

# Quarterly Report

to 30 June 2016

## Highlights

### Operations

- **Gold Production** – Gold production for the June quarter was 24,568 ounces and gold sold was 26,487 ounces.
- **Costs** – Cash costs for the June quarter were US\$953 per ounce. All-in Sustaining Costs (“AISC”)\* for the June quarter were US\$1,245 per ounce.
- **2016 Mine Plan** – The June quarter saw total material moved up 38% from the June 2015 quarter and in excess of the 2016 Mine Plan, resulting in higher costs. However, this allowed the strip ratio for the first half of 2016 to track back to plan with the cutbacks at AB1, AB2 and Duckhead. As previously highlighted, substantially higher gold production is forecast for the second half of the year and the Company remains on track to achieve its production guidance of 145,000 to 160,000 ounces for CY2016.

### Corporate

- **Gold Sales** – Gold sales for the June quarter totalled 26,487 ounces at an average cash price received of US\$1,269 per ounce.
- **Cash and Bullion** – Cash and bullion as at 30 June 2016 was \$30.9 million (as at 31 March 2016 was \$38.6 million) (bullion valued at AUD/USD = 0.75 and US\$1,322 per ounce).
- **Geology Department Restructure** – Dr Glen Masterman will be stepping down from his Toronto based executive role but will remain on the Board of Directors of the Company as a non-executive Director on 1 August 2016. Two new senior appointments were made in the geology department.

### Exploration

- **Tap AB1 Trough Lode** – Wide and high grade oxide drill results continue to be received from the Tap AB1 Trough Lode which remains open at depth. Significant downhole results include 48 m @ 5.13 g/t, 83 m @ 2.99 g/t, 7 m @ 15.59 g/t and 24 m @ 58.71 g/t, 50 m @ 7.65 g/t, 47 m @ 3.54 g/t.
- **Tap AB2 Trough Lode** – High grade RC drill results were received from resource definition drilling on the Tap AB2 Trough lode both within and below the open pit reserve. Significant downhole results include 24 m @ 7.99 g/t, 13 m @ 164 g/t including 6 m @ 351.3 g/t, 22 m @ 34.91 g/t and 4 m @ 34.91 g/t.
- **Tap D Sul** - Approximate true width oxide results of up to 27 m @ 12.94 g/t from 33 m to BOH including 3 m @ 82.80 g/t from 43 m intersected right next to existing infrastructure suggesting that Tap D Sul has the potential to form part of the mine plan in 2016.
- **Gold Nose** – Encouraging results were received from the Gold Nose target located 1 km southeast of Duckhead. Results include 9 m @ 5.79 g/t, 4 m @ 4.78 g/t and 8 m @ 14.43 g/t including 2m @ 53.79 g/t.
- **Mutum** – First pass shallow RAB drilling has intersected a significant new gold trend hosted in an untested Banded Iron Formation unit 20 km east of Tucano. Results include 7 m @ 5.13 g/t including 3 m @ 9.95 g/t and 2 m @ 4.71 g/t BOH.

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

## Operations

### Tucano Gold Mine (100%)

Production Summary	Unit	Jun 2016 Quarter	Jun 2015 Quarter	%	1H16	1H15	%
Total Waste Moved	tonnes	4,336,492	3,166,897	37%	9,372,382	6,951,563	35%
Ore Mined	tonnes	601,428	394,951	52%	1,201,040	999,246	20%
Ore Milled	tonnes	863,438	846,499	2%	1,858,646	1,788,353	4%
Head Grade	g/t	1.02	0.90	14%	1.07	1.02	5%
Plant Recovery	%	86.7%	88.7%	-2%	88.1%	89.0%	-1%
<b>Total Gold Recovered</b>	<b>ounces</b>	<b>24,568</b>	<b>21,457</b>	<b>15%</b>	<b>56,642</b>	<b>52,396</b>	<b>8%</b>
<b>Total Gold Sold</b>	<b>ounces</b>	<b>26,487</b>	<b>21,045</b>	<b>26%</b>	<b>60,302</b>	<b>53,986</b>	<b>12%</b>

Cash Costs and All-In Sustaining Costs	Unit	Jun 2016 Quarter	Jun 2015 Quarter	%	1H16	1H15	%
On-Site Production Costs	US\$/ounce	898	839		776	849	
On-Site G&A Costs	US\$/ounce	55	57		47	64	
<b>Cash Costs</b>	<b>US\$/ounce</b>	<b>953</b>	<b>896</b>	<b>6%</b>	<b>823</b>	<b>913</b>	<b>-10%</b>
Royalties	US\$/ounce	21	28		22	28	
On-Site Corporate Costs	US\$/ounce	18	23		15	19	
Exploration Costs (Sustaining)	US\$/ounce	50	12		38	6	
Capitalised Stripping Costs (Sustaining)	US\$/ounce	192	82		148	97	
Capital Expenditure (Sustaining)	US\$/ounce	11	1		9	2	
<b>All-In Sustaining Costs*</b>	<b>US\$/ounce</b>	<b>1,245</b>	<b>1,042</b>	<b>20%</b>	<b>1,055</b>	<b>1,065</b>	<b>-1%</b>

