



Notice of Annual General Meeting and Explanatory Memorandum

**Annual General Meeting to be held at
the King Street Room of the Rydges Hotel, Perth
on Monday, 19 May 2014 commencing at 9.00am (WST)**

**Beadell Resources Limited
ABN 50 125 222 291**

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

2013 Annual Report can be viewed online at:

www.beadellresources.com.au

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Beadell Resources Limited will be held at the King Street Room of the Rydges Hotel, corner of King and Hay Streets, Perth on Monday, 19 May 2014 commencing at 9.00am WST.

Terms used in this Notice and Explanatory Memorandum are defined in the glossary to this document. The Explanatory Memorandum which accompanies and forms part of this Notice describes the matters to be considered at the Annual General Meeting.

AGENDA

Annual Financial Statements

To receive and consider the Annual Financial Statements for the twelve months ended 31 December 2013, together with the Directors' and Auditors' report for that period.

ORDINARY BUSINESS

Resolution 1 – Approval of the Remuneration Report (non-binding resolution)

To consider and, if thought fit, pass the following resolution as a non-binding **ordinary resolution** in accordance with section 250R(2) of the Corporations Act:

"That the Remuneration Report contained in the Company's Annual Report for the financial year ended 31 December 2013 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. Please refer to the Explanatory Memorandum for further details.

Resolution 2 – Re-election of Dr Michael Donaldson

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That Dr Michael Donaldson, who retires in accordance with Clause 6.3(b) of the Company's Constitution, and being eligible and having given his consent, be re-elected as a Director of the Company."

Resolution 3 – Re-election of Mr Ross Kestel

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That Mr Ross Kestel, who retires in accordance with Clauses 6.3(b) of the Company's Constitution, and being eligible and having given his consent, be re-elected as a Director of the Company."

Resolution 4 – Renewal of Employee Option Scheme (EOS)

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

"That for the purposes of Exception 9(b) of ASX Listing Rule 7.2 and for all other purposes, the issue of options under the terms of the Beadell Resources Limited Employee Option Scheme (EOS) and the terms of the EOS, as detailed in the Explanatory Memorandum accompanying this Notice of Annual General Meeting, be approved."

Resolution 5 – Grant of Performance Rights to Mr Robert Watkins or his nominee

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.14, and for all other purposes, Shareholders approve the issue of up to 300,892 Performance Rights (and the issue of Shares following the vesting of those Performance Rights) to Mr Robert Watkins (or his nominee) under the terms of the PRP, as further detailed in the Explanatory Memorandum."

Resolution 6 – Grant of Performance Rights to Mr Peter Bowler or his nominee

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.14, and for all other purposes, Shareholders approve the issue of up to 494,740 Performance Rights (and the issue of Shares following the vesting of those Performance Rights) to Mr Peter Bowler (or his nominee) under the terms of the PRP, as further detailed in the Explanatory Memorandum."

OTHER BUSINESS

To transact any other business which may be properly brought before the Meeting in accordance with the Company's Constitution and the Corporations Act.

NOTES

Requisite majorities

Resolutions 1 through 6 are ordinary resolutions and will be passed only if supported by a simple majority of the votes cast by Shareholders entitled to vote on the resolutions.

Voting exclusion statements

Resolution 1: Approval of the Remuneration Report (non-binding resolution)

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

- b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- b) the voter is the Chairman and the appointment of the Chairman as proxy:
- i. does not specify the way the proxy is to vote on this Resolution; and
 - ii. expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

Please note, in accordance with sections 250R(4) and 250R(5) of the Corporations Act, the Chairman will not vote any undirected proxies in relation to Resolution unless the shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions. Please note that if the Chairman of the meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly authorise the Chairman to exercise your proxy on this Resolution even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel for the Company, which includes the Chairman.

