

BEADELL BOARD ENCOURAGES SHAREHOLDERS TO VOTE AT UPCOMING SCHEME MEETING

Beadell Resources Limited (**Beadell** or **Company**) wishes to remind Beadell shareholders of the upcoming scheme meeting relating to the scheme of arrangement under which it is proposed that Great Panther Silver Limited (**Great Panther**) will acquire all of the shares in the Company (**Scheme**).

The scheme meeting will be held at 10:00am (AWST) on Tuesday, 12 February 2019 at The Celtic Club, 48 Ord Street, West Perth WA 6005 (**Scheme Meeting**).

The Beadell Board **strongly encourages** all Beadell shareholders to vote on the Scheme:

- by attending the Scheme Meeting in person;
- by appointing a proxy or attorney to attend the Scheme Meeting and vote on your behalf:
 - by lodging a proxy online at www.investorvote.com.au;
 - by faxing a proxy form to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia);
 - by mailing a proxy form to Computershare Investor Services Pty Limited at GPO Box 1282, Melbourne VIC 3000; or
- in the case of a body corporate, by appointing a body corporate representative to attend the Scheme Meeting and vote on the shareholder's behalf, using a certificate of appointment of body corporate representative.

To be valid, a **proxy appointment must be received by Computershare by 10:00am (AWST) on 10 February 2019**.

Information relating to the Scheme, including the Notice of Scheme Meeting and Independent Expert's Report, is set out in the scheme booklet that has been dispatched to Beadell shareholders on 11 January 2019 and which is also available on Beadell's website at www.beadellresources.com.au.

BOARD RECOMMENDATION

As previously announced, the directors of Beadell have unanimously recommended that Beadell shareholders **vote in favour** of the Scheme in the absence of a superior proposal 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 condition. The reasons for this recommendation are as follows:

- The independent expert appointed by Beadell to review the Scheme, Deloitte Corporate Finance Pty Limited, has concluded that the Scheme is not fair but reasonable in the absence of a higher offer, and therefore in the best interests of Beadell shareholders.
- The implied value of the Scheme consideration represents a substantial premium of 51% over Beadell's unaffected closing share price on the ASX on the day before the acquisition was announced on 24 September 2018.
- Beadell shareholders will receive substantial exposure to the merged group, with approximately 38% pro forma ownership.
- The Company's 2019 production profile will result in ~41% of gold production in the December Quarter so cash flow from Tucano is strongly weighted to the second half of the year (2018 December Quarter Report). The Company is forecast to make ~AUD\$27.72 million in debt and interest payments in the first half of 2019 but will only produce ~36% of the forecast annual production of 145,000 to 155,000 ounces over the same period of time. This is due to mine sequencing, resulting in lower grade being mined for the first half of 2019, therefore All-in Sustaining Costs (AISC)¹ will be higher in the first half of 2019 versus the second half of the year. There are material uncertainties regarding Beadell's financial position in the short-term. Beadell has undertaken a process to identify and consider a range of alternatives to address

¹ AISC has been calculated in accordance with the World Gold Council's Guidance Note on Non-GAAP metrics released 27 June 2013.

these uncertainties, including sources of debt and equity funding and other potential acquirers, and have selected the Scheme as the best available alternative given Great Panther's financial strength.

- The merged group will have an enhanced balance sheet compared to Beadell on a stand-alone basis, as Great Panther had approximately US\$58 million in cash and short-term deposits as at 30 September 2018, which will enable ongoing optimisation initiatives at Tucano, plus provide the opportunity for investment capital in growing Tucano's reserves.
- The merged group will have an extensive resource and reserve base, details of which are set out in the scheme booklet.
- The merged group will have three mining operations in Mexico and Brazil along with the Coricancha development project located in Peru. Operating risk is expected to be significantly diversified with the inclusion of Mexico and Peru as new jurisdictions.
- With a diversified portfolio of producing assets, near-term growth opportunities backed by a strong balance sheet and a quality management team, the merged group is well positioned for a re-rating, to the benefit of both Great Panther and Beadell shareholders.

Further details are set out in the scheme booklet which was released to ASX on 21 December 2018.

2018 SHORT TERM INCENTIVES

Following the end of the CY2018, the Board reviewed the performance measures attributed to the 2018 Short-Term Incentive Plan (STI) against the actual outcomes. Two of the four performance measures were met in 2018, including AISC within guidance and above-target safety statistics. Under the Company's Short-Term Incentive (STI) plan, executives were eligible for performance bonuses based on meeting or exceeding one or more performance measures. However, the Board unanimously voted not to issue any STI bonuses to executives for 2018 because of the overall financial and share performance of Beadell during the year.

Dr Nicole Adshead-Bell, CEO & Managing Director of Beadell, stated: "The mining industry continues to have a disconnect between remuneration and performance that needs to be recalibrated. I acknowledge the operational performance of our Tucano team under very challenging conditions due to previous corporate decisions. This resulted in AISC within 2018 guidance, despite producing 123,296 ounces, which was materially lower than our original guidance of 145,000 to 155,000 ounces. This demonstrates the positive impact of cost reductions, including changing mining contractors from MACA Limited to U&M Mineração e Construção. I also commend the Tucano team's continued commitment to safety. However, in recognition of our share price performance in 2018, the Board unanimously agreed that it was inappropriate to issue any STI bonuses to the key executives."

PERFORMANCE RIGHTS

4,402,686 Performance rights, issued in 2017, expired unvested as the vesting conditions, which were related to relative share price performance, were not met.

SCHEME TIMETABLE

An indicative timetable of the key milestones remaining under the Scheme is set out below.

Event	Date
Latest time and date for receipt of proxy forms or powers of attorney by the Beadell Share Registry for the Scheme Meeting	10:00am AWST on 10 February 2019
Time and date for determining eligibility to vote at the Scheme Meeting	10:00am AWST on 10 February 2019
Scheme Meeting	10:00am AWST on 12 February 2019
If the Scheme is approved by Beadell Shareholders at the Scheme Meeting:	
Second Court Date to approve the Scheme	15 February 2019

Effective Date – the date the Scheme comes into effect under the Corporations Act	18 February 2019
Last day of trading in Beadell Shares on ASX	18 February 2019
Scheme Record Date	25 February 2019
Latest time and date for receipt of Election Forms from Small Shareholders	5.00pm AWST on 25 February 2019
Implementation Date	5 March 2019
New Great Panther Shares commence trading on TSX on a normal settlement basis	8 March 2019
New Great Panther Shares commence trading on NYSE (American) on a normal settlement basis	8 March 2019
Expected dispatch of DRS Advices for New Great Panther Shares	19 March 2019

All dates are indicative only and are subject to the Court approval process, ASX and TSX approval, and the satisfaction or waiver of the conditions precedent under the Scheme Implementation Deed. Beadell may vary any or all of these dates and times and will provide notice of any such variation on ASX.

FOR FURTHER INFORMATION PLEASE CONTACT:

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