



# **Notice of Extraordinary General Meeting and Explanatory Memorandum**

**Extraordinary General Meeting to be held at the Boardroom of  
Beadell Resources Limited's Registered and Corporate Office at Level 2, 16 Ord Street,  
West Perth, Western Australia on Thursday, 21 January 2016 commencing at 9.00am (WST)**

**Beadell Resources Limited  
ABN 50 125 222 291**

This Notice of Extraordinary General Meeting and Explanatory Memorandum should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

## **Notice of Extraordinary General Meeting**

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Notice is given that the Extraordinary General Meeting of Beadell Resources Limited will be held at the Boardroom of Beadell Resources Limited's Registered and Corporate Office at Level 2, 16 Ord Street, West Perth, Western Australia on Thursday, 21 January 2016 commencing at 9.00am WST.

Terms used in this Notice and Explanatory Memorandum are defined in the glossary to this document. The Explanatory Memorandum which accompanies and forms part of this Notice describes the matters to be considered at the Extraordinary General Meeting.

### **AGENDA**

#### **ORDINARY BUSINESS**

##### **Resolution 1 – Employee Option Scheme (EOS)**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That for the purposes of Exception 9(b) of ASX Listing Rule 7.2 and for all other purposes, the issue of Options under the terms of the 2015 Beadell Resources Limited Employee Option Scheme (2015 EOS) and the terms of the 2015 EOS, as detailed in the Explanatory Memorandum accompanying this Notice of Extraordinary General Meeting, be approved."*

##### **Resolution 2 – Re-election of Dr Glen Masterman**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That Dr Glen Masterman, having given his consent and being a director appointed since the last Annual General Meeting and who retires in accordance with Clause 6.3(i) of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, be elected as a Director of the Company."*

##### **Resolution 3 – Re-election of Mr Brant Hinze**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That Mr Brant Hinze, having given his consent and being a director appointed since the last Annual General Meeting and who retires in accordance with Clause 6.3(i) of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, be elected as a Director of the Company."*

##### **Resolution 4 – Re-election of Mr Timo Jauristo**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That Mr Timo Jauristo, having given his consent and being a director appointed since the last Annual*

*General Meeting and who retires in accordance with Clause 6.3(i) of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, be elected as a Director of the Company."*

##### **Resolution 5 – Approval of Issue of Options to Mr Craig Readhead or his nominee**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of Resolution 1, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, and in accordance with the 2015 Beadell Resources Limited Employee Option Scheme, the Shareholders of the Company approve the granting of 1,750,000 Options over ordinary shares to Mr Craig Readhead, a Director of the Company or his nominee. 875,000 Options will be exercisable at \$0.20 per option, expiring 31 December 2018 and the remaining 875,000 Options will be exercisable at \$0.25 per Option, expiring 31 December 2019. The Options are further described in the Explanatory Memorandum."*

Note: If Shareholder approval is obtained under Listing Rule 10.14, Shareholder approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

##### **Resolution 6 – Approval of Issue of Options to Mr Simon Jackson or his nominee**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of Resolution 1, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, and in accordance with the 2015 Beadell Resources Limited Employee Option Scheme, the Shareholders of the Company approve the granting of 6,000,000 Options over ordinary shares to Mr Simon Jackson, a Director of the Company or his nominee. 3,000,000 Options will be exercisable at \$0.20 per option, expiring 31 December 2018 and the remaining 3,000,000 Options will be exercisable at \$0.25 per Option, expiring 31 December 2019. The Options are further described in the Explanatory Memorandum."*

Note: If Shareholders' approval is obtained under Listing Rule 10.14, Shareholders' approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

##### **Resolution 7 – Approval of Issue of Options to Dr Glen Masterman or his nominee**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of Resolution 1, for the purposes of Chapter 2E of the*

Corporations Act, Listing Rule 10.14 and for all other purposes, and in accordance with the 2015 Beadell Resources Limited Employee Option Scheme, the Shareholders of the Company approve the granting of 5,000,000 Options over ordinary shares to Dr Glen Masterman, a Director of the Company or his nominee. 2,500,000 Options will be exercisable at \$0.20 per option, expiring 31 December 2018 and the remaining 2,500,000 Options will be exercisable at \$0.25 per Option, expiring 31 December 2019. The Options are as further described in the Explanatory Memorandum.”

Note: If Shareholders’ approval is obtained under Listing Rule 10.14, Shareholders’ approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

#### **Resolution 8 – Approval of Issue of Options to Mr Brant Hinze or his nominee**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, subject to and conditional on the passing of Resolution 1, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, and in accordance with the 2015 Beadell Resources Limited Employee Option Scheme, the Shareholders of the Company approve the granting of 1,750,000 Options over ordinary shares to Mr Brant Hinze, a Director of the Company or his nominee. 875,000 Options will be exercisable at \$0.20 per option, expiring 31 December 2018 and the remaining 875,000 Options will be exercisable at \$0.25 per Option, expiring 31 December 2019. The Options are as further described in the Explanatory Memorandum.”

Note: If Shareholders’ approval is obtained under Listing Rule 10.14, Shareholders’ approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

#### **Resolution 9 – Approval of Issue of Options to Mr Timo Jauristo or his nominee**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, subject to and conditional on the passing of Resolution 1, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, and in accordance with the 2015 Beadell Resources Limited Employee Option Scheme, the Shareholders of the Company approve the granting of 1,750,000 Options over ordinary shares to Mr Timo Jauristo, a Director of the Company or his nominee. 875,000 Options will be exercisable at \$0.20 per option, expiring 31 December 2018 and the remaining 875,000 Options will be exercisable at \$0.25 per Option, expiring 31 December 2019. The Options are as further described in the Explanatory Memorandum.”

Note: If Shareholders’ approval is obtained under Listing Rule 10.14, Shareholders’ approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

## **OTHER BUSINESS**

To transact any other business which may be properly brought before the Meeting in accordance with the Company’s Constitution and the Corporations Act.

## **NOTES**

### **Requisite majorities**

Resolutions 1 through 9 are ordinary resolutions and will be passed only if supported by a simple majority of the votes cast by Shareholders entitled to vote on the resolutions.

### **Voting exclusion statements**

*Resolution 1 and Resolutions 5 to 9: Approval of Employee Option Scheme and Approval to issue Options to Mr Craig Readhead, Mr Simon Jackson, Dr Glen Masterman, Mr Brant Hinze and Mr Timo Jauristo.*

The Company will disregard any votes cast on these Resolutions by or on behalf of a Director (except a Director who is ineligible to participate in any employee incentive scheme of the Company) of the Company, his nominee and any associate of those persons. The Company, however, need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a member of Key Management Personnel and their Closely Related Parties (other than as the Chairman of the Meeting) may not vote as a proxy on these resolutions if the appointment does not specify how the proxy is to vote.