If you appoint the Chairman as your proxy, you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

Resolution 4, 5 and 6: Renewal of Employee Option Scheme, Grant of Performance Rights to Mr Robert Watkins or his nominee and Grant of Performance Rights to Mr Peter Bowler or his nominee

The Company will disregard any votes cast on Resolutions 4, 5 and 6, by or on behalf of a Director (except a Director who is ineligible to participate in any employee incentive scheme of the Company) and an associate of a Director. The Company, however, need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 4, 5 and 6 if:

- a) the proxy is either:

- i. a member of the Key Management Personnel; or
- ii. a Closely Related Party of such a member; and

- b) the appointment does not specify the way the proxy is to vote on these Resolutions.

However, the above prohibition does not apply if:

- a) the proxy is the Chairman of the Meeting; and
- b) the appointment expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Please note, in accordance with sections 250BD(1) and (2) of the Corporations Act, the Chairman will not vote any undirected proxies in relation to these Resolutions unless the Shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions. Please note that if the Chairman of the meeting is your proxy (or becomes your proxy by default) and if you do not direct the Chairman how to vote, you must tick the acknowledgement box in the proxy form to acknowledge that you expressly authorise the Chairman to exercise your proxy on these Resolutions even though the Chairman has an interest in these Resolutions and that the votes cast by the Chairman, other than a proxy holder, would be disregarded because of that interest.

If you appoint the Chairman as your proxy, you can direct the Chairman to vote for or against or abstain from voting on Resolutions 4, 5 and 6 by marking the appropriate box on the proxy form.

Proxies

Please note that:

- a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- b) a proxy can be an individual or a body corporate;
- c) a proxy need not be a member of the Company; and
- d) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

In order to record a valid vote, members will need to take the following steps:

- a) Custodian voting - For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions; or

- b) Complete and lodge the proxy form with the Company at the address or facsimile number specified below, along with any power of attorney or notarially certified copy of a power of attorney (if the proxy form is signed pursuant to a power of attorney) to:

Beadell Resources Limited
c/- Computershare Investor Services Pty Ltd
GPO Box 242
Melbourne VIC 3001
or facsimile 1800 783 447 (within Australia) or
+613 9473 2555 (outside Australia)

so that it is received not later than **9:00am (WST) on Saturday, 17 May 2013**, being not less than 48 hours prior to the commencement of the meeting. Proxy forms received later than this time will be invalid. The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

“Snap-shot” time

The Company’s directors have determined that all shares of the Company that are quoted on ASX at 9:00am (WST) on Saturday, 17 May 2013 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the shares at that time.

Corporate representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of Corporate Representative form is available upon request from the Company Secretary.

Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting.

By Order of the Board of Directors



Greg Barrett

Company Secretary
Beadell Resources Limited

16 April 2014

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting.

The purpose of this Explanatory Memorandum is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Memorandum should be read in conjunction with the Notice of Annual General Meeting and the Company's 2013 Annual Report.

Financial statements and reports

As required under section 317 of the Corporations Act, the Annual Financial Statements for the 12 months ended 31 December 2013 will be laid before the Annual General Meeting.

The Annual Financial Statements are included in the Company's 2013 Annual Report, a copy of which can be accessed online at: www.beadellresources.com.au. Shareholders will be given the opportunity to ask questions and make comments about the reports or the Company generally, but there will be no formal resolution submitted to the Annual General Meeting.

Resolution 1 – Approval of the Remuneration Report

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company.

The Remuneration Report forms part of the Directors' Report included in the 2013 Annual Report. The Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior management of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior management of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior management of the Company.

The vote on the adoption of the Remuneration Report is advisory only and the vote does not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, and make comments on, the Remuneration Report and the Company's remuneration arrangements.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote **in favour** of Resolution 1.

Resolution 2 – Re-election of Dr Michael Donaldson

Clause 6.3(b) of the Constitution provides that a Director must retire from office no later than the longer of: (i) the third annual general meeting of the Company; or (ii) three years following that Director's election or appointment, at the next annual general meeting. However, a Director who retires under this clause is eligible for re-election at that meeting as provided in clause 6.3(f) of the Constitution.