\* 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 June 2016 quarter totalled 24,568 ounces, an increase of 15% over the June 2015 quarter. Gold production for the first half of 2016 is in line with the Company's 2016 budget.

The Company confirms that it expects full year production from Tucano to be in the range 145,000 to 160,000 ounces.

### Costs

Costs have been negatively impacted by a strengthening Brazilian Real, which appreciated by approximately 10% against the US Dollar during the quarter.

Planned cutbacks at AB1, AB2 and Duckhead pits continued during the quarter and were a significant contributor to high costs. Material movement for the quarter was encouragingly strong, exceeding budget by ~20%. Although adding to the costs for the quarter, the progression of the cutbacks enables access to higher grade ores and will result in higher production in the second half of 2016 as previously highlighted.

The Company is progressing with its US\$7 million 2016 exploration plan to replenish reserves, deliver near-mine resource extensions and advance early stage targets. This increased exploration focus has contributed to higher costs during the quarter. The exploration plan is well under way and significant results have been released to date.

Ongoing cost benefits are expected to be realised over the next six to twelve months as process changes implemented by the new management team are realised. The company will continue to monitor the effects of the strengthening Brazilian Real in the third quarter and will advise in due course if an amendment is required to its annual cost per ounce forecasts.

## **Mining**

In the June quarter, 601,428 tonnes of ore were mined. Total material movement was 4,952,485 tonnes, which is a 38% increase over the June 2015 quarter. The performance over this wet season has improved dramatically due to use of fresh rock for construction, maintenance and sheeting of haul roads, pit access and waste dumps.

During the quarter, Tucano received the full explosive permit allowing the operation to purchase and store all the required explosives and accessories to optimise drill and blast.

Mining during the quarter was again predominantly from Urucum Central North, Urucum South, Tap AB1 and AB2. The Duckhead cutback continued during the quarter with high grade ore to be accessed in July.

## **Processing**

During the June quarter, the CIL plant throughput was 863,438 tonnes, the mill feed grade was 1.02 g/t gold and the process plant recovery for the period was 86.7%.

Grade remains the key input into the process plant and whilst operational improvements have led to the physical side of the process plant operating well, the low feed grade in the June quarter and the first half of the year in general results in lower production numbers and higher costs per ounce as seen in results this year to date. With higher grade feed expected in the second half of the year, production numbers are expected to increase significantly, with a corresponding reduction in costs per ounce.

Process improvements during the quarter have been made in the crusher and apron feeder area, conveyors, carbon regeneration kiln and continued in consumable management and reagent usage. Work on plant optimisation to support the revised life of mine plan is underway with the results to form part of the 2017 budget process.

Total high grade and low grade gold ore stockpiles at the end of June 2016 decreased by 5% to 4.16 million tonnes @ 0.70 g/t for 93,000 ounces, whilst marginal stockpiles of 1.5 million tonnes @ 0.45 g/t for 21,000 ounces remained static. This stockpile variation is in line with using the higher grade stockpiles to feed the mill during rain events and to limit the use of lower grade stockpiled ore.

---

## **Corporate & Finance**

### **Gold Sales**

Gold sales totalled 26,487 ounces in the June quarter. The average cash price received was US\$1,269.27 per ounce.

### **Cash & Bullion**

Cash and bullion as at 30 June 2016 totalled A\$30.9 million (bullion valued at AUD/USD = 0.75 and US\$1,322 per ounce).

During the June quarter, the Company paid another US\$5 million quarterly instalment in accordance with the terms of the Company's Santander – Itaú Facility. At quarter end, the total outstanding facility was US\$35 million with seven quarterly payments of US\$5 million remaining. The next US\$5 million payment due was made on 15 July 2016.

In addition to the Santander - Itaú Facility repayments, the Company made additional net debt repayments of A\$2.6 million.

Tranche 2 Placement proceeds of A\$26.6 million (A\$25.3 million net of placement costs) were received in early April.

### **Capital and Exploration Expenditure**

Non-sustaining capital expenditure for the June quarter was \$2.2 million, which was largely associated with deforestation and construction of the long term tailings storage facilities.

