



ASX ANNOUNCEMENT

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## 2014 HALF YEAR RESULTS - COMMENTARY

Beadell Resources Limited (“**Beadell**” or “the **Company**”) is pleased to report its results for the six months ended 30 June 2014.

Key Financial Data	30-Jun-14 (6 months)	30-Jun-13 (6 months)
<b>Financial results</b>	<b>A\$ millions</b>	<b>A\$ millions</b>
Sales revenue	110.6	87.8
Costs of production	-64.0	-44.3
<b>Underlying EBITDA</b>	<b>46.6</b>	<b>43.5</b>
Depreciation and amortisation	-11.9	-8.2
Profit before tax	18.6	24.9
Reported profit after tax	15.1	37.1
<b>Other financial information</b>	<b>A\$ millions</b>	<b>A\$ millions</b>
Cash flow from operating activities	12.2	24.7
Cash and cash equivalents	9.8	27.9
Net assets	237.8	158.5
Basic earnings per share	\$0.02/share	\$0.05/share

Commenting on the financial results, Beadell’s Managing Director, Peter Bowler said “Despite a challenging first half at our 100% owned Tucano Gold Mine in Brazil, Beadell’s balance sheet strengthened considerably. We improved our cash and bullion position from December 2013, whilst repaying debt and progressing important infrastructure projects at Tucano. With the dry season now underway, we are currently enjoying significant improvements in material movement and gold production. This, along with the planned completion of the extremely high grade Duckhead gold pit by year end, will result in a very strong second half, particularly the fourth quarter.

We have also been encouraged by several small discrete but profitable production sources still being uncovered near to our operating pits that are able to be processed through the plant in the coming months. Further to this, a Feasibility Study for Urucum underground, including a 20,000m drill program is underway. With unhedged production and low All-In Sustaining Costs (“AISC”), Beadell provides strong leverage to the gold price, generating cash over a wide range of gold price scenarios, setting the foundations for a long and profitable gold mining business.”

Key Operational Data	30-Jun-14 (6 months)	30-Jun-13 (6 months)
<b>Operating results</b>		
Total Waste Moved (t)	4,196,436	2,658,147
Gold Ore Mined (t)	593,452	1,067,448
Gold Ore Milled (t)	1,977,618	1,535,375
Head Grade (g/t)	1.07	1.47
Plant Recovery (%)	89%	92%
Total Gold Recovered (oz)	60,718	66,736
Total Gold Sold (oz)	69,240	58,403
<b>Cash Costs and All-In Sustaining Costs</b>		
	<b>US\$ millions</b>	<b>US\$ millions</b>
On-Site Production Costs	53.2	35.3
On-Site General and Administrative Costs	4.4	4.0
Royalties	1.4	1.6
By-Product Credits	-1.2	-0.4
Cash Costs	57.8	40.5
<i>Cash Costs US\$/oz sold</i>	<i>US\$835/oz</i>	<i>US\$693/oz</i>
On-Site Corporate Costs	1.5	1.4
Exploration Costs (Sustaining)	2.5	2.0
Capitalised Stripping Costs (Sustaining)	6.8	0.2
Capital Expenditure (Sustaining)	1.3	2.9
All-In Sustaining Costs	69.9	47.0
<i>All-in Sustaining Costs US\$/oz sold*</i>	<i>US\$1,010/oz</i>	<i>US\$804/oz</i>

\* All-In Sustaining Cost has been calculated in accordance with the World Gold Council's Guidance Note on Non-GAAP metrics released 27 June 2013.

## Half Year Result

Revenue of \$110.6 million has been recorded from the sale of 69,240 ounces at an average price of \$1,597/oz, inclusive of the effects of hedge settlements (June 2013: 58,403 ounces at \$1,503/oz).

AISC per ounce for the half year was negatively affected by above average wet conditions. Rainfall was 46% above the historical mine site average for the second quarter which restricted total material moved thus impeding mine production at Tucano.

Despite the Company's AISC result per ounce being negatively affected by the above average wet conditions, underlying EBITDA has increased 7.1% from June 2013.

Profit before tax has been negatively impacted by net finance expense, in particular, a \$6.9 million mark-to-market loss (June 2013: \$16.1 million gain) on the Company's derivatives was recognised before being closed out in June 2014.

Tax expense for the half year was \$3.5 million, comparative to a June 2013 tax benefit of \$12.2 million arising from the first time recognition of deferred tax assets. The Group's tax incentive program ("SUDAM") reduces the Group's effective tax rate in Brazil from 34% to 15.25%. After the application of SUDAM, the Group's resultant current tax liability was \$0.7 million, which was settled with the application of carry forward tax credits.

## Cash Flow

Beadell received cash payment for 65,880 ounces during the half year, generating net cash flows from operating activities of \$12.2 million (June 2013: \$24.7 million).

Cash payments for investing activities were \$20.7 million (June 2013: \$21.0 million) and were largely represented by payments for construction of the long term West Pond tailings dam, CIL process plant upgrades, mobile fleet purchases and other cost reduction initiatives.

Cash flows from financing activities were positive \$21.4 million (June 2013 \$18.5 million). Cash inflows from hedge settlements were \$28.0 million, inclusive of June hedge close out proceeds of ~\$17 million. Financing payments were principally represented by net loan and lease repayments of \$6.0 million and interest payments of \$2.1 million.

### Balance Sheet

Beadell's balance sheet has strengthened during the half year with net assets increasing to \$240.3 million (December 2013: \$237.8 million).

Coincident with the replacement of the Macquarie Project Finance Facility with a US\$60 million unsecured Corporate Facility with Banco Santander (Brazil) S.A in June 2014, Beadell closed out its gold and currency hedge book realising ~\$17 million in cash. This leaves the Company in an unhedged position with no exposure to gold or FX derivatives. Importantly, prior to June 2015, the new unsecured Corporate Facility with Santander may be rolled over into a longer term 3-year facility.

Overall gearing has reduced by \$10.8 million during the half year through net repayment of the Company's borrowings and deterioration of the United States Dollar against the Brazilian Real.

Beadell has reported cash and bullion of ~\$33 million at the end of the half year (December 2013: ~\$25 million), including a strengthened cash at bank balance of \$22.9 million (December 2013: \$9.8 million).

### Exploration

Exploration activities during the year were focussed on Duckhead, Tartaruga and at the Tropicana East project in Western Australia. Beadell's exploration expenses for the half year were \$4.3 million.

### Outlook

Gold production guidance for the second half of 2014 of **120,000 – 140,000 ounces** of gold remains unchanged with **cash costs of US\$440 – US\$490 per ounce**, **AISC** expected to be in the range of **US\$640 – US\$690 per ounce**.

Full year guidance is for **180,000 – 200,000 ounces** of gold at full year **cash costs of US\$595 – US\$645** and **AISC** expected to be in the range of **US\$805 – US\$855 per ounce**.



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Managing Director

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### Forward Looking Statements

These materials include forward looking statements. Forward looking statements inherently involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and may be unknown to, the company.

Actual results and developments may vary materially from that expressed in these materials. The types of uncertainties which are relevant to the company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, the company undertakes any obligation to publicly update or revise any of the forward looking statements, changes in events, conditions or circumstances on which any such statement is based.