However, the above prohibition imposed on Key Management Personnel does not apply if:

- a) the proxy is the Chairman of the Meeting; and
- b) the appointment expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Please note, in accordance with sections 250BD(1) and (2) of the Corporations Act, the Chairman will not vote any undirected proxies in relation to these Resolutions unless the Shareholder expressly authorises the Chairman to vote in accordance with the Chairman’s stated voting intentions.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 1 and Resolutions 5 to 9.

## **Proxies**

Please note that:

- a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- b) a proxy can be an individual or a body corporate;
- c) a proxy need not be a member of the Company; and
- d) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

In order to record a valid vote, members will need to take the following steps:

- a) Custodian voting - For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions;
- b) Lodge your vote Online: [www.investorvote.com.au](http://www.investorvote.com.au) using the Control Number and your SRN/HIN which are provided on your Proxy Form; or
- c) Complete and lodge the proxy form with the Company at the address or facsimile number specified below, along with any power of attorney or notary certified copy of a power of attorney (if the proxy form is signed pursuant to a power of attorney) to:

Beadell Resources Limited  
c/- Computershare Investor Services Pty Ltd  
GPO Box 242  
Melbourne VIC 3001  
or facsimile 1800 783 447 (within Australia) or +613  
9473 2555 (outside Australia)

So that your proxy is received not later than **9:00am (WST) on Tuesday, 19 January 2016**, being not less than 48 hours prior to the commencement of the meeting. Proxies received later than this time will be invalid. The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

#### **“Snap-shot” time**

The Company's directors have determined that all shares of the Company that are quoted on ASX at 9:00am (WST) on Tuesday, 19 January 2016 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the shares at that time.

#### **Corporate representative**

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of Corporate Representative form is available upon request from the Company Secretary.

#### **Explanatory Memorandum**

The Explanatory Memorandum accompanying this Notice of Extraordinary General Meeting is incorporated in and comprises part of this Notice of Extraordinary General Meeting.

#### **By Order of the Board of Directors**



**Greg Barrett**

Company Secretary  
Beadell Resources Limited

16 December 2015

## Explanatory Memorandum

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This Explanatory Memorandum has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Extraordinary General Meeting.

The purpose of this Explanatory Memorandum is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of Extraordinary General Meeting.

### Resolution 1 – Employee Option Scheme (EOS)

#### Background

The Company's current EOS is more restrictive than the most recent ASIC Class Order CO 14/1000 (**CO 14/1000**). Unlike the Company's current EOS, CO 14/1000 allows contractors and casual employees to participate in employee incentive schemes and simplifies the calculation of the aggregate number of securities which may be issued by an entity under the Class Order.

Listing Rule 7.1 requires listed entities to obtain shareholder approval for any issue of securities in any 12-month period that amounts to more than 15% of the number of fully paid ordinary securities in the company on issue. Listing Rule 7.2 exception 9 exempts securities issued under an employee incentive scheme from the 15% annual limit under Listing Rule 7.1 where the scheme is approved by shareholders at a general meeting for a period of three years from the date of the passing of Resolution 1.

Accordingly, the Board is seeking Shareholder approval for its new EOS (**2015 EOS**) for the purposes of ASX Listing Rule 7.2, Exception 9(b) which will mean that the issue of Options under the 2015 EOS will be exempted from the 15% annual limit under Listing Rule 7.1.

The Company will continue to seek prior Shareholder approval in accordance with the Corporations Act and the Listing Rules prior to issuing any Options under the 2015 EOS to Directors or their associates.

Since the last approval of the current EOS on 19 May 2014 20,250,000 Options have been issued under the Company's current EOS.

#### *Overview of the 2015 EOS Rules and terms and conditions*

The main features of the 2015 EOS (and the terms and conditions of the 2015 EOS) are summarised as follows:

- Purpose of EOS:** The purpose of the EOS is to provide employees of the Company with an opportunity to acquire an ownership interest in Beadell.
- Eligible Participants:** The eligible participants under the EOS are full-time and part-time employees (including Directors) or any other Eligible Participant in accordance with ASIC Class Order 14/1000.
- Limits on Entitlements:** The maximum number of Options that may be offered under the EOS from time to time is limited to such number as will not breach applicable ASX Listing Rules, the Corporations Act or any other applicable legislation.
- Individual Limits:** The EOS does not set out a maximum number of Options that may be made issuable to any one person or company. However, the Directors may limit the total number of Options which may be exercised under the EOS in any one year.
- Consideration Payable:** Options will be issued free of charge to eligible employees. The exercise price of the Options shall be as the Directors, in their absolute discretion, determine, provided that it shall not be less than that amount which is equal to 90% of the average market price of the Shares in the 5 days in which sales in the Shares were recorded immediately preceding the day on which the Directors resolve to offer the Options.
- Term and Lapse:** All Options with a common expiry date shall have the same exercise price and right to participate in the issue of securities by the Company.
- Lapse:** Unless the Directors in their absolute discretion determine otherwise, Options shall lapse upon the earlier of:
  - the expiry of the exercise date;
  - the Option holder ceasing to be an Eligible Participant by reason of dismissal, resignation or termination of employment, office or services for any reason;
  - the expiry of 30 days after the Option holder ceases to be an Eligible Participant by reason of retirement; or
  - a determination by the Directors that the Option holder has acted fraudulently, dishonestly or in breach of his or her obligations to the Company or its associated body corporates.
- Entitlement:** Each Option entitles the Option holder to subscribe for and be issued with one Share.
- Takeover Bid or Change of Control:** Upon:
  - the service of a bidder's statement or like document on the Company;
  - a change of control of the Company; or

- c) the despatch of a notice of meeting to consider a scheme of arrangement pursuant to section 411 of the Corporations Act,

3 years may be issued in reliance of CO 14/1000).

(being a **Trigger Event**), the Directors may determine:

- d) that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the Option holder to participate in any change of control arising from a Trigger Event provided that the Directors will forthwith advise in writing each Option holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
- e) to use their reasonable endeavours to procure that an offer is made to Option holders on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event in which case the Directors shall determine an appropriate period during which an Option holder may elect to accept the offer and, if the Option holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.

10. **Alteration in Share Capital:** If there is a reconstruction of the issued share capital of the Company, all rights of the Option holders are to be changed in a manner consistent with the Listing Rules.

