

BEADELL EXPLORATION STRATEGY UPDATE

Beadell Resources Limited's (**Beadell** or **Company**) refocused exploration strategy, led by the recently appointed Head of Exploration & Geology Aoife McGrath, will be driven by systematic and disciplined capital allocation decisions aimed at reserve replacement, extending the life of mine (LOM), expanding near-term cash flow, and increasing the net present value (NPV) of Tucano. Exploration drilling along the 7 km-long Tucano mine trend demonstrates that the deposit remains open along strike and at depth, with exceptional gold grades intersected down-plunge from shoots that contribute to the ore reserve. In addition, the scope for in-mine exploration has increased with the discovery of high-grade gold mineralisation in the schist package, previously thought to be barren and is the dominant rock type in the mine sequence.

Recent commissioning of the Tucano Plant ball mill (ASX Announcement 2 September 2018) provides greater ore type processing flexibility at Tucano, enabling the company to make risk-adjusted capital allocation decisions with respect to mining and processing based on grade rather than ore type.

Aoife McGrath, commented: "I joined Beadell in June 2018 because Tucano has 2,500 km² of highly prospective and under-explored greenstone belt. More than 5 million ounces of gold in resource have been delineated along a 7 km stretch of the main mine corridor, with substantial untapped potential to be tested. The prior need for mainly oxide processing plant feed means that the obvious sulphide resource potential, within single digit kilometres of the plant site, was warehoused for when greater ore feed flexibility was available. High gold grades have been intersected at depth throughout the 7 km-long gold-bearing system, particularly at Urucum to the north, Tap AB in the centre and Duckhead in the southeast. The recent improvement in processing capability, from primarily oxide ore to primarily sulphide ore, increases our impetus to explore all components of the Tucano gold system. We will refocus near-term exploration efforts on defining sulphide resources with the shortest trucking distance to the processing plant, increasing LOM and NPV, while also systematically advancing the larger regional package and pushing the best potential prospects through the exploration pipeline. We have an excellent onsite team, many of whom have a long history with the project, and significant achievements have been made in our collective understanding on Tucano over the last three years. We strongly believe that with a more systematic approach, supported by sulphide processing ability and a stronger balance sheet, Tucano will continue to deliver outstanding exploration results. Highlights since November 2015 are listed below, along with our current status and plans for the immediate future."

Exploration Highlights from November 2015 to Present

There has been ongoing exploration success since November 2015, based on refinement of the geological model and controls on gold mineralisation. This has resulted in the discovery of eight new lodes of gold mineralisation within 3 km of the Tucano Plant. Referring to Figure 1 and Table 1 below, and moving from north to south, these are:

- Urso Lode – 3.0 km from Tucano Plant.
- Neo North Lode (blind to surface and within reserve pit design) – 2.0 km from Tucano Plant.
- Southern extension of Tap AB2 Trough Lode, across Mata Fome Fault – 1.5 km from Tucano Plant.

- High-grade plunging shoot on Tap AB1 Trough Lode – 1.5 km from Tucano Plant. This lode was previously believed to be the southern extension of Tap AB2 Trough Lode and had never optimised a pit until the high-grade shoot was discovered.
- Neo East Lode – 2 km from Tucano Plant.
- Tap D South Lodes – 2 km from Tucano Plant.
- Torres & Southern Extension Lodes – 2 km from Tucano Plant.

In addition, recent drilling intersected high-grade gold mineralisation in the saddle between the Urucum Central and Urucum North Reserve Pits (Figures 2 and 3) with **12 m @ 22.5 g/t Au and 4 m @ 6.14 g/t Au** intersected beneath the saddle area (ASX Announcement 23 May 2018).

The exploration drilling in 2015 and 2016 resulted in an overall 15% increase in the Tucano reserve grade from the 31 December 2015 to the 30 June 2017 update. This was predominantly due to a 33% increase in grade at Tap AB. In addition, Tucano gold resource grade and ounces increased 13% and 6%, respectively, again driven by Tap AB Open Pit and Underground, where the resource gold grade increased by 23% and ounces by 45%.

Beadell also consolidated its near mine land position in April 2017 by securing an additional 576 km² of highly prospective ground contiguous with the Tucano mine lease. The Company is now in the rare position of having 100% control of a highly-prospective, 2,500 km² 'Birimian type' greenstone belt around a processing plant with expanded ore feed type flexibility.

