

# Quarterly Report for Shareholders Period Ending 30 September 2014



## HIGHLIGHTS

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### OPERATIONS

- **Gold Sales and Production** – Gold sales for the quarter were **41,657 ounces** of gold with production of 33,793 ounces of gold.
- **Costs** – Cash costs for the quarter (including royalties and iron ore credits) were US\$956 per ounce. All-in Sustaining Costs (“**AISC**”)\* for the quarter were US\$1,150 per ounce.
- **Open Pit Mining** – Waste and ore mined tonnes for the third quarter was 50% above the previous quarter due to the end of the wet season and significant improvements in productivity.
- **Open Pit Mining Activity** – 57% of all waste movement throughout the quarter was from the high grade Duckhead pit with only 3,000 ounces of gold ore recovered from this pit as scheduled.
- **Milling** – Record quarterly CIL plant throughput of 1,125,304 tonnes (4.5 million tonnes per annum rate).

### RESOURCE AND RESERVE DEVELOPMENT

- **Duckhead Main Lode** – Step out drilling intersected **32 m @ 33.5 g/t gold** including **7 m @ 140.0 g/t** located outside of the resource and reserve and below the current pit design. Further drilling is underway with results expected shortly (see ASX release 9 October 2014).
- **Duckhead Main Lode** – Strong Infill drilling results including **18 m @ 90.3 g/t gold, 10 m @ 91.7 g/t gold, 28 m @ 47.3 g/t gold and 20 m @ 24.4 g/t gold** indicate that positive reconciliation to reserve is likely to continue to be received in the December quarter.
- **Duckhead Wing Lode** – A significant new result of **7 m @ 10.2 g/t gold** including **2 m @ 32.6 g/t gold**, is located 200 m west of the previously delineated high grade zone on the Wing Lode structure. Further drilling is being planned.
- **Tucano Mine Corridor Oxide Targets** – Several near surface oxide discoveries at Mirante, Gap, Tap C3 north and Tap D1 continue to provide incremental “non-reserve” additions to the medium term production profile.
- **Urucum Underground** – Positive outcomes from early scoping study evaluation of the Urucum underground project have progressed the economic study into Pre-Feasibility with a targeted drilling program currently underway.

### CORPORATE

- **Gold Sales** – Gold sales totalled 41,657 ounces at an average cash price received of US\$1,272 per ounce.
- **Cash and Bullion** – Cash and bullion as at 30 June 2014 totalled **\$13 million** (bullion valued at US\$0.87 and US\$1209 per ounce).
- **Mining Partnership Agreement with MACA Ltd** – Beadell has entered into a Letter of Intent for a Mining Partnership Agreement with MACA Limited for the management of all drill & blast, load & haul, crusher feed and auxiliary services at the Tucano Gold Mine in Brazil for a term of five years. Mobile earthmoving equipment owned by Beadell will be progressively sold to MACA for ~\$40M.
- **Guidance** – Gold sales guidance for CY2014 of 180,000 - 200,000 ounces remains unchanged.

**Peter Bowler**  
**Managing Director**  
**28 October 2014**

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

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## OPERATIONS

### TUCANO GOLD MINE (100%)

Production Summary	Unit	September 2014 Quarter	June 2014 Quarter	March 2014 Quarter
Total Waste Moved	tonnes	3,003,215	1,951,299	2,245,137
Gold Ore Mined	tonnes	415,017	284,771	308,681
Gold Ore Milled	tonnes	1,125,304	958,778	1,018,840
Head Grade	g/t	1.04	1.04	1.10
Plant Recovery	%	90%	88%	90%
<b>Total Gold Recovered</b>	<b>ounces</b>	<b>33,793</b>	<b>28,211</b>	<b>32,507</b>
<b>Total Gold Sold</b>	<b>ounces</b>	<b>41,657</b>	<b>30,483</b>	<b>38,757</b>

