ABN 50 125 222 291

Condensed Consolidated Interim Financial Report
For the half year ended 30 June 2013

Contents

Corporate directory

Directors

Craig Readhead	Independent Non – Executive Director, Chairman
Mike Donaldson	Independent Non – Executive Director
Ross Kestel	Independent Non – Executive Director
Peter Bowler	Managing Director
Rob Watkins	Executive Director Geology

Company Secretary

Greg Barrett

Corporate Details

Beadell Resources Ltd (ABN 50 125 222 291)

Issued capital 788,277,280 ordinary shares

Registered and Principal Office

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Share Registry

Computershare Investor Services Pty Ltd

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Adelaide SA 5000

Telephone: 1300 137 515

Telephone: +61 3 9415 4667

Stock Exchange Listing

ASX Ltd

ASX code: BDR

Auditor

KPMG

Directors' report

For the six months ended 30 June 2013

The directors present their report together with the financial report of the Beadell Resources Limited ("the Company" or "Beadell") Group, being the Company and its subsidiaries, for the six months ended 30 June 2013 ("the period") and the auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the period are as set out below. Directors were in office for the entire period unless otherwise stated.

Independent Non-Executive

Mr Craig Readhead (Chairman)
Dr Michael Donaldson
Mr Ross Kestel

Executive

Mr Peter Bowler
Mr Robert Watkins

Operating results

The profit after income tax for the six months ended 30 June 2013 was $37,053,000 (30 June 2012 loss: $22,350,000).

Review of operations

Production

The Tucano Gold Mine is 100% owned by the Group and is located in northern Brazil. Construction and commissioning of the Tucano CIL plant was completed in December 2012.

In Tucano's first period of production the mine has completed a strong first half, producing a total of 66,736 ounces and a gross profit of $35,318,000. The CIL plant at the site ramped up in the first quarter, with production achieving the budgeted throughput rate of 3.5 million tonnes per annum for the June quarter at a cash cost (exclusive of accrued iron ore credits) of US$679/oz[1].

Operating results for the half year are as follows;

Production Summary	**Unit**	**March Quarter**	**June Quarter**	**Half-year 2013**
Gold ore mined	(t)	559,485	507,963	1,067,448
Gold ore milled	(t)	651,498	883,877	1,535,375
Head grade	(g/t)	1.57	1.40	1.47
Plant recovery	(%)	92.6	91.2	91.9
Gold produced	**(oz)**	**30,452**	**36,284**	**66,736**

Iron Ore Concentrate Plant

Construction of the Iron Ore Concentration Plant was completed during the half. Commissioning commenced in June 2013 and the plant is now in operation and producing iron ore concentrate.

Exploration and Resource and Reserve development

Brazil

The Group completed 62,094 m of drilling during the half year. Drilling was focussed on grade control RC drilling and drilling at the high grade Duckhead deposit, resulting in the discovery of a new high grade lode.

Duckhead

Infill drilling at Duckhead continued to delineate shallow, extremely high grade mineralisation in the Main Lode with up to 41 m @ 54.9 g/t gold from surface, including 5 m @ 430.1 g/t gold from 15 m including 1 m @ 1,817.6 g/t gold from 16 m.

Grade control RC drilling of the Main Lode has been completed to approximately 50 m below surface. All results have been received with modelling indicating the infill drilling is closely matching the resource and reserve models.

A new high grade parallel lode named Wing Lode has been discovered immediately south of the Hangingwall Lode on the edge of the current pit design. The Wing Lode has been intersected in two recent diamond holes; 4 m @ 4.0 g/t gold from 50 m and 10 m @ 3.2 g/t gold from 57 m; and 3 m @ 1.3 g/t gold from 80 m, 12 m @ 2.1 g/t gold from 86 m.

[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.

Directors' report (continued)

Follow up RC drilling of the Wing Lode and other targets in the Duckhead area is being undertaken in the September quarter with excellent potential to continue to grow the Duckhead resource and reserve.