Non-sustaining exploration expenditure for the June quarter was \$0.6 million.

### **Geology Department Restructure**

On 27 June 2016, the Company announced that Dr Glen Masterman will be stepping down from his Toronto based executive role but will remain on the Board of Directors of the Company as a non-executive Director.

Mr Robert Watkins will continue as Head of Geology for Beadell. Mr Robert Henderson has been appointed as Geology Manager, Tucano (formerly GM Project Execution for St Barbara Limited) and Mr Norman Bailie has been appointed as Exploration Manager (formerly Exploration Manager for Red Back Mining Inc. at the Tasiast Mine in Mauritania).

## Exploration

### Brazil

In the June quarter, a total of 21,696 m of drilling, comprising 4,931 m of grade control reverse circulation (RC) drilling and 15,035 m of exploration / resource delineation RC drilling, was completed. A total of 1,730 m of diamond drilling was also completed.

The significant increase in exploration and resource definition drilling was primarily focussed on the drillout of the Tap AB1 and AB2 Trough Lode where highly encouraging results continue to be received. With the onset of the dry season, drill production will increase further with an additional RC rig mobilising to site bringing the total number of rigs at Tucano to five.

Exploration drill programs will continue to define the extents of the Tap AB Trough Lodes, Neo Lode and Urucum Underground, while new programs will be initiated at Duckhead and first pass RC drilling of the regional Mutum target where first pass shallow RAB drilling has intersected a significant new gold trend 20 km east of Tucano.

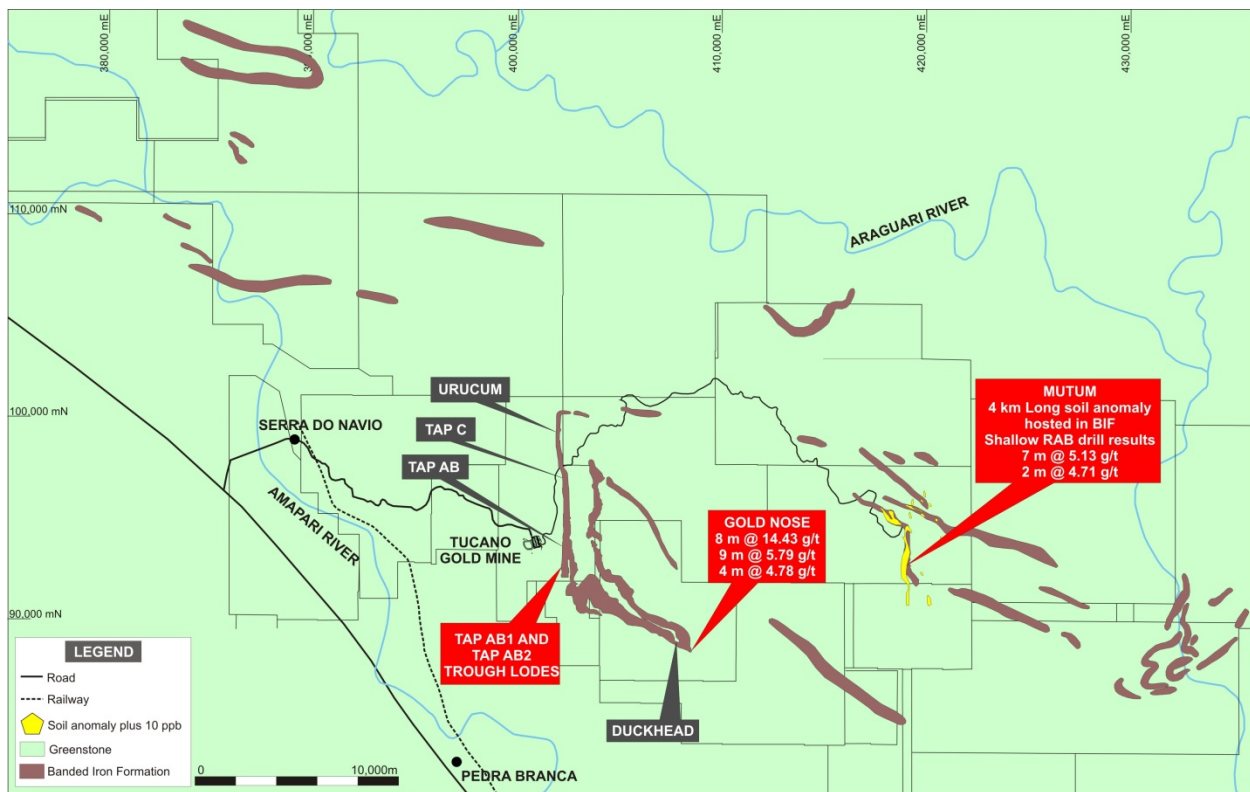


Figure 1. Tucano regional plan showing drill target locations.