Cash Costs and All-In Sustaining Costs	Unit	September 2014 Quarter	June 2014 Quarter	March 2014 Quarter
On-Site Production Costs	US\$/ounce	877	1013	576
On-Site G&A Costs	US\$/ounce	70	72	57
Royalties	US\$/ounce	26	23	17
By-Product Credits	US\$/ounce	-17	-28	-9
<b>Cash Costs</b>	<b>US\$/ounce</b>	<b>956</b>	<b>1,081</b>	<b>641</b>
On-Site Corporate Costs	US\$/ounce	33	26	18
Exploration Costs (Sustaining)	US\$/ounce	29	24	47
Capitalised Stripping Costs (Sustaining)	US\$/ounce	101	43	142
Capital Expenditure (Sustaining)	US\$/ounce	31	17	21
<b>All-In Sustaining Costs</b>	<b>US\$/ounce</b>	<b>1,150</b>	<b>1,190</b>	<b>868</b>

Note: AISC has been calculated in accordance with the World Gold Council's Guidance Note on Non-GAAP metrics released 27 June 2013 and in accordance with this Guidance Note, gold ounces sold are used as the denominator in the cost per ounce calculations. Production costs are inclusive of the effects of ore stockpile and GIC inventory movements.

### Production

Gold production in the September quarter totalled 33,793 ounces at the Tucano CIL gold plant in Brazil, reflecting the record CIL gold plant throughput.

During the quarter, the CIL plant throughput was a record 1,125,304 tonnes of predominantly oxide ore, which equates to 4.5 million tonnes per annum rate. The month of September registered an average rate of 4.8 million tonnes per annum. Process plant recovery for the period was 90% with process plant total operational costs for the quarter 12% below budget.

### 4<sup>th</sup> Quarter Outlook

The December quarter is on track for gold sales approaching 75,000 ounces with the majority of the waste now removed from the high grade Duckhead open pit allowing access to the

remaining Duckhead gold ore where ~40,000 ounces @ ~7 g/t gold is expected to be produced. The Duckhead ore will represent approximately 15% of the mill feed tonnes which will be supplemented with gold ore concurrently being mined from other Tucano open pits.

### Mining

Mining material movement for the quarter was 50% above the previous quarter due to the end of the wet season and significant improvements in earthmoving productivity.

**Over half of the available earthmoving fleet was deployed at the high grade Duckhead pit carrying out waste removal for negligible gold ore (3,000oz) due to the requirement for pre-stripping. This represents 57 % of total waste removal at Tucano for the quarter. This scheduled timing issue led to planned lower feed grades to the mill, ensuring high grade**

## feed in the fourth quarter from Duckhead and the other Tucano pits.

For the September quarter, 3,418,232 tonnes of ore and waste was mined and moved, including 415,017 tonnes of ore mined at a grade of 1.31 g/t gold.

The ore mined was sourced mainly from Tap C and Urucum pits. By the end of the quarter, there were considerable improvements in the road, ramp and waste dump conditions at Duckhead and Urucum. The fourth quarter primary production will be focused at Duckhead with two of the primary excavators (Liebherr 9250, CAT 6018) located there with the majority of the CAT 777 trucks. The second CAT 6018 is at Urucum with much improved waste dump access

conditions. The 994 excavator will remain at TAP AB area for the remainder of the year.

Gold ore for the fourth quarter mill feed will be predominantly sourced from Duckhead and Urucum, then TAP AB. These sources will be supplemented by stockpiles as the plant throughput for the fourth quarter will remain at the 4.5 million tonnes per annum rate.

Gold ore stockpiles at the end of September total 5.0 million tonnes @ 0.79 g/t gold for 127,000 ounces plus marginal stockpiles of 1.2 million tonnes @ 0.45 g/t gold for 18,000 ounces. Total stockpiles, including marginal stockpiles, totals 6.2 million tonnes @ 0.72 g/t gold for 145,000 ounces.

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## RESOURCE AND RESERVE DEVELOPMENT

### BRAZIL

In the September quarter, 22,628 m of drilling was completed comprising 17,415 m of grade control RC drilling and 5,213 m of exploration / resource delineation drilling.