11. **No Participation Rights:** There are no participation rights inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

12. **Amendments to EOS:** The Board may at any time and from time to time by resolution alter the EOS. However, any amendment to the EOS is subject to any restrictions or procedural requirements relating to the amendment or the rules of an employee incentive scheme imposed by the Listing Rules or applicable securities laws.

The key differences between the 2015 EOS and the current EOS are as follows:

1. under the 2015 EOS Eligible Participants may include (if the Board determines) contractors or casual employees; and
2. under the 2015 EOS the aggregate number of Options which may be issued under the EOS is not capped by reference to a percentage of the Company's market capitalisation but is simply limited to such number as will not breach applicable ASX Listing Rules, the Corporations Act or any other applicable legislation (under CO 14/1000 Options up to an aggregate of 5% of the Company's issued capital over

### Directors' Recommendation

The Directors will not make a recommendation due to the Directors each having a material personal interest in the subject matter of Resolution 1.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1.

### Resolution 2 – Re-election of Dr Glen Masterman

Listing Rule 14.4 and clause 6.3(i) of the Constitution requires a Director who was appointed by the Directors, to retire from office at the next general meeting and stand for re-election at that meeting.

Accordingly, Dr Glen Masterman, who was appointed by the Directors as an executive director of the Company since the last Annual General Meeting, will retire and offer himself for re-election.

Further information on Dr Glen Masterman can be found in the ASX Announcement dated 10 November 2015.

### Directors' Recommendation

The Directors, other than Dr Glen Masterman, unanimously recommend that Shareholders vote **in favour** of Resolution 2.

### Resolution 3 – Re-election of Mr Brant Hinze

Listing Rule 14.4 and clause 6.3(i) of the Constitution requires a Director who was appointed by the Directors, to retire from office at the next general meeting and stand for re-election at that meeting.

Accordingly, Mr Brant Hinze, who was appointed by the Directors as a non-executive director of the Company since the last Annual General Meeting, will retire and offer himself for re-election.

Further information on Mr Brant Hinze can be found in the ASX Announcement dated 10 November 2015.

### Directors' Recommendation

The Directors, other than Mr Brant Hinze, unanimously recommend that Shareholders vote **in favour** of Resolution 3.

### Resolution 4 – Re-election of Mr Timo Jauristo

Listing Rule 14.4 and clause 6.3(i) of the Constitution requires a Director who was appointed by the Directors, to retire from office at the next general meeting and stand for re-election at that meeting.

Accordingly, Mr Timo Jauristo, who was appointed by the Directors as a non-executive director of the Company since the last Annual General Meeting, will retire and offer himself for re-election.

Further information on Mr Timo Jauristo can be found in the ASX Announcement dated 9 December 2015.

### **Directors' Recommendation**

The Directors, other than Mr Timo Jauristo, unanimously recommend that Shareholders vote in **favour** of Resolution 4.

### **Resolutions 5 to 9 – Approval of Issue of Options to Directors**

#### **Background**

The Board has reduced the aggregate cash remuneration to be received by Directors since the last Annual General Meeting by \$325,038 per annum (a 19% per annum reduction).

Given the reduction in cash remuneration, the Board believes that the grant of Options to the Directors in Resolutions 5 to 9 is reasonable and appropriate and constitutes an important component each Director's remuneration package.

The Board considers that the grant of the Options is a cost effective method of aligning the interests of Directors and shareholders whilst maintaining the Company's cash reserves.

#### **Resolution 5 – Approval of Issue of Options to Mr Craig Readhead**

Resolution 5 seeks the approval of Shareholders for the issue of 1,750,000 Options to Mr Craig Readhead or his nominee(s). The issue of Options is pursuant to the 2015 EOS hence Resolution 5 is subject to and conditional on the passing of Resolution 1.

The Board resolved on 18 November 2015 to (subject to Shareholder approval) issue unlisted Options to Directors and employees under the Company's EOS, including Mr Readhead.

As at the date the Board resolved to issue Options to Mr Readhead, (subject to shareholder approval) the 5 day VWAP of the Company's shares was \$0.15 per share.

These Options are intended to provide a long-term incentive and align Mr Readhead's interests with those of Shareholders, in seeking to maximize the value of the Company.

The Company has not granted any Options to Mr Readhead since 29 November 2010.

#### **Requirement for Shareholders' Approval**

As set out above, Listing Rule 10.14 requires the Company to seek shareholder approval before issuing Options to Directors under an incentive scheme such as Beadell's EOS.

Once approval is obtained pursuant to Listing Rule 10.14, Beadell is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to the requirement to

obtain shareholder approval under Listing Rule 10.11. Similarly, shareholder approval will not be required under Listing Rule 7.1 as Beadell is entitled to rely on the exception to Listing Rule 7.1 contained in Listing Rule 7.2 exception 9.

The issue of the Options to Mr Readhead, being a Director of the Company, also requires shareholders' approval for the purposes of Chapter 2E of the Corporations Act.

#### **Additional statutory and ASX Listing Rule disclosures**

##### *Corporations Act Chapter 2E approval*

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the proposed grant of Options to Mr Readhead:

- (b) Mr Readhead is a related party of the Company to whom approval of proposed Resolution 5 would permit financial benefits to be given;
- (c) the nature of the financial benefit to be given to Mr Readhead (or his nominee) is the granting of an aggregate of 1,750,000 Options for no issue price;
- (d) the Options are subject to the following terms and conditions:

1. 875,000 Options will vest immediately on the grant date, have an exercise price of \$0.20 each and will expire on 31 December 2018;
2. 875,000 Options will vest one year from the grant date, have an exercise price of \$0.25 each and will expire on 31 December 2019; and

other material terms of the Options (except those terms that relate to Eligible Participants and Limits on Entitlements) are contained in the section of the Explanatory Memorandum relating to Resolution 1;

- (e) as at 8 December 2015 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), the number of securities held in the Company notified to ASX by Mr Readhead was 945,000 Shares. Should Mr Readhead become entitled and exercise all of his Options the subject of Resolution 5, he would hold approximately 0.34% of the Shares in the Company and the shareholding of Shareholders would be diluted by 0.22% (based on the number of Shares on issue as at 8 December 2015);
- (f) if all of the Directors exercise their Options, which are the subject of Resolutions 5 to 9, the shareholding of existing Shareholders will be diluted by approximately 2.03% (based on the number of Shares on issue as at 8 December 2015);

