beadell
resources limited

ACN 125 222 291

Annual Report **2014**

CORPORATE DIRECTORY

Directors

Craig Readhead	Independent Non-Executive Chairman
Ross Kestel	Independent Non-Executive Director
Mike Donaldson	Independent Non-Executive Director
Peter Bowler	Managing Director
Rob Watkins	Executive Director – Geology

Company Secretary
Greg Barrett

Corporate Details
Beadell Resources Limited (ABN 50 125 222 291)
Issued Capital: 798,657,280 ordinary shares

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Internet: www.beadellresources.com.au

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Tucano Minesite
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Computershare Investor Services Pty Ltd
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Stock Exchange Listing
ASX Ltd
ASX Code: BDR

Auditor
KPMG
235 St Georges Terrace
Perth WA 6000

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LETTER FROM CHAIRMAN AND MANAGING DIRECTOR

Dear Fellow Shareholder,

Despite a challenging year at our 100% owned Tucano Gold Mine in Brazil, Beadell's balance sheet has been strengthened considerably. Your Company is now hedge free and ideally positioned to take full advantage of the continued depreciation of the Brazilian currency along with any upside movement in the US dollar gold price. We improved our cash and bullion position from December 2013, whilst repaying debt and progressing important infrastructure projects at Tucano.

We have implemented plant upgrades to increase throughput, invested in the construction of long term West Pond tailings dam and purchased new machinery, namely, a new Liebherr 9250 excavator and four 777G dump trucks.

The plant throughput was a pleasing 4.3 million tonnes in 2014, 23% above the nameplate capacity. Mill head grade was 1.24 g/t, below expectations of 1.45 g/t, due to material movement being below budgeted amounts. Despite just missing guidance, 2014 gold production and costs were very sound with gold sales of 165,789 ounces at a cash cost of US$ 785 per ounce.

In March, we reinforced our management team with the appointment of Boyd Timler as Chief Operating Officer. Boyd's extensive experience and willingness to spend a considerable amount of his time at Tucano has been invaluable as we continue to build on our site management team.

In June, we closed out all outstanding gold and currency hedges realising ~US$16 million cash following the replacement of the Macquarie Project Finance Facility with a new Corporate Facility with Banco Santander (Brasil) S.A.

In November, we entered into a Mining Partnership Agreement with MACA Limited for a term of 5 years for the management of all drill & blast, load & haul, crusher feed and auxiliary services at Tucano. This strategic partnership will assist us in ensuring that budgeted material movements are met. In addition, it has many additional benefits for Beadell including: strengthening the Company's cash position and balance sheet with no future mobile equipment to be purchased by Beadell; providing surety of meeting Beadell's strong production forecasts now and in future years; and returning Beadell's all-in sustaining costs to the lowest quartile by sharing in the benefits of the expected productivity improvements at Tucano by leveraging off MACA's expertise and experience.

Board Members, from the left to the right: Peter Bowler, Greg Barrett (Company Secretary), Rob Watkins, Craig Readhead, Mike Donaldson and in front, Ross Kestel.

We have also been encouraged by several profitable oxide production sources still being uncovered near to our operating open pits that are able to be processed through the plant. Further to this, a Feasibility Study for Urucum underground, including a 20,000 m drill program is being progressed throughout 2015.

With unhedged production and low all-in sustaining costs, Beadell provides strong leverage to the gold price, generating cash over a wide range of gold price scenarios, setting the foundations for a long and profitable gold mining business.

We acknowledge the efforts and dedication of our workforce in what was a challenging year, but also a year in which good progress was made on improving safety and productivity. We look forward to a rewarding year ahead as we continue to drive improved performance with rigour and discipline at our Tucano Gold Mine and maintain focus on the key priorities required of a successful mining company.

Yours faithfully,

PETER BOWLER
Managing Director

CRAIG READHEAD
Non-Executive Chairman

HIGHLIGHTS

Corporate

- Gold sales of 165,789 ounces generating revenue of $260.2 million
- Net profit after tax of $13.5 million
- New corporate bank facility to replace restrictive project finance facility
- Gold and currency hedges closed out
- Appointment of Chief Operating Officer, Boyd Timler
- Mining Partnership Agreement with MACA Limited
- Maiden Dividend of 1 cent per share

Operational

- Gold recovered totalled 153,691 ounces of gold
- Cash costs (including royalties and iron ore credits) were US$785 per ounce
- All-in Sustaining Costs ("AISC") were US$922 per ounce
- Total waste moved and ore mined totalled 12,914,789 tonnes
- Record yearly CIL plant throughput of 4,288,265 tonnes with mill feed grade of 1.24 g/t gold

Exploration

- Exceptional drill results from step out drilling on the Duckhead Main Lode of up to 28 m @ 266.8 g/t gold
- Shallow infill drilling of the surface projection of the Wing Lode intersected a significant new result of 7 m @ 10.2 g/t gold
- Several new oxide lode discoveries were made in 2014 along the 7 km Tucano mine corridor including Mirante, Gap, Tap C3 north and a new gently dipping orebody named MTL west of the main Urucum orebody
- A major diamond drilling program targeting Urucum underground commenced in late 2014. Initial drill results have been positive with a best result of 11.9 m @ 7.3 g/t gold including 4.6 m @ 19.1 g/t gold

Resources and Reserves

- Total mineral resources as at 31 December 2014 were 100.1 million tonnes @ 1.67 g/t gold for 5.4 million ounces
- Tucano overall ore reserves as at 31 December 2014 were 25.7 million tonnes @ 1.57 g/t gold for 1.3 million ounces including open pit reserves of 20.6 million tonnes @ 1.77 g/t gold for 1.2 million ounces

Aerial view of the Tucano Gold Mine Site

TUCANO GOLD MINE – BRAZIL

Overview

Beadell Resources Limited is an ASX listed gold mining company. Its primary asset is the 100% owned Tucano Gold Mine, located in the Amapá state, north of Brazil. Tucano has approximately 5.4 million ounces of gold resources and 1.3 million ounces of gold reserves. Tucano covers over 2,500km² of highly prospective gold exploration tenements. The Company completed construction of the ~4 million tonnes per annum CIL plant and began operating the Tucano gold mine in December 2012. Tucano is currently the third largest gold mine in Brazil with cash costs within the lowest quartile globally.

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Boyd Timler (Chief Operating Officer) and Luis Abadi (General Manager - Brazil) at Urucum pit

Operating results	December 2014	December 2013
Total Waste Moved (t)	10,559,034	7,146,551
Marginal Ore Moved (t)	318,820	606,734
Iron Ore Moved (t)	2,007,439	1,838,234
Gold Ore Mined (t)	2,355,755	2,086,997
Gold Ore Milled (t)	4,288,264	3,557,405
Head Grade (g/t)	1.24	1.73
Plant Recovery (%)	90.0%	92.2%
Total Gold Recovered (oz)	153,691	182,547
Total Gold Sold (oz)	165,789	172,316

Mining

During the period, mining operations were focussed on the extraction of higher grade oxide ore as feed for the CIL plant. This material was sourced mainly from the Duckhead deposit, as well as from Tap AB and Tap C pits. Progressively through the year, the Urucum pit was brought into production, supplying the base load of mill feed ore by the fourth quarter of 2014.

During the period, 12,914,789 tonnes of ore and waste were mined and moved, an improvement over the previous period of 40%, including 2,355,755 tonnes of ore mined at a grade of 1.39 g/t gold.

Whilst the very high grade ore from the Duckhead pit assisted in improving the feed grade, this source only accounted for 11% of the ore mined. The ore mined was mostly sourced from the larger unconstrained Urucum and TAP AB open pits, accounting for 65% of the total ore mined in the year.

In February 2014, mining operations benefited from the inclusion of a new Liebherr 9250 (250 tonnes class) excavator and four 777G dump trucks (100 tonne class).

Iron Ore

Iron ore stockpiles continued to be produced from iron ore mined directly from the open pits throughout the year. This material has been stockpiled awaiting the re-opening of the Santana port facility in 2015. The iron concentration plant was operated for the first half of 2014. Re-starting the iron concentrate plant is dependent on the commissioning of the Santana port facility.

Production

During the period, CIL plant throughput was 4.3 million tonnes per annum (23% over nameplate capacity of 3.5 million tonnes per annum). The mill feed grade for the year was 1.24 g/t and process plant recovery for the period was 90%. Gold production at Tucano was 153,569 ounces of gold.

EXPLORATION

RESOURCE AND RESERVE DEVELOPMENT

Brazil

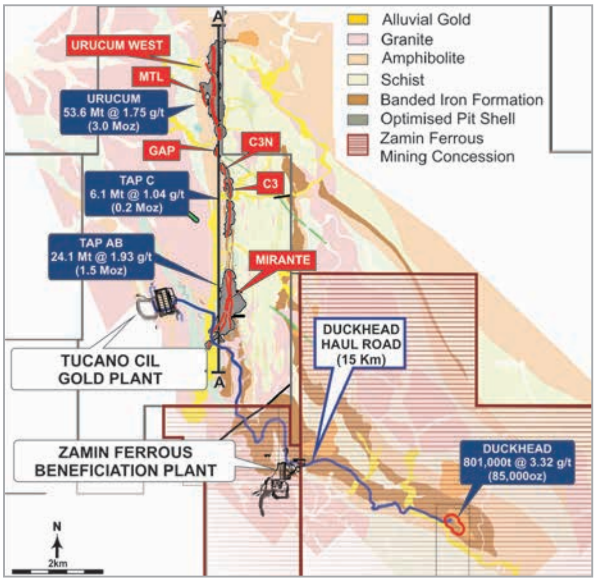
Duckhead Gold Deposit

In 2014, step out drilling of the Main Lode continued to intersect significant results of up to 32 m @ 33.5 g/t gold, including 7 m @ 140.0 g/t located below the existing open pit design. In the December quarter, drilling of the Main Lode intersected wide zones of extremely high grade gold mineralisation extending outside of the open pit limits with results up to 28 m @ 266.8 g/t gold including 5 m @ 1,467.3 g/t and including 1 m @ 6,844.6 g/t.

