

TUCANO UPDATE & 2018 REVIEW

Beadell Resources Limited (Beadell or Company) announces that December 2018 gold production was 15,848 ounces, resulting in 123,336 ounces of gold produced in 2018, 1.3% below the low end of the revised guidance of 125,000-135,000 ounces.

Dr Nicole Adshead-Bell, CEO & Managing Director of Beadell, stated: “2018 was a challenging year for Beadell and our shareholders. Our initial gold production guidance of 145,000-155,000 ounces in January 2018 was based on two key assumptions: 1) completion of the Tucano Plant Upgrade in mid-2018, providing ore type processing flexibility and, 2) transition to a Brazilian mining contractor in the March 2018 quarter, with a performance-based contract. I stepped-up into an executive role at Beadell in July 2018 to stabilise a troubled corporate situation as it became clear to the Beadell Board that the Company would not achieve either of these objectives. Our guidance was reduced to 125,000-135,000 ounces in August 2018 as we fully comprehended the magnitude of the Tucano Plant Upgrade delay after taking control from the external contractor managing the project. Our material movement was less than planned as we elected to terminate our previous mining contractor rather than accept their unfavourable terms for a cross-over period as our new mining contractor mobilised to site. Despite these one-off but major operational challenges, our exceptional Brazilian team, led by Country Manager Luis Pablo Diaz, has built the platform for a fully optimised mine for the first time in Tucano’s operating history. The plant upgrade was completed in November 2018. We also completed the transition to a Brazilian mining contractor that has the in-country experience and resources to deliver material movement to plan and a cost structure that is based solely on performance, reducing our forecast life of mine mining cost by approximately US\$100 million. We reviewed our operating cost profile, reducing Australian and Brazilian corporate G&A and implemented various operational improvements at Tucano. Our geology team, led by Head of Exploration and Geology Aoife McGrath, reinvigorated our exploration strategy and demonstrated the exceptional low risk/high value exploration upside of our 7 km-long mine-trend, within our 100%-owned 2,500 km² ‘Birimian-style’ greenstone terrane. Unfortunately, we have been unable to act on this organic value-creation opportunity, which includes multiple drill targets in our existing reserve pits, because of our weak balance sheet.

The deferral of an estimated US\$24-\$36 million in revenue in 2018, due to the reduced guidance, has considerably decreased our balance sheet health, and increased our risk in the first half of 2019, due to our interest costs and sizeable scheduled debt repayments. Our diminished financial outlook meant we had to consider the options to deliver the best outcome for our shareholders in the shortest timeframe possible. We investigated multiple financing scenarios, from alternate and traditional debt providers, strategic investors, and corporate combinations. Weak precious metals sector sentiment, and a soft capital-raising environment, restricted our ability to source capital other than on unacceptably punitive terms, particularly as we have justifiably been in the penalty box due to operational underperformance. Ironically, our valuation declined as we systematically de-risked Tucano. Through our evaluation process we recognised that a combination with Great Panther Silver Limited (Great Panther) offered significant benefits and synergies; it was ultimately the best option for Beadell and its shareholders. Great Panther’s management has the Brazilian operating experience and, importantly, Great Panther has the balance sheet strength to support Tucano’s transition to a fully optimised gold mine and invest in the ripe growth potential. This will deliver increased value per share to the combined company’s shareholders, including Beadell shareholders, who will own ~38% of the new company. This transaction will create a new growth-oriented precious metals producer focused on the Americas, offering geographic and operating diversity and demonstrable organic growth opportunities. Beadell shareholders will benefit from the increased size of the new company, which will result in increased exchange traded fund demand, and also increased liquidity on stock exchanges in Toronto and New York.”