Exceptional infill and step out drill results continued to be received from Duckhead including a result of **32 m @ 33.5 g/t gold including 7 m @ 140.0 g/t** outside of the existing resource and reserve.

Considerable success is also emerging at several open pit oxide targets along the Tucano mine corridor including Mirante, Gap, Tap C extensions and Tap D1 forming valuable incremental “non-reserve” additions that are currently being developed.

Drilling activity has increased in recent weeks to four double-shifting drill rigs which will be maintained for at least the remainder of 2014. A major focus for the fourth quarter is an extensive resource delineation drilling program at Urucum leading to remodelling of the resource for the Urucum Underground Pre-Feasibility Study.

### Duckhead Project (100%)

Step out drilling targeting the Main Lode extension has confirmed that the moderately west plunging high grade lode does continue past the intersection with the deeper steeply dipping lode as indicated in Figure 1. The new result in FVM464 of **32 m @ 33.5 g/t gold including 7 m @ 140.0 g/t** is located outside of the resource and reserve and is below the current pit design. Drilling is underway to define the limits of the Main Lode extension to determine if a pit cutback at Duckhead will proceed in the future.

Infill grade control RC drilling continues to be strongly positive when compared to the resource and reserve models. The infill drill results suggest that the positive reconciliation is likely to continue in the December quarter.

To date, approximately 83,000 ounces have been mined from the Duckhead orebody in the open pit delivering in excess of 30% more ounces when reconciled to the reserve model. All of the uplift occurs going from resource / reserve models to grade control model as a result of infill grade control drilling results.

Significant drill results from Duckhead reported during the quarter (see ASX release 9 October 2014) are;

- FVM464: 32 m @ 33.5 g/t gold including 7 m @ 140.0 g/t
- FVM450: 7 m @ 10.2 g/t gold including 2 m @ 32.6 g/t
- GCRC12790: 18 m @ 90.3 g/t gold
- GCRC12788: 10 m @ 91.7 g/t gold
- GCRC12771: 28 m @ 47.3 g/t gold
- GCRC12792: 20 m @ 24.4 g/t gold