Accordingly, Dr Michael Donaldson retires in accordance with Clause 6.3(b) of the Company's Constitution and, being eligible and having given his consent, offers himself for re-election as a Director of the Company.

Further information of Dr Michael Donaldson can be found in the 2013 Annual Report.

Directors' Recommendation

The Directors, other than Dr Michael Donaldson, unanimously recommend that Shareholders vote **in favour** of Resolution 2.

Resolution 3 – Re-election of Mr Ross Kestel

Clause 6.3(b) of the Constitution provides that a Director must retire from office no later than the longer of: (i) the third annual general meeting of the Company; or (ii) three years following that Director's election or appointment, at the next annual general meeting. However, a Director who retires under this clause is eligible for re-election at that meeting as provided in clause 6.3(f) of the Constitution.

Accordingly, Mr Ross Kestel retires in accordance with Clause 6.3(b) of the Company's Constitution and, being eligible and having given his consent, offers himself for re-election as a Director of the Company.

Further information of Mr Ross Kestel can be found in the 2013 Annual Report.

Directors' Recommendation

The Directors, other than Mr Ross Kestel, unanimously recommend that Shareholders vote **in favour** of Resolution 3.

Resolution 4 – Renewal of Employee Option Scheme (EOS)

Background

The Board is seeking Shareholders' approval for renewal of the EOS for the purposes of ASX Listing Rule 7.2, Exception 9(b).

A summary of the terms of the EOS was set out in the prospectus of the Company dated 10 August 2007 and renewed in the Annual General Meeting held on 29 November 2010. Accordingly, the Board now seeks the approval of Shareholders under ASX Listing Rule 7.2 Exception 9(b) which will mean that the issue of Options under the EOS will be exempted from the 15% annual limit on the issue of new securities without prior Shareholder approval for a period of three years from the date of the passing of Resolution 4.

Since the last approval on 29 November 2010, 35,450,000 Options were issued under the EOS.

Overview of the EOS Rules and terms and conditions

The main features of the EOS (and the terms and conditions of the EOS) are summarised as follows:

1. **Purpose of EOS:** The purpose of the EOS is to provide employees of the Company with an opportunity to acquire an ownership interest in Beadell.
2. **Eligible Participants:** The eligible participants under the EOS are full time and part-time employees (including Directors) of the Company and its associated body corporates.
3. **Limits on Entitlements:** The maximum number of Options that is issuable under the EOS when combined with:
 - a) the number of Shares which would be issued if all the current Options issued under any employment incentive scheme be exercised;
 - b) the number of Shares which have been issued as a result of the exercise of Options issued under any employee incentive scheme, where the Options were issued during the preceding five years;
 - c) all other Shares issued during the previous five years pursuant or any other employee incentive scheme of the Company;but disregarding any offer made, Options or Shares issued by way of or as a result of:
 - d) an offer to a person situated at the time of receipt of the offer outside Australia; or
 - e) an offer that was an excluded offer or invitation within the meaning of the Corporations Act as it stood prior to the commencement of Schedule 1 of the Corporate Law Economic Reform Program Act 1999;
 - f) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or

- g) an offer made under a disclosure document,

must not exceed 5% of the total number of issued Shares unless otherwise determined by the Directors in their absolute discretion. In making such a determination, the Directors may offer to eligible employees Options under the EOS, up to a maximum of 10% of the total issued shares of the Company provided that the issue is made in accordance with the requirements of Chapter 6D of the Corporations Act.