Tartaruga

The Tartaruga project is located 120 km northeast of Tucano. A total of 69 RC holes for 6,387 m were drilled in the period to complete the first pass program. The drilling focussed on the Rio de Ouro prospect and to a lesser extent on the Havaianas and Juscelino targets. At Rio de Ouro, a 900 m long gold zone was discovered with results up to 3 m @ 29.2 g/t gold from 55 m including 1 m @ 86.0 g/t gold, 9 m @ 3.5 g/t gold from 12 m and 7 m @ 2.6 g/t gold from 61 m.

Excellent potential exists to rapidly expand the current resource at Tartaruga.

Western Australia

Tropicana East Project

The Tropicana East project is located 60 km along strike from the AngloGold Ashanti/Independence Group 7.9 Moz Tropicana gold development project.

A ground electromagnetic survey of anomalies generated from the joint CSIRO airborne Spectrem survey was completed during the half year defining several strong bedrock conductors at both the Atlantis and Hercules prospects, representing excellent gold and base metal sulphide targets. First pass RC drilling of these targets has occurred after the end of the period.

Subsequent events

The quarterly repayment schedule for the Group's project finance facility was restructured in August 2013 to better align the Group's repayment profile with forecast project cash flows. Coinciding with the quarterly repayment schedule restructure, the Group also restructured its gold and foreign exchange forward contracts. These matters are further described at note 16 of this Condensed Consolidated Interim Financial Report.

There has not arisen in the interval between the end of the period and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future periods.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 21 and forms part of the directors' report for the six months ended 30 June 2013.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the directors:

PETER BOWLER

Managing Director

Dated at Perth, this 6th day of September 2013

Competent Persons Statement

The information in this report relating to Exploration Results 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 Ltd. 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.

Condensed consolidated interim statement of financial position

As at 30 June 2013

	Note	Jun 2013 $'000	Dec 2012 $'000
Assets			
Cash and cash equivalents		27,935	5,384
Prepayments		4,022	4,851
Trade and other receivables		3,067	384
Inventories	*5*	50,935	33,488
Derivative financial instruments	*13*	34,135	-
Total current assets		**120,094**	**44,107**
Trade and other receivables		180	168
Exploration and evaluation assets	*7*	1,554	1,530
Mine properties under development	*6*	-	167,534
Property, plant and equipment	*8*	192,036	33,115
Derivative financial instruments	*13*	29,814	-
Mine properties	*9*	21,559	-
Other non current assets		450	437
Total non-current assets		**245,593**	**202,784**
Total assets		**365,687**	**246,891**
Liabilities			
Trade and other payables		21,179	21,898
Derivative financial instruments	*13*	15,979	10,035
Employee benefits		3,382	1,956
Borrowings	*10*	141,461	64,748
Provisions		938	561
Total current liabilities		**182,939**	**99,198**
Derivative financial instruments	*13*	14,003	37,327
Borrowings	*10*	-	68,096
Provisions		10,241	9,674
Total non-current liabilities		**24,244**	**115,097**
Total liabilities		**207,183**	**214,295**
Net assets		**158,504**	**32,596**
Equity			
Share capital	*11*	204,646	170,110
Reserves		26,393	(27,926)
Accumulated losses		(72,535)	(109,588)
Total equity		**158,504**	**32,596**

The notes on pages 11 to 17 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of profit or loss and other comprehensive income

For the six months ended 30 June 2013

	Note	Jun 2013 $'000	Jun 2012 $'000
Revenue		87,823	-
Cost of sales		(52,505)	-
Gross profit		**35,318**	**-**
Other income		268	659
Administrative expenses		(6,023)	(4,696)
Project exploration and evaluation expenses		(4,576)	(2,325)
Impairment losses		(1,721)	(8,967)
Results from operating activities		**23,266**	**(15,329)**
Finance income		16,214	694
Finance expense		(14,596)	(7,938)
Net finance income/(expense)		**1,618**	**(7,244)**
Profit/(Loss) for the period before income tax		**24,884**	**(22,573)**
Income tax benefit	*14*	12,169	223
Profit/(Loss) for the period after income tax		**37,053**	**(22,350)**
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		51,672	(7,189)
Foreign currency translation differences for foreign operations		2,140	(5,106)
Other comprehensive income/(loss) for the period net of tax		**53,812**	**(12,295)**
Total comprehensive income/(loss) for the period		**90,865**	**(34,645)**
Profit/(Loss) attributable to:			
Equity holders of the Company		37,053	(22,350)
Profit/(Loss) for the period		**37,053**	**(22,350)**
Other comprehensive income/(loss) attributable to:			
Equity holders of the Company		53,812	(12,295)
Total comprehensive income/(loss) for the period net of tax		**90,865**	**(34,645)**
Earnings per share:			
Basic Earnings/(Loss) per share ($)		0.05	(0.03)
Diluted Earnings/(Loss) per share ($)		0.05	(0.03)