### Tap AB1 Trough Lode

Drillout of the high grade Tap AB1 Trough Lode continued in the June quarter. Results announced in three separate ASX announcements on 9 May 2016, 20 June 2016 and 6 July 2016 all show the emergence of a significant new high grade lode discovery at Tap AB1 that will become a major source of oxide mill feed within the next 12 months (Figures 1, 2 & 3).

- F01886 7 m @ 15.59 g/t from 34 m and 24 m @ 58.71 g/t from 78 m
- F01890 44 m @ 3.19 g/t from 65 m and 28 m @ 1.08 g/t from 123 m and 22 m @ 6.89 g/t from 174 m to BOH
- F01887 48 m @ 5.13 g/t from 77 m and 31 m @ 1.25 g/t from 129 m
- F01892 4 m @ 3.26 g/t from 149 m and 50 m @ 3.22 g/t from 168 m
- F01930 50 m @ 7.65 g/t from 137 m including 21 m @ 17.16 g/t from 165 m

- F01891 83 m @ 2.99 g/t from 87 m including 22 m @ 6.69 g/t from 101 m
- F01889 47 m @ 3.54 g/t from 54 m including 13 m @ 9.53 g/t from 60 m
- F01964 36 m @ 4.25 g/t from 74 m and 25 m @ 3.37 g/t from 138 m