4. **Individual Limits:** The EOS does not set out a maximum number of Options that may be made issuable to any one person or company. However, the Directors may limit the total number of Options which may be exercised under the EOS in any one year.
5. **Consideration Payable:** Options will be issued free of charge to eligible employees. The exercise price of the Options shall be as the Directors, in their absolute discretion, determine, provided that it shall not be less than that amount which is equal to 90% of the average market price of the Shares in the 5 days in which sales in the Shares were recorded immediately preceding the day on which the Directors resolve to offer the Options.
6. **Term and Lapse:** All Options with a common expiry date shall have the same exercise price and right to participate in the issue of securities by the Company.
7. **Lapse:** Unless the Directors in their absolute discretion determine otherwise, Options shall lapse upon the earlier of:
 - a) the expiry of the exercise date;
 - b) the Option holder ceasing to be an eligible employee by reason of dismissal, resignation or termination of employment, office or services for any reason;
 - c) the expiry of 30 days after the Option holder ceases to be an eligible employee by reason of retirement; or
 - d) a determination by the Directors that the Option holder has acted fraudulently, dishonestly or in breach of his or her obligations to the Company or its associated body corporates.
8. **Entitlement** – Each Option entitles the Option holder to subscribe for and be issued with one Share.
9. **Takeover Bid or Change of Control:** Upon:
 - a) the service of a bidder's statement or like document on the Company;
 - b) a change of control of the Company; or
 - c) the despatch of a notice of meeting to consider a scheme of arrangement pursuant to section 411 of the Corporations Act,(being a **Trigger Event**), the Directors may determine:

- d) that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the Option holder to participate in any change of control arising from a Trigger Event provided that the Directors will forthwith advise in writing each Option holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
- e) to use their reasonable endeavours to procure that an offer is made to Option holders on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event in which case the Directors shall determine an appropriate period during which an Option holder may elect to accept the offer and, if the Option holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.

10. **Alteration in Share Capital:** If there is a reconstruction of the issued share capital of the Company, all rights of the Option holders are to be changed in a manner consistent with the Listing Rules.

11. **No Participation Rights:** There are no participation rights inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

12. **Amendments to EOS:** The Board may at any time and from time to time by resolution alter the EOS. However, any amendment to the EOS is subject to any restrictions or procedural requirements relating to the amendment or the rules of an employee incentive scheme imposed by the Listing Rules or applicable securities laws.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote **in favour** of Resolution 4. The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 4.

Resolutions 5 and 6 – Grant of Performance Rights to Mr Robert Watkins to Mr Peter Bowler or their nominees

Shareholders are being asked to approve Resolutions 5 and 6 to allow Performance Rights and Shares that may vest under the Performance Rights Plan (**PRP**) to be issued to the executive Directors, Mr Peter Bowler and Mr Robert Watkins, as set out below. The PRP was approved by Shareholders at the Company's annual general meeting held in May 2013.

The Board has determined that the grant of Performance Rights under the PRP to Mr Watkins and Mr Bowler is an appropriate form of long term incentive for the Company's key management personnel. The Board considers that Mr Bowler and Mr Watkins are essential to the operation of the Company's ongoing business.

Quantum

In accordance with the Company's remuneration policy, the long term incentive (**LTI**) component of:

- Mr Bowler's remuneration is \$371,500; and
- Mr Watkins' remuneration is \$225,940.

The number of Performance Rights was calculated by dividing the LTI component of each of Mr Bowler's and Mr Watkins' remuneration by \$0.7509 being the volume weighted average price of the Shares traded on the ASX over 60 trading days prior to, and including, the date, of the release of the Company's results for the financial year ended 31 December 2013 on 26 March 2014.

Accordingly, subject to Shareholders' approval being received, the Company is proposing to allot and issue:

- a) 300,892 Performance Rights to Mr Watkins, an executive Director, or his nominee; and
- b) 494,740 Performance Rights to Mr Bowler, the Managing Director, or his nominee.

In determining the quantum of Performance Rights to be issued to Mr Watkins and Mr Bowler, the Board took into account the Company's remuneration strategy, the Company's situation, the role and contribution of Mr Bowler and Mr Watkins and the market practice for remuneration of executive officers in positions of similar responsibility. Accordingly, they determined that the proposed grant of Performance Rights to Mr Watkins and Mr Bowler is appropriate.