The notes on pages 11 to 17 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

For the six months ended 30 June 2013

	Note	Share capital $'000	Translation reserve $'000	Share based payments reserve $'000	Option premium reserve $'000	Hedging reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2013		170,110	(10,424)	10,992	3	(28,497)	(109,588)	32,596
Total comprehensive profit for the period								
Profit for the period		-	-	-	-	-	37,053	37,053
Other comprehensive income								
Foreign currency translation differences		-	2,140	-	-	-	-	2,140
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	51,672	-	51,672
Total other comprehensive income		**-**	**2,140**	**-**	**-**	**51,672**	**-**	**53,812**
Total comprehensive income for the period		**-**	**2,140**	**-**	**-**	**51,672**	**37,053**	**90,865**
Transactions with owners recorded directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares		35,716	-	-	-	-	-	35,716
Equity transaction costs		(1,180)	-	-	-	-	-	(1,180)
Share based payments		-	-	507	-	-	-	507
Total contributions by and distributions to owners		**34,536**	**-**	**507**	**-**	**-**	**-**	**35,043**
Balance as at 30 June 2013		**204,646**	**(8,284)**	**11,499**	**3**	**23,175**	**(72,535)**	**158,504**

The notes on pages 11 to 17 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

For the six months ended 30 June 2012

	Note	Share capital $'000	Translation reserve $'000	Share based payments reserve $'000	Option premium reserve $'000	Hedging reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2012		124,500	(6,958)	10,584	3	(8,839)	(66,595)	52,695
Total comprehensive loss for the period								
Loss for the period		-	-	-	-	-	(22,350)	(22,350)
Other comprehensive loss								
Foreign currency translation differences		-	(5,106)	-	-	-	-	(5,106)
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	(7,189)	-	(7,189)
Total other comprehensive loss		**-**	**(5,106)**	**-**	**-**	**(7,189)**	**-**	**(12,295)**
Total comprehensive loss for the period		**-**	**(5,106)**	**-**	**-**	**(7,189)**	**(22,350)**	**(34,645)**
Transactions with owners recorded directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares		43,746	-	-	-	-	-	43,746
Equity transaction costs		(2,415)	-	-	-	-	-	(2,415)
Share based payments		-	-	179	-	-	-	179
Total contributions by and distributions to owners		**41,331**	**-**	**179**	**-**	**-**	**-**	**41,510**
Balance as at 30 June 2012		**165,831**	**(12,064)**	**10,763**	**3**	**(16,028)**	**(88,945)**	**59,560**

The notes on pages 11 to 17 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

For the six months ended 30 June 2013

	Jun 2013 $000	Jun 2012 $'000
Cash flow from operating activities		
Profit/(Loss) for the period	37,053	(22,350)
Adjustments for:		
Depreciation, amortisation and depletion	8,139	479
Impairment losses	1,721	8,967
Net finance (income)/expense	(1,618)	7,244
Equity-settled share-based payment transactions	507	179
Income tax benefit	(12,169)	(223)
	33,633	(5,704)
Changes in:		
Inventories	(17,445)	(12,797)
Trade and other receivables	(2,708)	(436)
Prepayments	829	(5,207)
Trade and other payables	(2,440)	1,054
Borrowings	10,500	-
Provisions and employee benefits	2,368	320
Net cash from/(used in) operating activities	**24,737**	**(22,770)**
Cashflow from investing activities		
Interest received	75	327
Payments for mineral properties under development	-	(37,704)
Payments for property, plant and equipment and mine development	(21,108)	(19,256)
Net cash used in investing activities	**(21,033)**	**(56,633)**
Cashflow from financing activities		
Proceeds from issue of share capital, net of transaction costs	24,036	41,330
Derivative settlements	(1,148)	-
(Repayments of)/proceeds from borrowings	(1,815)	25,768
Interest paid on borrowings	(2,539)	(535)
Net cash from financing activities	**18,534**	**66,563**
Net increase/(decrease) in cash and cash equivalents	22,238	(12,840)
Cash and cash equivalents at the beginning of the period	5,384	40,133
Effect of exchange rate fluctuations on cash held	313	(4,345)
Cash and cash equivalents at the end of the period	**27,935**	**22,948**

