BCD Resources NL
EL 35/2001 Lefroy
Final/Relinquishment Report

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CD1: Report
SUMMARY

Exploration by Beaconsfield Gold NL (name changed to BCD Resources NL in November 2009) began in 2008, after title to EL 35/2001 was transferred from Lefroy Resources Ltd.

A B/C horizon soil survey generated four drill targets, each of which was tested with a fence of RC percussion drilling. Encouraging but economically marginal intersections were achieved on all targets, with best results being 4m @ 2.3 g/t Au from 56m down hole in LRC3 and 20m @ 0.45 g/t Au from 60m down hole in DRC3.

Infill drilling at Pinafore provided increased confidence on grade distribution and threshold economics for a small open cut resource and in late 2011 Retention Licence RL 1/2011 was granted over the Pinafore deposit. Sampling of battery sand tailings within Mining Lease 16M/19991, north of Pinafore, indicate potential for a small resource suitable for processing at Beaconsfield and further metallurgical testing is continuing.

BCD is continuing to work on Pinafore and the battery sands but the remainder of the EL is to be surrendered and no further Extensions of Term will be applied for.

TENEMENT DETAILS

EL 35/2001 is a two part 42km² licence covering the Lefroy and Back Creek goldfields (Figures 1 and 2). In February 2008 a Tenement Acquisition Agreement between Beaconsfield Gold NL (BGNL) and Lefroy Resources Ltd (LEF) transferred title to El 35/2001 and several other tenements, across to BGNL. Subsequently the BGNL company name was changed to BCD Resources NL (BCD). Exploration conducted by BCD from 2008-2011 upgraded the Pinafore resource and the battery sands and tailings prospect on ML 16M/1991, north of Pinafore, but there was insufficient encouragement on other prospects tested, to justify applying for further Extensions of Term over the majority of the EL. A Retention Licence (RL 1/2011) was granted over the Pinafore resource area in late 2011 and, the remainder of the EL, excluding the small ML over the tailings sands, is being relinquished.

EXPLORATION AIMS AND PHILOSOPHY

The existence of an operating mill and tailings dam with spare capacity at Beaconsfield, within 40 km of Lefroy, was an important factor in evaluating the economics of any gold resource discovered in the project area. The evidence from both historic mining and modern exploration is that either; small high grade fault hosted quartz vein reefs, or lower grade near surface disseminated deposits are the most likely styles of new discovery in the northeast Tasmanian gold fields. The economics of and environmental issues associated with mining and trucking ore from such deposits to the Beaconsfield mill will in most cases be more favourable than developing a new stand alone operation.
Figure 2. EL35/2001 Geology Map
BCD gained considerable experience exploring for fault controlled reefs in brittle host rocks at Beaconsfield, using a combination of aeromagnetic lineament interpretation, soil geochemistry, prospect scale mapping and fences of RC percussion drilling. This strategy was applied at Lefroy and the philosophy was that every target showing structural and/or geochemical prospectivity must be drill tested. Percussion drilling proved to be the most cost-and time effective tool to either generate a new prospect or down grade the target.

SUMMARY OF PREVIOUS EXPLORATION

Pre 2004 exploration in areas covered by EL 35/2001 and adjacent ELs held by Lefroy Resources is summarized in the last Lefroy Resources Annual Technical Report (Lloyd, 2007), with the main items being as follows:

- 1966-1985 - Intermittent exploration of the deep lead, partly sub Tertiary basalt, alluvial gold potential at Lefroy, predominantly by CRA Exploration in the later half of the period. CRA and BP Minerals also conducted regional drainage geochemistry and aeromagnetics across much of the project area.
- 1990-1991 - Regional drainage geochemistry by Billiton Australia.
- 1997-1998 - Mapping and drilling at Lefroy by Allstate Explorations, predominantly under the Volunteer workings.
- 1995-2003 - Soil and bedrock geochemistry, trenching and drilling on the Denison gold field, particularly the East Denison prospect, by Anglo Australian Resources.

Lefroy Resources commenced work in November 2004 and by October 2007 had spent approximately $4.4 million, with over 21,000 metres of drilling plus substantial soil surveys, aeromagnetics, structural studies and compilation of historic production data. In September 2006 they announced an Inferred Resource of 616,000 tonnes @ 2.5 g/t for 49,345 oz contained gold in a low grade shallow depth halo to the Pinafore reef (Lloyd et al, 2006).

In the year ending October 2007 LEF drilled 48 holes (43 RC plus 5 DDHs) for 5,282 metres at Lefroy. They also conducted a metallurgical study on a drill sample composite bulk sample from the Pinafore Reef and constructed a structural model intended to target high grade shoots and evaluate the potential for discovering a high grade resource. This work resulted in a downgrade of the Company’s aim to achieve a large scale high grade underground mine but they recognized potential to delineate a series of smaller, shallow, lower grade resources by exploring the disseminated halo style mineralization intersected around some of the main reefs in the Lefroy mineral field. No further work was undertaken until BCD commenced in July 2008.

In the period up to October 2008, the first stage of an infill/extension soil survey was completed at Lefroy. During the year to October 2009, a soil survey (Figure 3) and 18 RC percussion drill holes (Figures 4 and 5) were conducted within EL 35/2001 (Morrison, 2009). The drilling tested the California, Digney, Orlando and Londonderry prospects at the southern end of EL 35/2001. Encouraging but economically marginal intersections were achieved on all targets, with best results being 4m @ 2.3 g/t Au from 56m down hole in LRC3 and 20m @ 0.45 g/t Au from 60m down hole in DRC3 (Table 1).
Figure 3. Soil Sample & Drill Hole Locations

LEGEND
- BGNL 2008-2009 RC Drilling
- BGNL 2008-2009 Soil Sample
- Old Workings

EL35/2001

LEFROY

5,454,000mN
5,452,000mN
5,450,000mN
5,448,000mN

CRC001 CRC002 CRC003
CRC004 CRC005 CRC006
CRC007 CRC008 CRC009
CRC010 CRC011 CRC012

DRC001 DRC002 DRC003
DRC004 DRC005 DRC006
DRC007 DRC008 DRC009

1km
Figure 4. Soil Anomalies, Historic & Current Drilling.
Figure 5. Total Drilling, Southern Lefroy Gold Field
A review of all existing drilling on the Pinafore shallow deposit by Coffey Mining Pty Ltd reinterpreted the sectional geology and mineralised domains and generated a JORC compliant Inferred Resource of 810,000 tonnes @ 1.46 g/t Au for 37,900 oz contained in the top 100 vertical metres of the deposit. The study also highlighted a number of quality control issues which limit the validity of previous resource estimations and made recommendations for increasing the drill hole density and acquiring more drill core bulk density data as key requirements to enable a future estimate with higher than Inferred Resource confidence classification.

In 2010 a 13 hole RC percussion drilling program for 996 metres at Pinafore provided increased pierce point density, particularly up-dip from previous relatively low grade intersections. The results essentially confirmed the resource model average grade of approximately 1.5 g/t gold but slightly down graded the tonnage potential on the eastern side of the deposit, due to a wedge of basalt overburden which thickens towards the east (Morrison, 2010). The economics of the resource may not be penalized by a tonnage reduction on the eastern side as the potential now exists to possibly mine most of the resource without requiring Beechford Road to be shifted. The Pinafore resource remains marginal in size and grade and no further exploration work is required in the short term.

Table 1  Best Drilling Intersections

<table>
<thead>
<tr>
<th>Location</th>
<th>Intersection</th>
<th>Depth</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRC2</td>
<td>4m @ 0.64 ppm Au from 8m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRC4</td>
<td>4m @ 0.58 ppm Au from 32m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DRC1</td>
<td>8m @ 0.48 ppm Au from 0m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DRC2</td>
<td>10m @ 0.27 ppm Au from 0m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DRC2</td>
<td>10m @ 0.46 ppm Au from 34m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DRC3</td>
<td>10m @ 0.40 ppm Au from 0m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DRC3</td>
<td>20m @ 0.45 ppm Au from 60m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DRC3</td>
<td>8m @ 0.44 ppm Au from 84m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ORC3</td>
<td>2m @ 1.1 ppm Au from 42m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LRC1</td>
<td>2m @ 2.8 ppm Au from 32m</td>
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<td></td>
</tr>
<tr>
<td>LRC3</td>
<td>2m @ 2.6 ppm Au from 6m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LRC3</td>
<td>4m @ 2.3 ppm Au from 56m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LRC4</td>
<td>2m @ 1.3 ppm Au from 38m</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
No field work was conducted in 2011. A Retention Licence was granted over the Pinafore resource and a sampling program on tailings within ML16M/1991 is ongoing. The remainder of EL 35/2001 is being surrendered.

ENVIRONMENTAL & REHABILITATION ACTIVITIES

In June 2010 it was decided that no further drilling was planned at Pinafore in the short term and that rehabilitation of the 13 drill sites was needed to restrict the potential for people to dump rubbish and take firewood from the State Forest west of Beechford Road and the grazing lease held by local farmer David Brown, east of Beechford Road. Cyclone bags from drill intervals which had assayed >1g/t gold were transferred to Beaconsfield for long term storage and the remainder of the plastic bags were emptied on the drill pads and all bags transported to the Beaconsfield mine site for disposal with general mine waste. All drill pads and the new access tracks which had been developed into them were rehabilitated by dragging back a covering of vegetation slash with the excavator and pushing up barriers at track entrances. At the request of David Brown, minor excavator earthworks designed to restrict vehicle access were also conducted to the east of Beechford Road.

EXPENDITURE

A total of $599,014 was spent by BGNL and BCD exploring 35/2001, during the period July 1, 2008 –December 31, 2011. Prior to that Lefroy Resources spent $4.4 million on their Lefroy Project group of tenements, the majority of which was spent on EL 35/2001.

REFERENCES & BIBLIOGRAPHY