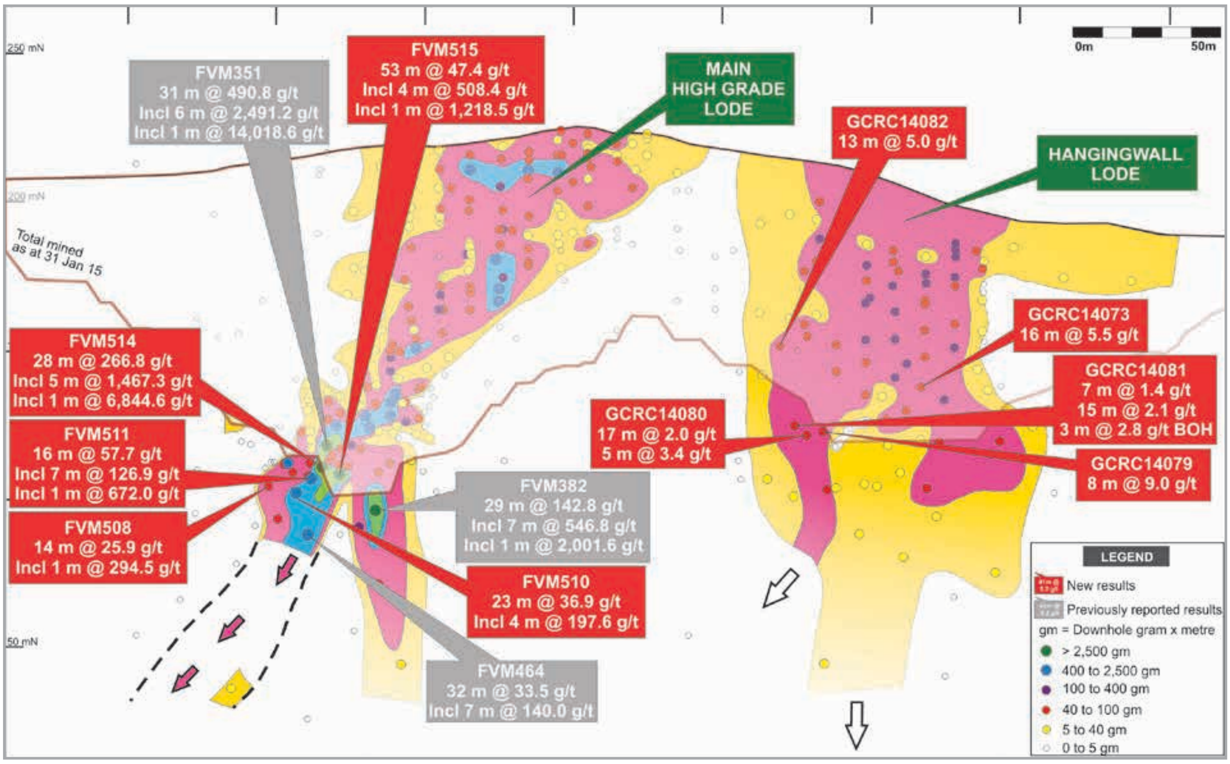
Shallow infill drilling of the surface projection of the Wing Lode intersected a significant new result of 7 m @ 10.2 g/t gold including 2 m @ 32.6 g/t gold located 200 m west of the previously delineated high grade zone on the Wing Lode structure.

An updated Duckhead Mineral Resource of 801,000 tonnes @ 3.32 g/t gold for 85,000 ounces and remaining open pit Ore Reserve at Duckhead of 141,000 tonnes @ 6.80 g/t for 31,000 ounces was included in the 31 December 2014 Annual Mineral Resource and Ore Reserve statement and mining of the stage 3 cutback is expected to be completed in 2015.

In the near mine area surrounding Duckhead, systematic auger drilling was completed along the Duckhead mine corridor has delineated several significant gold anomalies at Goosebumps located 500 m east of Duckhead and Fold Nose located to the southeast of Duckhead. Auger results up to 1.4 g/t gold bottom of hole and up to 13.5 g/t gold in re-sampling of a nearby iron ore diamond hole highlight the potential of the Duckhead near mine corridor.



Mining concession plan



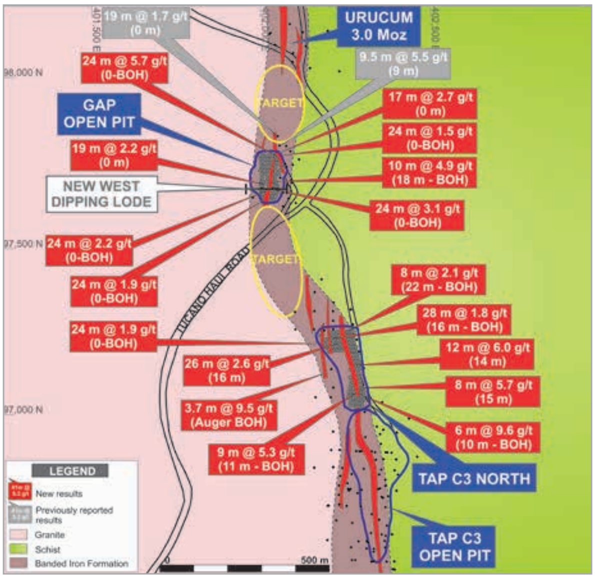
Duckhead Main Lode and Hangingwall Lode longsection

EXPLORATION

Tucano Mine Corridor Open Pit Oxide Targets

Several oxide lode discoveries have been made during the year along the 7 km Tucano mine corridor including Mirante, Gap, Tap C3 north and MTL, adding valuable "non-reserve" incremental ore source additions to the near term mine plan. The discovery and rapid development of these ore sources highlights the potential of the Tucano Mine Corridor to continue to add open pit resources and reserves with ongoing drilling.

Infill drilling at the saddle between the Tap AB2 and Tap AB3 open pits resulted in the discovery of a new previously undefined lode named Mirante Lode (Lookout Lode) along the main mineralised BIF and schist contact with results up to 14 m @ 22.2 g/t gold from 9 m including 5 m @ 59.8 g/t, 12 m @ 10.3 g/t gold from 3 m and 15 m @ 8.4 g/t gold from 7 m.



Gap and Tap C3 North discoveries and target zones

Tap AB Mirante Lode drilling with Tap AB3 open pit in background

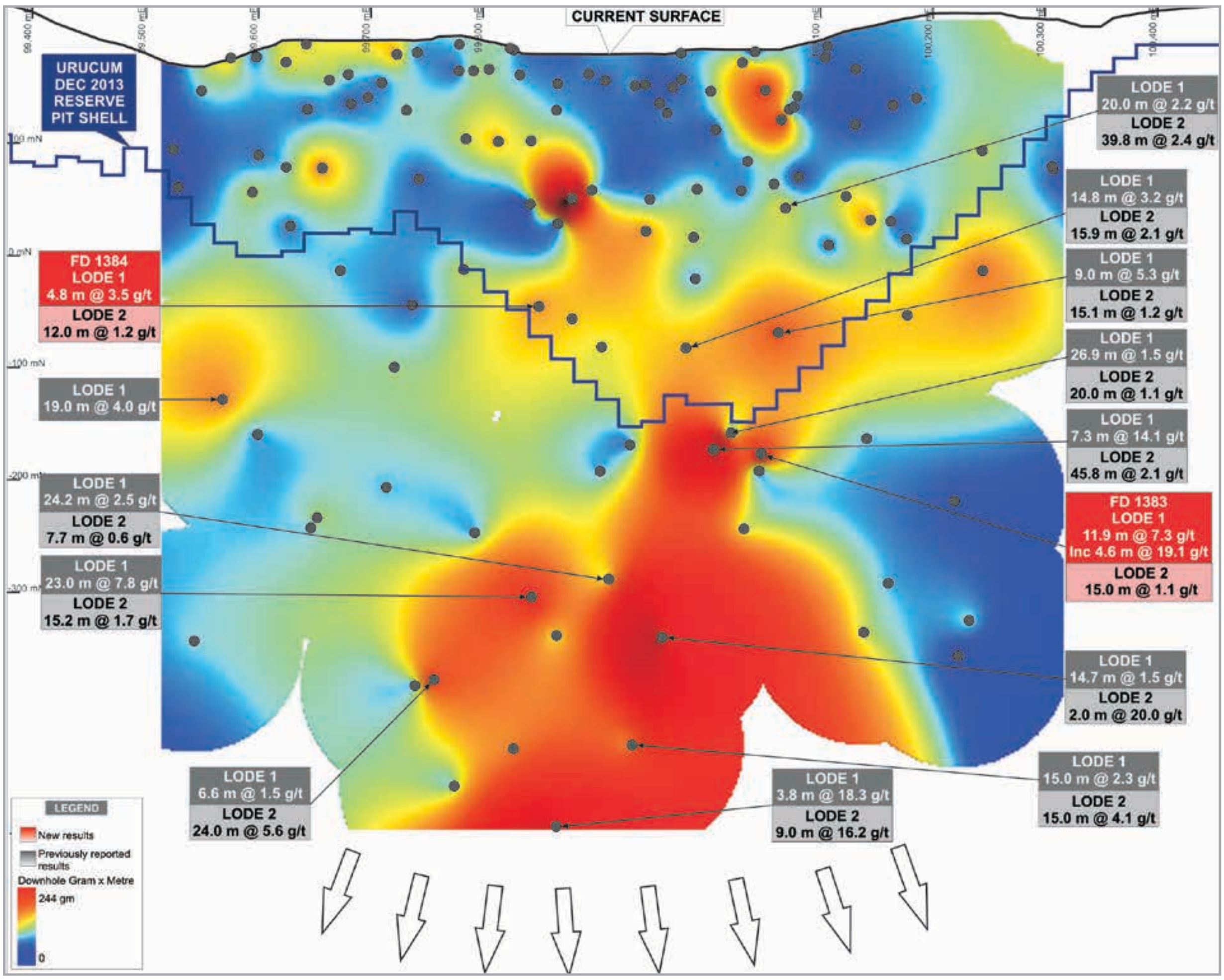
Shallow RC drilling along the 1 km "Gap" from the southern end of the 3.0 million ounces Urucum deposit to the northern end of the Tap C3 open pit, intersected continuous zones of oxide gold mineralisation with results of up to 24 m @ 5.7 g/t gold and 26 m @ 2.6 g/t gold.

A new lode was discovered at Urucum within the reserve open pit limits named MTL. Recent drilling has defined a previously unrecognised flat to gently west dipping mineralised BIF immediately beneath a mineralised colluvium blanket in the western edge of the pit. Approximate true width results of up to 9 m @ 9.3 g/t gold, 10 m @ 4.5 g/t gold, 10 m @ 5.9 g/t gold and 15 m @ 2.6 g/t gold have been received from the recent drilling.