The notes on pages 11 to 17 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Beadell Resources Limited (the "Company") is a for profit company limited by shares and incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The condensed consolidated interim financial statements of the Company as at and for the period from 1 January 2013 to 30 June 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The nature of the operations and principal activities of the Group are as described in the Directors' Report.

2. Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual report of the Group as at and for the year ended 31 December 2012.

The condensed consolidated interim financial statements were approved by the Board of Directors on 6 September 2013.

3. Significant accounting policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial report as at and for the year ended 31 December 2012.

(a) Accounting for new transactions and events

(i) Gold sales

Revenue is recognised when there has been a transfer of risks and rewards from the Group to an external party, no further processing is required by the Group, quality and quantity of the gold has been determined, the selling price has been contracted and collectability is probable. The point at which risk and rewards of passes for the Group's gold sales is upon completion of the sales contract.

(ii) Gold bullion, gold in circuit and ore stockpiles

Gold bullion, gold in circuit and ore stockpiles are physically measured or estimated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and costs of selling the final product.

Cost is determined by the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation incurred in converting gold ore to bullion.

(iii) Royalties

Royalty obligations based on quantity produced or as a percentage of revenue that do not have the characteristics of income tax, are included in costs of sales.

(iv) Mine properties

Mine properties represents expenditure in respect of capitalised exploration, evaluation, feasibility and other capitalised expenditure previously accumulated and carried forward as mineral properties under development in relation to areas of interest in which gold production has now commenced. Mine properties are stated at cost, less accumulated amortisation and accumulated impairment losses.

Mine properties are amortised on a unit-of-production basis over the economically recoverable reserves of the mine concerned.

(v) Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to share based payments reserve. The fair value of options and performance rights is ascertained using a recognised pricing model which incorporates all market vesting conditions.

The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(vi) Deferred stripping

The Group defers stripping costs during the production phase of its surface mining operations. Stripping costs that generate a benefit of improved access to future components of an ore body and meet the definition of an asset are recognised as stripping activity assets. Stripping activity assets are depreciated on a units of production basis over the useful life of the identifiable component of the ore body that becomes more accessible as a result of the stripping activity. Stripping activity assets form part of property, plant and equipment.

(b) Financial position

The condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group held cash on hand and on deposit as at 30 June 2013 of $27,935,000. As at 30 June 2013 the Group has a net working capital deficit, inclusive of provisions and derivative financial instruments, of $62,845,000. For the period ended 30 June 2013 the Group produced profit after income tax of $37,053,000. As at 30 June 2013 the Group held total assets of $365,687,000. Cash flows from operations and investment activities were positive $3,704,000.

Included in the net working capital calculation are liabilities related to secured loans of $30,741,000. These secured loans have been reclassified to current liabilities to comply with Accounting Standards as the Group was in breach of a project finance facility loan covenant at the reporting date. The Group has received an irrevocable waiver for this breach subsequent to reporting date. This matter is further discussed at note 10 of these condensed consolidated interim financial statements.

As a consequence of the waiver obtained the secured loans of $30,741,000 will revert to non-current liabilities and would be excluded from the working capital calculation subsequent to the reporting date.

The Group entered into amending agreements to restructure the payment schedule for the Group's project finance facility after balance date. The restructure was undertaken to better align the repayment schedule with forecast cash flows. The restructure is further discussed at note 16 of these condensed consolidated interim financial statements.

The directors consider the going concern basis of preparation to be appropriate based on forecast cash flows. The cash flow forecast assumes continued successful mining operations and processing activities in accordance with management's schedule and gold price and foreign exchange assumptions to enable cash flow forecasts to be achieved. Should forecasts or forecast gold and foreign exchange rates not be achieved, the directors are confident that sufficient variations to debt arrangements or additional funds in the form of debt or equity or a combination of the two could be sourced if required.

4. Operating segments

The Group has two reportable segments; 'Brazilian Exploration and Production' and 'Australian Exploration', which are the Group's strategic business units. The strategic business units are managed separately because they are governed by different regulatory regimes. For each of the strategic business units, the Board reviews internal management reports on a monthly basis.

Information about reportable segment profit/(loss)	Brazil $'000	Australia $'000	Total $'000
6 months ended 30 June 2013			
External revenues	87,823	-	87,823
Project finance interest expenses	(3,321)	-	(3,321)
Impairment of segment assets	-	-	-
Depreciation and amortisation expense	(8,122)	(16)	(8,138)
Reportable segment profit/(loss) before income tax	30,784	(264)	30,520
6 months ended 30 June 2012			
External revenues	-	-	-
Project finance interest expenses	(557)	-	(557)
Impairment of segment assets	-	(134)	(134)
Depreciation	(461)	(18)	(479)
Reportable segment loss before income tax	(2,107)	(909)	(3,016)

Notes to the condensed consolidated interim financial statements

Reconciliation of reportable segment profit/(loss)	Jun 2013 $'000	Jun 2012 $'000
Total profit/(loss) for reportable segments	30,520	(3,016)
Unallocated amounts	-	-
- Corporate income	28,651	1,117
- Corporate expenses	(34,287)	(20,674)
Consolidated profit/(loss) before tax	24,884	(22,573)

Information about reportable segment assets, liabilities and capital expenditure	Brazil $'000	Australia $'000	Total $'000
June 2013			
Reportable segment assets	269,402	1,443	270,845
Reportable segment liabilities	176,517	-	176,517
Reportable segment capital expenditure	15,101	-	15,101
December 2012			
Reportable segment assets	239,504	1,567	241,071
Reportable segment liabilities	155,926	18	155,944
Reportable segment capital expenditure	129,525	-	129,525

Reconciliation of reportable segment assets and liabilities	Jun 2013 $'000	Dec 2012 $'000
Total assets for reportable segments	270,845	241,071
Unallocated amounts		
- Corporate assets	94,842	5,820
Consolidated assets	365,687	246,891
Total liabilities for reportable segments	176,517	155,944
Unallocated amounts		
- Corporate liabilities	30,666	58,352
Consolidated liabilities	207,183	214,295

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

	Revenues 6 months Jun 2013 $'000	Non-current assets as at Jun 2013 $'000	Revenues 12 months Jun 2012 $'000	Non-current assets as at Dec 2012 $'000
Brazil	87,823	244,163	-	201,270
Australia	-	980	-	1,078
Unallocated amounts	-	450	-	436
Balance at the end of the period	87,823	245,593	-	202,784

5. Inventories

	Jun 2013 $'000	Dec 2012 $'000
Spare parts, raw materials and consumables	14,815	11,205
Ore stockpiles	26,744	22,283
Gold in circuit and unrefined bullion	9,376	-
Balance at the end of the period	50,935	33,488

Notes to the condensed consolidated interim financial statements

6. Mine properties under development

	Jun 2013 $'000	Dec 2012 $'000
Cost		
Opening balance	167,534	77,658
Transfers to property, plant and equipment	(145,997)	-
Transfers to mine properties	(21,537)	-
Construction works in progress	-	83,812
Pre production expenditure	-	14,821
Rehabilitation provision recognised	-	811
Effect of movements in exchange rates	-	(9,568)
Balance at the end of the period	-	167,534

7. Exploration and evaluation assets

	Jun 2013 $'000	Dec 2012 $'000
Cost		
Opening balance	1,530	2,230
Disposals	-	(500)
Impairment loss	-	(134)
Effect of movements in exchange rates	24	(66)
Balance at the end of the period	1,554	1,530