- (g) Mr Readhead's current remuneration package, before taking into account the proposed grant of the Options is \$136,875;
- (h) the primary purpose of the grant of the Options to Mr Readhead is not to raise capital, but to form part of his remuneration package;
- (i) The Board believes that the grant of Options to Mr Readhead is reasonable and appropriate and constitutes an important component in his remuneration package. The Board considers that the grant of the Options is a cost effective method of providing an incentive for his ongoing commitment and contribution to the Company whilst maintaining the Company's cash reserves;
- (j) no funds will be raised from the issue of the Options. The amount that would be raised by the exercise of all Options by Mr Readhead is \$393,750. The funds raised (if any) from exercise of the Options will be used for general working capital purposes;
- (k) The Company has valued the Options to be granted to Mr Readhead using the Black Scholes Model using the following assumptions:

Variable	Expiring 31 December 2018	Expiring 31 December 2019
Share Price	\$0.14	\$0.14
Exercise Price	\$0.20	\$0.25
Risk free interest rate*	2.12%	2.19%
Volatility*	74.18%	69.35%
Time (years to expiry)	3 years	4 years

\*This input has been estimated based on the available information as at 8 December 2015 which is the last practicable date prior to the date of finalising this Explanatory Memorandum.

Based on the assumptions above it is considered that the estimated value of the Options to be granted to Mr Readhead is \$0.056 per Option expiring on 31 December 2018 and \$0.054 per Option expiring on 31 December 2019, with an aggregate estimated value of the Options to be issued to Mr Readhead of \$96,342;

- (l) the Directors are of the opinion that there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed; and
- (m) Mr Readhead must contribute his own money to the Company to fund the exercise price of the Options.

#### ASX Listing Rule 10.15

The Company provides the following information under Listing Rule 10.15:

Eligible Recipient	Mr Craig Readhead (or his nominee).
Number to be issued	1,750,000 Options
Vesting conditions, expiry and exercise price	a) 875,000 Options exercisable at \$0.20 each on or before 31 December 2018 vesting immediately; and b) 875,000 Options exercisable at \$0.25 each on or before 31 December 2019 vesting one year from grant date.
Option issue price	Nil.
Details of prior issues	Consistent with Listing Rule 10.15.4, no persons referred to in Listing Rule 10.14 have received securities under the current EOS since the issue of options under the terms of the current EOS was last approved on 19 May 2014.
Persons entitled to participate in EOS	The persons referred to in Listing Rule 10.14 who are entitled to participate in Beadell's 2015 EOS include a full or part time employee of the Company and its related bodies corporate, a Director and or a consultant of the Company, determined as eligible by the Board from time to time.  The Directors of the Company who are entitled to participate in the Beadell 2015 EOS are Mr Craig Readhead, Mr Simon Jackson, Dr Glen Masterman (subject to re-election), Mr Brant Hinze (subject to re-election) and Mr Timo Jauristo (subject to re-election).
Timing of issues	The issue of the Options is contingent upon this approval. The issue will be made as soon as possible following approval but in any event within 12 months from the date of the Extraordinary General Meeting.
Loans	There is no intention for the Company to grant a loan in relation to the Options or acquisition of shares under the Options.
Voting exclusion statement	A voting exclusion statement for Resolution 5 is included in the Notice of Extraordinary General Meeting.

#### Other Implications for the Company

##### Corporate Governance

The Board is aware that the Listing Rules set out best practice recommendations for ASX listed companies,

including a suggestion that non-executive Directors should not receive Options or bonus payments.

It is important to note that these guidelines are not prescriptions and do not require a "one size fits all" approach to corporate governance. In the Board's view, the guideline is inappropriate to the Company's circumstances, where the preservation of the Company's cash resources is paramount and the retention of high quality and well credentialed non-executive Directors is considered important to the ongoing operation of the Company's Tucano Gold Mine.

### **Directors' Recommendation**

For the reasons set out in more detail above, each of the Directors (excluding Mr Readhead who will not make a recommendation due to a material personal interest in the subject matter of the resolution) recommend that Shareholders vote in favour of Resolution 5.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 5.

### **Resolution 6 – Approval of Issue of Options to Mr Simon Jackson**

Resolution 6 seeks the approval of Shareholders for the issue of 6,000,000 Options to Mr Simon Jackson or his nominee(s). The issue of Options is pursuant to the 2015 EOS hence Resolution 6 is subject to and conditional on the passing of Resolution 1.

The Board resolved on 18 November 2015 to (subject to Shareholder approval) issue unlisted Options to Directors and employees under the Company's EOS, including Mr Jackson.

As at the date the Board resolved to issue Options to Mr Jackson (subject to shareholder approval) the 5 day VWAP of the Company's shares was \$0.15 per share.

These Options are intended to provide a long-term incentive and align Mr Jackson's interests with those of Shareholders, in seeking to maximize the value of the Company.

### **Requirement for Shareholders' Approval**

As set out above, Listing Rule 10.14 requires the Company to seek shareholder approval before issuing Options to Directors under an incentive scheme such as Beadell's EOS.

Once approval is obtained pursuant to Listing Rule 10.14, Beadell is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to the requirement to obtain shareholder approval under Listing Rule 10.11. Similarly, shareholder approval will not be required under Listing Rule 7.1 as Beadell is entitled to rely on the exception to Listing Rule 7.1 contained in Listing Rule 7.2 exception 9.

The issue of the Options to Mr Jackson, being a Director of the Company, also requires shareholders' approval for the purposes of Chapter 2E of the Corporations Act.

### **Additional statutory and ASX Listing Rule disclosures**

#### *Corporations Act Chapter 2E approval*

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the proposed grant of Options to Mr Jackson:

- (a) Mr Jackson is a related party of the Company to whom approval of proposed Resolution 6 would permit financial benefits to be given;
- (b) the nature of the financial benefit to be given to Mr Jackson (or his nominee) is the granting of an aggregate of 6,000,000 Options for no issue price;
- (c) the Options are subject to the following terms and conditions:
  1. 3,000,000 Options will vest immediately on the grant date, have an exercise price of \$0.20 each and will expire on 31 December 2018; and
  2. 3,000,000 Options will vest one year from the grant date, have an exercise price of \$0.25 each and will expire on 31 December 2019, and

other material terms of the Options (except those terms that relate to Eligible Participants and Limits on Entitlements) are contained in the section of the Explanatory Memorandum relating to Resolution 1;