Urucum Underground

A positive scoping study targeting the addition of an Urucum underground development and production into the Tucano Life of Mine (LOM) progressed to a Pre-Feasibility Study (PFS) during the year and will be completed in 2015.

Results from the first diamond hole were very encouraging with FD1383 recording 11.9 m @ 7.3 g/t gold including 4.6 m @ 19.1 g/t gold, highlighting the high grade nature of the Urucum lodes beneath the open pit. Incremental addition of a high grade underground operation at Tucano will have the effect of bringing forward high grade ore from the deeper parts of the Urucum orebody previously considered only for open pit. The PFS is being undertaken by AMC Consultants Pty Ltd.



Urucum North Composite Longsection of Lode 1 and Lode 2

EXPLORATION

Exploration

Tucano Regional

The Tucano tenement package covers 2,500 sq km of the highly prospective Amapari greenstone belt. Wide spread geochemical anomalism occurs throughout the greenstone and remains extremely underexplored with only a handful of drill holes ever been drilled outside of the 5.0 million ounces Tucano mine corridor.

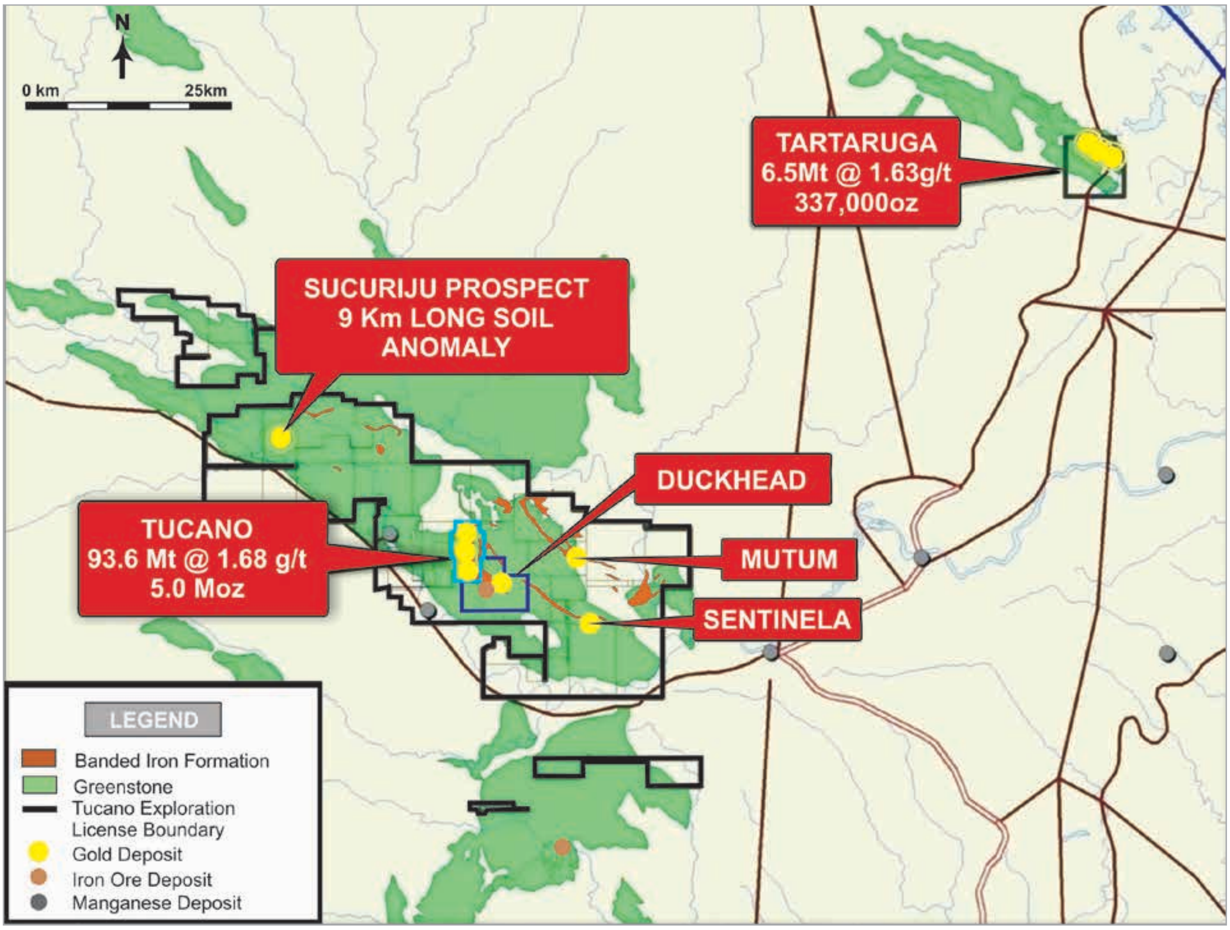
In 2015 the regional exploration programs will continue and first pass drilling programs of key regional targets will be completed.

Tartaruga Project

The Tartaruga project is located 120 km northeast of Tucano covering 357 sq km of the Tartarugalzinho greenstone Belt. The project was acquired in 2007 and includes a JORC Inferred resource of 6.45 Mt @ 1.63 g/t gold for 337,000 ounces.

Reconnaissance field mapping has identified sub cropping Banded Iron Formation ("BIF") east of the Rio de Ouro prospect. No previous exploration has been completed in the area and the presence of BIF is considered to be highly encouraging for Tucano style gold mineralisation.

Preparations for resource delineation and exploration drilling programs have advanced and will be completed in 2015.



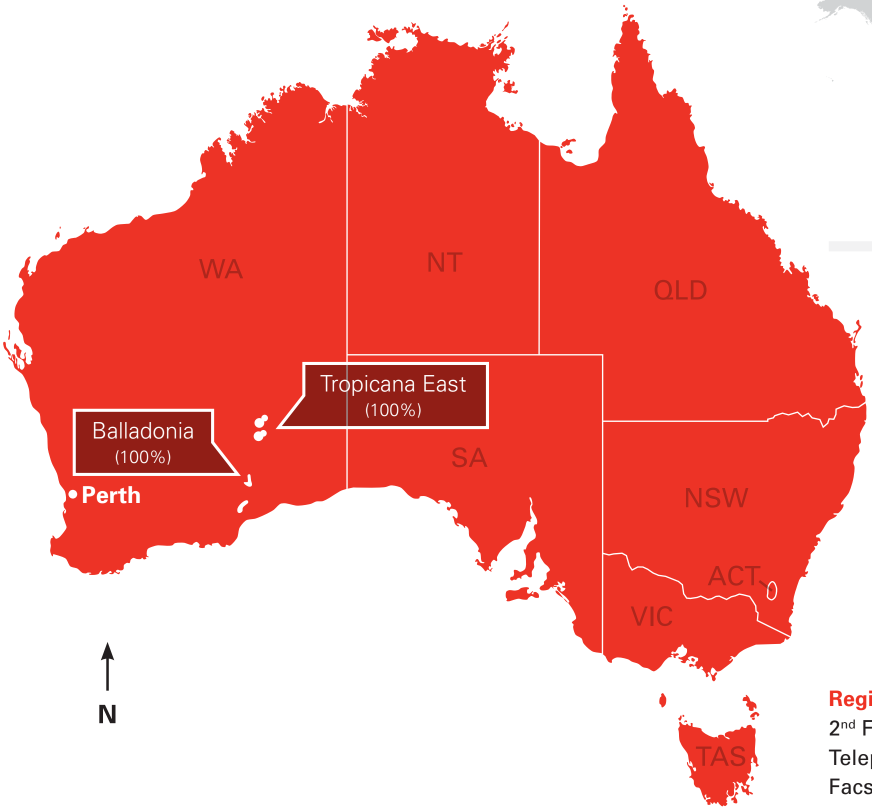
Tucano Regional plan showing location of land holding and prospective greenstone belts

Australia

Exploration in Australia is focussed on the highly prospective Albany – Fraser belt in Western Australia where an early stage tenement package has been accumulated covering over 975 sq km. The tenement package comprises three project areas at Tropicana East, Zanthus and Balladonia.

The Tropicana East project is located near AngloGold Ashanti/Independence Group 7.9 million ounces Tropicana gold deposit. Early stage gold discoveries are present at the Hercules and Atlantis prospects 60 km northeast of Tropicana and in 2015 will be followed up with targeted drilling programs.

At the Pleiades prospect a field mapping project by James Cook University and GSWA was completed 20 km east of the Tropicana gold deposit. Of note is the discovery of strongly metamorphosed BIF and garnet schist outcrop likely to be of Archean protolith age and potentially related to the Tropicana stratigraphy.



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RESOURCES & RESERVES

Summaries of gold mineral resource and ore reserves as at 31 December 2014, produced in accordance with the 2012 Edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code) are presented in the tables 1 and 2 below, respectively. A complete detailed public report on the resource and reserve update was released on the ASX on 7 April 2015 and is also available on the Company's website.

The Company's mineral resources as at 31 December 2014 were 100.1 million tonnes @ 1.67 g/t gold for 5.4 million ounces. A total of 572,000 ounces (+11.5%) were added at Tucano and 171,000 ounces (-3.4%) were depleted by milling, resulting in a net addition of 401,000 ounces (+8.1%) of gold ore resources after depletion in 2014.

