

# Quarterly Report for Shareholders Period Ending 31 December 2014



## HIGHLIGHTS

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### OPERATIONS

- **Gold Sales and Production** – Gold sales for the quarter were **54,892 ounces** with production of **59,180 ounces** of gold.
- **Costs** – Cash costs for the quarter (including royalties and iron ore credits) were **US\$593 per ounce**. All-in Sustaining Costs (“AISC”)\* for the quarter were **US\$638 per ounce**.
- **Open Pit Mining** – Total material mined for the fourth quarter was 38% above the previous quarter. Within this, waste mined was 12% higher quarter on quarter and gold ore mined was 158% higher quarter on quarter.
- **Milling** – Record quarterly CIL plant throughput of **1,185,343 tonnes** (4.7 million tonnes per annum rate), a 5% improvement over the previous quarter. The fourth quarter mill feed grade was 1.70 g/t, a 64% improvement over the previous quarter.

### RESOURCE AND RESERVE DEVELOPMENT

- **Duckhead Main Lode** – Drilling intersected wide zones of extremely high grade gold mineralisation extending outside of the current open pit limits with results up to **28 m @ 266.8 g/t gold** including **5 m @ 1,467.3 g/t** and including **1 m @ 6,844.6 g/t**.
- **Duckhead Main Lode** – Potential open pit cutback at Duckhead Main Lode is being assessed and will be completed in the 2015 dry season to liberate an additional **35-45,000 ounces of gold**.
- **Duckhead Mine Corridor** – Systematic aircore drilling has identified a significant new gold anomaly named Goosebumps located 500 m east of the Duckhead open pit. Auger results up to **1.4 g/t gold** bottom of hole and up to **13.5 g/t gold** in re-sampling of a nearby iron ore diamond hole.
- **Tucano Mine Corridor Oxide Targets** – Several shallow oxide open pit targets were drilled, returning highly encouraging results at the Gap (**24 m @ 5.7 g/t gold**), Tap C3 North (**26 m @ 2.6 g/t gold**), Tap D1 (**19 m @ 3.8 g/t gold**) and a new Urucum Lode (**9 m @ 9.3 g/t gold**).
- **Urucum Underground** – An approximate 10,000 m pre-feasibility resource delineation drilling program has commenced with the first hole intersecting **11.9 m @ 7.3 g/t gold** including **4.6 m @ 19.1 g/t gold**.

### CORPORATE

- **Gold Sales** – Gold sales totalled 54,892 ounces at an average cash price received of US\$1,200 per ounce.
- **Cash and Bullion** – Cash and bullion as at 31 December 2014 totalled **\$73 million** (bullion valued at US\$0.82 and US\$1208 per ounce).
- **MACA Partnership Commences** – The Mining Partnership Agreement with MACA Limited commenced effective from 1 November 2014, resulting in a total of ~\$40 million being received (which includes US\$14.5 million for the machinery lease facility held by Beadell but in the process of either being assigned to MACA or paid out).
- **Guidance** – Gold sales guidance for **CY2015 of 170,000 – 190,000 ounces** with AISC between **US\$810 – US\$890** per ounce. Non-sustaining capital expenditure of **US\$12 million** and exploration expenditure of **US\$10 – US\$12 million** are budgeted. This guidance excludes any high grade ore which may come into production in the second half of 2015 from the Duckhead deposit.

**Peter Bowler**  
**Managing Director**  
**23 January 2015**

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

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## OPERATIONS

### TUCANO GOLD MINE (100%)

Production Summary	Unit	Dec 2014 Quarter	Sep 2014 Quarter	CY2014
Total Waste Moved	tonnes	3,359,383	3,003,215	10,559,034
Marginal Ore Moved	tonnes	130,901	73,379	318,820
Iron Ore Moved	tonnes	589,633	461,665	2,007,439
Gold Ore Mined	tonnes	1,347,286	415,017	2,355,755
Gold Ore Milled	tonnes	1,185,343	1,125,304	4,288,265
Head Grade	g/t	1.70	1.04	1.24
Plant Recovery	%	91%	90%	90%
<b>Total Gold Recovered</b>	<b>ounces</b>	<b>59,180</b>	<b>33,793</b>	<b>153,691</b>
<b>Total Gold Sold</b>	<b>ounces</b>	<b>54,892</b>	<b>41,657</b>	<b>165,789</b>

