

TUCANO PLANT UPGRADE & PRODUCTION UPDATE

Beadell Resources Limited (**Beadell** or **Company**) is pleased to advise that construction of the pre-leach thickener, CIL tank and oxygen tank that comprise the final stages of the Tucano Plant Upgrade Project are complete and fully commissioned. In addition, October production was 15,046 ounces due to improved material movement related to the continued mobilisation of U&M Mineração e Construção S/A's (U&M) mining fleet to Tucano. U&M's mining fleet is now fully mobilised and commissioned. High grade sulphide run of mine (ROM) stockpiles are currently 136,908 tonnes at 1.86 g/t gold (8,187 ounces gold). Production is forecast to be at the lower end of guidance and costs are forecast to be at the higher end of guidance due to issues with the spargers that inject oxygen into the leach tanks, limiting the ability to increase sulphide ore through the plant without adverse impacts to recovery.

Dr Nicole Adshead-Bell, CEO & Managing Director of Beadell, commented: "The Tucano site team and external contractors, led by Ed Swarts Tucano's Plant Maintenance Specialist responsible for completing the Plant Upgrade Project, have worked tirelessly to deliver the ball mill, pre-leach thickener, leach tank and oxygen plant by mid-November. This timeline was achieved despite numerous engineering, procurement and financial control challenges resulting from the previous contractor managing the Tucano Plant Upgrade Project. The Beadell board and management would like to thank Ed and his team for their efforts and commitment to achieving these key milestones. Whilst resolving the sparger issues presents a short-term challenge in deferral of elevated volumes of high grade sulphide ore through the plant, completion of the Tucano Plant Upgrade Project provides the foundation for Tucano's optimisation allowing greater ore type processing flexibility. This will enable us to make risk-adjusted capital allocation decisions with respect to mining and processing based on grade rather than ore type. We are also pleased with the performance of our mining contractor U&M, with 15,046 ounces produced in October and look forward to continued cost improvements and efficiencies now that U&M is managing all drill, load and haul operations at Tucano."

TUCANO PLANT UPGRADE PROJECT

As outlined in the 31 July 2018 ASX Announcement, the Tucano Plant Upgrade (Project) will increase sulphide ore processing capacity and encompasses four key areas including installation of a ball mill, pre-leach thickener, CIL tank and oxygen plant:

1. Ball Mill: Ensures optimal grind of P80 of 75 microns for up to 80% sulphide ore. Completed and commissioned as per ASX Announcement dated 3 September 2018 (Photo 1).
2. Pre-Leach Thickener: Ensures consistent densities through the leach circuit during cyanide addition resulting in increased leaching efficiency. Completed and commissioned 3 November (Photo 2).
3. Leach Tank: Additional leach tank, for a total of seven tanks, increases residency time by two to three hours. This will help maintain the current adsorption retention times. Completed and commissioned 15 November (Photo 3).
4. Oxygen Plant: The oxygen plant supplies oxygen injection (sparging) into the first four leach tanks and is required when the ore blend is predominantly sulphide to improve leach kinetics, increase recoveries and reduce cyanide consumption. The oxygen plant was fully commissioned on the 15 November with up to 92% oxygen purity achieved versus the minimum of 85% required for effective sparging (Photo 4).
 - a. Oxygen Spargers: Oxygen spargers are the physical oxygen delivery system into the leach tanks (Photo 5) and have now been installed in tanks 1 (Photo 6) and 3. Tank 1 will have 60% of the oxygen sparging capacity, tank 2 will have 20% and tanks 3 and 4 will each have 10%. Issues with the effectiveness of the spargers have been identified during commissioning limiting injection of oxygen into the leach tanks. Initial assessment indicates the sparger selection by the previous contractor managing the Tucano Plant Upgrade may not be ideal for the oxygen plant configuration. The Tucano site team are investigating, with the sparger vendor, a work around

solution; however, a new type of sparger may need to be purchased and installed. If the latter is required installation of these spargers would occur in late December 2018 and cost approximately US\$100,000.

OCTOBER PRODUCTION

U&M has now fully mobilised and commissioned the mining fleet required to move material at a run rate of ~32 million tonnes per year. Beadell's owner operated fleet capable of moving ~4 million tonnes per year has been put on care and maintenance and the two small mining contractors that were supplementing material movement as U&M mobilised have been demobilised from Tucano. Tucano mining activities including drill, load and haul are now fully under U&M control. October material movement and production continued to show a positive trajectory with 15,046 ounces produced. Current stockpiles available for immediate feed are 2 million tonnes at 0.72 g/t gold (46,297 ounces), including 136,908 tonnes at 1.86 g/t gold (8,187 ounces) of high grade sulphide ore.

2018 FORECAST

Tucano site personnel have made the decision to defer processing of high volumes of high grade sulphide ore until the issues with the spargers are resolved so that recoveries are not unduly impacted. If installation of new spargers is required then CY2018 production will be at the lower end of guidance of 125,000 to 135,000 ounces and AISC will be at the higher end of guidance of US\$1,000 to US\$1,100 per ounce (June Quarterly Report) due to the deferral of processing stockpiled high grade sulphide ore into 2019. Beadell will provide further information in due course.



Photo 1: Ball mill in foreground



Photo 2: Pre-leach thickener



Photo 3: Leach tank 7



Photo 4: Oxygen plant



Photo 5: Tank 1 internal sparger configuration



Photo 6: Tank 1 external sparger housing.

ABOUT BEADELL

Beadell operates the Tucano Gold Mine in mining-friendly Amapá State, northern Brazil. Tucano occurs within 2,500 km² of 100%-owned, highly prospective and under-explored 'Birimian age' greenstone terrane. The recently upgraded Tucano plant can process approximately 3.5 million tonnes per year of oxide-sulphide ore feed in a wide range of blends. There is a pregnant pipeline of high potential in-mine and near-mine prospects, anchored by several high-grade gold drill intervals over several metres, that are the near-term opportunity to improve the head grade and prolong the mine life.

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