Table 1: Gold Resources

As at 31 December 2014

	Measured			*Indicated*			*Inferred*			*Total*			
Brazil	Tonnes ('000)	Grade g/t Au	Ounces ('000)	Tonnes ('000)	Grade g/t Au	Ounces ('000)	Tonnes ('000)	Grade g/t Au	Ounces ('000)	Tonnes ('000)	Grade g/t Au	Ounces ('000)	Lower Cut off g/t
Urucum Total Oxide	1,599	1.14	59	1,979	1.04	66	729	0.78	18	4,307	1.04	143	0.4
Tap AB Oxide	2,781	1.72	154	3,322	1.64	175	950	1.04	32	7,053	1.59	360	0.4
Tap C Oxide	976	0.93	29	590	0.75	14	331	0.59	6	1,897	0.82	50	0.4
Tap D Oxide	62	1.25	2	896	0.88	25	263	1.50	13	1,221	1.03	41	0.4
Duckhead Oxide	69	13.68	30	51	1.94	3	80	1.49	4	200	5.81	37	1.0
Total Oxide	5,487	1.55	274	6,838	1.29	283	2,353	0.96	73	14,678	1.34	631	
Urucum Total Primary	7,516	1.56	376	20,518	1.85	1,223	21,271	1.87	1,275	49,305	1.81	2,875	0.4
Tap AB Primary	1,168	1.64	62	6,167	1.96	388	9,674	2.20	684	17,009	2.07	1,134	0.4
Tap C Primary	543	1.16	20	2,286	1.13	83	1,387	1.15	51	4,216	1.14	154	0.4
Tap D Primary	62	1.11	2	595	0.87	17	660	1.06	23	1,317	0.98	41	0.4
Duckhead Primary	234	3.28	25	85	2.79	8	282	1.76	16	601	2.49	48	1.0
Total Primary	9289	1.54	460	29,651	1.80	1,719	33,274	1.92	2,049	72,448	1.83	4,252	
Urucum Total*	9,115	1.48	435	22,497	1.78	1,289	22,000	1.83	1,293	53,612	1.75	3,018	0.4
Tap AB Total	3,949	1.70	216	9,489	1.85	563	10,624	2.10	716	24,062	1.93	1,494	0.4
Tap C Total	1,519	1.01	49	2,876	1.05	97	1,718	1.04	57	6,113	1.04	204	0.4
Tap D Total	124	1.18	4	1,491	0.88	42	923	1.19	36	2,538	1.01	82	0.4
Duckhead Total	303	5.64	55	136	2.47	11	362	1.70	20	801	3.32	85	1.0
Total Oxide and Primary	15,010	1.57	759	36,489	1.71	2,002	35,627	1.85	2,122	87,126	1.74	4,883	
High Grade Stockpile	130	0.99	4	-	-	-	-	-	-	130	0.99	4	0.5
Low Grade Stockpile	1,049	0.66	22	-	-	-	-	-	-	1,049	0.66	22	0.5
Spent Ore Stockpile	3,971	0.81	103	-	-	-	-	-	-	3,971	0.81	103	0.5
Marginal Ore Stockpiles	1,342	0.45	19	-	-	-	-	-	-	1,342	0.45	19	0.3
Total Stockpiles	6,492	0.71	148	-	-	-	-	-	-	6,492	0.71	148	
Tartaruga	-	-	-	-	-	-	6,451	1.63	337	6,452	1.63	337	0.5
Total Brazil	**21,502**	**1.31**	**907**	**36,489**	**1.71**	**2,002**	**42,078**	**1.82**	**2,459**	**100,070**	**1.67**	**5,368**	

See Appendix 1 for JORC Code section criteria

Tucano ore reserves as at 31 December 2014 are 25.7 million tonnes @ 1.57 g/t gold for 1.3 million ounces including open pit reserves of 20.6 million tonnes @ 1.77 g/t gold for 1.2 million ounces. Total ore reserves before depletion decreased by 196,000 ounces (-12%) and 171,000 ounces (-10%) were depleted by milling resulting in a net reduction of 367,000 ounces (-22%) of gold reserves after depletion in 2014. The reduction in gold reserves is due to the removal of iron ore revenue and a reduction in the gold price assumption to US$1,050 from US$1,200 in 2013. The updated 1.3 million ounces Tucano reserve has a robust 6-year open pit mine life at a significantly increased profitability and reduced open pit strip ratio of 7:5:1 from 12.7:1 in 2013.

Table 2: Gold Reserves

As at 31 December 2014

	Proved Reserve			*Probable Reserve*			*Total Mineral Inventory*			
Brazil	Tonnes ('000)	Grade g/t Au	Ounces ('000)	Tonnes ('000)	Grade g/t Au	Ounces ('000)	Tonnes ('000)	Grade g/t Au	Ounces ('000)	Cut off g/t
Urucum Oxide	1,340	1.20	52	1,017	1.12	37	2,357	1.17	88	0.59
Tap AB Oxide	1,917	2.03	125	1,140	2.48	91	3,057	2.20	216	0.53
Tap C Oxide	661	1.10	23	217	1.00	7	877	1.07	30	0.55
Tap D Oxide	32	1.47	2	0	2.46	-	32	1.48	2	0.50
Duckhead Oxide	25	25.80	20	2	1.69	-	27	23.91	20	1.00
Total Oxide	3,974	1.74	222	2,375	1.76	134	6,349	1.74	356	
Urucum Primary	5,127	1.60	263	5,428	1.79	312	10,556	1.70	575	0.60
Tap AB Primary	868	1.83	51	1,896	2.35	143	2,763	2.19	194	0.53
Tap C Primary	329	1.40	15	438	1.55	22	767	1.49	37	0.61
Tap D Primary	4	1.61	0	0	0.81	-	4	1.53	0	0.50
Duckhead Primary	114	2.85	10	1	1.91	-	115	2.84	10	1.00
Total Primary	6,442	1.64	339	7,764	1.91	477	14,205	1.79	816	
Urucum Total	6,467	1.51	315	6,445	1.68	349	12,912	1.60	664	0.60
Tap AB Total	2,785	1.97	176	3,035	2.40	234	5,820	2.19	410	0.53
Tap C Total	989	1.20	38	655	1.37	29	1,644	1.27	67	0.58
Tap D Total	35	1.49	2	1	1.31	-	36	1.48	2	0.50
Duckhead Total	138	6.92	31	3	1.77	-	141	6.80	31	1.00
Total Oxide and Primary	10,416	1.67	561	10,139	1.88	612	20,555	1.77	1,172	
High Grade Stockpile	130	0.99	4	-	-	-	130	0.99	4	0.50
Low Grade Stockpile	1,049	0.66	22	-	-	-	1,049	0.66	22	0.50
Spent Ore Stockpile	3,971	0.81	103	-	-	-	3,971	0.81	103	0.50
Marginal Ore Stockpile	-	-	-	-	-	-	-	-	-	
Total Stockpiles	5,150	0.78	129	-	-	-	5,150	0.78	129	
Tartaruga	-	-	-	-	-	-	-	-	-	-
Total Brazil	**15,566**	**1.38**	**690**	**10,139**	**1.88**	**612**	**25,705**	**1.57**	**1,301**	**0.59**

Competency Statement

The information in this report relating to Mineral Resource and Open Pit Ore Reserves is 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 an Executive Director 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 in this report relating to Open Pit Ore Reserves is based on information compiled by Mr Sjoerd Rein Duim 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 Duim is a consultant who is employed by SRK Consulting and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Duim is responsible for the Tucano pit optimisations for Tap AB, Tap C and Urucum and final reporting of the pit design inventories for Tap AB, TapC, Urucum and Duckhead.

The information in this report relating to Mineral Resources is based on information compiled by Mr Paul Tan who is a member of the Australasian Institute of Mining and Metallurgy and has sufficient exploration experience which is relevant to the various styles of mineralisation under consideration 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 Tan is a full time employee of the Beadell Group and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CORPORATE

Financial summary	December 2014	December 2013
Financial results	**$ millions**	**$ millions**
Sales revenue	260.2	253.0
Costs of production	(145.2)	(104.6)
Underlying EBITDA	115.0	148.4
Depreciation and amortisation	(36.6)	(20.7)
Profit before tax and net finance expense	49.5	99.8
Net finance expense	(27.6)	(6.7)
Income tax (expense)/benefit	(8.4)	20.5
Reported profit after tax	13.5	113.5
Other financial information	**$ millions**	**$ millions**
Net cash flow from operating activities	13.0	86.9
Cash and cash equivalents (including restricted cash and gold bullion awaiting settlement)	71.7	19.3
Net assets	221.8	237.8
Basic earnings per share	A$0.02/share	A$0.15/share

Note: Information contained in the operating and financial summary data presented above contains non-IFRS measures which have not been subject to review by the Company's auditors.

Appointment of Chief Operating Officer

In March 2014, the Company announced the appointment of Boyd Timler as Chief Operating Officer.

Mr Timler has over 30 years of international mining experience, most recently as Managing Director of the Lumwana Mining Company in Zambia for Barrick Gold Corp and prior to that as General Manager at the Plutonic and Granny Smith gold mines in Western Australia. He brings to Beadell a breadth of high level experience in both open pit and underground mining in Australia, Brazil, Canada, Tanzania, USA and Zambia. He has a proven track record in delivering results, driving change to enhance project value and achieving the highest safety, environmental and sustainability practices at all projects for which he has worked.

Corporate bank facility secured and gold and currency hedges closed out

On 30 June 2014, the Company announced the close out of all outstanding gold and currency hedges realising ~US$16 million cash following the replacement of the Macquarie Project Finance Facility with a US$60 million unsecured 12-month bridging facility with Banco Santander (Brasil) S.A ("Santander"). Subsequent to year end this facility was restructured, syndicated and rolled into a three year facility amortising quarterly (US$5 million per quarter) with an interest rate of US LIBOR +3%.

Mining Partnership Agreement with MACA Ltd

In November 2014 the Company disposed of its earthmoving and ancillary fleet to a wholly owned subsidiary of MACA Limited, as part of mining partnership agreement entered into with MACA for the provision of open pit mining services at the Group's Tucano Gold Mine.

CORPORATE RESPONSIBILITY

Safety and Health

Beadell has made significant investments to go beyond compliance and ensure the prevention of accidents through the implementation of best practices in health and safety management.

As part of Beadell Management System, the Company has been working strongly on recycling training and qualification, as well as on the orientation and prevention through safety inspections, interactions and daily security dialogue with the workers. This set of security tools combined with other Health and Environment tools has helped the Company to produce gold in a more secure and sustainable manner.

Beadell's safety programs include:

- **Safety Interactions (Safety Behaviour Audits)**
- **Daily Safety Dialogue**
- **Registration of Safety Occurrence**
- **A.P.R. (Preliminary Risk Analysis in Portuguese)**

The Company also has a Rescue Brigade team formed and an Emergency Rescue Plan in place.

During the period, the total recordable injury frequency rate (TRIFR) was 4.27 and the lost time injury frequency rate (LTIFR) was 1.42.

Sadly, in March 2014, an employee of a contractor died from injuries he received in an accident near the Duckhead operation, in Brazil. The Company has provided comprehensive assistance, including counselling services, to family, friends and affected employees.

Environment

As the Tucano Gold Mine is located in one of the richest biological reserves in the Amazon, Beadell is very committed with the sustainability of this biome. The Company has been carrying out various social and environmental programs, to meet the relevant laws and performing activities such as studies of the physical, biotic and socioeconomic environment.