Cash Costs and All-In Sustaining Costs	Unit	Dec 2014 Quarter	Sep 2014 Quarter	CY2014
On-Site Production Costs	US\$/ounce	571	877	730
On-Site G&A Costs	US\$/ounce	29	70	54
Royalties	US\$/ounce	19	26	21
By-Product Credits	US\$/ounce	-26	-17	-20
<b>Cash Costs</b>	<b>US\$/ounce</b>	<b>593</b>	<b>956</b>	<b>785</b>
On-Site Corporate Costs	US\$/ounce	20	33	24
Exploration Costs (Sustaining)	US\$/ounce	7	29	25
Capitalised Stripping Costs (Sustaining)	US\$/ounce	0	101	66
Capital Expenditure (Sustaining)	US\$/ounce	18	31	22
<b>All-In Sustaining Costs</b>	<b>US\$/ounce</b>	<b>638</b>	<b>1,150</b>	<b>922</b>

Note: AISC has been calculated in accordance with the World Gold Council's Guidance Note on Non-GAAP metrics released 27 June 2013 and in accordance with this Guidance Note, gold ounces sold are used as the denominator in the cost per ounce calculations. Production costs are inclusive of the effects of ore stockpile and GIC inventory movements.

### Production

Gold recovered in the December quarter totalled **59,180 ounces** at the Tucano CIL gold plant in Brazil, reflecting the **record CIL gold plant throughput**.

During the quarter, the CIL plant throughput was a record 1,185,343 tonnes of predominantly oxide ore, which equates to 4.7 million tonnes on an annualised rate. The mill feed grade for the quarter was at 1.70 g/t, 64% higher than the September quarter due to the high grade Duckhead feed. Process plant recovery for the period was 91% with process plant total operational costs for the quarter 5% below budget.

### Mining

Total material movement for the quarter was 6,365,665 tonnes, 23% above the previous quarter.

For the December quarter, 4,706,669 tonnes of ore and waste were mined and moved, an improvement over the September quarter of 38%, including 1,347,286 tonnes of ore mined at a grade of 1.46 g/t gold.

Whilst the very high grade ore from the Duckhead pit assisted in improving the feed grade, this source only accounted for 13% of the ore mined. The ore mined was mostly sourced from the larger unconstrained Urucum and TAP AB open pits, accounting for 72% of the total ore mined in the December quarter.

The 38% quarter on quarter improvement in ore and waste mined is due to a number of factors. The mine sequencing allowed more of the primary mining fleet to be relocated to the larger unconstrained Urucum and TAP AB open pits accounting for 54% of the total volume mined. The mining fleet refurbishment work, which started in July 2014, and the MACA Partnership Agreement, which commenced on 1 November 2014, has resulted in improved equipment

availability and utilisation. The upgrading of the primary haulage roads and in-pit ramps was mostly completed during the December quarter.

Gold ore stockpiles at the end of December totalled 5.2 million tonnes @ 0.78 g/t gold for 129,000 ounces plus marginal stockpiles of 1.3 million tonnes @ 0.45 g/t gold for 19,000 ounces. Total stockpiles, including marginal stockpiles, totalled 6.5 million tonnes @ 0.71 g/t gold for 148,000 ounces.

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## RESOURCE AND RESERVE DEVELOPMENT

### BRAZIL

In the December quarter, drill production rates at Tucano were accelerated with four drill rigs operating on double shift. At total of 33,204 m of drilling was completed, comprising 28,770 m of grade control RC drilling and 4,434 m of exploration / resource delineation drilling.

The increased drilling rate has led to immediate success at Duckhead with significant mineralisation extending below the open pit limits with results of up to **28 m @ 266.8 g/t gold**, including **1 m @ 6,844.6 g/t**.

Several shallow oxide open pit targets were drilled, returning highly encouraging results of up to **24 m @ 5.7 g/t gold** (Gap), **26 m @ 2.6 g/t gold** (Tap C3 North), **19 m @ 3.8 g/t gold** (Tap D1) and **9 m @ 9.3 g/t gold** (new Urucum Lode).