Performance period

The performance period for the Performance Rights granted to Mr Bowler and Mr Watkins will commence on 1 January 2014 and end on 31 December 2016.

If Mr Watkins and Mr Bowler cease employment, the following will apply in respect of unvested rights:

- On their death or cessation of employment due to illness, total or permanent disablement, redundancy or other circumstances determined by the Board, they will be entitled to be issued Shares related to the unvested Performance Rights to the extent that such unvested Performance Rights become vested Performance Rights under the PRP Rules within:
 1. six months from the date of the occurrence of the Specified Reason; or
 2. such longer period as the Board determines, but not longer than the original expiry date.

Performance Rights which have not vested within the six months or the longer period determined by the Board will automatically lapse.

- The Board will have discretion to:

1. accelerate the vesting date for any Performance Right; and
2. in determining the number of vested Performance Rights the Participant's reduced period of employment shall not be taken into account to reduce the number of vested Performance Rights on a pro rata basis for one or more performance hurdles.

If they cease employment in circumstances other than those described above, all unvested Performance Rights will automatically lapse.

Vesting conditions and performance hurdles

In order for any of the Performance Rights to vest, the Company's TSR must be at or above the 50th percentile of the comparator group's TSR over the performance period and must be positive.

The Company's TSR will be measured relative to companies within the Gold GICS sub-industry that are also within 25% to 250% of the Company's market capitalisation (as at 31 December 2013) (**Comparator Group**).

The Comparator Group for the Performance Rights issued in the 2014 financial year comprises the following companies:

- Alacer Gold Corp
- Endeavour Mining Limited
- Evolution Mining Limited
- Intrepid Mines Limited
- Medusa Mining Limited
- Northern Star Resources Limited
- Oceana Gold Corporation
- Papillon Resources Limited
- Regis Resources Limited
- Resolute Mining Limited
- Silver Lake Resources Limited
- Teranga Gold Corporation

The number of Performance Rights that vest based on the Company's TSR relative to the Comparator Group is outlined in the following table:

TSR of Company relative to TSRs of companies in the Comparator Group	Proportion of Performance Rights that vest
Less than the 50th percentile	0%
Between 50th percentile and 75th percentile	Straight line vesting between 50% and 75%*
More than 75th percentile	100%

* Straight line vesting between the 50th percentile and 75th percentile is determined using the following formula:

$$50\% + 50\% \times 1 - \frac{0.75 - \text{Percentile Rank}}{0.75 - 0.5}$$

Relative TSR Ranking

Companies comprising the Comparator Group and the Company are ranked from highest to lowest in accordance with their respective TSRs for the relevant performance period. The percentile ranking of each company is calculated based on the "straight-line method" for calculating percentiles (i.e., the lowest ranked company is percentile 0 and the highest ranked company is percentile 100).

The straight-line percentile rank for each company is determined as follows:

$$\frac{n - r}{n - 1}$$

Where:

n = Number of companies comprising the Comparator Group

r = Rank of the company in question, where companies in the Comparator Group are ranked in order of their TSR (the company with the highest TSR is allocated the highest rank; i.e., 1).

The Board will take into consideration a number of factors in its approach to the calculation of TSR including:

- the start and end average period;
- use of adjusted or unadjusted share prices (and dividends);
- treatment of dividends / distributions;
- treatment of tax and any franking credits (or equivalent);
- treatment of foreign currency; and
- treatment of delisted companies, or those impacted by mergers or other corporate restructures.

Vesting Date

The test date for determining whether the Vesting Conditions have been satisfied (**Test Date**) will be 31 December 2016.

The Performance Rights will only vest (and the underlying Shares will only be issued) upon the Board making a determination in relation to the Vesting Conditions set out above. Performance Rights that do not vest in accordance with the Board's determination as to vesting will immediately lapse.