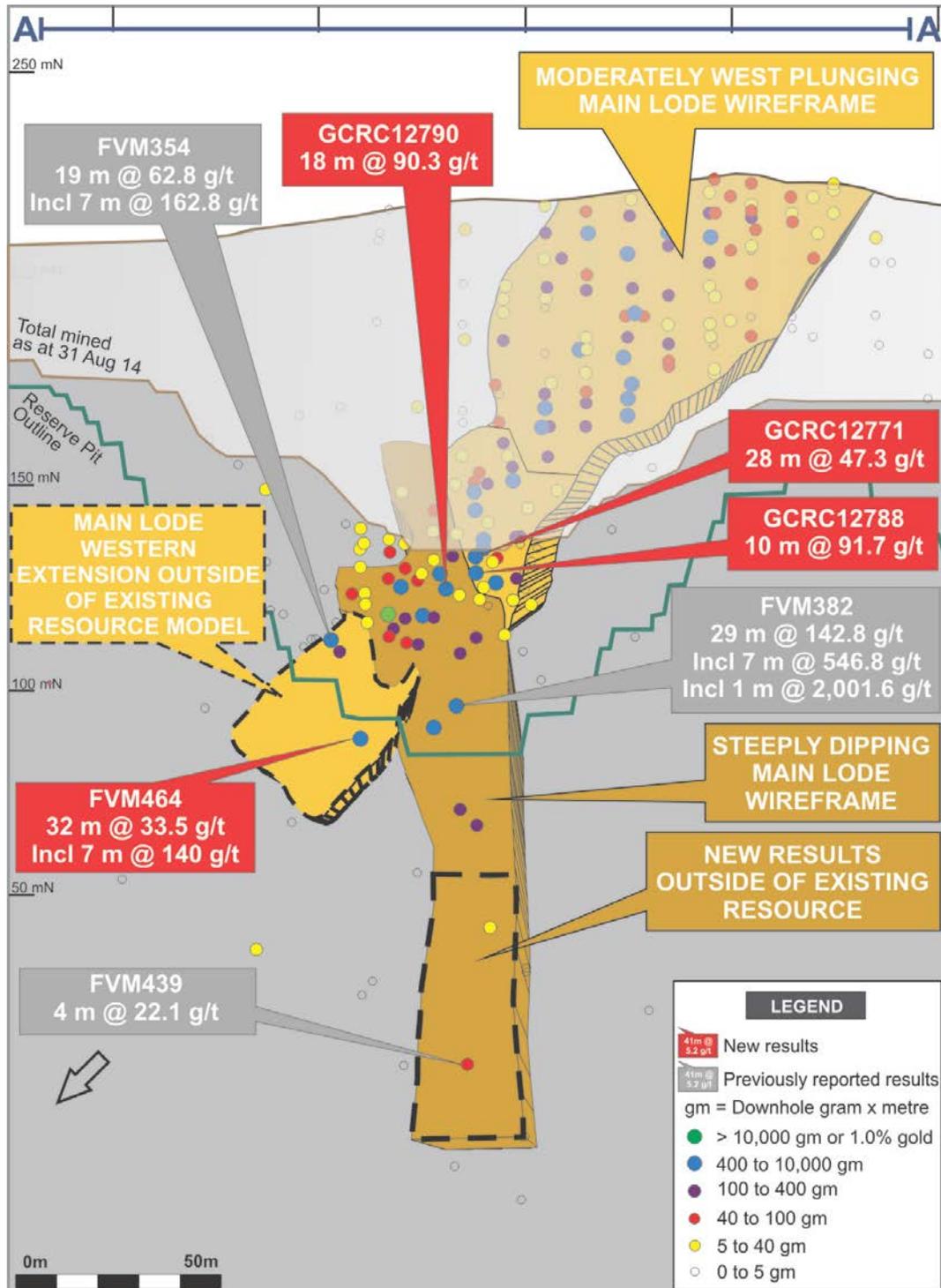


Figure 1. Duckhead Main Lode longsection showing location of new drill results

A significant new result has been received from the western extension of the Wing Lode structure which is now traceable over a 300 m strike length. The result in FVM450 of **7 m @ 10.2 g/t gold** from 71 m including **2 m @ 32.6 g/t gold**, is located 200 m west of the previously delineated high grade zone on the Wing Lode structure (Figure 2).

The Wing Lode remains extremely under drilled and open in all directions. Further resource delineation drilling will be completed over the coming months prior to resource and reserve updates.