At Urucum underground, a major diamond drilling program has commenced with the first hole intersecting **11.9 m @ 7.3 g/t gold, including 4.6 m @ 19.1 g/t gold**.

An aggressive **US\$10 – US\$12 million** exploration and drilling campaign will be maintained going into 2015 with two additional rigs currently being mobilised.

### Duckhead Project (100%)

Drill results from the Duckhead Main Lode intersected wide zones of extremely high grade gold mineralisation extending outside of the current open pit limits (Figure 1) with results including;

- **FVM508: 14 m @ 25.9 g/t gold, including 1 m @ 294.5 g/t**
- **FVM510: 23 m @ 36.9 g/t gold, including 4 m @ 197.6 g/t**
- **FVM511: 16 m @ 57.7 g/t gold, including 7 m @ 126.9 g/t and including 1 m @ 672.0 g/t**
- **FVM514: 28 m @ 266.8 g/t gold, including 5 m @ 1,467.3 g/t and including 1 m @ 6,844.6 g/t**
- **FVM515: 53 m @ 47.4 g/t gold including, 4 m @ 508.4 g/t and including 1 m @ 1,218.5 g/t**

Further drilling will be completed on the Main Lode shortly prior to detailed optimisation and design of a potential cutback to the current open pit. A cut back on the Main Lode will only be undertaken in the 2015 dry season (July to December).

Mining of the Hangingwall Lode open pit will continue until the end of January and then likely recommence in the 2015 dry season once the Main Lode cutback is finalised in conjunction with the adjoining Hangingwall open pit.

Preliminary analysis of a modest cutback based on the existing results from the Main Lode suggests in the order of 3-4 million tonnes of mostly iron ore waste removal to liberate 35-45,000 ounces of gold.

Systematic auger drilling along the 6 km Duckhead Mine Corridor has identified a significant new gold anomaly named Goosebumps located 500 m east of the

Duckhead open pit (Figure 2). Auger results up to **1.4 g/t gold** bottom of hole and up to **13.5 g/t gold** in re-sampling of a nearby iron ore diamond

hole highlight the potential for a new, near surface high grade Duckhead style lode.