Beadell's activities are subject to environmental and administrative licensing, which are monitored by environmental agencies through monthly, quarterly, semi-annual and annual reports depending on their complexity.

CORPORATE RESPONSIBILITY

The Company has a water management program to monitor the quality of surface waters (rivers and streams) and underground (groundwater) in the area of the Tucano Gold Mine through a sampling program and analysis of physical and chemical parameters.

Beadell adopts strategies for recovery of damaged areas through the stabilisation of the soil in the mine tailings, control of erosion and recovery of biological activity of the soil. The seedlings are provided by the Company's own nursery, which has the capacity to produce up to 60,000 seedlings per year.

In order to promote the wise use of the natural resources, Beadell's team conducts talks on environmental education in schools of the surrounding communities and distributes seedlings. In 2014, the Company donated 2,342 seedlings of native species to the farmers of the surrounding communities.

The Company has a specific area of rehabilitation of animals, which is intended to receive and recover wild animals from the areas of vegetation removal and area of influence of the project for later release in the forest.

The Solid Waste Management within the Tucano Gold Mine encompasses a set of actions to reduce, reuse and recycling of waste, such as better monitoring throughout its production cycle. It aims to reduce the production of waste at source, managing the production in order to achieve a balance between the need for production and its environmental impact.

Community

Beadell is fully committed to the social development of the surrounding communities of the Tucano Gold Mine. The Company has supported programs that take into account local needs and priorities. Beadell also provides numerous employment opportunities for the local community who fully support the mining activities at Tucano.

The Company's social projects are aligned with the "Eight Millennium Goals" established by the United Nations (UN) in 2000, which aims to mobilise countries to improve the quality of life of people. The Company's main projects are:

- **Open Doors Program**
- **Christmas' Initiative**
- **Water Planet Play**
- **English Course**
- **Recyclable Materials Workshop**

DIRECTORS' REPORT

For the year ended 31 December 2014

The directors present their report together with the financial report of Beadell Resources Limited ("Company" or "Beadell") and its subsidiaries ("Group"), for the year ended 31 December 2014 ("the period" or "the year") and the auditor's report thereon.

1. DIRECTORS

The directors of the Company during or since the end of the period are:

Name and qualifications	Experience, special responsibilities and other Directorships
Mr Craig Readhead B.Juris, LL.B, FAICD Independent Non-Executive Director Chairman *Appointed 14 April 2010*	Mr Readhead is a lawyer with over 30 years legal and corporate advisory experience with specialisation in the resources sector, including the implementation of large scale mining projects both in Australia and overseas. Mr Readhead is a former president of the Australian Mining and Petroleum Law Association and is a partner of specialist mining and corporate law firm, Allion Legal. Mr Readhead is currently a non-executive director of Heron Resources Ltd, General Mining Ltd, Swan Gold Mining Ltd, Redbank Copper Ltd and Western Areas Ltd. During the past three years he has also served as a chairman of the ASX listed company Galaxy Resources Ltd (1999 to 2013), and as a non-executive director of the ASX listed companies India Resources Ltd (2007 to 2012) and Frankland River Olive Company Ltd (2000 to 2012). Mr Readhead is also a member of the WA Council of the Australian Institute of Company Directors. Mr Readhead is a member of the Remuneration, Nomination and Diversity Committee and the Audit and Risk Management Committee.
Mr Ross Kestel B.Bus, CA, AICD Independent Non-Executive Director *Appointed 29 February 2012*	Mr Kestel is a Chartered Accountant and was a director of a mid-tier accounting practice for over 25 years and has a strong corporate and finance background. He has acted as a director and company secretary of a number of public companies involved in mineral exploration, mining, mine services, property development, manufacturing and technology industries. Mr Kestel is currently a non-executive director of the ASX listed company Regis Resources Ltd. During the past three years he has also served as a non-executive director of the ASX listed companies, Jatenergy Ltd (2007 to 2012), Resource Star Ltd (2006 to 2012), Equator Resources Ltd (2011 to 2012) and Xstate Resources Ltd (2006 to 2013). Mr Kestel is a member of the Australian Institute of Company Directors. Mr Kestel is the Chairman of the Remuneration, Nomination and Diversity Committee and the Audit and Risk Management Committee.
Dr Michael Donaldson BA (Hons), PhD, MAIG, MAICD Independent Non-Executive Director *Appointed 31 July 2007*	Dr Donaldson has over 40 years' experience in the minerals industry, including 15 years with Western Mining Corporation in nickel, gold and base metals exploration. Dr Donaldson was the Exploration Manager of Coolgardie Gold NL, and General Manager Exploration with Sons of Gwalia Ltd and Ashton Mining Ltd, General Manager Mapping with the Geological Survey of Western Australia, and Group Chief Geologist with AIM-listed Lithic Metals and Energy. Dr Donaldson was previously a director of Territory Resources Limited. Dr Donaldson is a member of the Australian Institute of Company Directors and is a member of the Remuneration, Nomination and Diversity Committee and the Audit and Risk Management Committee.

Mr Peter Bowler Dip Farm Management (Hons) Managing Director *Appointed 3 May 2007*	Prior to his current position with Beadell Resources Ltd, Mr Bowler was the Managing Director of Agincourt Resources Ltd and was instrumental in driving its rapid growth. He was also a founding Director of Nova Energy Ltd. As Managing Director of Agincourt Resources Ltd, he facilitated the acquisition of the Martabe gold project in Indonesia and the subsequent takeover by Oxiana Ltd in April 2007.
Mr Robert Watkins BSc (Hons), MAusIMM Executive Director – Geology *Appointed 3 May 2007*	Mr Watkins is the former Exploration Manager for Agincourt Resources Ltd and has over 20 years exploration experience in Australia, Brazil, Indonesia and Africa where he has a track record of exploration success.

2. COMPANY SECRETARY

Mr Barrett is a member of the Institute of Chartered Accountants and a Fellow of the Financial Services Institute of Australasia. He has over 20 years management, corporate advisory, finance and accounting experience working for several listed and unlisted companies for which he has held the role as CFO and Company Secretary. He is the former Finance Executive and Company Secretary for Agincourt Resources Ltd and Nova Energy Ltd and had previously worked for KPMG before specialising in the mining industry.

3. DIRECTORS' MEETINGS

The number of directors' meetings and number of meetings attended by each director in the capacity of director of the Company from beginning to end of the period are:

	Audit & Risk Management Committee Meetings		Remuneration, Nomination & Diversity Committee Meetings		Board Meetings	
Director	**A**	**B**	**A**	**B**	**A**	**B**
Mr Craig Readhead	2	2	2	2	12	12
Mr Ross Kestel	2	2	2	2	11	12
Dr Michael Donaldson	2	2	2	2	11	12
Mr Peter Bowler	-	-	-	-	12	12
Mr Robert Watkins	-	-	-	-	11	12

A – Number of meetings attended **B** – Number of meetings held while in office

4. PRINCIPAL ACTIVITIES

The principal activities of the Group during the period were:

- mining and processing activities at the Group's Tucano gold mine ("Tucano") located in Northern Brazil; and
- exploration for and evaluation of mineral resources in Australia and Brazil.

During the period, the Group focused its efforts on Carbon in Leach ("CIL") process plant optimisation, targeting an annualised throughput rate of 4.5 million tonnes per annum, and on the improvement of mining activities, including entering into a Mining Partnership Agreement with MACA Limited.

There were no other significant changes in the nature of the activities of the Group during the period ended 31 December 2014.

Objectives

The Group's objectives are to:

- Minimise all-in sustaining costs to maximise cash flow by improving material movement efficiency;
- Consolidate within the lowest cost quartile;
- Maintain a modest revolving unsecured credit facility to enhance flexibility;
- Implement a dividend plan after end of year financial results;
- Sustainable gold production of ~170,000-190,000 ounces per annum over the life of mine;
- Search for a replication of the high grade Duckhead deposit;
- Capitalise on extensions to the current open pit reserve; and
- Initiate a long term sustainable underground mine plan for Urucum.

5. OPERATING AND FINANCIAL REVIEW

Overview of the Group

The Company is a gold producer, with its head office in Perth, Western Australia. Its primary asset is the Tucano gold mine, located in Brazil.

The Group also has an extensive portfolio of key gold exploration tenements throughout Australia and Brazil, including the highly prospective Tartaruga in Brazil and Tropicana East Projects in Australia.

DIRECTORS' REPORT

Operating and financial summary

	Dec 2014	Dec 2013
Operating results		
Total Waste Moved (t)	10,559,034	7,146,551
Marginal Ore Moved (t)	318,820	606,734
Iron Ore Moved (t)	2,007,439	1,838,234
Gold Ore Mined (t)	2,355,755	2,086,997
Gold Ore Milled (t)	4,288,264	3,557,405
Head Grade (g/t)	1.24	1.73
Plant Recovery (%)	90.0	92.2
Total Gold Recovered (oz)	153,691	182,547
Total Gold Sold (oz)	165,789	172,316
Financial results	**$ millions**	**$ millions**
Sales revenue	260.2	253.0
Costs of production	(145.2)	(104.6)
Underlying EBITDA	115.0	148.4
Depreciation and amortisation	(36.6)	(20.7)
Profit before tax and net finance expense	49.5	99.8
Net finance expense	(27.6)	(6.7)
Income tax (expense)/benefit	(8.4)	20.5
Reported profit after tax	13.5	113.5
Other financial information	**$ millions**	**$ millions**
Cash flow from operating activities	13.0	86.9
Cash and cash equivalents	13.4	9.8
Net assets	221.8	237.8
Basic earnings per share	A$0.02/share	A$0.15/share

Notes to the operating and financial summary

Information contained in the operating and financial summary data presented above contains non-IFRS measures which have not been subject to review by the Company's auditors.

Review of financial results

Sales revenue

Revenue of $260.2 million (2013: $253 million) has been recorded from the sale of 165,789 ounces at an average price, net of smelting and refining costs, of $1,569.46 per ounce.

Costs of production

During 2014 costs of production have increased due to higher mining costs as a result of increased maintenance material costs, contract costs and use of rental equipment. Additionally, variable processing costs increased due to increased plant throughput.

Costs of production were also adversely affected during the year as a result of a severe wet season (rain fall was 29% above historical mine site average). Additionally, mining was temporarily suspended at the Duckhead pit whilst Zamin, the local Government Mining Department and Beadell analysed and agreed on a legal structure to allow Beadell to continue mining.