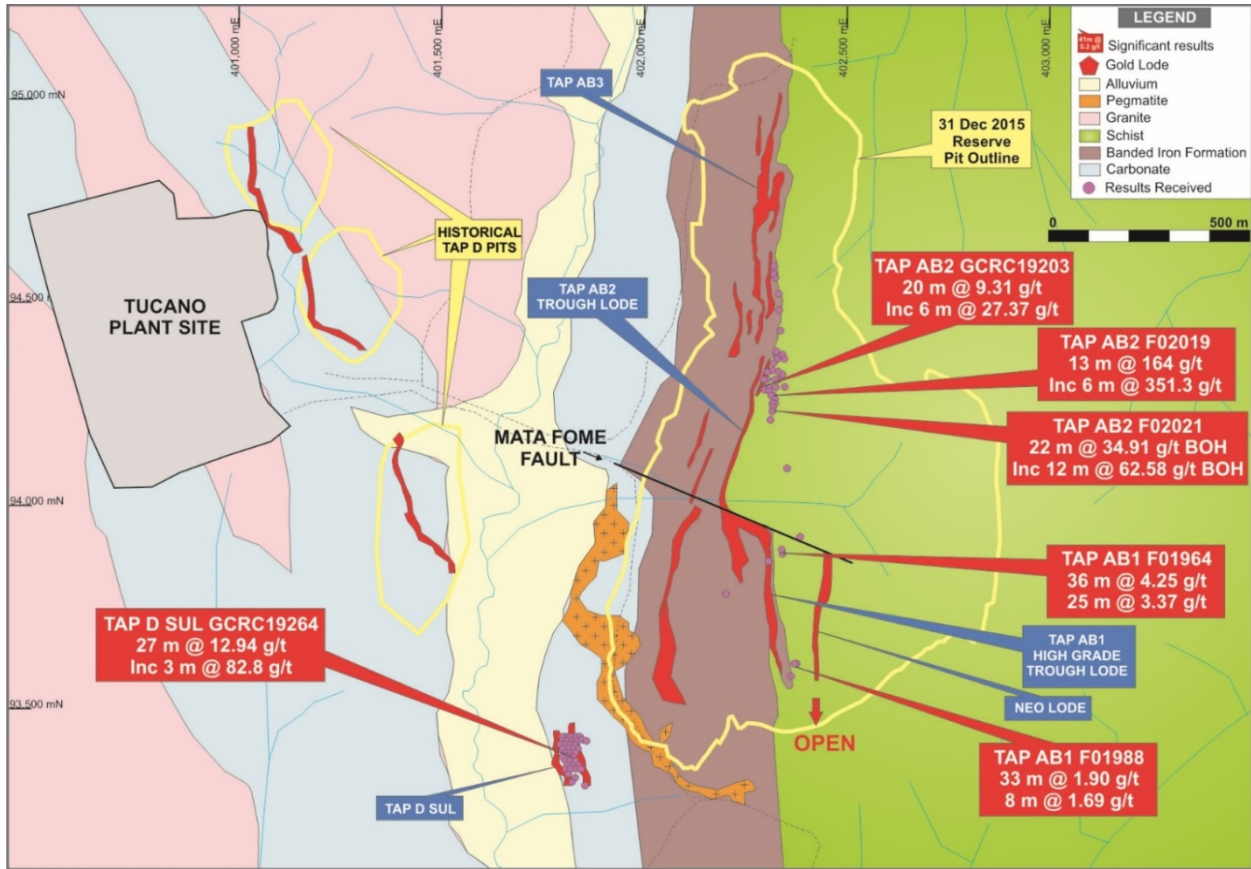


Figure 2. Tap AB – Tap D plan showing location of drill results

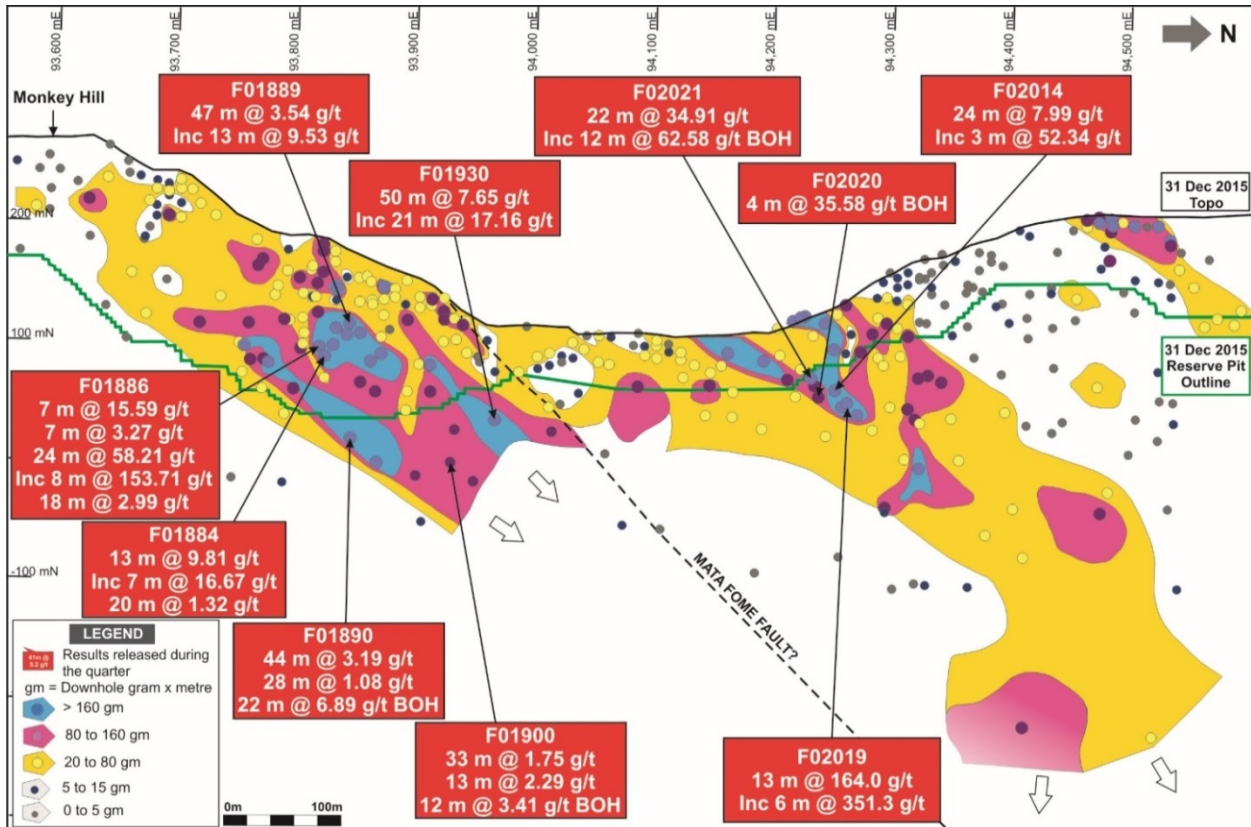


Figure 3. Tap AB1 & 2 composite longsection showing location of drill results

For personal use only

### **Tap AB2 Trough Lode**

Resource definition and extension drilling of the Tap AB2 Trough Lode in the June quarter produced highly positive results from within and immediately below the current reserve open pit (Figures 2 & 3).

The Tap AB2 Trough Lode forms a strongly continuous high grade shoot with approximate dimensions of 150 m strike by 10 m true width plunging at about 45 degrees to the north. The recent resource definition drilling completed on the Tap AB2 lode will form the basis of a new updated resource model leading into a re-estimation of the open pit reserve. The current phased cut back at Tap AB2 will result in mining of a portion of the Tap AB2 Trough Lode around the end of 2016.