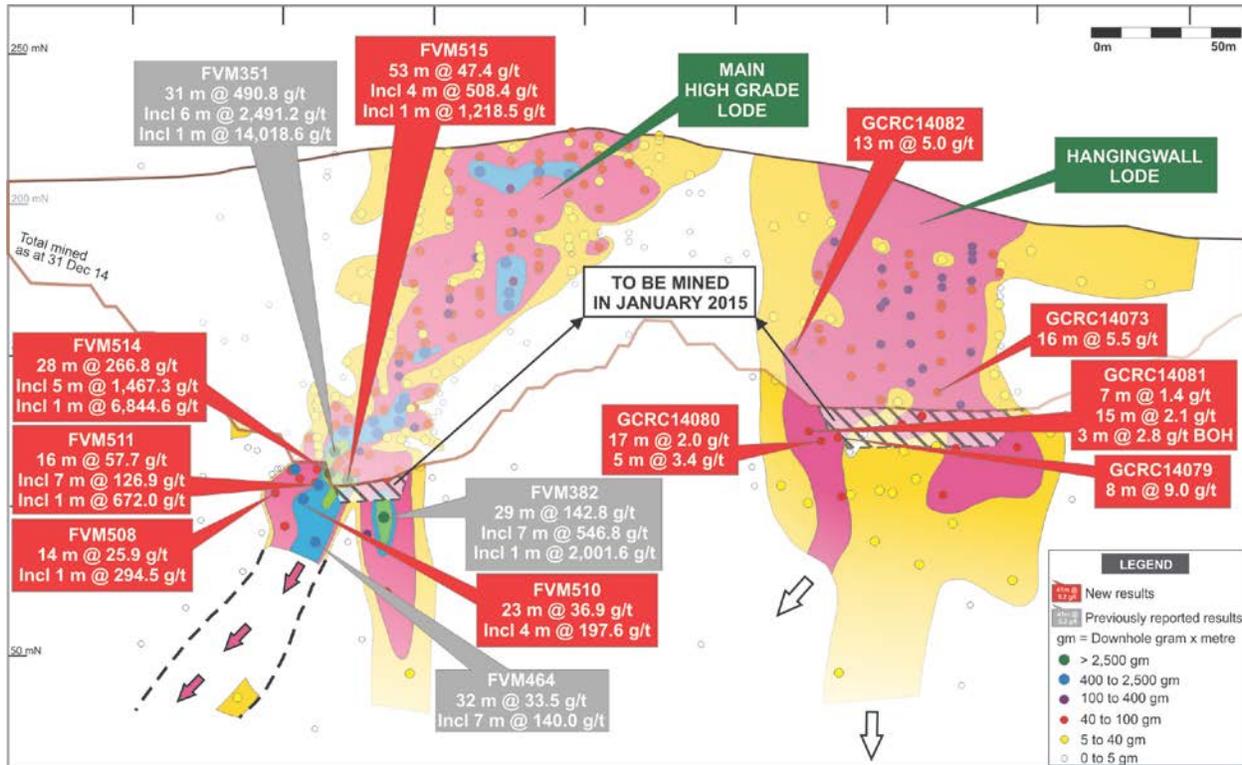


Figure 1. Duckhead Main Lode longsection showing location of new drill results

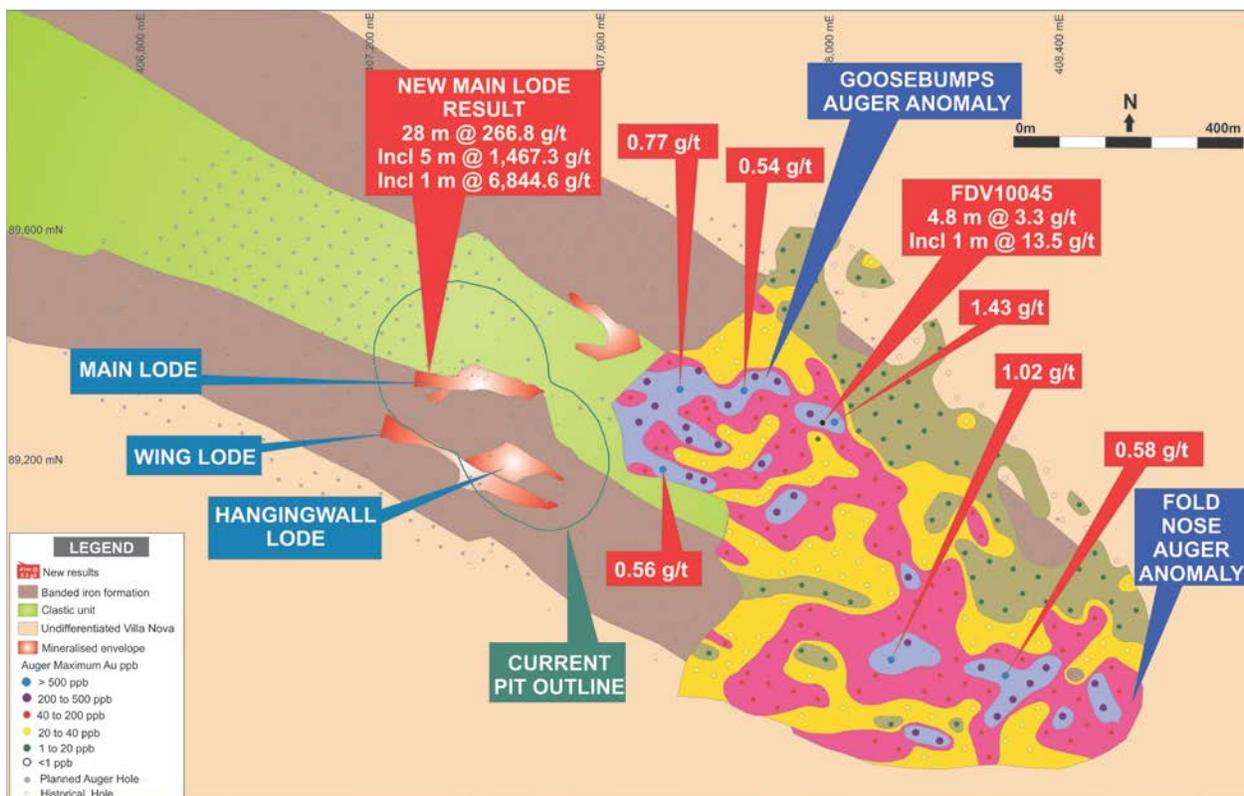


Figure 2. Duckhead plan showing location of new auger and drilling results

## Tucano Mine Corridor Oxide Open Pit Targets

New zones of high grade open pitable oxide gold mineralisation continue to be defined at several near mine targets with ongoing drilling along the 7 km Tucano Mine Corridor (Figure 3).