This exploration success is based on improved understanding of the controls on gold mineralisation:

- High-grade, north-plunging shoots occur in all lodes and are interpreted to be variably controlled by intersections of bedding and foliations (Figure 4).
- The Mata Fome Fault does not displace mineralisation – it predates or is coeval with the main gold event.
- Gold mineralisation was previously interpreted to be associated only with the banded iron formation (BIF)-schist contact. However, gold mineralisation has been intersected in the Neo lodes within the schist package, with three lodes drill intersected so far along a strike length of almost 1 km and to a likely depth of 550 m below reserve pit base (total depth ~700 m) (Figures 1 and 5). Two of these lodes are not yet included in a resource category due to insufficient drilling but represent meaningful upside as they sit within the current LOM reserve pits in a volume classified as waste.
- Ongoing research indicates:
 - Two deformation events, not one as previously thought, appear to control the distribution of gold mineralisation, potentially increasing the variety and number of suitable structural settings.
 - Early pegmatites and other rigid granitoid bodies likely played a significant control on the location of orebodies. This is a new interpretation will be documented in greater detail as the exploration model evolves.

Exploration – Current Work

The 30 June 2018 reserve update will be based on the same gold price assumption for all Tucano gold deposits for the first time. This will provide the platform for an equitable ranking of the economic importance of each deposit and will simplify key areas of upside for both geologists and investors.

The Company is two months into a six month-long 2D data mining process. New 2D and 3D geological data management systems will be implemented during the December 2018 quarter, with the aim of reducing time spent manually manipulating and organizing data. The product will enable the Tucano site team to

focus more on data analysis, interrogation, interpretation and exploration planning. Target generation, ranking and reconnaissance exploration plans will be generated as part of short, medium and long-term resource growth plans. Exploration expenditure at Tucano over the last 25 years is estimated to be >US\$50 million (based on assessment of previous operators' and Beadell's exploration expenditure). The geological data management systems will cost ~US\$250,000 to implement and should result in an exceptional economic return from this important data mining exercise.

Exploration – Short Term Plans

With the ability to process up to 80% sulphide ore, Beadell will be able to plan systematic exploration, delineation and definition drilling of known sulphide mineralisation. High gold grades have been intersected in oxide and sulphide mineralisation along the entire 7 km strike of the mine corridor and to the southeast at Duckhead. The short-term exploration focus will therefore be along the mine corridor, with the aim of increasing mine life and NPV. Immediate targets include:

- Follow-up of the high-grade plunging shoots from Tap AB to Urucum (Figure 4 and Table 1)
- Follow-up drilling in the Urucum saddle between Urucum Central and Urucum North pits. Continuity of gold mineralisation between these pits could have a significant impact on pit shape and economics (Figures 2 and 3). In addition, Urucum North has an attractive Measured and Indicated resource ounce per vertical metre profile. Using a 1.6 g/t gold cut-off, as per the reserve in the pre-feasibility study (ASX Announcement 31 March 2016) for the underground, the resource ounces per vertical metre are:
 - 817 ounces in the 0 m to -100 m RL
 - 1,147 ounces in the -100 m to -200 m RL and
 - 1,013 ounces in the -200 m to -300 m RL

This starts just 30 m below the base of the final 30 June 2017 reserve pit (Figure 6). Therefore, with a combination of lower mining costs and a deeper pit base (if gold mineralisation extends through the saddle), there is potential for some of these ounces to be mined via open pit. Even if mined in an underground scenario, the grade and ounces are high at the beginning of the proposed underground mine life, potentially resulting in a quick payback on development. All these high-grade shoots are open down-plunge and along strike, hence further exploration is warranted.

- Delineation and definition drilling on all Neo Lodes (Figures 1 and 5).
- Delineation and definition drilling at shallow oxide targets at Urso (Figure 7).

In summary, the multiple in-mine and near-mine drill discoveries and untested prospects provide the Beadell exploration team with a compelling opportunity to grow the gold resource at Tucano through low cost and relatively low risk work programs. Delineation and step-out drilling at the highest ranked targets is expected to commence before the end of 2018, with resource estimate determinations to occur once sufficient holes have been assayed and incorporated into the Tucano database.