8. Property, plant and equipment

	Jun 2013 $'000	Dec 2012 $'000
Cost		
Opening balance	26,930	12,128
Additions	15,048	30,893
Disposals	-	(8,470)
Transfers from mine properties under development	145,997	-
Effect of movements in exchange rates	6,986	(7,621)
Balance at the end of the period	194,961	26,930
Depreciation		
Opening balance	6,185	(3,268)
Depreciation	(9,437)	(2,369)
Disposals	-	6,558
Effect of movements in exchange rates	327	5,264
Balance at the end of the period	(2,925)	6,185
Carrying amount		
Opening balance	33,115	8,860
Balance at the end of the period	192,036	33,115

9. Mine Properties

	Jun 2013 $'000	Dec 2012 $'000
Cost		
Opening balance	-	-
Transfers from mine properties under development	21,537	-
Additions	53	-
Amortisation	(1,043)	-
Effect of movements in exchange rates	1,012	-
Balance at the end of the period	21,559	-

10. Borrowings

	Jun 2013 $'000	Dec 2012 $'000
Unsecured loans	-	10,500
Secured loans	141,461	122,344
Balance at the end of the period	141,461	132,844
Current	141,461	64,748
Non current	-	68,096
Balance at the end of the period	141,461	132,844

The Group's secured loans relate to its US$110 million project finance facility and US$20 million lease facility. As at 30 June 2013 the Group was in breach of its backward looking debt service cover ratio for the June 2013 quarter. Subsequent to 30 June 2013 the Group has received an irrevocable waiver for this breach.

In line with Accounting Standards, $30.74 million of the Group's secured loans have been reclassified from non-current to current liabilities as at 30 June 2013. As a consequence of the waiver received, $30.74 million will revert to non-current liabilities subsequent to the reporting date.

The quarterly repayment schedule for the project finance facility was restructured in August 2013. Refer note 16 for further information.

11. Share capital

Movement in share capital for the half year ended 30 June 2013

Ordinary shares		Number of shares '000	Share capital $'000
01 January 2013	Opening balance	742,204	170,110
05 April 2013	Capital raising	27,473	25,000
24 April 2013	Convertible Note exercised	16,800	10,500
28 June 2013	Options exercised	1,800	216
30 June 2013	Issued capital closing balance	788,277	205,826
30 June 2013	Equity transaction costs		(1,180)
30 June 2013	Share capital closing balance	788,277	204,646

12. Share-based payments

Employee Share Option Plan

The Group has an established share option programme that entitles management personnel and employees to purchase shares in the entity. All options issued under the scheme are subject to the Company's rules for incentive options. The terms and conditions of the share option plan are disclosed in the Group's 31 December 2012 annual financial report.

100,000 Employee Incentive Options were granted on 29 April 2013 with 50,000 vesting on 29 April 2014 and the remaining 50,000 vesting on 29 April 2015. The grant date fair value of the Employee Incentive Options was measured using the Black-Scholes option pricing model. The inputs to the model used to determine the fair value of options granted during the period were:

Contractual life (years)	2.0
Market value of the underlying shares	$0.70
Exercise price of options granted	$0.85
Expected volatility of the underlying shares	55.78%
Risk free rate applied	2.48%
Fair value per option at grant date	$0.18

No other features of options granted were incorporated into the measurement of fair value.

Performance Rights Plan

898,272 Performance Rights were granted to Key Management Personnel on 19 June 2013 in accordance with the Group's Performance Rights Plan approved by shareholders at the 2013 AGM. The plan allows each Performance Right vesting to be converted to one fully paid ordinary share in the Company for nil cash consideration. In order for any of the Performance Rights to vest, the Group's Total Shareholder Return ("TSR") must be at or above the 50th percentile of a comparator group of companies TSR's over a performance period from 1 January 2013 to 31 December 2013. Following assessment of the Group's TSR against the comparator group, the awarded Performance Rights will vest; 50% on 31 December 2015 and 50% on 31 December 2016.

TSR measures the growth for a financial year in the price of shares plus cash distributions notionally reinvested in shares.

The grant date fair value of the Performance Rights was measured using a combination of the Monte Carlo and Trinomial Lattice pricing models. The weighted average inputs to the model used to determine the fair value of rights granted during the period were:

Contractual life (years)	3.50
Market value of the underlying shares	$0.67
Performance period (years)	1.00
Expected % vesting	83.33%
Expected volatility of the underlying shares	79.10%
Risk free rate applied	2.68%
Fair value per right at grant date	$0.56

No other features of rights granted were incorporated into the measurement of fair value.

