

HIGHLIGHTS

OPERATIONS

- **Gold Production** – Gold production for the December 2017 quarter was 48,739 ounces (15% increase on December 2016 quarter), the fourth highest quarterly production in the Company's history. Annual gold production for the CY2017 was 129,764 ounces. Tucano finished 2017 with record levels of ore on the ROM pad (approximately 10,000 ounces of contained gold).
- **Costs** – Cash costs for the December 2017 quarter were US\$851 per ounce. All-in Sustaining Costs (AISC)* for the December 2017 quarter were US\$933 per ounce (26% decrease from September 2017 quarter). Cash costs and AISC for the CY2017 were US\$1,100 per ounce and US\$1,180 per ounce respectively.
- **Efficiency Review** – The Tucano gold mine will be fully optimised for the first time following the completion of the plant upgrade in mid-2018. To complement this optimisation, the Company has commenced a detailed efficiency and cost review which will analyse every area of the operation with a view to meaningful cost reductions going forward.
- **2018 Guidance** – The Tucano gold mine is forecast to produce between 145,000 to 155,000 ounces of gold in CY2018. AISC are forecast to be in the range of US\$1,100 to US\$1,200 per ounce. Non-sustaining capital expenditure is forecast to be approximately US\$16 million in addition to the remaining expenditure for the Tucano Plant Upgrade of approximately US\$15 million.

CORPORATE

- **Gold Sales** – Gold sales for the December 2017 quarter totalled 45,351 ounces at an average cash price received of US\$1,278 per ounce.
- **Cash and Bullion** – Cash and bullion as at 31 December 2017 was A\$19.9 million (as at 30 September 2017 was A\$18.1 million) (bullion valued at AUD/USD = 0.78 and US\$1,303 per ounce).

ORE RESERVE AND MINERAL RESOURCE

- Open Pit Reserve grade as at 30 June 2017 increased by 5% to 1.77 g/t gold and total Ore Reserve grade increased by 5% to 1.83 g/t gold.
- Total Ore Reserves declined 3% after allowing for production to end of June 2017 and are 25.1 million tonnes @ 1.83 g/t gold for 1.47 million ounces.
- Urucum Open Pit Ore Reserves remained unchanged with 10.25 million tonnes @ 1.73 g/t gold for 568,000 ounces. Urucum will become the major mill ore source in the second half of 2018 following completion of the plant upgrade.
- Total Mineral Resources as at 30 June 2017 decreased 3% after allowing for production to end of June 2017 and are 63.5 million tonnes @ 1.82 g/t gold for 3.73 million ounces.

EXPLORATION

- 35,000 m of near mine and regional exploration drilling is planned for 2018.
- Near mine exploration drilling is continuing to focus on the Tap AB complex targeting the Urso, Torres, Neo East and Tap AB1 Trough zones. Substantial resource delineation drilling programs are currently being prepared at the Urso discovery 300 m north of Tap AB3 and at the Torres target south of Tap AB1 Trough. Step out drilling under Tap AB1 Trough to target directly down plunge is underway.
- First pass drilling of the >8 km long Mutum target located 20 km east of Tucano is ongoing with 1,448 meters in 12 holes completed at year end.
- First pass drilling of the large magnetic and geochemical anomaly at T3 located 3 km east of Urucum will commence in the coming weeks.

*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	Dec 2017 Quarter	Dec 2016 Quarter	%	CY2017	CY2016	%
Total Waste Moved	tonne	6,399,335	3,293,254	94%	18,235,697	16,655,670	9%
Gold Ore Mined	tonne	1,184,112	930,128	27%	3,017,666	2,935,037	3%
Total Material Moved	tonne	7,583,446	4,223,382	80%	21,253,363	19,590,706	8%
Gold Ore Milled	tonne	997,030	874,398	14%	3,720,125	3,597,163	3%
Head Grade	g/t	1.65	1.82	-9%	1.21	1.45	-17%
Plant Recovery	%	92.1%	82.8%	11%	89.9%	86.9%	3%
Total Gold Recovered	ounce	48,739	42,373	15%	129,764	145,870	-11%
Total Gold Sold	ounce	45,351	46,407	-2%	128,342	146,316	-12%

Cash Costs and All-In Sustaining Costs	Unit	Dec 2017 Quarter	Dec 2016 Quarter	%	CY2017	CY2016	%
On-Site Production Costs	US\$/ounce	806	600	34%	1040	685	52%
On-Site G&A Costs	US\$/ounce	45	40	13%	60	43	40%
Cash Costs	US\$/ounce	851	640	33%	1,100	728	51%
Royalties	US\$/ounce	33	27	22%	28	24	17%
On-Site Corporate Costs	US\$/ounce	34	12	183%	32	14	129%
Exploration Costs (Sustaining)	US\$/ounce	1	21	-95%	1	28	-96%
Capitalised Stripping Costs (Sustaining)	US\$/ounce	8	0	-%	9	63	-86%
Capital Expenditure (Sustaining)	US\$/ounce	6	9	-33%	10	9	11%
All-In Sustaining Costs*	US\$/ounce	933	709	32%	1,180	866	36%

* 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 2017 quarter totalled 48,739 ounces, 15% above the December 2016 quarter. Annual gold production for the CY2017 was 129,764 ounces, an 11% decrease over CY2016 gold production. A deferral of some high grade ore of >2 g/t gold from late December 2017 into 2018 due to minor operational factors negatively impacted the total gold produced. These include lower than forecast dig rates resulting from unplanned minor blasting due to a small zone of harder ore, additional dewatering in the carbonate lode and an early start to the wet season.

Costs

Reported AISC per ounce for the December 2017 quarter reduced by 26% from the September 2017 quarter as access to higher grade ores resulted in significantly increased gold sales.

USD AISC were negatively affected by the Real/USD exchange rate being 7% stronger than the annual consensus rate used in CY2017 cost guidance. Brazilian Real AISC for the December quarter finished in line with budget.

The company enters 2018 looking forward to the major transformation that will occur once the Tucano plant upgrade is commissioned in mid-2018. The completion of the upgrade will allow the Tucano mine to be fully optimised for the first time in its history. Currently, the mine plan is constrained as a result of the processing plant only able to process a limited amount of fresh ore in the blend. Following the completion of the upgrade, this constraint will be removed which will allow a fully optimised mine plan.

In conjunction with the upgrade, the Company has commenced a detailed efficiency and cost review aimed at reducing costs as the mine becomes more efficient with no mine scheduling constraints. It is expected this review will target all areas of our business and will be completed in 2018.

The Company has also commenced studies which contemplate an increase in mining rates going forward into 2019 and beyond. The aim is to increase head grade in the mill with a resultant increase in profitability of the mine.

Mining

In the December 2017 quarter, 1,184,112 tonnes of gold ore were mined, an increase of 27% over December 2016 quarter. Gold ore mined in the CY2017 totalled 3,017,666 tonnes, 3% above CY2016. Total material movement including stockpiles processed was 7,583,446 tonnes, an increase of 80% over the December 2017 quarter due to large volumes of ore being mined from the Tap AB pit during the quarter. During the CY2017, 21,253,363 tonnes of material were moved, an increase of 8% over CY2016.

The increase in the material moved is due to the improved mining fleet availability, additional capacity with the commencement of a second mining contractor and creation of a new intermediary phase for Monkey Hill, which reduced waste movement and increased ore production.

Due to a number of factors the mine did not reach the planned bench levels in some areas due to extra blasting requirement of oxide ore, additional dewatering of the carbonate load and a wetter second half of December. All these factors resulted in lower than planned ounces produced.

Preparation for the wet season was ongoing during the quarter with improvements to infrastructure including haul roads, mining accesses, drainage and setting up the planned mine areas for 2018.

Processing

During the quarter CIL plant throughput was 997,030 tonnes, an increase of 14% over the December 2016 quarter and the process plant recovery for the period was 92.1%, an 11% improvement over the same period last year. The mill feed grade was 1.65 g/t gold, 9% lower than the same period last year.

During the CY2017, 3,720,125 tonnes of gold ore were milled with process plant recovery of 89.9%, both figures were 3% higher than the same period last year. The mill feed grade was 1.21 g/t gold, a decrease of 17% compared to the CY2016.

The processing plant continued to operate above plan for the quarter with a higher availability and has processed approximately 124,000 tonnes more ore than planned. The mill availability for the quarter continued at 96% and for the year on plan at 94%.

Total high grade and low grade gold ore stockpiled ounces at the end of December 2017 increased by 8% to 2.93 million tonnes @ 0.66 g/t gold for 62,500 ounces, whilst marginal stockpiles of 1.5 million tonnes @ 0.43 g/t gold for 20,400 ounces remained static. The increase in stockpiles was principally due to an increase in high grade oxide stockpiles on the ROM, as mine production from Tap AB exceeded mill throughput.

Tucano Plant Upgrade

The plant upgrade project remains on time and on budget with commissioning expected mid-2018. The completion of Project is expected to deliver numerous benefits to Beadell including:

- An ability to process any mix of sulphide / oxide mill feed allowing the mine to be fully optimised;
- An ability to consistently process head grades in line with the reserve grade;
- An increase in forecast recoveries to 93% ; and
- A stable gold production profile and more consistent cashflow.

CORPORATE & FINANCE

Gold Sales

Gold sales for the December 2017 quarter totalled 45,351 ounces at an average cash price received of US\$1,278 per ounce. Annual gold sales totalled 128,342 ounces, a 12% decrease over CY2016, at an average cash price received of US\$1,259 per ounce.

Cash & Bullion

Cash and bullion as at 31 December 2017 was A\$19.9 million (as at 30 September 2017 was A\$18.1 million) (bullion valued at AUD/USD = 0.78 and US\$1,303 per ounce).

Debt

During the quarter there were no scheduled Santander – Itaú repayments and there were no changes in short-term working capital facilities. The scheduled January 2018 US\$2.5 million dollar repayment has been made.

Capital and Exploration Expenditure

Non-sustaining capital expenditure for the quarter was A\$7.8 million, which was largely associated with the Tucano Plant Upgrade, construction of long term tailings storage facilities and hydro-electric grid power transition costs.

Non-sustaining exploration expenditure for the quarter was A\$1.5 million.

ORE RESERVE AND MINERAL RESOURCE

On 19 December 2017, the Company released an Interim Ore Reserve and Mineral Resource Update to coincide with the Company's year-end budgeting and life of mine scheduling. Future annual updates will be completed as at June 30 each year.

Total Ore Reserves as at 30 June 2017 were 25.1 million tonnes @ 1.83 g/t gold for 1.47 million ounces compared to 28.2 million tonnes @ 1.74 g/t gold for 1.58 million ounces as at 31 December 2016. This is a decrease of 43,000 ounces (3%) after allowing for the first half of 2017 depletion of 59,000 ounces.

Total Open Pit Reserves are 18.5 million tonnes @ 1.77 g/t gold for 1,052,000 ounces. Open Pit Reserve grade has increased by 5%.

Total Stockpile Reserves are 3.6 million tonnes @ 0.66 g/t gold for 77,000 ounces.

Total Underground Reserves are unchanged at 2.9 million tonnes @ 3.61 g/t gold for 345,000 ounces.

The Company's Measured, Indicated and Inferred Mineral Resources as at 30 June 2017 were 63.5 million tonnes @ 1.82 g/t gold for 3.73 million ounces. This is a decrease of 135,000 ounces (3%) after allowing for the first half of 2017 depletion of 59,000 ounces.

Total Open Pit Resources are 35.4 million tonnes @ 1.61 g/t gold for 1,836,000 ounces.

Total Stockpile Resources are 5.2 million tonnes @ 0.59 g/t gold for 99,000 ounces. A total of 20,000 ounces from the stockpile were milled in the first half of 2017.

Total Underground Resources at Urucum and Tap AB are 16.4 million tonnes @ 2.75 g/t gold for 1,455,000 ounces, an increase of 65,000 ounces (5%).

EXPLORATION

In the December 2017 quarter, a total of 13,296 m of drilling, comprising 9,269 m of grade control reverse circulation (RC) drilling and 1,793 m of exploration / resource delineation RC drilling, was completed. A total of 2,234 m of diamond drilling was also completed. During the CY2017, 59,302 m of drilling were complete, being 37,476 m of grade control reverse circulation (RC) drilling, 15,932 m of exploration / resource delineation RC drilling and 5,894 m of diamond drilling.

Low exploration meters drilled in the December 2017 quarter was primarily due to a major overhaul of the main RC drill rig over an 8-week period. The rig is now fully operational and exploration drilling programs have recommenced with the addition of an extra RC rig bringing the total number of operating drill rigs to four.