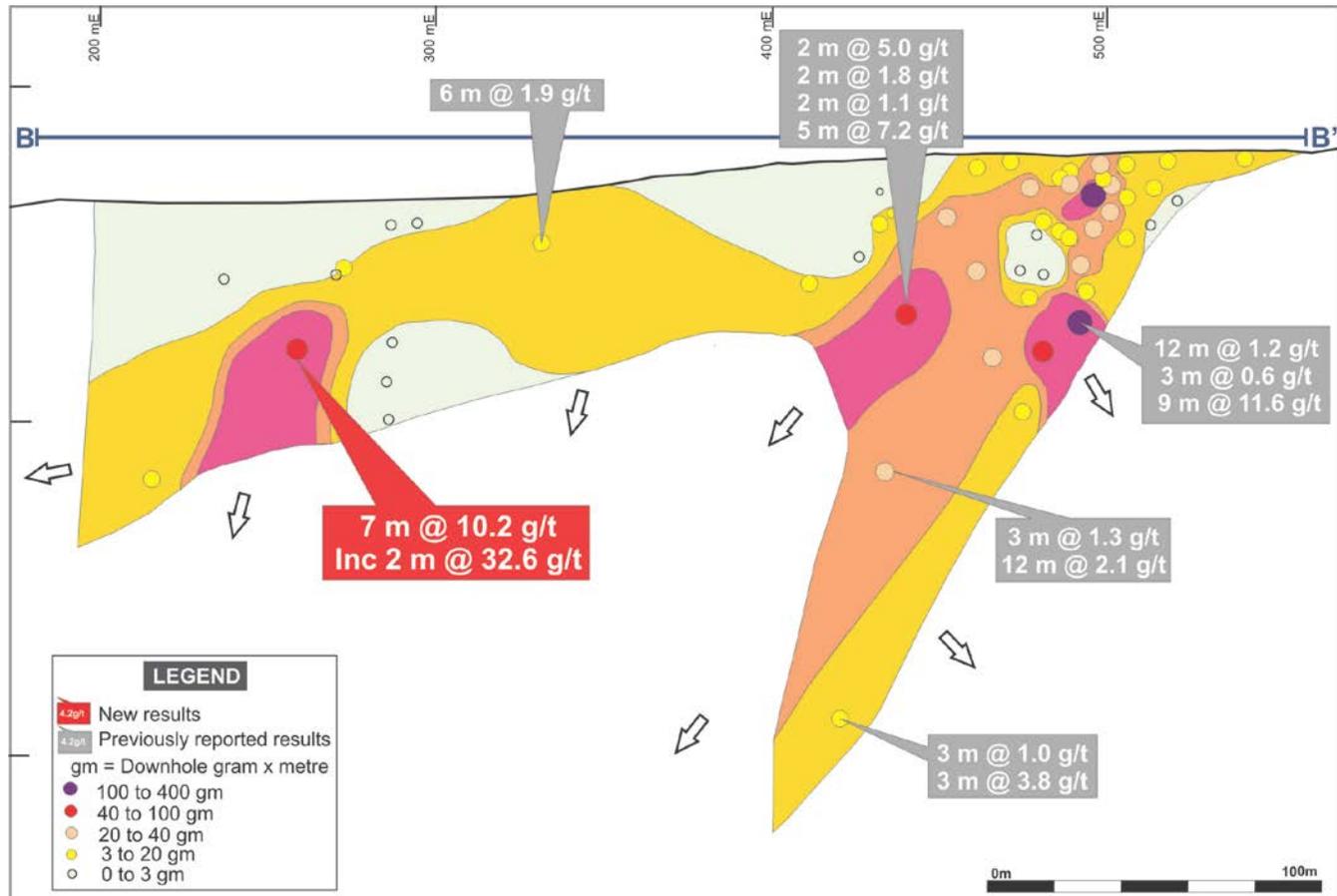


Figure 2. Wing Lode longsection showing location of new RC drill result

Near Mine exploration of the Duckhead mine corridor along the 6 km SE strike of the BIF has commenced with a large 700-hole auger drilling program. The auger will provide a first pass test of the Fold Nose, North Limb and Duckhead West targets aiming to intersect the surface expression of a new high grade Duckhead style lode.

### Tucano Mine Corridor Oxide Open Pit Targets

Several oxide lode discoveries have been made along the Tucano mine corridor including Mirante, Gap, Tap C3 north and Tap D1 adding valuable “non-reserve” incremental ore source additions to

the near term mine plan. The discovery and rapid development of these ore sources highlights the potential of the Tucano Mine Corridor to continue to add open pit resources and reserves with additional drilling.

The ramp up in drilling in recent weeks will target the delineation of these new ore sources.

### Urucum

A positive scoping study targeting the addition of an Urucum underground development and production into the Tucano Life of Mine (LOM) has been progressed to a Pre-Feasibility Study

(PFS) to be completed by the second quarter of 2015.

A major part of the PFS will be a significant resource delineation drilling program that is currently underway and will be completed by the end of 2014.

Incremental addition of a high grade underground operation at Tucano will have the effect of bringing forward high grade ore from the deepest parts of the existing Urucum open pit reserve. This potential economic benefit is also driven by the fact that the final Urucum open pit will be reduced in size, thereby significantly reducing the overall waste material movement. The PFS is being undertaken by AMC Consultants Pty Ltd.

## **EXPLORATION**

### **BRAZIL**

#### **Tucano Regional**

Field reconnaissance programs continued during the quarter with soil and auger sampling programs ongoing from established remote field camps.