If the Board determines that any of the Performance Rights will vest in accordance with the Vesting Conditions (**Vesting Performance Rights**):

- a) the vesting date for 100% of the Vesting Performance Rights will be 31 December 2016; and
- b) Shares will be issued by the Company through an automatic exercise, for nil consideration, of the Vesting Performance Rights (on 1 Vesting Performance Right for 1 Share basis) as soon as reasonably practicable after the relevant vesting date for the Vesting Performance Rights.

ASX Listing Rule issues

Listing Rule 10.11 provides a general restriction against issuing securities to directors without shareholder approval.

Listing Rule 10.14 provides that a company must not issue equity securities (including Performance Rights) to a director of the company under an employee incentive scheme unless the issue has been approved by shareholders. If approval is given by shareholders under Listing Rule 10.14, separate shareholder approval is not required under Listing Rule 10.11.

Under Resolutions 5 and 6, the Company seeks approval from Shareholders for the issue of Performance Rights to the executive Directors, Mr Bowler and Mr Watkins.

For the purposes of the approval sought under Listing Rule 10.14 and for all other purposes, the following information is provided to Shareholders in respect of the Performance Rights under Listing Rule 10.15:

- a) The Performance Rights will be granted to Mr Robert Watkins (an executive Director of the Company) and Mr Peter Bowler, the Managing Director of the Company, or their respective nominees.
- b) The maximum number of Performance Rights which will be granted to Mr Watkins under Resolution 5 is 300,892.
- c) The maximum number of Performance Rights which will be granted to Mr Bowler under Resolution 6 is 494,740.
- d) No consideration is payable by Mr Watkins and Mr Bowler at the time of grant of the Performance Rights or upon the issue of Shares to which they may become entitled on the vesting and exercise of some or all of the Performance Rights.
- e) The grant of Performance Rights will be performance tested over the period between 1 January 2014 and 31 December 2016 against a Relative TSR measure, the details of which are set out above.
- f) Since the last annual general meeting of the Company held on 24 May 2013, during which Shareholders approved the grant of Performance Rights to Mr Watkins and Mr Bowler, the Company granted 243,524 Performance Rights to Mr Watkins and 411,224 Performance Rights to Mr Bowler. Following the end of the 2013 financial year, the Performance Rights issued in 2013 to Mr

Watkins and Mr Bowler were tested. Although Beadell's TSR was above the 75th percentile of the comparator group, the Company's TSR was -19.4%. After a review of the vesting conditions of these Performance Rights, the Board decided that there had to be a positive TSR before the Performance Rights granted could vest. Accordingly, the Board resolved that none of the Performance Rights granted for the 2013 financial year would vest. Consequently, all of the 898,272 Performance Rights granted under the Performance Rights Plan have been cancelled subsequent to the end of 2013 and Mr Watkins and Mr Bowler currently hold no Performance Rights.

- g) The Managing Director, Mr Bowler the Executive Director-Geology, Mr Watkins and any other employee of the Company, as determined by the Board in its absolute discretion, will be entitled to participate in the PRP. Mr Bowler and Mr Watkins are the only persons referred to the Listing Rule 10.14 that are entitled to participate in the PRP.
- h) Voting exclusion statements are set out in pages 2 to 3 of the Notice.
- i) No loans will be made by the Company in connection with the acquisition of the Performance Rights.
- j) It is expected that the Performance Rights will be granted to Mr Watkins and Mr Bowler as soon as possible after the Annual General Meeting but in any event no later than 12 months from the date of this Annual General Meeting.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of the Performance Rights to Mr Watkins and Mr Bowler under Resolutions 5 and 6 constitutes the provision of a financial benefit to related parties.

