

BALL MILL COMPLETED AHEAD OF SCHEDULE U&M MOBILISATION ON TRACK AND MINING COSTS DECREASED

Beadell Resources Limited (**Beadell** or **Company**) is pleased to advise that installation and commissioning of the ball mill is complete, approximately two weeks ahead schedule as outlined by new management in July 2018. In addition, mobilisation of U&M Mineração e Construção S/A (U&M) to site remains on schedule, material movement has increased, mining costs have declined and the Company is now drawing 8MW of power from the grid.

As outlined in the 31 July 2018 ASX Release, the Tucano Plant Upgrade (Project) encompasses four key areas including installation of a ball mill, pre-leach thickener, CIL tank and oxygen plant that will increase sulphide ore processing capacity. The most important of these is the addition of the ball mill, as sulphide ore requires an optimal grind size of P80 of 75 microns for gold liberation. The Tucano Plant is now ramping up to increase sulphide ore content from ~30% to ~80% of total ore processed. Recoveries are forecast to remain at ~88% until the completion of the pre-leach thickener in early-November 2018. Completion of the additional CIL tank and oxygen plant remains on track for late-October and early-November, respectively. The Project is being managed by Ed Swarts, Tucano Plant Maintenance Specialist, and the ball mill was successfully commissioned on Saturday 1 September after a 96 hour shutdown. The sulphide blend through the plant has already increased from ~30% pre the shut-down to ~40% over the last 24 hours. A short planned ball mill stoppage will occur on Monday 3 September (local time) to perform a re-torque and hot alignment of the drive train. Tucano site personnel plan an additional increase to 50% sulphide ore through the plant in September 2018 versus the guidance of 31% provided in the 31 July 2018 ASX Release.

Ed Swarts, Tucano Plant Maintenance Specialist, commented: “We are pleased to have de-risked the Project by completion of the ball mill ahead of schedule. This achievement is due to the combined efforts of our team on site that possess a unique skill-set involving multiple disciplines that were able to adapt to roles outside of their normal scope – exceeding tight timeframes. We could not have achieved this milestone without the support of experienced contractors and site operations who collectively worked together overcoming the challenges of ball mill construction and finally moving into operations.”

U&M mobilisation to site remains on schedule and total material mined has increased 71% from July 2018 to the end of August 2018. Tucano site personnel forecast an additional increase of more than 20% in September concurrent with the U&M equipment mobilisation and commissioning schedule. This increase in material movement combined with the step-change in cost structure with execution of the U&M life of mine mining contract (16 July 2018 ASX Release) has already resulted in ~BRL\$3M/month reduction in mining costs. Tucano site personnel are confident of additional cost reductions as the U&M mobilisation continues.

Beadell has increased power usage from the grid from 6 to 8MW concurrent with the ball mill commissioning.

Dr Nicole Adshead-Bell, CEO & Managing Director of Beadell, commented: “Ed Swarts, Tucano’s Plant Maintenance Specialist, has done a superb job in taking over management of the Project and delivering the ball mill two weeks ahead of our revised schedule. Ed and his team of TMA Beadell employees and external contractors have worked tirelessly to deliver a ball mill that is already processing ~40% sulphide. This achievement will provide complete ore type processing flexibility for the first time in the history of Tucano, allowing us to mine for grade rather than ore type. We are also pleased with the improvements we have seen in mining productivity as the pace of U&M’s mobilisation to site increases. Tucano site personnel, backed by Beadell corporate management, remain focused on generating free cash by increasing efficiencies, reducing costs, completing the Project and full mobilisation of U&M to site by early November 2018.”



Figure 1. Ed Swarts, Tucano Plant Maintenance Specialist in front of communitation section of Tucano plant



Figure 2. View to operating ball mill



Figure 3. Ball mill in foreground, SAG mill in background



Figure 4. Feed end



Figure 5. Ball mill motor (foreground) and ball and SAG mill discharge (trommel)

ABOUT BEADELL

Beadell owns and operates the Tucano gold mine in Amapá State, in the north of Brazil. Tucano sits within an extensive land package of 2,500km² of highly prospective, under explored greenstone belt.

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