DECEMBER PRODUCTION & TUCANO PLANT UPDATE

December 2018 gold production was 15,848 ounces, 27% higher than the November 2018 production of 12,471 ounces (Table 1). Total gold production from Tucano in CY2018 was 123,336 ounces, compared to 127,764 ounces in CY2017. Sulphide ore throughput was increased to 44% of the total volume in December 2018, with mean metallurgical recovery of 90% (Table 1). As highlighted in the 7 December 2018 ASX Announcement, the Tucano plant processed up to 87% sulphide ore with 92.91% recovery, versus the life of mine plan of 80% sulphide ore at 93% recovery. The Tucano team continues to evaluate the optimal blend of higher-grade, high-pyrrhotite sulphide ore to maximise metallurgical recovery and minimise consumables. In order to achieve the feasibility target recovery of 93% recovery for all ore types and maximum ore type processing flexibility, the decision has been made to install a supplemental Brazilian modular liquid oxygen supply system at a very modest capital investment of ~US\$110,000 and minimal impact to processing costs. This will increase oxygen in the leach tanks sufficient to achieve design recoveries for higher-grade ore with high pyrrhotite content.

Additional detail on the 2019 production guidance and forecast operating cost will be provided in the December 2018 Quarterly Report.

Table 1. Tucano plant monthly production summary.

Month	Tonnes Processed (t)	% of Sulphide Ore	Gold Grade (g/t)	Recovery (%)	Gold Production (oz)
January	324,295	15%	1.23	88%	11,359
February	280,789	9%	0.92	88%	7,298
March	274,823	18%	1.00	88%	7,728
April	289,120	20%	1.03	87%	8,362
May	306,553	17%	0.90	88%	7,726
June	291,957	23%	0.93	86%	7,515
July	302,140	14%	0.86	89%	7,414
August	270,294	21%	1.13	88%	8,637
September	292,021	18%	1.79	83%	13,889
October	307,133	14%	1.73	88%	15,046
November	275,272	28%	1.64	86%	12,471
December	289,732	44%	1.88	90%	15,848

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.

ABOUT THE SCHEME OF ARRANGEMENT

On 24 September 2018, Great Panther and Beadell announced they had entered into a Scheme Implementation Deed, whereby Great Panther will acquire all of the issued ordinary shares of Beadell by means of a Beadell scheme of arrangement ('Scheme') under the Australian Corporations Act 2001. Under the terms of the Scheme, Beadell shareholders will receive 0.0619 common shares of Great Panther, representing a 69% premium to Beadell's volume-weighted average share price for the twenty trading days preceding the announcement. Upon completion of the transaction Beadell shareholders are expected to own approximately 38% of the combined company.

Beadell released the Scheme Booklet on 21 December 2018 and the Scheme Meeting will be held on 12 February 2019 with the second court date to approve the scheme on 15 February 2019. Great Panther filed its Management Information Circular in respect of the acquisition of Beadell on its website at www.greatpanther.com, on its SEDAR profile at www.sedar.com, and on its EDGAR profile at www.sec.gov on 7 January 2019. A Special Meeting of shareholders of Great Panther to vote on the acquisition of Beadell is scheduled for 9:00 a.m. (Vancouver time) on 11 February 2019.

Key highlights of the transaction include:

- The creation of a new emerging and growth-oriented precious metals producer with numerous high-value, low risk organic growth opportunities with potential to drive further production increases;
- Strong balance sheet;
- Robust growth profile;
- Geographic diversity;
- Diverse asset portfolio including three producing mines, an advanced stage project, and significant exploration potential;
- Reduction in corporate G&A per gold-equivalent ounce; and
- Attractive re-rating potential.

The directors of Beadell unanimously recommend that shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the independent expert opining that the Scheme is in the best interests of shareholders and have provided support agreements confirming that they will vote the shares they own or control in favour of the Scheme, subject to the same conditions. Shareholders holding in aggregate 18.06% of Beadell agreed to vote in favour of the Scheme, in the absence of a superior proposal and not to dispose of their Beadell shares, except in respect of a superior proposal. Those shareholders include funds associated with Equinox Partners holding 9.84%, Donald Smith & Co. holding 7.15%, other smaller shareholders, directors and management.

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