Depreciation and Amortisation

Depreciation and amortisation has increased as a result of an expansion of the Tucano mining fleet and increased amortisation of deferred stripping costs related to the Duckhead pit. The amortisation increase is a function of an increased stripping deferral at Duckhead during the period and the depletion of the Duckhead reserve in the same period. Additionally, the effect of a full year of depreciation and amortisation of significant prior year capital expenditures are being incurred this year.

Reported profit after tax

Profit before tax has been negatively impacted by the net finance expense, in particular, a $6.9 million mark-to-market loss on the Company's derivatives that was recognised before being closed out in June 2014. Borrowings are primarily denominated in US Dollars, leading to the Group incurring a net foreign exchange loss of $13.4 million resulting from a significant depreciation of the Brazilian Real against the US Dollar in 2014.

Tax expense was $8.4 million, compared to a December 2013 tax benefit of $20.5 million arising from the first time recognition of deferred tax assets. While current year tax expense is calculated at the Brazilian corporate tax rate of 34%, the actual tax liability is determined after the application of a tax incentive program ("SUDAM"), reducing the Group's effective tax rate to approximately 15%.

Cash Flow

Beadell sold 165,789 ounces generating net cash flows from operating activities of $13.0 million (2013: $86.9 million). An additional $19.7 million (2013: $9 million) was booked for 13,249 ounces that was awaiting settlement at 31 December 2014.

Cash payments for investing activities were $18.7 million (2013: $45.7 million) and were largely represented by payments for the construction of the West Pond tailings dam, CIL process plant upgrades and other cost reduction initiatives which were offset in part by the proceeds on sale of equipment to MACA Limited.

Cash flows from financing activities were positive $9.7 million (2013: outflow $36.8 million). Cash inflows were principally from hedge settlements of $28.0 million. Financing payments were represented by net proceeds from borrowings of $24.8 million offset by secured cash of $38.1 million and interest payments of $6.4 million.

Cash

Beadell has strengthened its cash position to $13.4 million (2013: $9.8 million), with additional cash of $38.5 million reflected as restricted cash at balance date, of which $18.7 million became unrestricted in January 2015 and the remainder becoming unrestricted over 2015 and 2016.

New Corporate Facility

On 30 June 2014, the Company announced the close out of all outstanding gold and currency hedges realising ~US$16 million cash following the replacement of the Macquarie Project Finance Facility with a new unsecured Corporate Facility with Banco Santander (Brazil) S.A ("Santander").

The Corporate Facility with Santander, a large global financial institution, is a US$60 million unsecured 12-month bridging facility which allows a rollover to a longer term US$60 million 3-year unsecured facility during the next 12 months. Subsequent to the end of the period, the Group successfully rolled the facility to a new syndicated 3 year secured facility with Santander and Itaú BBA International PLC, for further information regarding the roll, please refer to Section 7 of this Directors' Report.

DIRECTORS' REPORT

Review of operations

Tucano Gold Mine

Tucano is 100% owned by the Group and is located in Amapá State, northern Brazil. The project was acquired in April 2010 and a definitive feasibility study into recommencing operations was completed in May 2011. Detailed engineering for the Tucano 3.5 million tonnes per annum CIL process plant commenced in January 2011 and was completed in July 2012. Ore commissioning commenced in the CIL plant in November 2012 and first gold pour occurred on 16 December 2012. Commercial production started on 1 April 2013.

Gold Production

In 2014, 4,288,264 tonnes of predominantly oxide ore were processed at a recovery rate of 90.0%, producing 153,569 ounces of gold at Tucano.

Mining

During the period, mining operations were focussed on the extraction of higher grade oxide ore as feed for the CIL plant. This material was sourced mainly from the Duckhead deposit, as well as from Tap AB and Tap C pits. Progressively through the year, the Urucum pit was brought into production, supplying the base load of mill feed ore by the fourth quarter of 2014.

During the period, 12,914,789 tonnes of ore and waste were mined and moved, an improvement over the previous period of 40%, including 2,355,755 tonnes of ore mined at a grade of 1.39 g/t gold.

Whilst the very high grade ore from the Duckhead pit assisted in improving the feed grade, this source only accounted for 11% of the ore mined. The ore mined was mostly sourced from the larger unconstrained Urucum and TAP AB open pits, accounting for 65% of the total ore mined in the year.

The 40% year on year improvement in ore and waste mined is due to a number of factors. The mine sequencing allowed more of the primary mining fleet to be relocated to the larger unconstrained Urucum and TAP AB open pits accounting for 52% of the total volume mined. The mining fleet refurbishment work, which started in July 2014, and the MACA Partnership Agreement, which commenced on 1 November 2014, has resulted in improved equipment availability and utilisation. The upgrading of the primary haulage roads and in-pit ramps were mostly completed during the December quarter.

In February 2014, mining operations benefited from the inclusion of a new Liebherr 9250 (250 tonnes class) excavator and four 777G dump trucks (100 tonne class).

Gold ore stockpiles at the end of December 2014 totalled 5.2 million tonnes @ 0.78 g/t gold for 129,000 ounces plus marginal stockpiles of 1.3 million tonnes @ 0.45 g/t gold for 19,000 ounces. Total stockpiles, including marginal stockpiles, totalled 6.5 million tonnes @ 0.71 g/t gold for 148,000 ounces.

Iron Ore

Iron ore stockpiles continued to be produced from iron ore mined directly from the open pits throughout the year. This material has been stockpiled, awaiting the re-opening of the Santana port facility in 2015. The iron concentration plant was operated for the first half of 2014. Additional metallurgical testwork on the magnetic iron feed into the plant has confirmed that the magnetic iron ore component is at or close to predicted concentrations; however, further optimisation and modification of the plant is required to improve recoveries of the magnetic fraction. Re-starting the iron concentrate plant is dependent on the commissioning of the Santana port facility and making the recovery improvements.

Resource and Reserve Development

The Tucano Project contains a Mineral Resource of 111.0 million tonnes @ 1.39 g/t gold for 4.97 million ounces as at 31 December 2013. This is inclusive of open pit Ore Reserves of 36.1 million tonnes @ 1.44 g/t gold for 1.67 million ounces as at 31 December 2013. Full details of the Mineral Resource and Ore Reserves are available on the Company's website in the Annual Mineral Resource and Ore Reserve statement.

Duckhead Gold Deposit

The Duckhead Gold Deposit is located on the Zamin Ferrous Group Iron Ore Mining Concession adjacent to Beadell's Tucano gold project. The Group has an agreement with Zamin, which regulates Beadell's access to any gold discovered.

An updated Duckhead Mineral Resource of 794,000 tonnes @ 3.62 g/t gold for 93,000 ounces and remaining open pit Ore Reserve at Duckhead of 270,000 tonnes @ 6.43 g/t for 55,000 ounces was included in the 31 December 2013 Annual Mineral Resource and Ore Reserve statement.

During the period, infill drilling of the Main Lode returned exceptional results including the highest ever recorded grade at Duckhead of 31 m @ 490.8 g/t gold, with a spectacular 1 m @ 14,018.6 g/t (or 1.4 % gold), 19 m @ 62.8 g/t gold, including 7 m @ 162.8 g/t gold. New extensional result not previously released of 4 m @ 18.8 g/t gold with Main Lode remaining completely open at depth. Continued step out drilling of the Main Lode intersected 32 m @ 33.5 g/t gold, including 7 m @ 140.0 g/t located outside of the resource and reserve and below the current pit design.

In the December quarter, drilling of the Main Lode intersected wide zones of extremely high grade gold mineralisation extending outside of the current open pit limits with results up to 28 m @ 266.8 g/t gold including 5 m @ 1,467.3 g/t and including 1 m @ 6,844.6 g/t.

Potential open pit cutback at Duckhead Main Lode will be assessed and, if economic, will be completed in the 2015 dry season.

Shallow infill drilling of the surface projection of the Wing Lode has defined a coherent lode with results up to 14 m @ 8.1 g/t gold. A significant new result of 7 m @ 10.2 g/t gold including 2 m @ 32.6 g/t gold, is located 200 m west of the previously delineated high grade zone on the Wing Lode structure.

Systematic auger drilling has identified a significant new gold anomaly named Goosebumps located 500 m east of the Duckhead open pit. Auger results up to 1.4 g/t gold bottom of hole and up to 13.5 g/t gold in re-sampling of a nearby iron ore diamond hole.

Tucano Mine Corridor Oxide Open Pit Targets

Several oxide lode discoveries have been made during the year along the Tucano mine corridor including Mirante, Gap, Tap C3 north and Tap D1, adding valuable "non-reserve" incremental ore source additions to the near term mine plan. The discovery and rapid development of these ore sources highlights the potential of the Tucano Mine Corridor to continue to add open pit resources and reserves with additional drilling.

Infill drilling at the saddle between the Tap AB2 and Tap AB3 open pits resulted in the discovery of a new previously undefined lode named Mirante Lode (Lookout Lode) along the main mineralised BIF and schist contact with results up to 13 m @ 17.7 g/t gold from 11 m to bottom of hole.

Existing haul road access to this lookout area allowed mining to rapidly advance. The discovery of the Mirante lode immediately north and along strike from the high grade Trough Zone in Tap AB2 exemplifies the potential of the Tucano trend to continue to deliver new resource and reserves with ongoing drilling.

During the period, results of up to 14 m @ 22.2 g/t gold from 9 m including 5 m @ 59.8 g/t, 12 m @ 10.3 g/t gold from 3 m and 15 m @ 8.4 g/t gold from 7 m showed excellent continuity of the north plunging lode which remains open beneath the level of the infill drilling pattern.

Shallow RC drilling along the 1 km "Gap" from the southern end of the 2.8 million ounces Urucum deposit to the northern end of the Tap C3 open pit, intersected continuous zones of oxide gold mineralisation with results of up to 24 m @ 5.7 g/t gold and 26 m @ 2.6 g/t gold.

A new lode was discovered at Urucum within the reserve open pit limits. Recent drilling has defined a previously unrecognised flat to gently west dipping mineralised BIF immediately beneath a mineralised colluvium blanket in the western edge of the pit. Approximate true width results of up to 9 m @ 9.3 g/t gold, 10 m @ 4.5 g/t gold, 10 m @ 5.9 g/t gold and 15 m @ 2.6 g/t gold have been received from the recent drilling.

At Tap D1, infill drilling delineated a significant moderately northeast dipping lode beneath a shallow historical open pit with better results, including 9 m @ 6.2 g/t gold, 7 m @ 4.0 g/t gold and 19 m @ 3.8 g/t gold.

The Tucano open pit oxide targets highlight the potential of the 7 km Tucano mine corridor to continue to produce additional discoveries with ongoing drilling. In most cases these targets are extremely close to existing infrastructure and current open pits and are being quickly developed thereby adding incremental "non-reserve" mine production ore sources.

Urucum Underground

A positive scoping study targeting the addition of an Urucum underground development and production into the Tucano Life of Mine (LOM) progressed to a Pre-Feasibility Study (PFS) during the year and will be completed by the second quarter of 2015.

The Urucum Underground Pre-Feasibility drilling program commenced late in the December quarter and was expanded to approximately 10,000 m of drilling.

Results from the first 2 diamond holes were very encouraging with FD1383 recording 11.9 m @ 7.3 g/t gold including 4.6 m @ 19.1 g/t gold, highlighting the high grade nature of the Urucum lodes beneath the open pit. A second result of 4.8 m @ 3.5 g/t gold from 252 m was intersected in FD1384.

Incremental addition of a high grade underground operation at Tucano will have the effect of bringing forward high grade ore from the deepest parts of the existing Urucum open pit reserve. This potential economic benefit is also driven by the fact that the final Urucum open pit will be reduced in size, thereby significantly reducing the overall waste material movement. The PFS is being undertaken by AMC Consultants Pty Ltd.

Exploration

Tucano Regional

Remote field reconnaissance programs were in place during the year with fly camp establishment at the Sentinela target and continued mapping and soil sampling programs generating several highly prospective geochemical anomalies.

Key tenement applications at Mutum and Sucuriju are awaiting grant before further field activities can be completed.

Tartaruga Project

The Tartaruga project is 100% owned by the Group and is located in the Amapá State, Brazil, 120 km northeast of Tucano. The project was acquired in 2007 and includes a JORC Inferred resource of 6.45 Mt @ 1.63 g/t gold for 337,000 oz.

Reconnaissance field mapping has identified sub cropping Banded Iron Formation ("BIF") east of the Rio de Ouro prospect. No previous exploration has been completed in the area and the presence of BIF is considered to be highly encouraging for Tucano style gold mineralisation.

Preparations for resource delineation and exploration drilling programs have advanced and have been budgeted for the first half of 2015.

Australia

Exploration in Australia was focussed on the highly prospective Albany – Fraser belt where an early stage tenement package has been accumulated covering over 2,017 sq km. The tenement package comprises three project areas at Tropicana East, Zanthus and Balladonia.

Tropicana East

The Tropicana East project is located adjacent to AngloGold Ashanti/Independence Group tenements and is a highly prospective, early stage discovery 60 km north-east along strike from the 7.9 Moz Tropicana gold development project.

During the year, rehabilitation of exploration drill pads and access was completed. Re-logging and target prioritisation work will be completed prior to further drilling.

A field mapping project by James Cook University and GSWA was completed at the Pleiades project 20 km east of the Tropicana gold deposit. Of note is the discovery of strongly metamorphosed BIF and garnet schist outcrop likely to be of Archean protolith age and potentially related to the Tropicana stratigraphy.

A core tenement application was lodged 25 km southwest of the Tropicana gold deposit. The tenement application E39/1845 covers 39 sq km of prospective Tropicana Domain stratigraphy.

The Tropicana East project covers 604 sq km of highly prospective early stage exploration tenure and will be advanced in 2015 with targeted drilling programs.

Zanthus Project

A Heritage survey was completed during the period.

First pass reconnaissance aircore drilling totalling seven holes for 779 m was completed on a single line at 1-2 km hole spacing. Low level anomalous gold perched in a cover sequence of 10 m @ 90 ppb is considered to be of interest. Multi-element analysis of basement rocks will be used to determine the prospectivity and likely age of the rocks in this previously undrilled region of the Albany Fraser belt.

Balladonia Project

A Heritage survey was completed during the period.

First pass reconnaissance aircore drilling totalling nine holes for 778 m on 1-2 km spacing was completed with no significant results recorded. Multi-element analysis of basement rocks will be used to determine the prospectivity and likely age of the rocks in this previously undrilled region.

Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Group that occurred during the period under review other than those listed in the above review of operations.

6. DIVIDENDS

No dividends were declared or paid during the period (2013: nil).

Subsequent to the end of the period, the following dividend was proposed by the Directors.

Dividend Rate	Record Date	Payment Date	Franking
1 cent per share	31 March 2015	16 April 2015	Nil

The financial effect of this dividend has not been brought to account in the financial statement for the period ended 31 December 2014 and will be recognised in subsequent financial reports.

7. EVENTS SUBSEQUENT TO REPORTING DATE

Macquarie Lease Agreement

In January 2015 ("Transfer Date"), the Group entered into a Master Lease Transfer Deed, transferring all future rights and releasing all future obligations and liabilities applicable to the Group under the Macquarie Master Lease Agreement. Please refer to Note 30 of this Annual Financial Report for further information.

Santander Finance Facility Agreement

In January 2015, the Group's US$60 million Santander Facility was syndicated with Itaú BBA International PLC and restructured into a three year secured finance facility, repayable in 12 equal quarterly instalments, commencing on 15 April 2015. The Interest rate applicable under the new facility is USD LIBOR plus a 3% per annum margin. Please refer to Note 30 of this Annual Financial Report for further information.

Dividend Declared

In February 2015, the Directors resolved to declare a maiden dividend of 1.0 cent per ordinary share, unfranked, to be paid on 16 April 2015 to all eligible shareholders as at the record date 31 March 2015.

There has not arisen in the interval between the end of the period and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future periods.

8. LIKELY DEVELOPMENTS

The Group is focused on efficiency improvements and ongoing safety initiatives at its Tucano gold mine.

Exploration activities on Australian and Brazilian exploration assets will continue in 2015, with a particular emphasis on opportunities at Duckhead and other Tucano targets.

9. ENVIRONMENTAL REGULATION

The Group's operations are subject to environmental laws and regulations under Brazilian (State and Federal) legislation depending on the activities undertaken. Compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve. There were no known significant breaches of these regulations during the year.

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

10. DIRECTORS' INTERESTS

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report are:

Director	Ordinary shares
Craig Readhead	945,000
Ross Kestel	50,000
Michael Donaldson	1,933,333
Peter Bowler	15,043,333
Robert Watkins	7,800,001

11. SHARE OPTIONS

Options granted to directors and executives of the Company

During or since the end of the period, the Company did not grant any options to directors or executive officers.

Unissued shares under unlisted options related to remuneration

At the date of this report, unissued ordinary shares of the Company under option that are related to remuneration are:

Expiry date	Exercise price	Number of unissued shares
29 April 2015	$0.85	100,000
14 June 2015	$1.15	850,000
30 June 2017	$0.65	1,800,000
15 October 2018	$0.85	600,000
20 September 2018	$0.93	250,000

All options expire on the earlier of their expiry date or, if not vested, on termination of the employee's employment.

Unissued shares under unlisted options not related to remuneration

At the date of this report, the Company has no unissued shares under unlisted options not related to remuneration.

Shares issued on exercise of options

During the period or since the end of the financial year, the Company issued the following ordinary shares as a result of the exercise of options (there are no amounts unpaid on shares issued).

Number of shares	Amount paid per share
7,880,000	$0.1875
50,000	$0.6500

Cancellation of unissued shares

During the period, the Company cancelled 300,000 options at an exercise price of $1.15 as a result of failure to meet vesting conditions.

Expiration of unissued shares

During the period, 1,950,000 options at an exercise price of $0.65 and 850,000 options exercisable at $1.15 were not exercised and expired in accordance with their terms. Since the end of the period, 500,000 options exercisable at $0.80 and a further 550,000 options exercisable at $0.85 were not exercised and expired in accordance with their terms.

12. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group provides insurance to cover legal liability and expenses for the directors and executive officers of the Company. The directors' and officers' liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers. Disclosure of the nature of the liability cover and amount of the premium is subject to a confidentiality clause under the insurance policy.

The Group has not provided any insurance or indemnity for the auditor of the Company.

13. NON-AUDIT SERVICES

During the period KPMG, the Company's auditor, provided no services in addition to their statutory duties in Australia and Brazil (2013: nil).

14. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 99 and forms part of the Directors' Report for the period ended 31 December 2014.

15. ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

16. REMUNERATION REPORT – AUDITED

16.1 Principles of remuneration – audited

Key management personnel ("KMP") have authority and responsibility for planning, directing and controlling the activities of the Group. KMP include directors of the Company and other executives, whom at the end of the period have been identified as:

Craig Readhead	Independent Non-Executive Director, Chairman
Ross Kestel	Independent Non-Executive Director
Michael Donaldson	Independent Non-Executive Director
Peter Bowler	Managing Director
Robert Watkins	Executive Director – Geology
Gregory Barrett	Chief Financial Officer and Company Secretary
Boyd Timler	Chief Operating Officer (Appointed 11 March 2014)
Luis Abadi	General Manager Operations – Brazil

The Remuneration, Nomination and Diversity Committee is charged with setting remuneration for the four Australian based KMP and the Managing Director determines the remuneration for the Brazilian based General Manager Operations.

Remuneration levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The Board determines remuneration packages using trends in comparative companies and the objectives of the Group's remuneration strategy.

The remuneration structure takes into account:

- the capability and experience of the KMP;
- the KMP's ability to control the relevant segment's performance; and
- the Group's performance regarding operational success as reflected by growth in share price and delivering constant returns on shareholder wealth.

Remuneration structures may include fixed and performance linked remuneration.

The table below represents the target remuneration mix for group executives in the current year. The short-term incentive ("STI") is provided at target levels, and the long-term incentives ("STI") amount is provided based on the value granted in the current year.

		At risk	
	Fixed remuneration	**Short-term incentive**	**Long-term incentive**
Managing Director, CFO, COO and Executive Director Geology	50%	25%	25%
General Manager – Brazil	65%	35%	-

Fixed remuneration

Fixed remuneration consists of base remuneration and employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Remuneration, Nomination and Diversity Committee through a process that considers individual, segment and overall performance of the Group. In addition, external consultants may be engaged to provide analysis and advice to ensure the directors' and senior executives' remuneration is competitive in the market place.

Further details regarding executive officers' remuneration can be found at Section 16.2 of this Directors' report.