- (d) as at 8 December 2015 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), Mr Jackson did not hold any shares of Beadell. Should Mr Jackson become entitled and exercise all of his Options the subject of Resolution 6, he would hold approximately 0.75% of the Shares in the Company and the shareholding of Shareholders would be diluted by 0.75% (based on the number of Shares on issue as at 8 December 2015);
- (e) if all of the Directors exercise their Options, which are the subject of Resolutions 5 to 9, the shareholding of existing Shareholders will be diluted by approximately 2.03% (based on the number of Shares on issue as at 8 December 2015);
- (f) Mr Jackson's current remuneration package, before taking into account the proposed grant of the Options is \$602,250;
- (g) the primary purpose of the grant of the Options to Mr Jackson is not to raise capital, but to form part of his remuneration package;

- (h) The Board believes that the grant of Options to Mr Jackson is reasonable and appropriate and constitutes an important component in his remuneration package. The Board considers that the grant of the Options is a cost effective method of providing an incentive for his ongoing commitment and contribution to the Company whilst maintaining the Company's cash reserves;
- (i) The Company has valued the Options to be granted to Mr Jackson using the Black Scholes Model. Based on the assumptions contained in paragraph (k) of the Explanatory Memorandum under Resolution 5 the estimated average value of the Options granted to Mr Jackson is considered to be \$0.056 per Option expiring on 31 December 2018 and \$0.054 per Option expiring on 31 December 2019, with an aggregate estimated value of the Options to be issued to Mr Jackson of \$330,315;
- (j) no funds will be raised from the issue of the Options. The amount that would be raised by the exercise of all Options by Mr Jackson is estimated at \$1,350,000. The funds raised (if any) from exercise of the Options will be used for general working capital purposes;
- (k) the Directors are of the opinion that there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed; and
- (l) Mr Jackson must contribute his own money to the Company to fund the exercise price of the Options.

*ASX Listing Rule 10.15*

The Company provides the following information under Listing Rule 10.15:

Eligible Recipient	Mr Simon Jackson (or his nominee).
Number to be issued	6,000,000 Options
Vesting conditions, expiry and exercise price	<p>a) 3,000,000 Options exercisable at \$0.20 each on or before 31 December 2018 vesting immediately; and</p> <p>b) 3,000,000 Options exercisable at \$0.25 each on or before 31 December 2019 vesting one year from grant date.</p>
Option issue price	Nil.
Details of prior issues	Consistent with Listing Rule 10.15.4, no persons referred to in Listing Rule 10.14 have received securities under the current EOS since the issue of Options under the terms of the current EOS was last approved on 19 May 2014.
Persons entitled to participate in	The persons referred to in Listing Rule 10.14 who are entitled to

EOS	<p>participate in Beadell's 2015 EOS include a full or part time employee of the Company and its related bodies corporate, a Director and or a consultant of the Company, determined as eligible by the Board from time to time.</p> <p>The Directors of the Company who are entitled to participate in the Beadell 2015 EOS are Mr Craig Readhead, Mr Simon Jackson, Dr Glen Masterman (subject to re-election), Mr Brant Hinze (subject to re-election) and Mr Timo Jauristo (subject to re-election).</p>
Timing of issues	The issue of the Options is contingent upon this approval. The issue will be made as soon as possible following approval but in any event within 12 months from the date of the Extraordinary General Meeting.
Loans	There is no intention for the Company to grant a loan in relation to the Options or acquisition of shares under the Options.
Voting Exclusion Statement	A voting exclusion statement for Resolution 6 is included in the Notice of Extraordinary General Meeting.

**Directors' Recommendation**

For the reasons set out in more detail above, each of the Directors (excluding Mr Jackson who will not make a recommendation due to a material personal interest in the subject matter of the resolution) recommend that Shareholders vote in favour of Resolution 6.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 6.

**Resolution 7 – Approval of Issue of Options to Dr Glen Masterman**

Resolution 7 seeks the approval of Shareholders for the issue of 5,000,000 Options to Dr Glen Masterman or his nominee(s). The issue of Options is pursuant to the 2015 EOS hence Resolution 7 is subject to and conditional on the passing of Resolution 1.

The Board resolved on 18 November 2015 to (subject to Shareholder approval) issue unlisted Options to Directors and employees under the Company's EOS, including Dr Masterman.

As at the date the Board resolved to issue Options to Dr Masterman (subject to shareholder approval) the 5 day VWAP of the Company's shares was \$0.15 per share.

These Options are intended to provide a long-term incentive and align Dr Masterman's interests with those of Shareholders, in seeking to maximize the value of the Company.

## Requirement for Shareholders' Approval

As set out above, Listing Rule 10.14 requires the Company to seek shareholder approval before issuing Options to Directors under an incentive scheme such as Beadell's EOS.

Once approval is obtained pursuant to Listing Rule 10.14, Beadell is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to the requirement to obtain shareholder approval under Listing Rule 10.11. Similarly, shareholder approval will not be required under Listing Rule 7.1 as Beadell is entitled to rely on the exception to Listing Rule 7.1 contained in Listing Rule 7.2 exception 9.

The issue of the Options to Dr Masterman, being a Director of the Company, also requires shareholders' approval for the purposes of Chapter 2E of the Corporations Act.

### **Additional statutory and ASX Listing Rule disclosures**

#### *Corporations Act Chapter 2E approval*

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the proposed grant of Options to Dr Masterman:

- (a) Dr Masterman is a related party of the Company to whom approval of proposed Resolution 7 would permit financial benefits to be given;
- (b) the nature of the financial benefit to be given to Dr Masterman (or his nominee) is the granting of an aggregate of 5,000,000 Options for no issue price;
- (c) the Options are subject to the following terms and conditions:
  1. 2,500,000 Options will vest immediately from the grant date, have an exercise price of \$0.20 each and will expire on 31 December 2018; and
  2. 2,500,000 Options will vest one year from the grant date, have an exercise price of \$0.25 each and will expire on 31 December 2019, and

other material terms of the Options (except those terms that relate to Eligible Participants and Limits on Entitlements) are contained in the section of the Explanatory Memorandum relating to Resolution 1;

- (d) as at 8 December 2015 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), Dr Masterman did not hold any shares on Beadell. Should Dr Masterman become entitled and exercise all of his Options the subject of Resolution 7, he would hold approximately 0.63% of the Shares in the Company and the shareholding of Shareholders would be diluted by 0.63% (based on the number of Shares on issue as at 8 December 2015);