The Tap AB2 Trough Lode remains open at depth with potential for open pit extensions and underground assessment in the future. A summary of significant results received and announced on 6 July 2016 are;

- F02014 24 m @ 7.99 g/t from 102 m including 3 m @ 52.34 g/t from 115 m
- F02019 13 m @ 164 g/t from 126 m including 6 m @ 351.3 g/t from 126 m including
- F02020 4 m @ 35.58 g/t from 126 m to BOH
- F02021 22 m @ 34.91 g/t from 99 m to BOH including 12 m @ 62.58 g/t from 108 m

### **Tap D Sul**

Significant results were received from RC drilling at the Tap D Sul target just to the south west of the Tap AB1 open pit (see ASX announcement of 6 July 2016). The mineralisation has been delineated over a strike length in excess of 100 m and remains open down dip. Approximate true width oxide results of up to 27 m @ 12.94 g/t from 33 m to BOH including 3 m @ 82.80 g/t from 43 m were intersected in the drilling and are located right next to existing infrastructure suggests that Tap D Sul has the potential to form part of the mine plan in 2016.

### **Urucum Underground**

Diamond drilling with two drill rigs on double shift continued in the quarter with 1,730 m of drilling completed. The drilling will continue in the second half of 2016 culminating in a re-estimation of the resource at Urucum Underground. The targeted drilling program is aiming to convert inferred resources to indicated and extend identified lodes down plunge.

### **Gold Nose**

The Gold Nose target is located 1 km southeast of the Duckhead pits and is hosted in a similar geologic setting. Results from a 9-hole, 450 m RC drilling program, completed earlier this year have extended mineralisation further down plunge from previous drilling to reveal an oxide gold lode dipping shallowly west. Best results from the program include:

- FVM552 9 m @ 5.79 g/t from 46 m including 4 m @ 12.05 g/t from 49 m
- FVM553 4 m @ 4.78 g/t from 17 m
- FVM557 8 m @ 14.43 g/t from 41 m including 2 m @ 53.79 g/t from 41 m

Further extension and delineation drilling will be completed in the upcoming quarter.

### **Brazil Greenfields Exploration**

#### **Tucano Regional**

Significant regional exploration programs including soils sampling, mapping, auger, RAB and RC drilling will be completed in the second half of 2016 centred on the Mutum discovery 20 km east of Tucano.

#### **Mutum (100%)**

Reconnaissance drilling at the 100% owned Mutum target, 20 km east of Tucano, has confirmed the in situ origin of a 4 km long gold-in-soil geochemical anomaly. Mutum is the first targeted drilling program completed by Beadell on an early-stage target outside of the Tucano mining licenses. The new results are highly encouraging and reinforce our view of the potential for the Tucano greenstone belt to deliver new gold discoveries in the future.

Results from the drilling program announced in an exploration update on 5 May 2016 have outlined a 2 km long north-south orientated mineralised trend coincident with the soil anomaly. Mineralisation is associated with a banded iron formation interpreted to be gently west-dipping and in a similar geological

setting to Tucano (Figures 1 & 4). The wide spaced drill program intersected broad zones of gold anomalism in the regolith, often ending in mineralisation. Significant results include:

- PFMT100 2 m @ 4.71 g/t from 8 m to bottom of hole
- PFMT122 7 m @ 5.13 g/t from 6 m including 3 m @ 9.95 g/t from 6 m
- PFMT170 2 m @ 1.13 g/t from 16 m to bottom of hole
- PFMT173 3 m @ 0.64 g/t from surface

Preparations are well advanced for an extensive exploration program at the Mutum target during the second half of 2016. An additional RC rig is mobilising to site and expected to start drilling at Mutum in August. A large program of regional soil, auger and shallow RAB drilling will also aim to expand the Mutum footprint into untested areas along strike and explore the greenstone in the Mutum region.