Deposit	Hole Number	Intersection	From-To	ASX Announcement Date
Urso	FD01466	13 m @ 2.02 g/t Au	1-13 m	26 October 2017
	FD01470	18 m @ 1.41 g/t Au	18-36 m	
Neo North	GCRC21210	10m @ 4.08g/t Au	7-17m	23 May 2018
	F02501	8m @ 4.90g/t Au	64-77 m	
	GCRC21649	13 m @ 1.61 g/t Au	11-24 m	
Tap AB	F02019	13 m @ 164.05 g/t Au	126-139 m	6 July 2016
	Inc.	8 m @ 265.6 g/t Au	126-133 m	
	F01886	7 m @ 15.59 g/t Au	34-41 m	9 May 2016
		24 m @ 58.71 g/t Au	78-102 m	
	Inc.	8 m @ 153.71 g/t Au	85-93 m	
	Inc.	1 m @ 935.83 g/t Au	92-93 m	
		18 m @ 2.99 g/t Au	204 m-EOH	
	F02015	31 m @ 14.02 g/t Au	95-126 m	
	Inc.	14 m @ 26.45 g/t Au	97-111 m	1 August 2016
	F02020	4 m @ 35.58 g/t Au	126 m-EOH	6 July 2016
	F02021	22 m @ 34.91 g/t Au	99 m-EOH	6 July 2016
	Inc.	12 m @ 62.58 g/t Au	108 m-EOH	
	F01930	50 m @ 7.65 g/t Au	137-187 m	20 June 2016
	Inc.	21 m @ 17.16 g/t Au	165-186 m	
	F02095	15 m @ 5.66 g/t Au	64-79 m	10 October 2016
		32 m @ 9.84 g/t Au	82-114 m	
	Inc.	13 m @ 20.71 g/t Au	97-110 m	
	F02049	14 m @ 6.56 g/t Au	94-108 m	1 August 2016
		26 m @ 11.61 g/t Au	118 m-EOH	
	Inc.	9 m @ 27.92 g/t Au	126-135 m	
	F01839	64 m @ 4.22 g/t Au	78-142 m	30 March 2016
		10 m @ 3.08 g/t Au	150-160 m	
Neo	F1622	17 m @ 3.51 g/t Au	23-40 m	18 December 2015
	F1639	27 m @ 2.53 g/t Au	87 m-EOH	
	F1643	13 m @ 3.59 g/t Au	74- 87 m	
		12m @ 2.48 g/t Au	90-102 m	
Neo East	GCPF29598	3 m @ 52.15 g/t Au	12 m-EOH	26 October 2017
	Inc.	1 m @ 107.04 g/t Au	14 m-EOH	
Torres	GCRC2161	14 m @ 4.32 g/t Au	65-79 m	21 May 2018
	GCRC21609	13 m @ 2.28 g/t Au	46-59 m	
	GCRC21609	11 m @ 4.55 g/t Au	31-42 m	
Urucum	F02509	6 m @ 2.51 g/t Au	45-51 m	23 May 2018
		12 m @ 22.5 g/t Au	102-114 m	
	F02550	10 m @ 2.08 g/t Au	41-51 m	
		13 m @ 5.37 g/t Au	63-76 m	
	FD1422	14.6 @ at 5.92 g/t Au	336.4-351 m	18 December 2015
	Inc.	6.2 m @ 11.85 g/t Au	338.8-345 m	
Duckhead	FVM00560*	48 m @ 11.62 g/t Au	66-114 m	1 August 2016
		3 m @ 87.69 g/t Au	126-135 m	
		4m @ 49.1 g/t Au	124-128 m	

Table 1: Highlights of gold grades with high grade shoots along the 7 km Tucano mine corridor and Duckhead. *Hole was drilled from the bottom of the oxide pit to test continuation of the mineralised zone into the sulphide zone. Access was restricted, resulting in a likely down-plunge drill direction. It therefore suggests that the mineralized zone continues, but the drill interval is not true width.

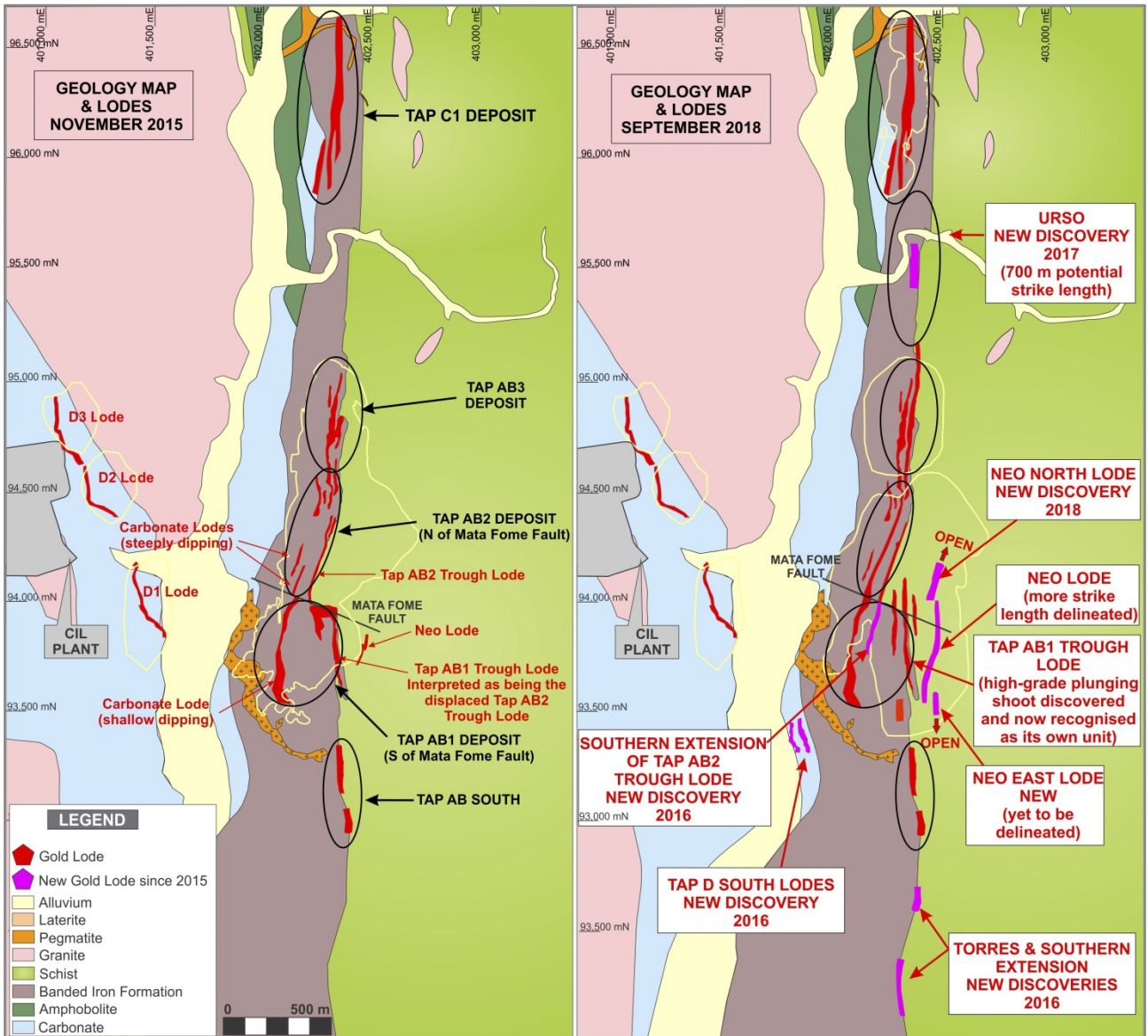


Figure 1: Simplified geology map showing locations of Tucano gold deposits and lodes. Map on the left shows status as at November 2015 while the map on right indicates current status. Newly identified zones of mineralisation over this time period are denoted in pink and annotated on the 2018 map. All of these with the exception of Tap D South, Neo (upper benches that fell within the existing reserve pit design) and the southern extension of Tap AB2 Trough Lodes are still to be added to reserves.

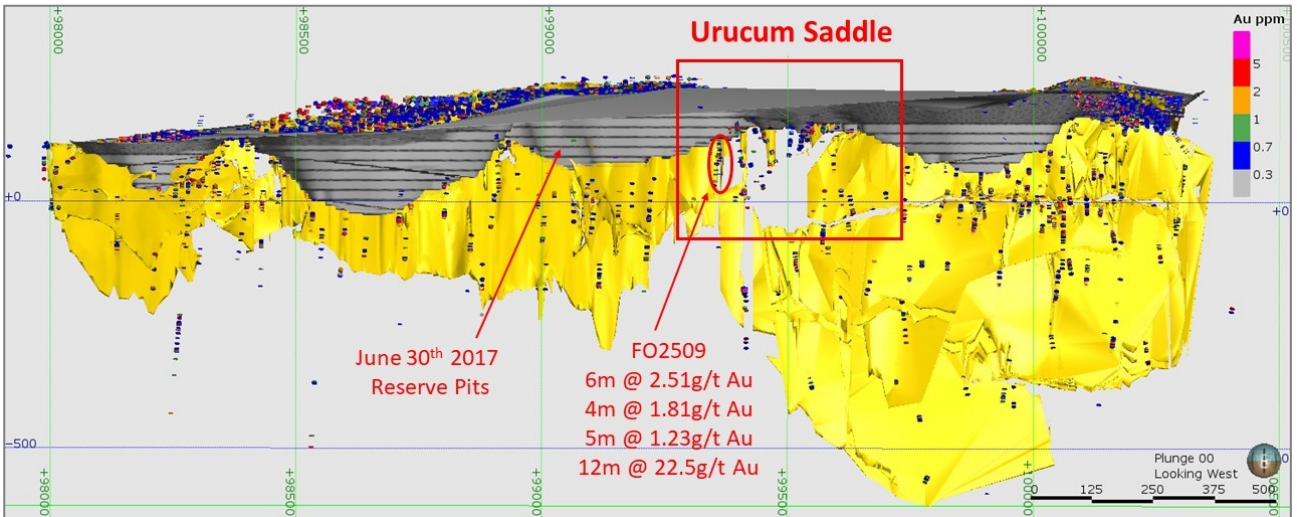


Figure 2: Long section of Urucum Saddle Area looking west, showing lack of drilling in the 100m to -100m RL. Recent drilling has indicated that the pegmatite body is not as extensive as previously interpreted with 12m at 22.5 g/t Au intersected earlier in 2018 (ASX Announcement 23 May 2018).

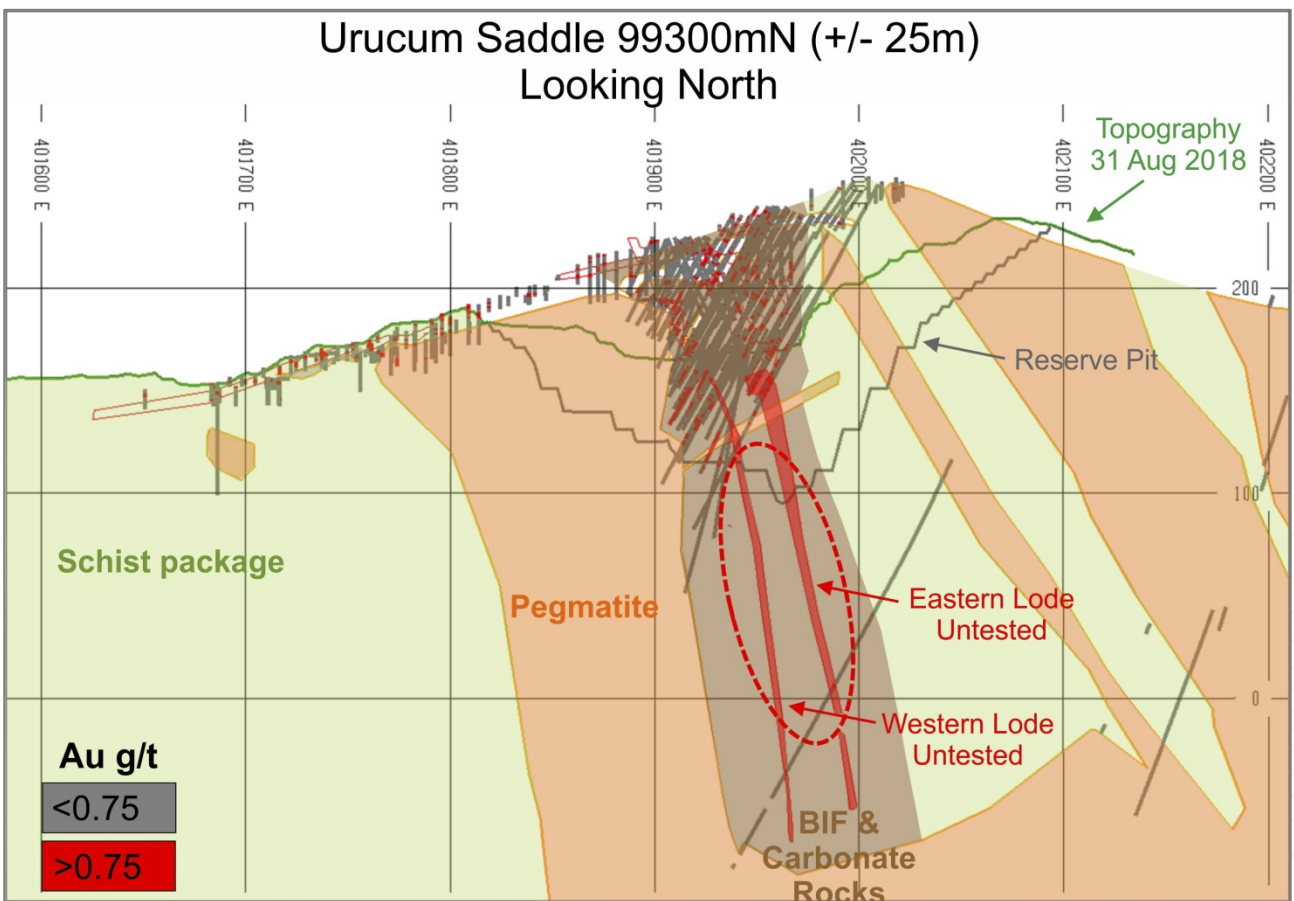


Figure 3: Simplified cross section of Urucum Saddle Area showing lack of drilling down dip on both Eastern and Western Lodes between 150 m and -60 m RL.

