

TERMINATION OF MINING SERVICES CONTRACT WITH MACA LIMITED

Beadell Resources Limited (Beadell or Company) announces that it has reached a mutual agreement with MACA Limited (MACA) to terminate the Open Pit Mining Contract for the Tucano Gold Mine (Agreement).

Under the Agreement between Beadell, MACA and their respective Brazilian subsidiaries, MACA will cease mining services immediately and mining at the Tucano Gold Mine in Brazil will be conducted by a combination of owner mining and the existing Brazilian mining contractor on site. It is anticipated that a new life of mine mining contract will be executed with the Brazilian mining contractor shortly and the mine will transition to that single contractor.

Moving to a single experienced Brazilian mining contractor on site will lead to operational efficiencies and reduced mining costs at Tucano. This move will allow the Company to enjoy the benefits of a mature and comprehensive supply chain, significant in country fleet capability and experienced Brazilian management.

Upon the anticipated closing of Tranche 2 of the financing announced on 7 May 2018 (Financing), Beadell will be able to complete the plant upgrade, optimise the mine plan and start producing positive cashflow from Tucano. This coupled with a renewed exploration team focussing on the vast underexplored greenstone belt that Beadell has under licence, will lead to positive return for all stakeholders in the future.

Under the Agreement, all amounts owing to MACA by Beadell including unpaid invoices, unbilled accruals, loans, termination costs, demobilisation and fleet purchase costs will be consolidated into one loan with an initial payment of \$3 million due following closing of the Financing, a further payment of \$3 million on 31 March 2019 and then monthly payments of \$1.5 million commencing 1 July 2019 until the loan is repaid or 30 June 2022 whichever is the earlier. The total loan amount is approximately \$61 million.

The loan will attract interest payable quarterly at a rate based on the Reserve Bank of Australia cash rate plus 5% per annum. Beadell has agreed to work with MACA to seek to put in place subordinated security arrangements for the loan, subject, among other things, to receipt of appropriate consents from existing financiers. There is no penalty for prepayments and the loan can repaid in full at any time. Should Beadell undertake any new equity or debt issues (excluding the current Financing) while the loan is outstanding, thirty percent of the net proceeds of such issues would be applied to the loan. The Agreement provides for early repayment in certain circumstances, including on a change of control in respect of Beadell (other than the scheme transaction announced on 19 March 2018). The Agreement also contains provisions whereby

MACA may elect to convert some of the debt to equity in Beadell, subject to any regulatory and requisite approvals.

Commenting, Simon Jackson, CEO and MD said:

“It is a significant step forward for Tucano as we continue on our cost reduction and operational efficiency turnaround plan. A large single Brazilian based mining contractor is the most sensible and practical way forward for the mine. We appreciate MACA’s willingness to work with us to come to a resolution on the best path forward for Beadell and we wish them the best in their future projects.”

ABOUT BEADELL

Beadell owns and operates the Tucano Gold Mine in Amapá State, in the north of Brazil. Tucano sits within an extensive land package of 2,500 km² of highly prospective, under explored greenstone belt.

FOR FURTHER INFORMATION PLEASE CONTACT:

PERTH

Simon Jackson | CEO & Managing Director

Greg Barrett | CFO & Company Secretary

T: +61 8 9429 0800

info@beadellresources.com.au

TORONTO

Graham Donahue | Head of Corporate Development

+1 416 945 6640