- (e) if all of the Directors exercise their Options, which are the subject of Resolutions 5 to 9, the shareholding of existing Shareholders will be diluted by approximately 2.03% (based on the number of Shares on issue as at 8 December 2015);
- (f) Dr Masterman's current remuneration package, before taking into account the proposed grant of the Options is \$450,000;
- (g) the primary purpose of the grant of the Options to Dr Masterman is not to raise capital, but to form part of his remuneration package;
- (h) The Board believes that the grant of Options to Dr Masterman is reasonable and appropriate and constitutes an important component in his remuneration package. The Board considers that the grant of the Options is a cost effective method of providing an incentive for his ongoing commitment and contribution to the Company whilst maintaining the Company's cash reserves;
- (i) The Company has valued the Options to be granted to Dr Masterman using the Black Scholes Model. Based on the assumptions contained in paragraph (k) of the Explanatory Memorandum under Resolution 5 the estimated average value of the Options granted to Dr Masterman is considered to be \$0.056 per Option expiring on 31 December 2018 and \$0.054 per Option expiring on 31 December 2019, with an aggregate estimated value of the Options to be issued to Dr Masterman of \$275,262;
- (j) no funds will be raised from the issue of the Options. The amount that would be raised by the exercise of all Options by Dr Masterman is estimated at \$1,125,000. The funds raised (if any) from exercise of the Options will be used for general working capital purposes;
- (k) the Directors are of the opinion that there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed; and
- (l) Dr Masterman must contribute his own money to the Company to fund the exercise price of the Options.

#### *ASX Listing Rule 10.15*

The Company provides the following information under Listing Rule 10.15:

Eligible Recipient	Dr Glen Masterman (or his nominee).
Number to be issued	5,000,000 Options
Vesting conditions, expiry and exercise price	<ol style="list-style-type: none"> <li>a) 2,500,000 Options exercisable at \$0.20 each on or before 31 December 2018 vesting immediately; and</li> <li>b) 2,500,000 Options exercisable</li> </ol>

at \$0.25 each on or before 31 December 2019 vesting one year from grant date.

Option price	issue	Nil.
Details of prior issues	Consistent with Listing Rule 10.15.4, no persons referred to in Listing Rule 10.14 have received securities under the current EOS since the issue of Options under the terms of the current EOS was last approved on 19 May 2014.	
Persons entitled to participate in EOS	<p>The persons referred to in Listing Rule 10.14 whom are entitled to participate in Beadell's 2015 EOS include a full or part time employee of the Company and its related bodies corporate, a Director and or a consultant of the Company, determined as eligible by the Board from time to time.</p> <p>The Directors of the Company who are entitled to participate in the Beadell 2015 EOS are Mr Craig Readhead, Mr Simon Jackson, Dr Glen Masterman (subject to re-election), Mr Brant Hinze (subject to re-election) and Mr Timo Jauristo (subject to re-election).</p>	
Timing of issues	The issue of Options is contingent upon this approval. The issue will be made as soon as possible following approval but in any event within 12 months from the date of the Extraordinary General Meeting.	
Loans	There is no intention for the Company to grant a loan in relation to the Options or acquisition of Shares under the Options.	
Voting Exclusion Statement	A voting exclusion statement for Resolution 7 is included in the Notice of Extraordinary General Meeting.	

### Directors' Recommendation

For the reasons set out in more detail above, each of the Directors (excluding Dr Masterman who will not make a recommendation due to a material personal interest in the subject matter of the resolution) recommend that Shareholders vote in favour of Resolution 7.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 7.

### Resolution 8 – Approval of Issue of Options to Mr Brant Hinze

Resolution 8 seeks the approval of Shareholders for the issue of 1,750,000 Options to Mr Brant Hinze or his nominee(s). The issue of Options is pursuant to the 2015 EOS hence Resolution 8 is subject to and conditional on the passing of Resolution 1.

The Board resolved on 18 November 2015 to (subject to Shareholder approval) issue unlisted Options to Directors and employees under the Company's EOS, including Mr Hinze.

As at the date the Board resolved to issue Options to Mr Hinze (subject to shareholder approval) the 5 day VWAP of the Company's shares was \$0.15 per share.

These Options are intended to provide a long-term incentive and align Mr Hinze's interests with those of Shareholders, in seeking to maximize the value of the Company.

### Requirement for Shareholders' Approval

As set out above, Listing Rule 10.14 requires the Company to seek shareholder approval before issuing options to Directors under an incentive scheme such as Beadell's EOS.

Once approval is obtained pursuant to Listing Rule 10.14, Beadell is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to the requirement to obtain shareholder approval under Listing Rule 10.11. Similarly, shareholder approval will not be required under Listing Rule 7.1 as Beadell is entitled to rely on the exception to Listing Rule 7.1 contained in Listing Rule 7.2 exception 9.

The issue of the Options to Mr Hinze, being a Director of the Company, also requires shareholders' approval for the purposes of Chapter 2E of the Corporations Act.

### Additional statutory and ASX Listing Rule disclosures

#### Corporations Act Chapter 2E approval

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the proposed grant of Options to Mr Hinze:

- (a) Mr Hinze is a related party of the Company to whom approval of proposed Resolution 8 would permit financial benefits to be given;
- (b) the nature of the financial benefit to be given to Mr Hinze (or his nominee) is the granting of an aggregate of 1,750,000 Options for no issue price;
- (c) the Options are subject to the following terms and conditions:
  1. 875,000 Options will vest immediately after the meeting, have an exercise price of \$0.20 each and will expire on 31 December 2018; and
  2. 875,000 Options will vest one year after the grant date after the meeting, have an exercise price of \$0.25 each and will expire on 31 December 2019, and

other material terms of the Options (except those terms that relate to Eligible Participants and Limits on Entitlements) are contained in the section of the Explanatory Memorandum relating to Resolution 1;

- (d) as at 8 December 2015 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), Mr Hinze did not hold any shares on Beadell. Should Mr Hinze become entitled and exercise all of his Options the subject of Resolution 8, he would hold approximately 0.22% of the Shares in the Company and the shareholding of Shareholders would be diluted by 0.22% (based on the number of Shares on issue as at 8 December 2015);
- (e) if all of the Directors exercise their Options, which are the subject of Resolutions 5 to 9, the shareholding of existing Shareholders will be diluted by approximately 2.03% (based on the number of Shares on issue as at 8 December 2015);
- (f) Mr Hinze's current remuneration package, before taking into account the proposed grant of the Options is \$100,000;
- (g) the primary purpose of the grant of the Options to Mr Hinze is not to raise capital, but to form part of his remuneration package;
- (h) The Board believes that the grant of Options to Mr Hinze is reasonable and appropriate and constitutes an important component in his remuneration package. The Board considers that the grant of the Options is a cost effective method of providing an incentive for his ongoing commitment and contribution to the Company whilst maintaining the Company's cash reserves;
- (i) The Company has valued the Options to be granted to Mr Hinze using the Black Scholes Model. Based on the assumptions contained in paragraph (k) of the Explanatory Memorandum under Resolution 5 the estimated average value of the Options granted to Mr Hinze is considered to be \$0.056 per Option expiring on 31 December 2018 and \$0.054 per Option expiring on 31 December 2019, with an aggregate estimated value of the Options to be issued to Mr Hinze of \$96,342;
- (j) no funds will be raised from the issue of the Options. The amount that would be raised by the exercise of all Options by Mr Hinze is estimated at \$393,750. The funds raised (if any) from exercise of the Options will be used for general working capital purposes;
- (k) the Directors are of the opinion that there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed; and
- (l) Mr Hinze must contribute his own money to the Company to fund the exercise price of the Options.

#### ASX Listing Rule 10.15

The Company provides the following information under Listing Rule 10.15:

Eligible Recipient	Mr Brant Hinze (or his nominee).
Number to be issued	1,750,000 Options
Vesting conditions, expiry and exercise price	a) 875,000 Options exercisable at \$0.20 each on or before 31 December 2018 vesting immediately; and b) 875,000 Options exercisable at \$0.25 each on or before 31 December 2019 vesting one year from grant date.
Option issue price	Nil.
Details of prior issues	Consistent with Listing Rule 10.15.4, no persons referred to in Listing Rule 10.14 have received securities under the current EOS since the issue of Options under the terms of the current EOS was last approved on 19 May 2014.
Persons entitled to participate in EOS	The persons referred to in Listing Rule 10.14 whom are entitled to participate in Beadell's 2015 EOS include a full or part time employee of the Company and its related bodies corporate, a Director and or a consultant of the Company, determined as eligible by the Board from time to time.
Timing of issues	The Directors of the Company who are entitled to participate in the Beadell 2015 EOS are Mr Craig Readhead, Mr Simon Jackson, Dr Glen Masterman (subject to re-election), Mr Brant Hinze (subject to re-election) and Mr Timo Jauristo (subject to re-election).
Loans	The issue of Options is contingent upon this approval. The issue will be made as soon as possible following approval but in any event within 12 months from the date of the Extraordinary General Meeting.
Voting Exclusion Statement	There is no intention for the Company to grant a loan in relation to the Options or acquisition of Shares under the Options.
Voting Exclusion Statement	A voting exclusion statement for Resolution 8 is included in the Notice of Extraordinary General Meeting.

## Other Implications for the Company

### Corporate Governance

The Board is aware that the Listing Rules set out best practice recommendations for ASX listed companies, including a suggestion that non-executive Directors should not receive Options or bonus payments.

It is important to note that these guidelines are not prescriptions and do not require a "one size fits all" approach to corporate governance. In the Board's view, the guideline is inappropriate to the Company's circumstances, where the preservation of the Company's cash resources is paramount and the retention of high quality and well credentialed non-executive Directors is considered important to the ongoing operation of the Company's Tucano Gold Mine.

### Directors' Recommendation

For the reasons set out in more detail above, each of the Directors (excluding Mr Hinze who will not make a recommendation due to a material personal interest in the subject matter of the resolution) recommend that Shareholders vote in favour of Resolution 8.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 8.

### Resolution 9 – Approval of Issue of Options to Mr Timo Jauristo

Resolution 9 seeks the approval of Shareholders for the issue of 1,750,000 Options to Mr Timo Jauristo or his nominee(s). The issue of Options is pursuant to the 2015 EOS hence Resolution 9 is subject to and conditional on the passing of Resolution 1.

The Board resolved on 8 December 2015 to (subject to Shareholder approval) issue unlisted Options to Mr Jauristo under the Company's EOS.

As at the date the Board resolved to issue Options to Mr Jauristo (subject to shareholder approval) the 5 day VWAP of the Company's shares was \$0.14 per share.

These Options are intended to provide a long-term incentive and align Mr Jauristo's interests with those of Shareholders, in seeking to maximize the value of the Company.

### Requirement for Shareholders' Approval

As set out above, Listing Rule 10.14 requires the Company to seek shareholder approval before issuing Options to Directors under an incentive scheme such as Beadell's EOS.

Once approval is obtained pursuant to Listing Rule 10.14, Beadell is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to the requirement to obtain shareholder approval under Listing Rule 10.11. Similarly, shareholder approval will not be required under Listing Rule 7.1 as Beadell is entitled to rely on the exception to Listing Rule 7.1 contained in Listing Rule 7.2 exception 9.

The issue of the Options to Mr Jauristo, being a Director of the Company, also requires shareholders' approval for the purposes of Chapter 2E of the Corporations Act.

### Additional statutory and ASX Listing Rule disclosures

#### Corporations Act Chapter 2E approval

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the proposed grant of Options to Mr Jauristo:

- (a) Mr Jauristo is a related party of the Company to whom approval of proposed Resolution 9 would permit financial benefits to be given;
- (b) the nature of the financial benefit to be given to Mr Jauristo (or his nominee) is the granting of an aggregate of 1,750,000 Options for no issue price;
- (c) the Options are subject to the following terms and conditions:
  3. 875,000 Options will vest immediately after the meeting, have an exercise price of \$0.20 each and will expire on 31 December 2018; and
  4. 875,000 Options will vest one year after the grant date after the meeting, have an exercise price of \$0.25 each and will expire on 31 December 2019, and

other material terms of the Options (except those terms that relate to Eligible Participants and Limits on Entitlements) are contained in the section of the Explanatory Memorandum relating to Resolution 1;

- (d) as at 8 December 2015 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), Mr Jauristo did not hold any shares on Beadell. Should Mr Jauristo become entitled and exercise all of his Options the subject of Resolution 9, he would hold approximately 0.22% of the Shares in the Company and the shareholding of Shareholders would be diluted by 0.22% (based on the number of Shares on issue as at 8 December 2015);
- (e) if all of the Directors exercise their Options, which are the subject of Resolutions 5 to 9, the shareholding of existing Shareholders will be diluted by approximately 2.03% (based on the number of Shares on issue as at 8 December 2015);
- (f) Mr Jauristo's current remuneration package, before taking into account the proposed grant of the Options is \$100,000;
- (g) the primary purpose of the grant of the Options to Mr Jauristo is not to raise capital, but to form part of his remuneration package;

- (h) The Board believes that the grant of Options to Mr Jauristo is reasonable and appropriate and constitutes an important component in his remuneration package. The Board considers that the grant of the Options is a cost effective method of providing an incentive for his ongoing commitment and contribution to the Company whilst maintaining the Company's cash reserves;
- (i) The Company has valued the Options to be granted to Mr Jauristo using the Black Scholes Model. Based on the assumptions contained in paragraph (k) of the Explanatory Memorandum under Resolution 5 the estimated average value of the Options granted to Mr Jauristo is considered to be \$0.056 per Option expiring on 31 December 2018 and \$0.054 per Option expiring on 31 December 2019, with an aggregate estimated value of the Options to be issued to Mr Jauristo of \$96,342;
- (j) no funds will be raised from the issue of the Options. The amount that would be raised by the exercise of all Options by Mr Jauristo is estimated at \$393,750. The funds raised (if any) from exercise of the Options will be used for general working capital purposes;
- (k) the Directors are of the opinion that there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed; and
- (l) Mr Jauristo must contribute his own money to the Company to fund the exercise price of the Options.