Shallow RC drilling along the 1 km “Gap” from the southern end of the 2.8 million ounces Urucum deposit to the northern end of the Tap C3 open pit, has intersected continuous zones of oxide gold mineralisation with results of up to **24 m @ 5.7 g/t gold and 26 m @ 2.6 g/t gold**.

A new lode was discovered at Urucum within the reserve open pit limits. Recent drilling has defined a previously unrecognised flat to gently west dipping mineralised BIF immediately beneath a mineralised colluvium blanket in the western edge of the pit. Approximate true width results of up to **9 m @ 9.3 g/t gold, 10 m @ 4.5 g/t gold, 10 m @ 5.9 g/t gold and 15 m @ 2.6 g/t gold** have been received from the recent drilling.

At Tap D1, infill drilling has delineated a significant moderately northeast dipping lode beneath a shallow historical open pit with better results, including **9 m @ 6.2 g/t gold, 7 m @ 4.0 g/t gold and 19 m @ 3.8 g/t gold**.

The Tucano open pit oxide targets highlight the potential of the 7 km Tucano mine corridor to continue to produce additional discoveries with ongoing drilling. In most cases these targets are extremely close to existing infrastructure and current open pits and are being quickly developed adding incremental “non-reserve” mine production ore sources.

Drilling rates were escalated in the December quarter in preparation for annual resource and reserve updates which are being completed currently. The updated resource and reserve will capture the new mineralisation discovered along the Tucano Mine Corridor.

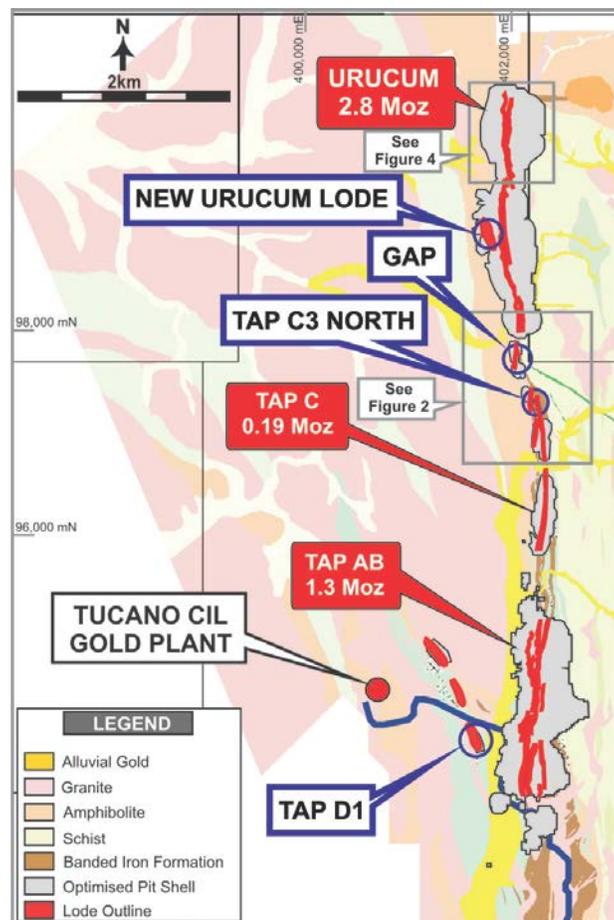


Figure 3. Tucano Mine Corridor showing location of Gap, Tap C3 North, Tap D1 and Urucum

## Urucum Underground

The Urucum Underground Pre-Feasibility drilling program commenced late in the quarter and has been expanded to approximately 10,000 m of drilling.

Additional diamond and RC drill rigs are mobilising to site to expedite the program and, in conjunction with the prefeasibility works, is targeted for completion of the studies by the second quarter of 2015.

