



ASX ANNOUNCEMENT
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9 September 2013

2013 HALF YEAR RESULTS - COMMENTARY

Beadell Resources Limited (“**Beadell**” or “the **Company**”) is pleased to report its results for the half year ended 30 June 2013.

Key Points

HY2013	
Operating results	
Gold ore mined (t)	1,067,448
Gold ore milled (t)	1,535,375
Head grade (g/t)	1.47
Recovery (%)	91.9
Gold produced (oz)	66,736
Gold sold (oz)	58,403
Average gold price achieved	A\$1,504/oz
C1 cash costs ¹	A\$637/oz
Financial results	
	A\$ millions
Net sales revenue	86.1
Costs of production	(42.5)
Underlying EBITDA	43.5
Depreciation and amortisation	(8.2)
Profit before tax and impairment	26.6
Impairment ²	(1.7)
Reported profit after tax ³	37.1
Other financial information	
	A\$ millions
Mark-to-market hedge gains recognised directly in equity, net of tax ⁴	51.7
Cash flow from operating activities	24.7
Cash and cash equivalents	27.9
Net assets	158.5
Basic and diluted earnings per share	A\$0.05/share

Commenting on the financial results, Beadell’s Managing Director, Peter Bowler said “Considering we commenced in January and completed our three month commissioning during this reporting period, our team have delivered an outstanding set of numbers for our maiden half year of production at our 100% owned gold mine in Brazil. As a result of commencing mining in August at Duckhead, one of the most profitable gold pits globally, we can now look forward to the current financial six month period being far stronger. Brazil continues to be an excellent jurisdiction to do business and we could not be happier with our progress to date.”

Cash Flow

Beadell sold 58,403 ounces generating net cash flows from operating activities of \$24.7 million.

Cash payments for investing activities were \$21.0 million. Investing cash flows were largely represented by payments for the construction of the Tucano CIL and magnetic separation plants.

Cash flows from financing activities were \$18.5 million and include net proceeds of \$23.8 million from an equity raising undertaken in March 2013. 1.8 million options were exercised during the half year, raising \$0.2 million. Financing payments were represented by interest payments (\$2.5 million), lease payments (\$1.8 million) and hedge settlements (\$1.1 million).

Balance Sheet

Beadell's balance sheet has significantly strengthened in Tucano's first half of operation with net assets increasing to \$158.5M (2012: \$32.6 million). Cash and cash equivalents were \$27.9 million (2012: \$5.4 million).

At balance date, Beadell had borrowings of \$141.4 million (2012: \$132.8 million) comprising a US\$110 million project finance facility and US\$20 million lease facility. The mark-to-market net derivative asset position was +\$34.0 million (2012 liability: -\$47.4 million).

Beadell repaid \$9.9 million (US\$9 million) of the project finance facility on 2 July 2013 and received \$2.3 million for the June quarterly hedge settlement. The outstanding project finance facility of US\$101 million is scheduled for quarterly repayments through to December 2014.

Exploration

Exploration activities during the half year were focussed on Duckhead, discovering a new parallel lode. The newly discovered Wing Lode is located immediately south of the Hangingwall Lode on the edge of the current Duckhead pit design.

Exploration efforts for the remainder of the year will be focussed on the Wing Lode and other targets in the Duckhead area in an effort to grow the Duckhead resource and reserve.

Beadell's exploration expenses for the half year were \$4.6 million.

Project Finance Facility and Hedge Restructure

Subsequent to the half year Beadell has restructured its project finance facility repayment schedule and hedging arrangements to coincide with production from the ultra-high grade open pit, Duckhead.

US\$24 million has been deferred from the September 2013 quarter repayment to FY2014 (Jan – Dec). The restructured repayment schedule has not altered the final repayment date of December 2014.

Gold hedges of 150,100 ounces at US\$1,600/oz and foreign exchange hedges of US\$130.1 million at 1.97 BRL cash settle quarterly until the hedging schedule completes in December 2014 (previously June 2015).

Beadell anticipates approximately 60% of gold production in 2014 will be hedged at US\$1,600/oz.

Brazilian Gold Price Movements



As ~90% of Beadell's operating costs are incurred in Brazilian Real, it is relevant to monitor the Brazilian gold price movements over time;

- 6 months to 4 September 2013. BRL gold price increased 7% while USD gold decreased 11%.
- One year to 4 September 2013. BRL gold price decreased 4% while USD gold decreased 11%.
- Five years to 4 September 2013. BRL gold price increased 141% while USD gold increased 76%.

Outlook

Gold production is expected to be within a range of 120,000 – 130,000 ounces for the second half of 2013, for full year production of 185,000 – 195,000 ounces. C1 cash costs for the second half of 2013 (which exclude the 2% royalty) are expected to be within the range of US\$435 – 485 per ounce with no allowance for any iron ore credits.

Subsequent to the half year, iron ore concentrate sales will now positively impact operating costs as a result of Beadell entering into a short term off take agreement with Zamin, a local iron ore exporter. This contract is due to expire when the Anglo Ferrous port is operational.

Beadell is now targeting annual plant throughput rates of 4.5 Mtpa, having achieved annualised throughput rates of up to 4.3 Mtpa during the half year. FY2014 (Jan – Dec) production has been forecasted at over 200,000 ounces as Beadell expects to process a significant portion of Duckhead high grade ore in FY2014.



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Competent Persons Statement

The information in this report relating to Exploration Results and Mineral Resources and Ore Reserves 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 2004 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.

¹ Cash cost per ounce represents mining, processing and administrative costs, including accounting for movements in stockpiles and gold-in-circuit, on a cost per ounce produced basis. It does not include corporate, exploration, capital costs and royalties.

² Impairment losses relate to state based VAT accrued during the half year which is not considered recoverable.

³ Profit after tax includes income tax benefit of \$12.2 million recognised in respect of deferred tax assets brought to account to offset the effects of deferred tax liabilities recognised directly in equity.

⁴ Beadell has elected to hedge account. Where a hedging relationship is effective, gains and losses are recorded directly in equity and released to the profit and loss upon hedge settlement.