#### **Tartaruga Project (100%)**

Reconnaissance field mapping has identified sub cropping BIF east of the Rio de Ouro prospect. No previous exploration has been completed in the area and the presence of BIF is considered to be highly encouraging for Tucano style gold mineralisation. First pass auger drilling programs will be completed in the December quarter followed by first pass RC drilling programs.

### **WESTERN AUSTRALIA**

#### **Tropicana East Project (100%)**

A field mapping project by James Cook University and GSWA was completed at the Pleiades project 20 km east of the Tropicana gold deposit. Of note is the discovery of strongly metamorphosed Banded Iron Formation and garnet schist outcrop likely to be of Archean protolith age and potentially related to the Tropicana stratigraphy.

#### **Zanthus Project (100%)**

First pass reconnaissance aircore drilling totalling seven holes for 779 m was completed on a single line at 1 – 2 km hole spacing. Low level anomalous gold perched in a cover sequence of 10 m @ 90 ppb is considered to be of interest. Multi-element analysis of basement rocks will be used to determine the prospectivity and likely age of the rocks in this previously undrilled region of the Albany Fraser.

#### **Balladonia Project (100%)**

First pass reconnaissance aircore drilling totalling nine holes for 778 m on 1-2 km spacing was completed with no significant results recorded. Multi-element analysis of basement rocks will be used to determine the prospectivity and likely age of the rocks in this previously undrilled region.

## CORPORATE & FINANCE

### Gold Sales

Gold sales totalled 41,657 ounces in the September quarter.

The average cash price received was US\$1,272 per ounce.

### Cash & Bullion

Cash and bullion as at 30 September 2014 totalled \$13 million (bullion valued at A\$1.00 - US\$0.87 and US\$1,209 per ounce).

### Capital Expenditure

Non-sustaining capital expenditure for the quarter was \$3.3 million which included \$1.8 million in costs associated with construction of the long term West Pond tailings dam.

### Mining Partnership Agreement with MACA Ltd

On 22 October 2014, the Company announced that it has entered into a Letter of Intent for a Mining Partnership Agreement with MACA Limited for the management of all drill & blast, load & haul, crusher feed and auxiliary services at the Company's 100% owned Tucano Gold Mine in Brazil for a term of five years. Beadell's existing mobile mining fleet and equipment (including related spare parts and consumables) will progressively be transferred to MACA under a two-year staged acquisition process totalling approximately \$40 million, half of which will occur on 1 November, 2014.

### CY2014 Gold Sales Guidance Unchanged

Gold sales guidance for CY2014 of 180,000 - 200,000 ounces remains unchanged.

### CY2015 Gold Sales Guidance

Gold sales guidance for CY2015 of 180,000 - 200,000 ounces.

Following the appointment of MACA, CY2015 forecast open pit ore delivery to the ROM pad is 4,500,000 tonnes per year at ~1.4 g/t gold from the Tucano open pits. Upon the completion of the Duckhead pit in the December 2014 quarter, sufficient earthmoving capacity is on hand to allow this level of consistent gold ore feed.

**ASX Code:** BDR

#### Directors and Senior Management:

Craig Readhead	Non-Exec. Chairman
Mike Donaldson	Non-Exec. Director
Ross Kestel	Non-Exec. Director
Peter Bowler	Managing Director
Rob Watkins	Exec. Director Geology
Greg Barrett	CFO/ Company Secretary
Boyd Timler	Chief Operating Officer
Luis Abadi	General Manager - Brazil

#### Corporate Details:

**Issued capital:** 798,657,280 ordinary shares  
(as at 30 September 2014)

**ABN** 50 125 222 291

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## Competent Persons Statement

The information in this report relating to Exploration Results is based on information compiled by Mr Robert Watkins who is a member of the Australasian Institute of Mining and Metallurgy and has sufficient exploration experience which is relevant to the various styles of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Watkins is a full time employee of Beadell Resources Limited. Mr Watkins consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information is extracted from the reports entitled "Duckhead Drill Results Update" created on 9 October 2014 and is available to view on [www.beadellresources.com.au](http://www.beadellresources.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.