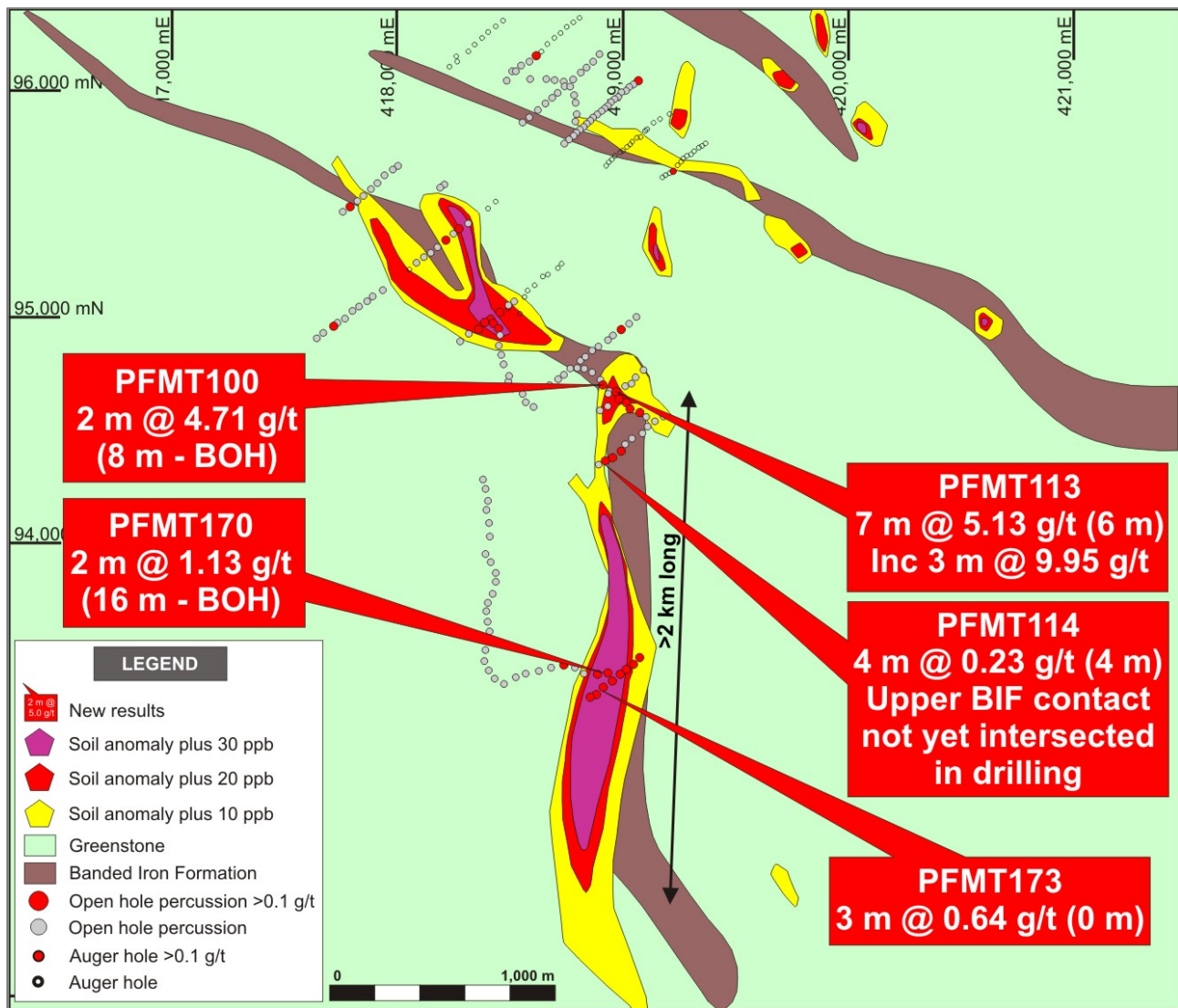


Figure 4. Mutum Plan showing location of drill results

## Australian Greenfields Exploration

### Tropicana East

A 9,000 m RC and AC drilling program will commence in the September quarter. The program will be partly funded by the West Australian government's Exploration Incentive Scheme drilling program.

A comprehensive generative review of the project including reprocessing of existing geophysics, multi-element analysis and complete re-logging of all drill chips and core has resulted in the identification of several high priority new target areas that will be tested with first pass drilling as part of the planned drilling (Figure 5).