It is the view of the Directors that the proposed issue of Performance Rights pursuant to Resolutions 5 and 6 fall within the exception under section 211 of the Corporations Act (reasonable remuneration) given the circumstances of the Company and the positions held by Mr Bowler and Mr Watkins. Accordingly, the Directors have determined not to seek shareholder approval under section 208 of the Corporations Act for the issue of the Performance Rights to Mr Bowler and Mr Watkins.

Directors' recommendation

The Directors (excluding Mr Robert Watkins) unanimously recommend that Shareholders vote in favour of Resolution 5.

The Directors (excluding Mr Peter Bowler) unanimously recommend that Shareholders vote in favour of Resolution 6.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 5 and 6.

GLOSSARY

The following terms and abbreviations used in this Explanatory Memorandum have the following meaning:

2013 Annual Report: The annual report of the Company for the 12 months ended 31 December 2013.

Annual Financial Statements: The financial statements, directors' report and auditors' report contained in the Annual Report.

ASIC: Australian Securities and Investments Commission.

Associate: Has the meaning given to that term in sections 11 to 17 of the Corporations Act.

ASX: ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX.

Board: The board of directors of the Company.

Closely Related Party of a member of Key Management Personnel means:

- a) a spouse or child of the member;
- b) a child of the member's spouse;
- c) a dependent of the member or the member's spouse;
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- e) an entity the member controls; or
- f) a person prescribed by the Corporations Regulations 2001 (Cth).

Company or **Beadell:** Beadell Resources Limited ABN 50 125 222 291.

Company Secretary: company secretary of the Company.

Constitution: The constitution of the Company.

Corporations Act: *Corporations Act 2001 (Cth)*.

Director: A director of the Company

EOS: Beadell's Employee Option Scheme.

Explanatory Memorandum: The Explanatory Memorandum accompanying the Notice of Annual General Meeting.

Key Management Personnel: Has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the

Company, directly or indirectly, including any Director (executive or otherwise) of the Company.

Listing Rules: The listing rules of the ASX.

Meeting or **Annual General Meeting:** The meeting convened by the Notice.

Notice or **Notice of Annual General Meeting:** The notice convening the Annual General Meeting which accompanies this Explanatory Memorandum.

Option: An option to acquire a Share issued by the Company pursuant to the EOS.

Performance Rights: An entitlement granted to a participant in the PRP to receive one Share subject to the satisfaction of any applicable vesting conditions and performance hurdles.

PRP: Beadell's Performance Rights Plan.

Remuneration Report: The remuneration report incorporated in the directors' report in the Annual Report which sets out the Company's remuneration arrangements for the Directors and officers of the Company.

Resolution: A resolution included in the Notice.

Shareholders: Holders of Shares.

Shares: Fully paid ordinary shares in the capital of the Company.

WST: Western Standard Time, being the time in Perth, Western Australia.



000001 000 BDR
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 137 515
(outside Australia) +61 3 9415 4667

Proxy Form

For your vote to be effective it must be received by 09:00 am (WST) Saturday, 17 May 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
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Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Beadell Resources Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Beadell Resources Limited to be held at the King Street Room of the Rydges Hotel, corner of King and Hay Streets, Perth WA on Monday, 19 May 2014 at 09:00 am and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 4, 5 & 6 (except where I/we have indicated a different voting intention below) even though Items 1, 4, 5 & 6 connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: For Items 4, 5 & 6 this express authority is also subject to you marking the box in the section below. If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 4, 5 & 6 by marking the appropriate box in step 2 below.

Important for Items 4, 5 & 6: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Items 4, 5 & 6 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Items 4, 5 & 6, the Chairman of the Meeting will not cast your votes on Items 4, 5 & 6 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 4, 5 & 6 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Items 4, 5 & 6 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain
1 Approval of the Remuneration Report (non-binding resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Dr Michael Donaldson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Ross Kestel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Renewal of Employee Option Scheme (EOS)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Grant of Performance Rights to Mr Robert Watkins or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Grant of Performance Rights to Mr Peter Bowler or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /