g/t Au in contact metamorphosed hornfels close to the granodiorite contact.
- Panama diamond drill hole PVD001-0.5m @ 20.2 g/t Au and 0.8m @ 21.9 g/t Au within 100 vertical metres of the surface, in contact metamorphosed hornfels close to the granodiorite contact.



- Lefroy Project tenements
- Other BCD tenements



GDA94 / Map Grid of Australia zone 55

| | |
|--------------------------|-----------------|
| BCD Resources NL | |
| Figure 1 Location Map | |
| Author: KM / PM | Date: July 2010 |

Prospect Generation

Figures 3-5 show the location of the four main prospects and the clusters of gold occurrences recorded in the MIRLOCH database, relative to the magnetic and terrain responses in the Golconda district. Granitic rocks subcrop in topographic depressions which also contain drainage gullies. Many of the MIRLOCH gold occurrence sites are small surficial alluvial and eluvial hydraulic mine sites dating back to the late 1800s-early 1900s, and therefore represent transported and partly recrystallised detrital electrum.

The areas of eroded granitic rocks are surrounded by contact metamorphosed Mathinna Supergroup turbiditic sandstones and the contact aureoles forms steep sided elevated circular ridges with a caldera-like morphology, truncated at one end in each case by a major cross cutting linear structure. The magnetic image in Figure 4 highlights the strong NW-SE fabric in the rocks interpreted as granodiorites and also shows that the four main prospects sit within a NE-SW trending cross cutting structural corridor at the northwestern margin of the granodiorite, suggesting a possible low angle faulted contact.

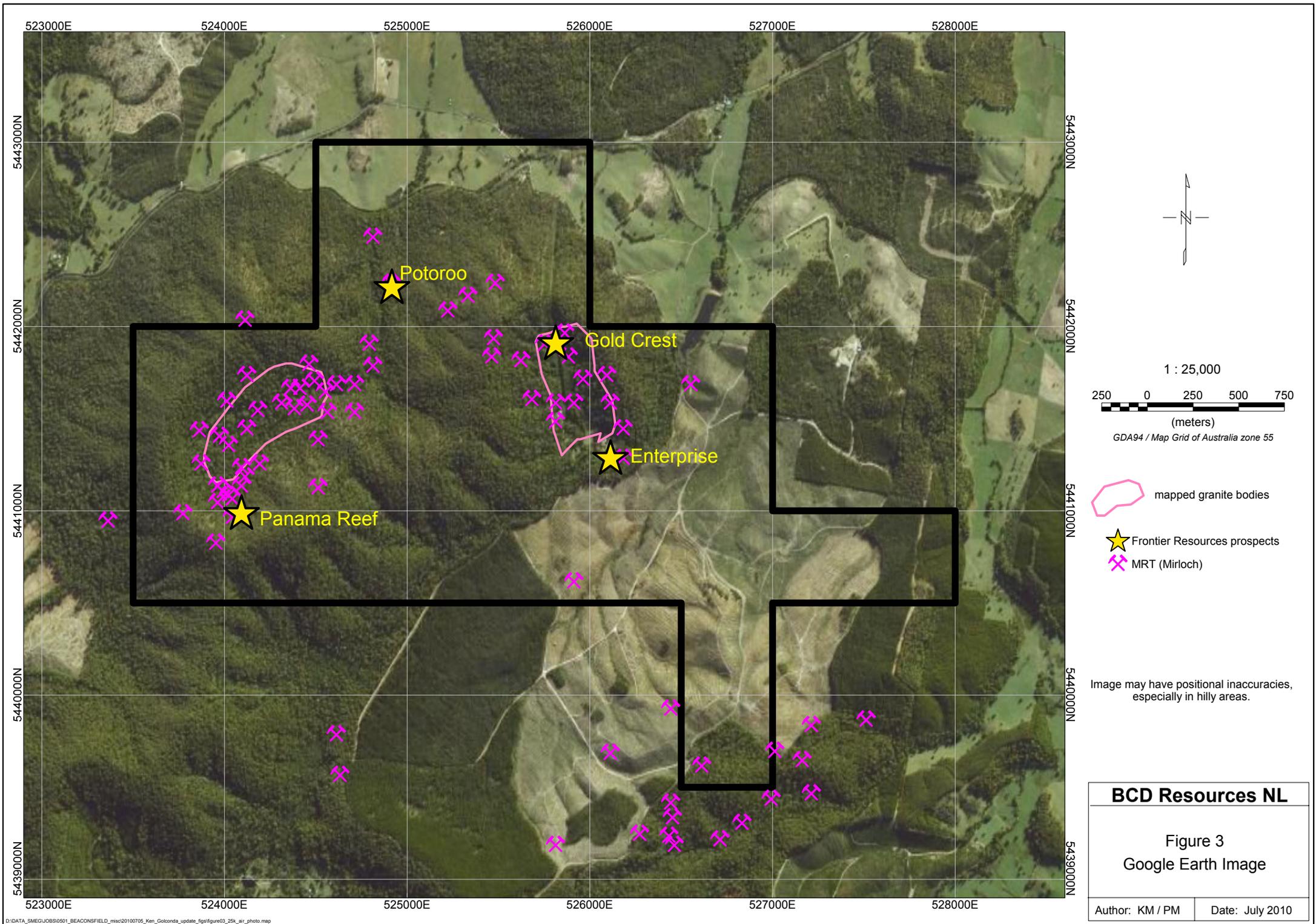
The DTM image Figure 5 clearly shows the elliptical topographic lows due to eroded granitic rocks. Panama sits at the southwestern edge of a NE-SW trending low, Potoroo sits at the northern end of a north-south trending low and Enterprise and Gold Crest sit at the southern and northern edges respectively, of a NNW trending low. The image also can be used to predict similar land forms which need exploring, to the east and southwest of Enterprise. Figure 5 highlights the NE-SW trending linear corridor containing the four prospects and does not really respond to the strong NW-SE fabric shown in the magnetics, so the two images together are required to demonstrate the thinking described above.

The location on the Enterprise prospect in a valley which contains a substantial drainage system feeding out into farm land to the northeast, and supporting several permanent residences very close to the prospect, cause this prospect to be down graded in priority relative to Gold Crest, Potoroo and Panama.

BCD Resources have found soil geochemistry to be the most effective technique for defining drill targets in northeast Tasmania, once structural boundaries have been assigned on the basis of airborne geophysics and the distribution of old workings and known prospects. Previous explorers conducted several soil surveys in the area currently considered prospective but the surveys appear somewhat disjointed and there is concern over the lack of reproducibility in results and the lack of correlation between gold and arsenic. Figures 6-8 indicate a poor correlation between gold and arsenic in the Panama Valley and a poor correlation in gold data when the 1994 and 1995 surveys over the Gold Crest areas are compared.

It is likely that grid based sampling would be more effective than contour and ridge top sampling, in anomaly detection in this rugged topography and it is apparent that an extensive new multi-element soil survey over the prospective area is warranted. Orientation trials with A-horizon sampling and partial digest multi element assaying by

ICPOE, at Lefroy and south of Beaconsfield, have produced encouraging results and this is the preferred method for first pass soil surveys at Golconda. The Macmin-Frontier Resources group mapped and logged several occurrences of veins dipping to the northwest and much of their drilling was designed to test that orientation. On current understanding a NW-SE azimuth for sample lines in a new soil grid is reasonable, however as the target may be a stack of veinlets or a fracture zone it is possible that the mineralised envelope dips vertically or steeply back to the southeast, away from the dip of individual veins in the stack.

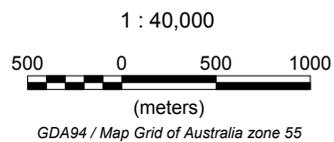
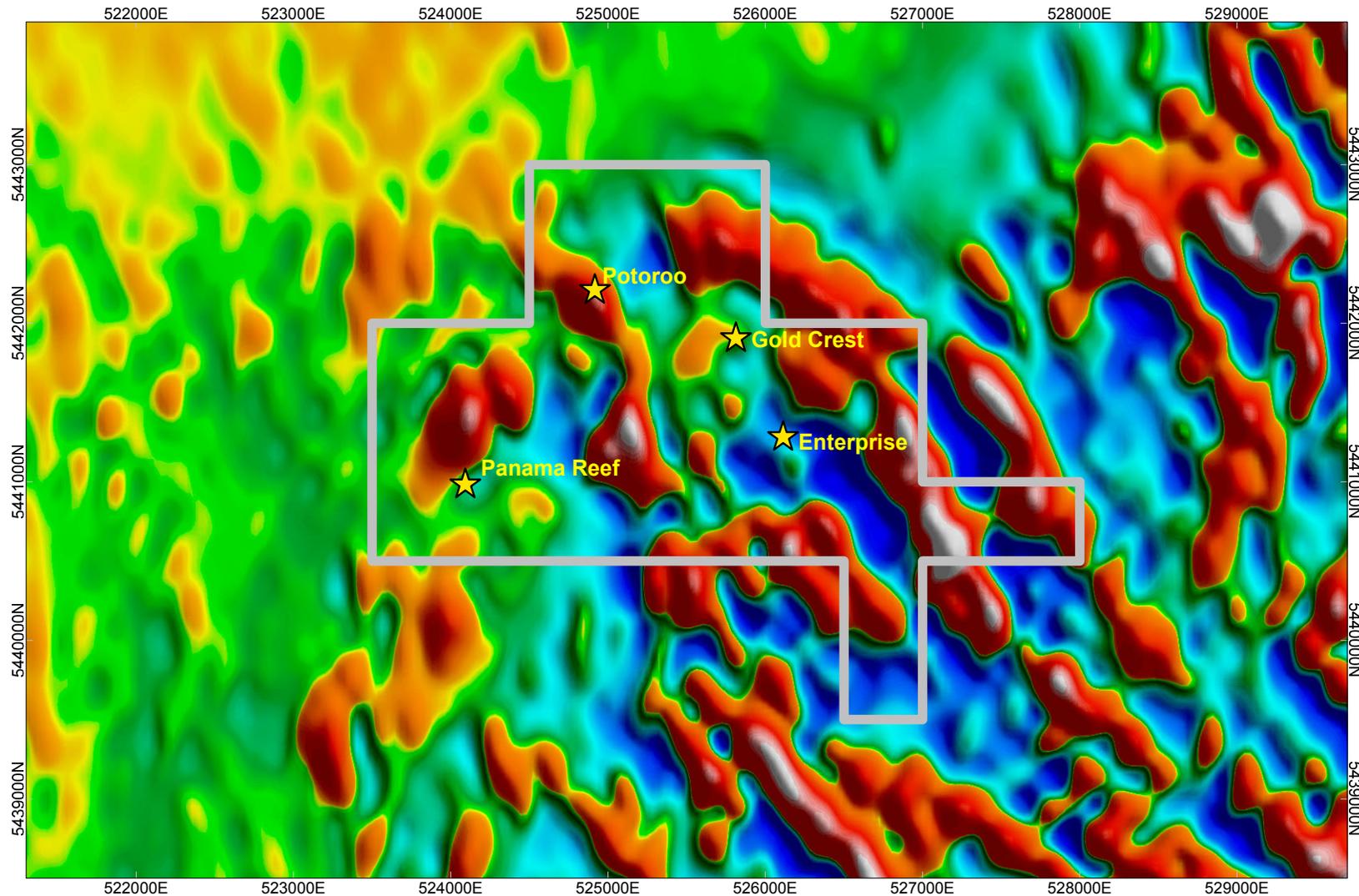


1 : 25,000
 250 0 250 500 750
 (meters)
 GDA94 / Map Grid of Australia zone 55

-  mapped granite bodies
-  Frontier Resources prospects
-  MRT (Mirloch)

Image may have positional inaccuracies, especially in hilly areas.

| | |
|--------------------------------|-----------------|
| BCD Resources NL | |
| Figure 3 Google Earth Image | |
| Author: KM / PM | Date: July 2010 |

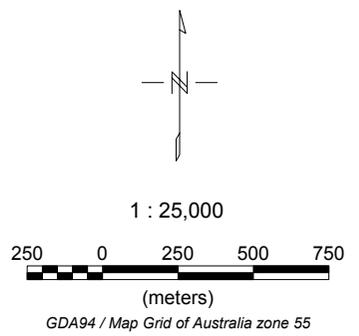
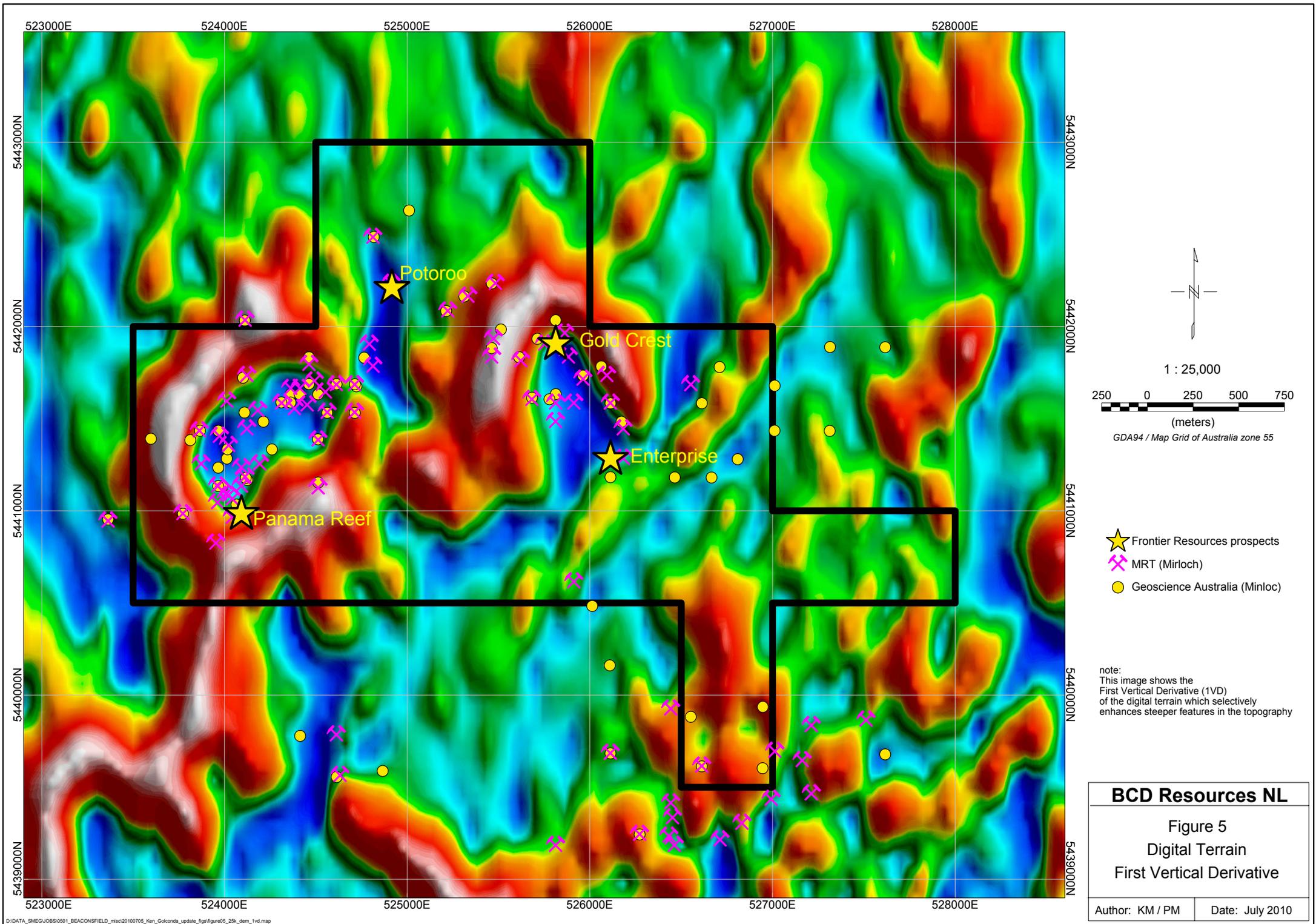


BCD Resources NL

Figure 4
MAGNETICS - NE Tas, MRT 2007
First Vertical Derivative (1VD of RTP)

Author: K.Morrison / P.Muir

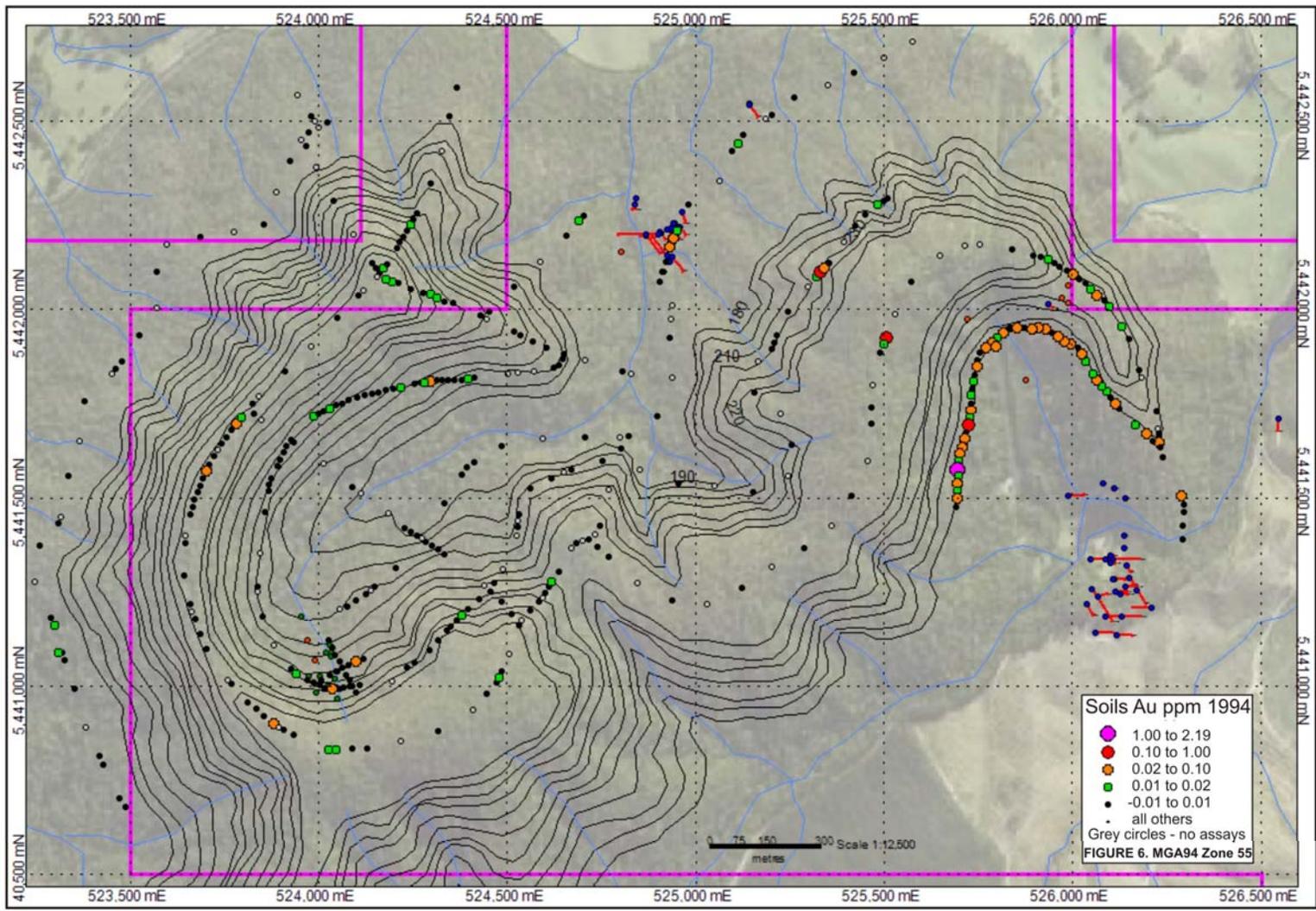
Date: July 2010

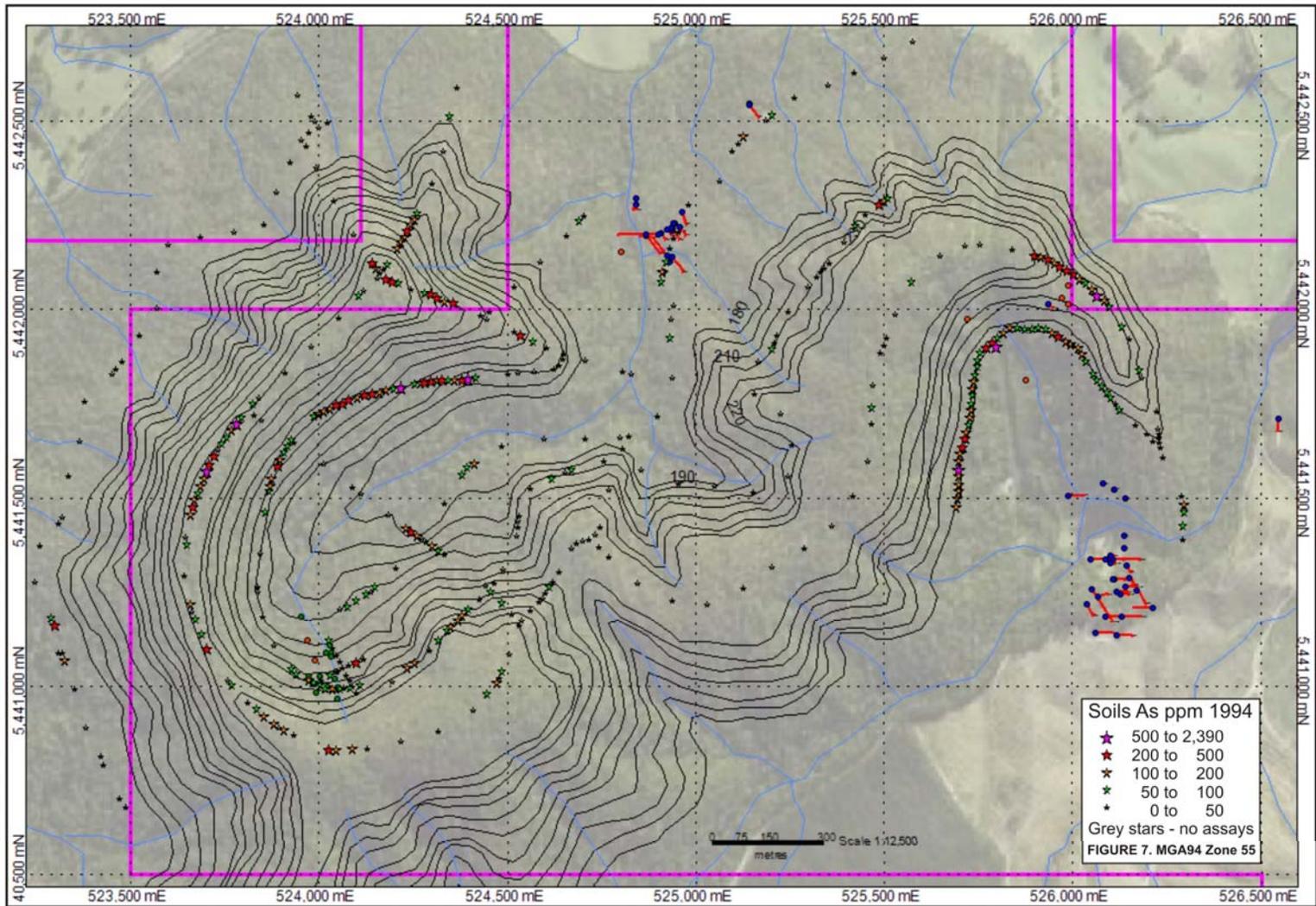


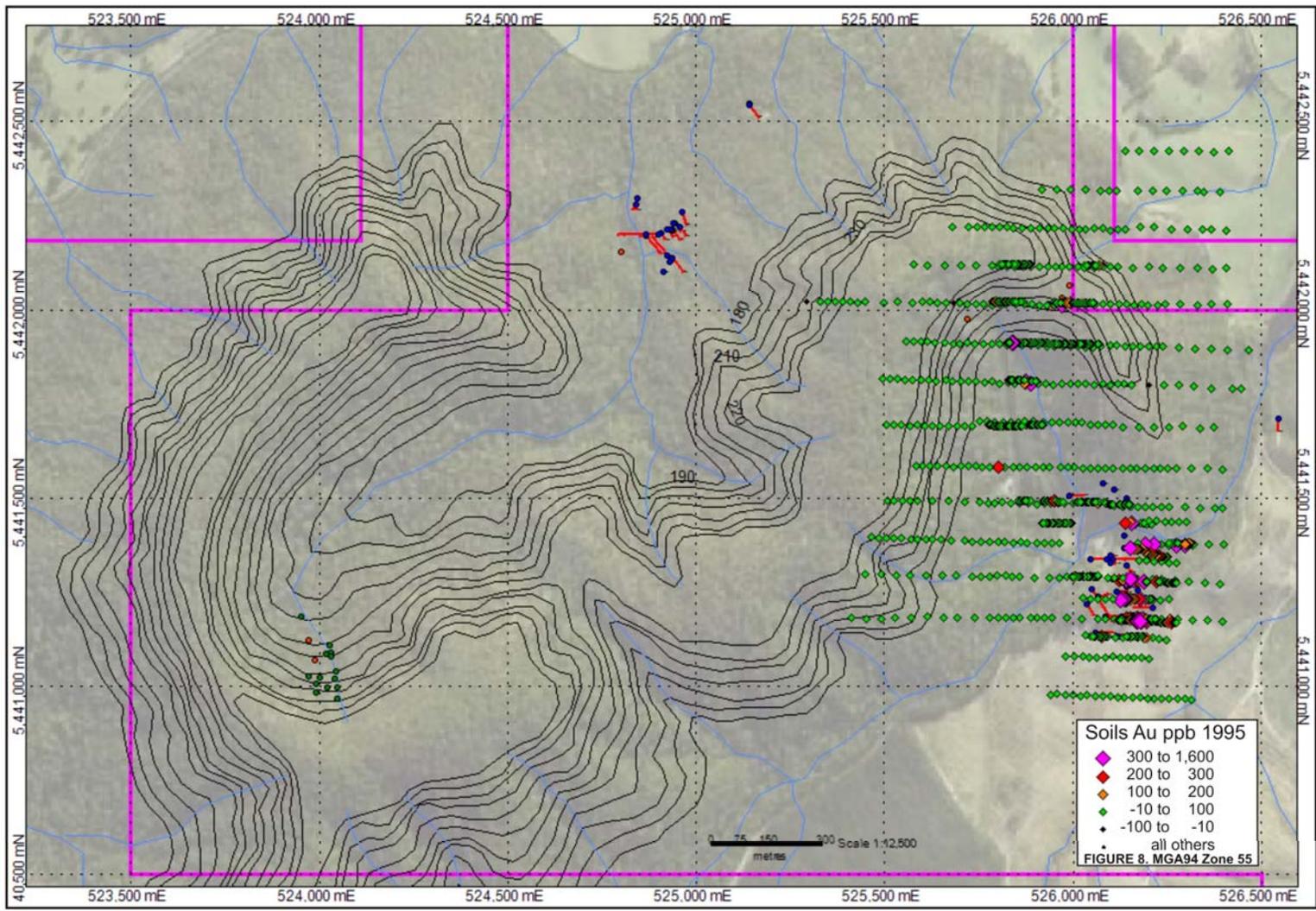
- ★ Frontier Resources prospects
- ✕ MRT (Mirloch)
- Geoscience Australia (Minloc)

note:
 This image shows the
 First Vertical Derivative (1VD)
 of the digital terrain which selectively
 enhances steeper features in the topography

| | |
|--|-----------------|
| BCD Resources NL | |
| Figure 5 Digital Terrain First Vertical Derivative | |
| Author: KM / PM | Date: July 2010 |







Expenditure

Exploration expenditure in the period 11 June 2009 to 31 April 2010 was \$26,191, in the following categories:

- Geology \$22,122
- Geophysics \$2,060
- Administration/tenement costs \$2,009

Year 2 Exploration Program

- Compilation of all existing soil geochemistry from previous exploration will be completed.
- New A-horizon multi element soil surveys will be conducted over the Gold Crest, Potoroo and Panama prospects.
- The best soil anomalies will be tested with fences of RC percussion drilling.