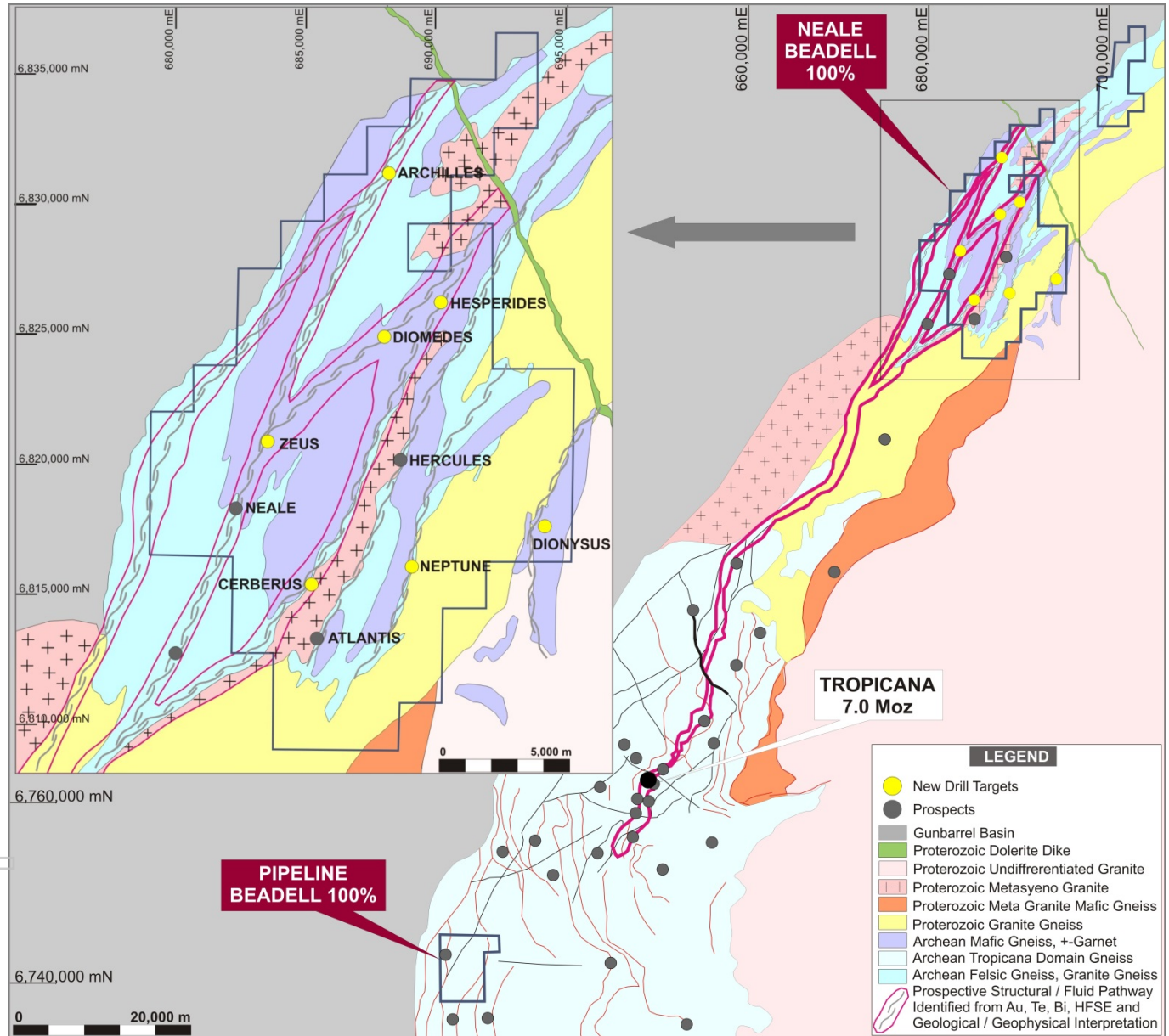


Figure 5. Location of Tropicana East drill targets



**ASX Code: BDR****Directors and Senior Management:**

Craig Readhead	Non-Exec. Chairman
Brant E. Hinze	Non-Exec. Director
Timo Jauristo	Non-Exec. Director
Glen Masterman	Non-Exec. Director
Simon Jackson	CEO & Managing Director

Greg Barrett	CFO / Company Secretary
Peter Holmes	Chief Operating Officer
Luis Pablo Diaz	General Manager - Brazil

**Corporate Details:**

**Issued capital:** 1,055,067,540 ordinary shares  
(as at 30 June 2016)

**ABN** 50 125 222 291

**Head Office:**

Level 2, 16 Ord Street West Perth 6005  
PO Box 542 West Perth 6872

Tel: +61 8 9429 0800

Fax: +61 8 9481 3176

**[www.beadellresources.com.au](http://www.beadellresources.com.au)**

**For further details:****Simon Jackson**

Tel: +61 8 9429 0800

Email: [info@beadellresources.com.au](mailto:info@beadellresources.com.au)

**Greg Barrett**

Tel: +61 8 9429 0800

Email: [info@beadellresources.com.au](mailto:info@beadellresources.com.au)

**Competent Persons Statement**

The information in this report relating to Mineral Resource, Open Pit Ore Reserves and Exploration Results are based on information compiled by Mr Robert Watkins who is a member of the Australasian Institute of Mining and Metallurgy and who has sufficient experience which is relevant to the styles of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 the Head of Geology of Beadell Resources and 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 "Exploration Update" created on 5 May 2016, "Tap AB1 High Grade Trough Lode Results" created on 9 May 2016, "High Grade Tap AB1 Trough Lode Continues to Grow" created on 20 June 2016 and "High Grade Results from AB1, AB2 and D Sul" created on 6 July 2016 and are 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.