13. Derivatives

	Jun 2013 $'000	Dec 2012 $'000
Derivative assets		
Gold forward contracts	63,949	-
Foreign exchange forward contracts	-	-
Balance at end of the period	63,949	-
Current	34,135	-
Non-current	29,814	-
Balance at end of the period	63,949	-
Derivative liabilities		
Gold forward contracts	-	(16,384)
Gold call options	(1,548)	(14,954)
Foreign exchange forward contracts	(28,434)	(16,024)
Balance at end of the period	(29,982)	(47,362)
Current	(15,979)	(10,035)
Non-current	(14,003)	(37,327)
Balance at end of the period	(29,982)	(47,362)

Forward contracts designated as cash flow hedges

The Group's forward contracts have been designated as cash flow hedges. As at 30 June 2013 the Group had a net hedge asset of $35,515,000 (2012 hedge liability: $32,408,000) reflecting the mark to market value of derivative contracts.

The Group's gold forward contracts relate to the sale of 173,500 gold ounces at a value of US$1,600 per ounce, settling from 2 July 2013 to 2 July 2015.

The Group's foreign exchange forward contracts relate to the sale of 148.74 million United States Dollars (USD) and receipt of Brazilian Real (BRL) at weighted average exchange rate of 1 USD = 1.975 BRL, settling from 2 July 2013 to 2 July 2015.

Subsequent to the end of the period the Group has restructured its derivative contracts. These matters are discussed further at note 16.

Gold call options

The Group has sold gold call options over 68,735 gold ounces. 20,250 options are exercisable at US$1,400 per ounce and expire on 31 December 2013; the remaining 48,485 options are exercisable at US$1,700 per ounce and expire on 31 December 2014.

14. Taxes

The Group has recognised a deferred tax liability in respect of temporary differences for the unrealised gain on derivative financial instruments. To the extent these derivatives form part of a hedge relationship for which the Group applies hedge accounting, the deferred tax expense has been recognised in other comprehensive income. The Group has recognised a deferred tax asset to the extent required to offset the deferred tax liability, resulting in a tax benefit of $12,169,000 being recognised in profit and loss.

Deferred tax assets have been recognised on the basis it is probable the Group will have future taxable profits against which the deferred tax assets can be utilised.

15. Commitments

The Group has ongoing commitments in relation to operating leases, minimum exploration expenditure and other contractual obligations. These commitments are as described in the Group's 31 December 2012 annual financial report.

16. Subsequent events

Project finance facility restructure

The quarterly repayment schedule for the Group's project finance facility was restructured in August 2013. The restructure involved deferring US$24 million from the September 2013 quarter to the 2014 year. The restructure was undertaken to better align the Group's repayment profile with forecast cash flows.

Forward contracts restructure

Coinciding with the quarterly repayment schedule restructure, the Group also restructured its gold and foreign exchange forward contracts that have been designated as cash flow hedges.

Gold forward contracts restructured relate to the sale of 150,100 gold ounces at a value of US$1,600 per ounce settling quarterly through to 5 January 2015.

Foreign exchange forward contracts restructured relate to the sale of 130.1 million United States Dollars ("USD") and receipt of Brazilian Real ("BRL") at weighted average exchange rate of 1 USD = 1.966 BRL, settling quarterly through to 5 January 2015.

There have been no other events subsequent to balance date which would have a material effect on the Group's financial statements.

Directors' declaration

1. In the opinion of the directors of Beadell Resources Limited ("the Company"):

   (a) the condensed consolidated interim financial statements and notes 1 to 16 that are contained within are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the half year ended on that date; and

      (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

PETER BOWLER

Managing Director

Dated at Perth, this 6th day of September 2013.

Independent auditor's review report to the members of Beadell Resources Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Beadell Resources Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2013, condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2013 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Beadell Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Beadell Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Trevor Hart
Partner

Perth

6 September 2013

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Beadell Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Trevor Hart
Partner

Perth

6th September 2013