Results from the first 2 diamond holes were very encouraging with FD1383 recording **11.9 m @ 7.3 g/t gold** including **4.6 m @ 19.1 g/t gold**. This highlights the high grade nature of the Urucum lodes beneath the open pit (Figure 4). A second result of **4.8 m @ 3.5 g/t gold** from 252 m was intersected in FD1384.

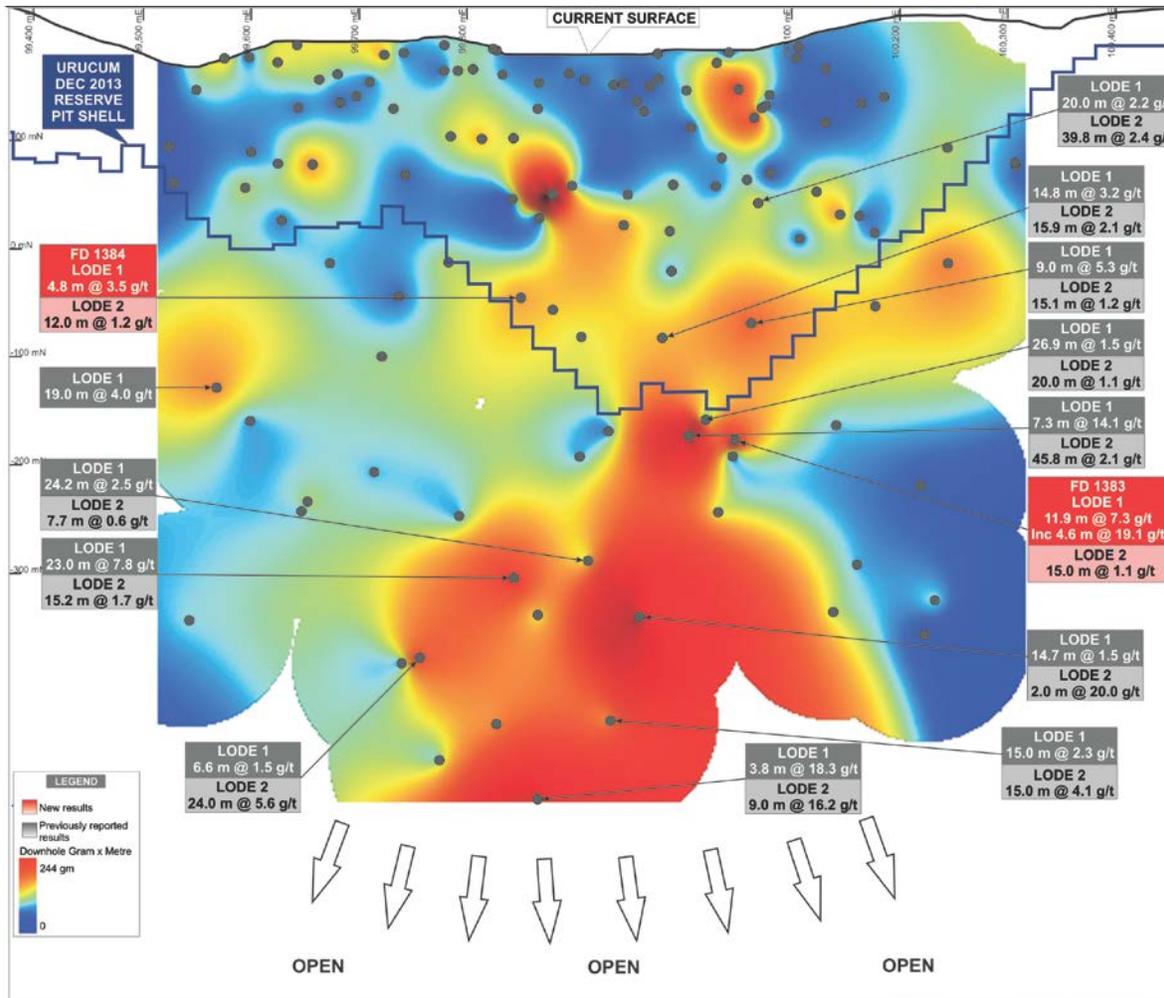


Figure 4. Urucum longsection showing location of new diamond drill results.

## EXPLORATION

### BRAZIL

#### Tucano Regional

Limited early stage reconnaissance field programs continued in the December quarter; however, auger drilling of the Duckhead mine corridor remained a focus for the exploration field crews.