#### ASX Listing Rule 10.15

The Company provides the following information under Listing Rule 10.15:

Eligible Recipient	Mr Timo Jauristo (or his nominee).
Number to be issued	1,750,000 Options
Vesting conditions, expiry and exercise price	<p>c) 875,000 Options exercisable at \$0.20 each on or before 31 December 2018 vesting immediately; and</p> <p>d) 875,000 Options exercisable at \$0.25 each on or before 31 December 2019 vesting one year from grant date.</p>
Option issue price	Nil.
Details of prior issues	Consistent with Listing Rule 10.15.4, no persons referred to in Listing Rule 10.14 have received securities under the current EOS since the issue of Options under the terms of the current EOS was last approved on

19 May 2014.

Persons entitled to participate in EOS  
The persons referred to in Listing Rule 10.14 whom are entitled to participate in Beadell's 2015 EOS include a full or part time employee of the Company and its related bodies corporate, a Director and or a consultant of the Company, determined as eligible by the Board from time to time.

The Directors of the Company who are entitled to participate in the Beadell 2015 EOS are Mr Craig Readhead, Mr Simon Jackson, Dr Glen Masterman (subject to re-election), Mr Brant Hinze (subject to re-election) and Mr Timo Jauristo (subject to re-election).

Timing of issues  
The issue of Options is contingent upon this approval. The issue will be made as soon as possible following approval but in any event within 12 months from the date of the Extraordinary General Meeting.

Loans  
There is no intention for the Company to grant a loan in relation to the Options or acquisition of Shares under the Options.

Voting Exclusion Statement  
A voting exclusion statement for Resolution 9 is included in the Notice of Extraordinary General Meeting.

#### Other Implications for the Company

##### Corporate Governance

The Board is aware that the Listing Rules set out best practice recommendations for ASX listed companies, including a suggestion that non-executive Directors should not receive Options or bonus payments.

It is important to note that these guidelines are not prescriptions and do not require a "one size fits all" approach to corporate governance. In the Board's view, the guideline is inappropriate to the Company's circumstances, where the preservation of the Company's cash resources is paramount and the retention of high quality and well credentialed non-executive Directors is considered important to the ongoing operation of the Company's Tucano Gold Mine.

##### Directors' Recommendation

For the reasons set out in more detail above, each of the Directors (excluding Mr Jauristo who will not make a recommendation due to a material personal interest in the subject matter of the resolution) recommend that Shareholders vote in favour of Resolution 9.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 9.

## GLOSSARY

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The following terms and abbreviations used in this Notice of Extraordinary General Meeting and accompanying Explanatory Memorandum have the following meaning:

**2015 EOS** means the EOS the subject of Resolution 1.

**Associate:** Has the meaning given to that term in sections 11 to 17 of the Corporations Act.

**ASIC:** Australian Securities and Investments Commission.

**ASX:** ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX.

**Board:** The board of directors of the Company.

**Chairman** means the chairman of the Company.

**Closely Related Party** of a member of Key Management Personnel means:

- a) a spouse or child of the member;
- b) a child of the member's spouse;
- c) a dependent of the member or the member's spouse;
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- e) an entity the member controls; or
- f) a person prescribed by the Corporations Regulations 2001 (Cth).

**CO 14/1000** means ASIC Class Order Co 14/1000.

**Company** or **Beadell:** Beadell Resources Limited ABN 50 125 222 291.

**Company Secretary:** company secretary of the Company.

**Constitution:** The constitution of the Company.

**Corporations Act:** *Corporations Act 2001 (Cth)*.

**Director:** A member of the Board.

**Eligible Participant** has the meaning given to that term in CO 14/1000.

**EOS:** Beadell Employee Option Scheme with the terms as set out in the Explanatory Memorandum.

**Explanatory Memorandum** means the Explanatory Memorandum accompanying the Notice of Extraordinary General Meeting.

**Key Management Personnel:** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (executive or otherwise) of the Company.

**Listing Rules:** the listing rules of the ASX.

**Meeting** or **Extraordinary General Meeting:** The meeting convened by the Notice.

**Notice** or **Notice of Extraordinary General Meeting:** The notice convening the Extraordinary General Meeting which accompanies this Explanatory Memorandum.

**Option:** An option to acquire a Share, which is the subject of Resolutions 1, 5, 6, 7, 8 and 9.

**Resolution:** A resolution included in the Notice.

**Shareholders:** Holders of Shares.

**Shares:** Fully paid ordinary shares in the capital of the Company.

**WST:** Western Standard Time, being the time in Perth, Western Australia.



— 000001 000 BDR  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:

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## Proxy Form

XX

 <b>Vote online</b> <ul style="list-style-type: none"><li>• Go to <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> or scan the QR Code with your mobile device.</li><li>• Follow the instructions on the secure website to vote.</li></ul>	
<b>Your access information that you will need to vote:</b> <b>Control Number: 999999</b> <b>SRN/HIN: I9999999999 PIN: 99999</b> PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.	

 **For your vote to be effective it must be received by 9:00am (WST) Tuesday, 19 January 2016**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Beadell Resources Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Beadell Resources Limited to be held at the Boardroom of Beadell Resources Limited's Registered and Corporate Office at Level 2, 16 Ord Street, West Perth, Western Australia 6005 on Thursday, 21 January 2016 at 9:00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1, 5, 6, 7, 8 & 9** (except where I/we have indicated a different voting intention below) even though **Items 1, 5, 6, 7, 8 & 9** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1, 5, 6, 7, 8 & 9** by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
1. Employee Option Scheme (EOS)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Dr Glen Masterman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Mr Brant Hinze	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-election of Mr Timo Jauristo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of Issue of Options to Mr Craig Readhead or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of Issue of Options to Mr Simon Jackson or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Approval of Issue of Options to Dr Glen Masterman or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Approval of Issue of Options to Mr Brant Hinze or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Approval of Issue of Options to Mr Timo Jauristo or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /