



ASX ANNOUNCEMENT

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TUCANO CY2016 FORECAST AND OPERATIONS UPDATE

Beadell Resources Limited (“**Beadell**” or “the **Company**”) is pleased to announce its production and cost forecast for the CY2016 along with an update on operations at its 100% owned Tucano gold mine in Amapá state, northern Brazil.

CY2016 Production Forecast

The Tucano gold mine is expected to produce 145,000 to 160,000 ounces of gold in CY2016, an increase of 19% to 31% over CY2015. All-in sustaining costs are forecast to be in the range US\$715 to US\$815 per ounce, a decrease of 19% to 29% over CY2015. Non-Sustaining Capital Expenditure is forecast to be in the range US\$4.5 million to US\$5.5 million.

Production will not be uniform over the year with the June 2016 quarter expected to have the lowest quarterly production. Whilst this coincides with the wet season, lower mined grade in the June 2016 quarter will have the biggest impact on production for this quarter. Conversely, the September 2016 quarter is expected to have the highest quarterly production as the Company completes the final cutback at the Duckhead deposit and processes the very high grade ore.

It is one of management’s goals to implement a mine plan that results in more consistent production quarter on quarter. This will take some time to achieve as we revise and simplify the mine schedule to create a more consistent profile going forward.

Tucano Operations Update

Since the current management team and Board of Directors were put in place in November 2015, a number of operational changes have been implemented. It will take some time to see the full effect of these on both gold production and costs, but the operation has already exhibited positive momentum from the introduced changes.

Improvements have been made to crusher availability and maintenance procedures which have resulted in an uninterrupted supply of crushed material to feed to the CIL plant. Preventative maintenance is now scheduled weekly. Stockpiles of mined ore have now been established to allow more optionality for feed during the wet season.

A wet season operations plan is being effected which includes improvements in haul road and ramp conditions which have led to improved access to pits and dumps, stockpiling of mined ore and a comprehensive drainage plan. Early indications have shown that this plan will provide a more consistent mining and milling rate through the wet season. Encouragingly, the one day record for material movement at the Tucano mine was broken twice in January despite the rains having commenced.

Blasting efficiency has been greatly enhanced by the use of emulsion and improved blasting procedures. Significant emphasis has been placed on design and training as the Company improves the level of proficiency in its personnel on site.

The Company has also started a complete review of its power supply and we anticipate this will identify further opportunities to lower operating costs at site.

Simon Jackson, CEO and Managing Director said “the management team has now been in place for three months. As part of our operational review at Tucano, we have commenced a number of initiatives that we anticipate will increase production, reduce costs and result in more consistent quarter on quarter production. These initiatives will necessarily take time to fully implement and whilst we are pleased to be already seeing positive results, the full benefits are expected to be seen gradually over time. As the operation improves, this will lead to increased cashflow which will ultimately strengthen the balance sheet and, in turn, allow us to increase discretionary expenditure in areas such as exploration which we expect will drive value for all Beadell shareholders. We all understand what needs to take place in the coming year and we are thankful for the support of all stakeholders in Beadell as we move towards achieving our goals.”

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