Key tenement applications at Mutum and Sucuriju are awaiting grant before further field activities can be completed.

#### Tartaruga Project (100%)

Preparations for resource delineation and exploration drilling programs are advancing and have been budgeted for the first half of 2015. Key tenement application at Rio De Ouro East is awaiting grant before further work is completed.

## WESTERN AUSTRALIA

### Tropicana East Project (100%)

A core tenement application was lodged 25 km southwest of the Tropicana gold deposit. The tenement application E39/1845 covers 39 sq km of prospective Tropicana Domain stratigraphy.

The Tropicana East project covers 604 sq km of highly prospective early stage exploration tenure and will be advanced in 2015 with targeted drilling programs.

### Zanthus Project (100%)

No work completed

### Balladonia Project (100%)

No work completed

## CORPORATE & FINANCE

### Gold Sales

Gold sales totalled 54,892 ounces in the December quarter. The average cash price received was US\$1,200 per ounce.

### Cash & Bullion

Cash and bullion as at 31 December 2014 totalled **\$73 million** (bullion valued at A\$1.00 = US\$0.82 and US\$1,208 per ounce).

### Currency Movements

It is important to note that throughout the last six months from 1 July 2014, the Brazilian Real has weakened against the US Dollar by **19%** compared with the Australian Dollar that has weakened **13%** against the US Dollar over the same period. **As with Australian gold producers this currency movement has aided significantly, and to a greater extent, to the profitability of the operation.**

### Capital Expenditure

Non-sustaining capital expenditure for the quarter was \$9.1 million. Significant non-sustaining capital expenditure items included \$5.4 million in costs associated with construction of the long term West Pond and North Mill Pond tailings dams and \$1.6 million in CIL plant and mine infrastructure improvements.

### Mining Partnership Agreement with MACA Ltd

The Mining Partnership Agreement with MACA Limited commenced effective from 1 November 2014, resulting in a total of ~\$40 million (which includes US\$14.5 million for the machinery lease facility held by Beadell but in the process of either being assigned to MACA or paid out).

### Finance Update

Subsequent to the end of the quarter, the Company announced that the US\$60 million Bridge Loan with Santander has been restructured into a 3-year Facility with Banco Santander and Banco Itaú.

The unhedged Facility, secured by the Company's Tucano Mining Concession, is repayable in 12 equal quarterly instalments starting from 15 April 2015. Interest payments of USD LIBOR + 3% per annum on the outstanding balance are also payable quarterly.

The machinery lease facility relating to the mining fleet sold to MACA Ltd will be repaid from the cash & bullion balance of \$73 million over time totalling ~US\$14.5 million.

### CY2015 Guidance

Gold sales guidance for the CY2015 is **170,000 – 190,000 ounces**. **AISC** is expected to be of **US\$810 – US\$890 per ounce**. Non-sustaining capital expenditure of **US\$12 million** and exploration expenditure of **US\$10 – US\$12 million** are budgeted.

CY2015 Quarter	CY2015 Gold Sales Guidance
March 2015	36,000 – 40,000 ounces
June 2015	40,000 – 46,000 ounces
September 2015	46,000 – 50,000 ounces
December 2015	48,000 – 54,000 ounces

**Note: This guidance excludes any high grade ore which may come into production in the second half of 2015 from the Duckhead deposit.**

**ASX Code:** BDR

**Directors and Senior Management:**

Craig Readhead	Non-Exec. Chairman
Mike Donaldson	Non-Exec. Director
Ross Kestel	Non-Exec. Director
Peter Bowler	Managing Director
Rob Watkins	Exec. Director Geology
Greg Barrett	CFO/ Company Secretary
Boyd Timler	Chief Operating Officer
Luis Abadi	General Manager - Brazil

**Corporate Details:**

**Issued capital:** 798,657,280 ordinary shares  
(as at 31 December 2014)

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### 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Watkins is a full time employee of Beadell Resources Limited. Mr Watkins consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information is extracted from the reports entitled "Tucano Drill Results" created on 13 November 2014 and "Duckhead Exploration Update" created on 8 January 2015 and is available to view on [www.beadellresources.com.au](http://www.beadellresources.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.