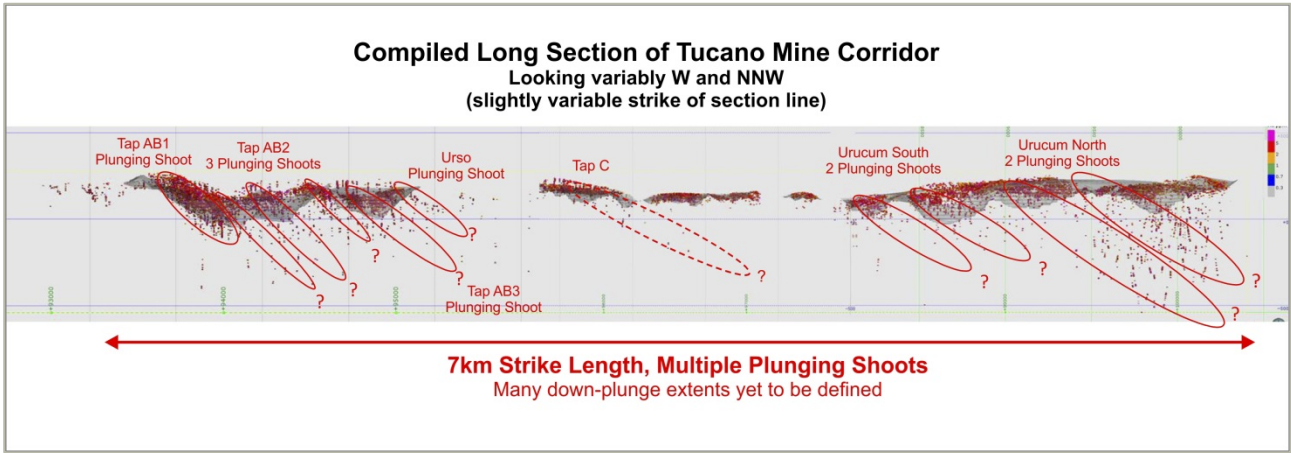


Figure 4: Long section of Tucano mine corridor showing northward plunging higher-grade shoots (only grades above 1.5g/t Au shown on this diagram).

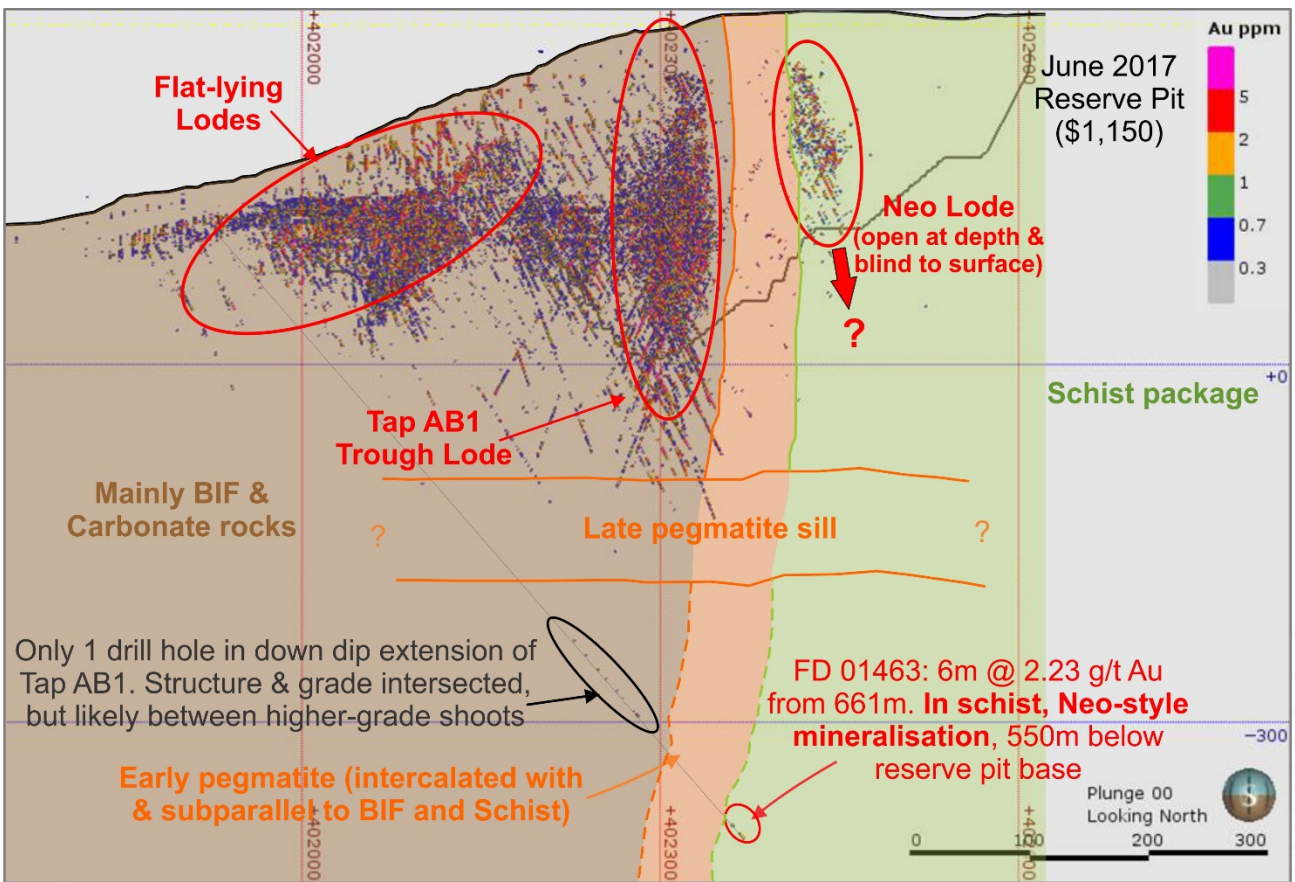


Figure 5: Simplified & schematic cross section (looking north) through Tap AB1 Reserve Pit. Neo Lode is blind to surface and open at depth (and along strike). Neo Lode style mineralisation (in schist) has been intersected 550 m below June 2017 Reserve Pit.

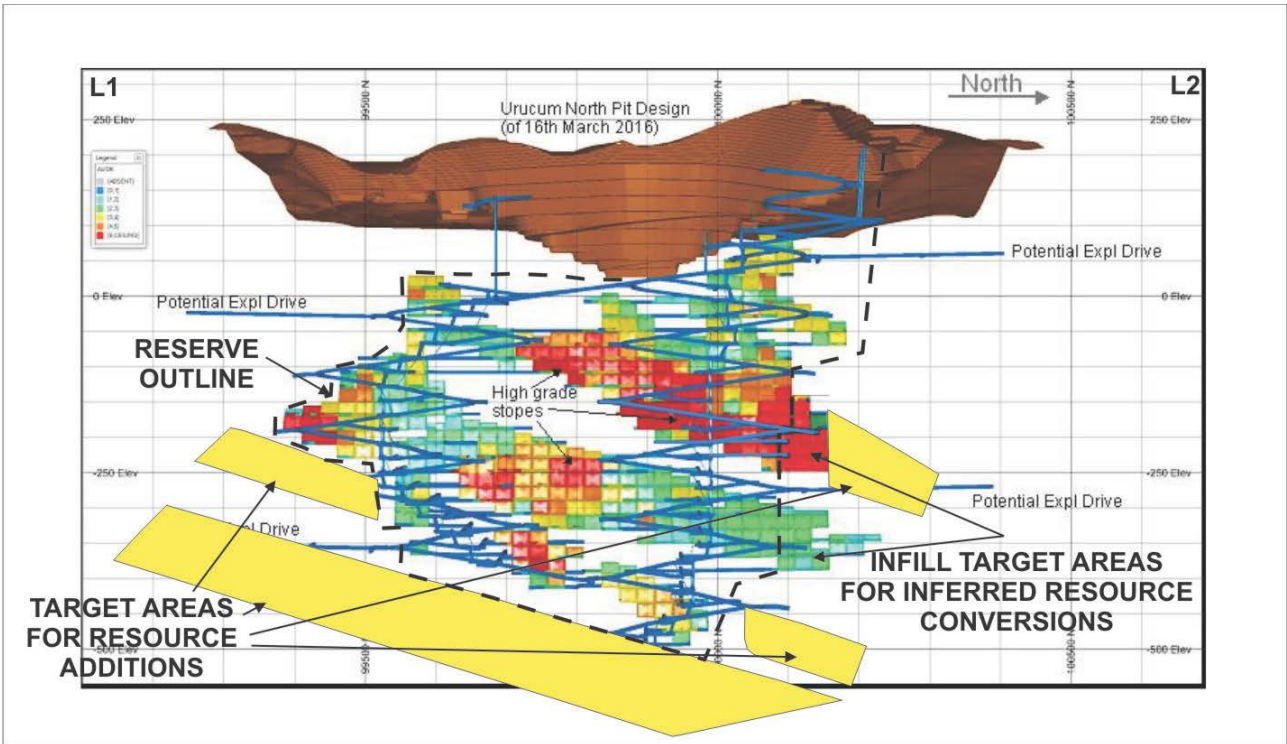


Figure 6: Long section of Urucum North Underground mine plan from PFS (April 2016). High grades within short distance of pit-base are visible. Mineralisation is open down plunge and along strike.

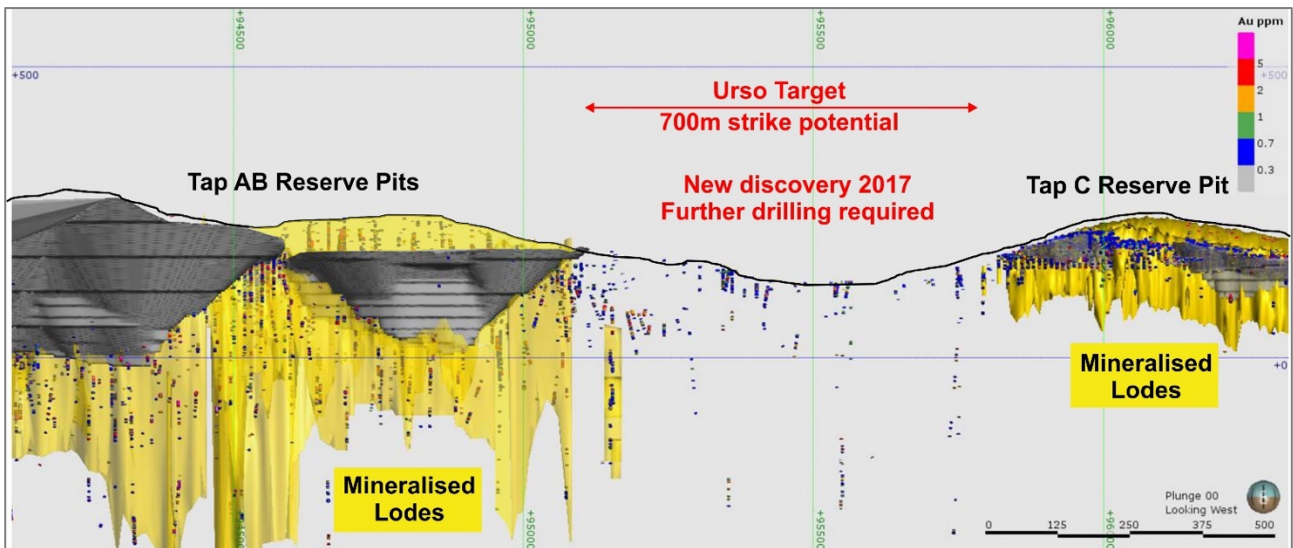


Figure 7: Long section (looking west) of Tap AB to Tap C Pits showing gap in drilling over the Urso area.

COMPETENT PERSON STATEMENT

The information is extracted from the reports entitled “Continued Exploration Success at Tucano Mine” created on 18 December 2015, “High Grade Tap AB1 Trough Lode Drill Results” created on 30 March 2016, “Ore Reserve and Mineral Resource Update” created on 14 April 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, “High Grade Results from AB1, AB2 and D Sul” created on 6 July 2016, “More High Grade Results from AB1, AB2, AB SUL and Duckhead” created on 1 August 2016, “Continuing Positive Exploration Results” created on 26 October 2017, “Interim Ore Reserve and Mineral Resource Update as at 30 June 2017” created on 19 December 2017 “Tap AB Continues to Demonstrate High Grade Shoots” created on 21 May 2018 and “Two New Gold Discoveries at Tucano” created on 23 May 2018 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.

ABOUT BEADELL

Beadell operates the Tucano Gold Mine in mining-friendly Amapá State, northern Brazil. Tucano occurs within 2,500 km² of 100%-owned, highly prospective and under-explored ‘Birimian age’ greenstone terrane. The recently upgraded Tucano plant can process approximately 3.5 million tonnes per year of oxide-sulphide ore feed in a wide range of blends. There is a pregnant pipeline of high potential in-mine and near-mine prospects, anchored by several high-grade gold drill intervals over several metres, that are the near-term opportunity to improve the head grade and prolong the mine life.

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