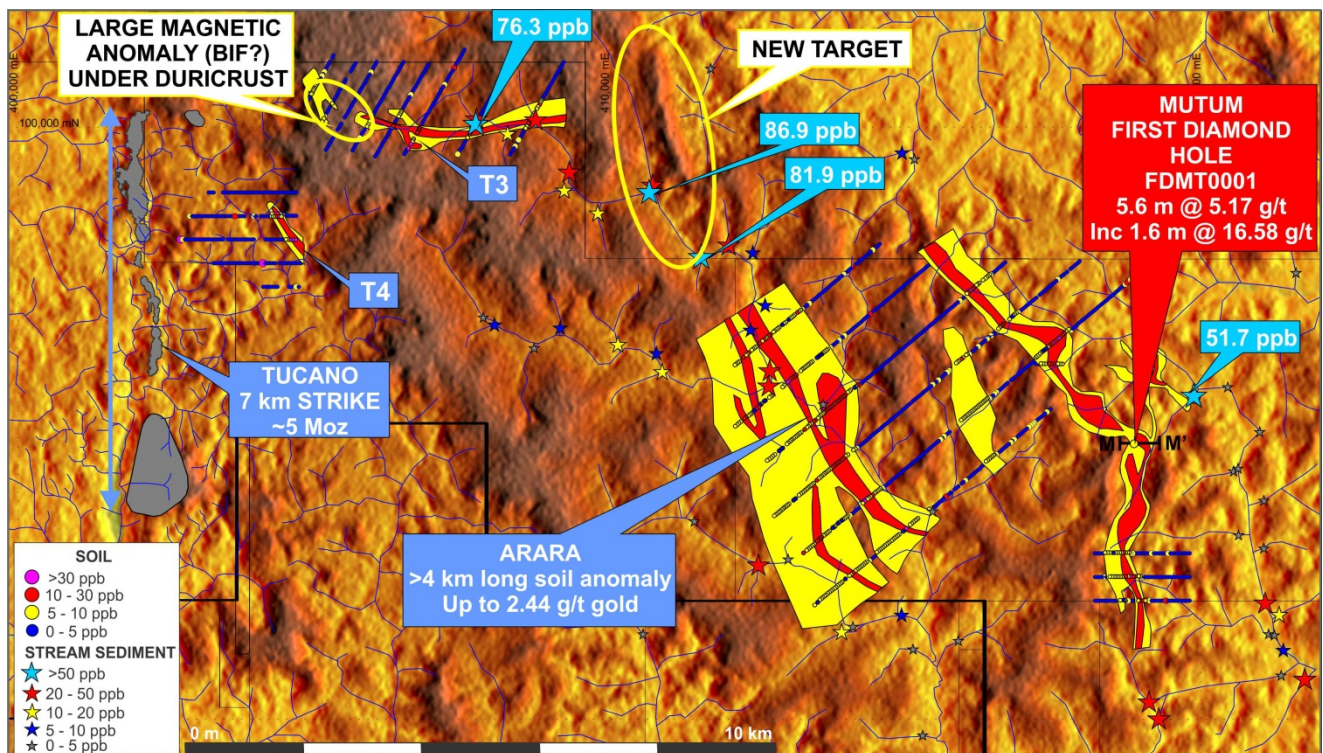
Near Mine exploration programs continue to focus on the Tap AB complex, targeting Urso, Tap AB1 Trough Lode, Neo East and Torres. Substantial open pit resource delineation drilling programs are currently being prepared at the Urso discovery 300 m to the north of Tap AB3 and at Torres to the south of Tap AB1. Step out diamond drilling to test the fresh rock plunge of the Tap AB1 Trough lode is in progress.

In 2018, approximately 25,000 m of near mine exploration and resource delineation drilling is planned.

Regional exploration programs were accelerated with ongoing fine fraction BLEG stream sediment sampling across the greenstone belt continuing to delineate significant new targets.

First pass drilling of the >8 km long Mutum target is ongoing and at years end a total of six RC holes for 406 meters and six diamond holes for 1,041 meters had been completed. Results from the drilling are continuing to be received and will be released in an update in the March 2018 quarter.

First pass drilling of the > 3 km long geochemical anomaly at T3 target will commence in the coming weeks. The T3 target (see Figure below) is completely undrilled and is a large and semi-coincident aeromagnetic anomaly located under the Serra da Canga duricrust plateau. T3 is interpreted to be a potential extension of the Tucano Banded Iron Formation mine host sequence east of Urucum and a possible source of the surface geochemical anomaly



The Company also advises that it has sold its interest in the Tropicana East project in Western Australia to a privately funded Western Australian exploration company, Thunderstruck Investments Pty Ltd, for consideration of \$75,000 and a 1% NSR.

ASX Code: BDR			
Board of Directors		Senior Management	
Craig Readhead	Non-Exec. Chairman	Simon Jackson	CEO & Managing Director
Simon Jackson	CEO & Managing Director	Greg Barrett	CFO / Company Secretary
Nicole Adshead-Bell	Non-Exec. Director	Peter Holmes	Chief Operating Officer
Brant E. Hinze	Non-Exec. Director	Graham Donahue	Head of Corp. Develop.
Timo Jauristo	Non-Exec. Director	Rob Watkins	Head of Geology
		Luis Pablo Diaz	General Manager - Brazil
		Mike Robinson	Operations Manager
Corporate Details		Head Office	
Issued capital: 1,233,430,847 ordinary shares (as at 31 December 2017)		Level 2, 16 Ord Street West Perth 6005	
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COMPETENT PERSON STATEMENT

The information is extracted from the report entitled “Continuing Positive Exploration Results” created on 26 October 2017 and “Interim Ore Reserve and Mineral Resource Update as at 30 June 2017” created on 19 December 2017 and are available to view on 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.