Performance linked remuneration

Performance linked remuneration includes both STI and LTI plans, and is designed to reward KMP for meeting or exceeding the financial and key performance metrics.

STI Plan

Amounts paid or payable under the Group's STI Plans are as described in Section 16.2 of this Directors' Report.

Australian Executive STI Plan 2014

The Board determined that the STI opportunity would be payable up to 50% of the executives individual total fixed remuneration for the twelve month period to 31 December 2014 based on the achievement of the following STI performance measures:

- Production (190,000 – 210,000 ounces): 20% of STI opportunity;
- Cash costs (US$535 – US$585 per ounce): 20% of STI opportunity;
- Earnings (A$ million): 20% of STI opportunity;
- Resources growth (ounces): 20% of STI opportunity; and
- Safety (Lost Time Injuries): 20% of STI opportunity.

Following the end of the twelve month period to 31 December 2014, the Remuneration, Nomination and Diversity Committee reviewed actual outcomes against the abovementioned performance measures. It was determined that none of the five performance measures had been satisfactorily achieved. Thus, no STI opportunity was payable to three out of the four Australian executives. As Boyd Timler joined Beadell after the fatality had occurred at Tucano, the directors decided to grant him the Safety STI measure which equaled to 20% of the total STI opportunity. The total STI opportunity to be paid would be $35,000 in a pro-rata basis. However, the Board, in its discretion, decided to award a total bonus of $50,000 to Boyd Timler as a reward for his extra time and efforts at the Tucano Gold Mine.

Brazilian Executive STI Plan 2014

The Group's Managing Director established the terms for the Brazilian General Manager STI Plan for the 2014 year.

The STI opportunity for the Brazilian General Manager STI Plan for the period 1 January 2014 to 31 December 2014 comprised performance measures with different weighting according to the strategic importance of each one. The opportunity to be payable was up to 7.2 months' base salary and was proportional to the accomplishment of the following STI performance measures:

- Company performance measures: 31% of STI opportunity
  - Gold production (ounces and tonnes of high grade iron ore): 25% of STI opportunity;
  - Operational expenses before credits (BRL million): 25% of STI opportunity;
  - Total mined ore (excluding low grade and spent ore) (million tonnes): 15% of STI opportunity;
  - Feed mass (thousand tonnes): 15% of STI opportunity;
  - Absenteeism (%): 10% of STI opportunity; and
  - Safety, Health and Environment prevention program (%): 10% of STI opportunity.
- Target for each department: 69% of STI opportunity, with different weighting according to the strategic importance of each one.

Following the end of the twelve month period to 31 December 2014, the Managing Director reviewed actual outcomes against the above mentioned performance measures. It was determined that the Company performance measures had achieved 17% of the 31% target and the weighted target for the departments had achieved 48% of the 69% target. Thus, 65% of the STI opportunity was payable.

Australian Executive STI Plan 2015

The Board and the Remuneration, Nomination and Diversity Committee has established the terms of the Australian Executive STI Plan for the year to 31 December 2015.

The STI opportunity to be payable will be up to 50% of their respective total fixed remuneration for the period 1 January 2015 to 31 December 2015.

The STI performance measures relate to achieving the following:

- Production (170,000-190,000 ounces): 20% of STI opportunity;
- All-In Sustaining Costs (AISC) (US$810-890 per ounce): 20% of STI opportunity;
- Earnings per share (A$/share): 20% of STI opportunity;
- Resources growth (ounces): 20% of STI opportunity; and
- Safety (LTI's): 20% of STI opportunity.

In the event of a change of control of the Company, participants are entitled to a pro rata incentive payment for the current performance period, based on the achievement of performance targets to date. The Board, as it exists immediately prior to a change of control, may, in its absolute discretion, determine that any additional amounts should be paid to the participants.

Brazilian Executive STI Plan 2015

The Group's Managing Director established the terms of the Brazilian Executive STI Plan for the year to 31 December 2015.

The STI comprises performance measures with different weighting according to the strategic importance of each one. The opportunity to be payable is proportional to the accomplishment of the targets. The STI performance measures relate to achieving the following:

- Company performance measures: 30% of STI opportunity
  - Gold production (ounces and tonnes of high grade iron ore): 25% of STI opportunity;
  - Operational expenses before credits (BRL million): 25% of STI opportunity;
  - Total mined ore (excluding low grade and spent ore) (million tonnes): 15% of STI opportunity;
  - Feed mass (thousand tonnes): 15% of STI opportunity;
  - Absenteeism (%): 10% of STI opportunity; and
  - Safety, Health and Environment prevention program (%): 10% of STI opportunity.
- Target for each department: 70% of STI opportunity, with different weighting according to the strategic importance of each one.

LTI Plan

The LTI Plan consists of share based payments in the form of employee share options or performance rights. The Remuneration, Nomination and Diversity Committee determine if any share based payments will be provided to executives under the LTI Plan.

Employee Share Options ("Options")

Options are provided under the rules of the Employee Share Option Plan ("ESOP") and may contain performance hurdles and minimum service periods required to be achieved.

Terms of ESOP

Key terms of the ESOP include:

- options may be issued at no cost to directors (subject to shareholder approval) and employees;
- the board may limit the total number of Options which may be exercised under the ESOP in any year;
- options shall lapse upon the earlier of:
  a) the expiry of the exercise date;
  b) the option holder ceasing to be an employee by reason of dismissal, resignation or termination of employment, office or services for any reason, unless waived by the Board;
  c) the expiry of 30 days after the option holder ceases to be an employee by reason of retirement; or
  d) a determination by directors that the option holder has acted fraudulently, dishonestly or in breach of his or her obligations to the Group.
- shares issued pursuant to the exercise carry the same rights and entitlements as other shares on issue; and
- options are not quoted on the ASX.

The Options contained minimum service periods required for them to vest. Further details regarding these Options can be found at Section 16.3.1 of this Directors' Report.

Performance Rights ("Rights")

The Performance Rights Plan ("PRP") was approved by the Company's shareholders at the 2013 Annual General Meeting. The Rights issued under the PRP will be awarded subject to meeting a pre-determined performance condition. The awarded Rights will be subject to vesting conditions and shares will subsequently be issued through an automatic exercise of the Rights, for nil consideration.

2014 LTI Plan

During the 2014 AGM, the issuance of Rights to the Managing Director and to the Executive Director of Geology was approved subject to meeting a pre-determined performance condition. Additionally, the Board of Directors, in its discretion, approved the issuance of Rights to the Chief Financial Officer and Chief Operating Officer subject to meeting a pre-determined performance condition.

The sole performance hurdle for the Rights was the measurement of the Company's Total Shareholder Return ("TSR") relative to the constituents of a selected comparator group, which comprised the following companies:

Alacer Gold	OceanaGold	Resolute Mining	Intrepid Mines
Endeavour Mining	Papillon Resources	Silver Lake	Medusa Mining
Evolution	Regis Resources	Teranga Gold	Northern Star

The performance period for the Performance Rights commenced on 1 January 2014 and will end on 31 December 2016.

2015 LTI Plan

The LTI opportunity is up to 50% of the executive's total fixed remuneration for the 2015 financial year. Vesting of any grant will occur three years after the start of the 2015 calendar year.

The sole performance hurdle for the Rights is the measurement of the Company's Total Shareholder Return ("TSR") relative to the constituents of a selected comparator group. This is balanced out by the multiple STIP performance measures.

The selection of relative TSR was determined in consideration of:

- the principles to align long term reward with shareholder value;
- aligned to prevalent market practice; and
- avoids an overlap with STI Plan performance measures.

For the grant of Rights, the comparator group for 2015 will comprise the following companies:

Alacer Gold	Alkane Resources	AngloGold Ashanti	Kingsgate Consolidate
Medusa Mining	Norton Goldfields	Perseus Mining	Resolute Mining
Saracen Minerals	Silver Lake Resources	Tribune Resources	Troy Resources

The selection of the comparator group of companies was based on the following criteria:

- Direct peers that are predominately gold-based
- Size of peers relevant to Beadell with a market capitalisation between 45% to 120% of Beadell's market capitalisation

The consideration of comparator company size and sector is aligned to prevalent market practice when considering comparator group constituents.

The comparator group was compiled by the Remuneration, Nomination and Diversity Committee.

Relative TSR Performance Over Measurement Period	% of Right to Vest
<50th percentile	0%
>50th & <75th percentiles	Pro-rata between 50% and 75%
75th percentile and above	100%

The issue of any Rights under the LTI will require shareholder approval for two of the executives as they are directors of the Company. The executives can either receive options or performance rights but not both.

Consequences of performance on shareholder wealth

	2014	2013	2012	2011	2010
Profit/(Loss) after tax ($'000's)	13,533	113,549	(42,993)	(34,840)	(8,335)
Results from operating activities ($'000's)	49,542	99,818	(27,484)	(35,788)	(8,849)
Share price ($/share)	0.225	0.790	0.980	0.600	0.670
EPS ($/share)	0.02	0.15	(0.06)	(0.05)	(0.04)

Other benefits

With the exception of Mr Luis Abadi (General Manager Operations – Brazil), KMP are not entitled to receive additional benefits as part of the terms and conditions of their appointment. Mr Abadi receives various non-cash insurance benefits as part of the terms and conditions of his employment.

Service contracts

It is the Group's policy that service contracts for KMP are unlimited in term and capable of termination by either party. All service contracts with key management personnel, with the exception of Mr Abadi, require 12 months' written notice. The Company may elect to make a payment to the KMP in lieu of notice for all or part of the notice period, subject to restraint conditions after the employment is terminated. Mr Abadi's contract requires 30 days written notice.

In the case of wilful or fraudulent misconduct, the Group retains the right to terminate all service contracts without notice.

Key management personnel are entitled to receive on termination of employment their statutory entitlements, including any accrued annual and long service leave, together with any superannuation benefits. Each service contract outlines the components of remuneration paid to the KMP but does not prescribe how remuneration levels are modified year to year.

Non-executive directors

Aggregate remuneration payable to all non-executive directors, as approved by shareholders, is not to exceed $500,000 per annum. Directors' fees cover all regular board activities and membership of two committees. While some non-executive directors received options during periods prior to the Company commencing production, non-executive directors are no longer entitled to receive performance-related remuneration.

As at the end of the year, each non-executive director may receive base fees up to $96,000 plus superannuation of 9.5% per annum and the Chairman may receive a base fee up to $175,000. The Chairman of the Audit and Risk Management Committee receives up to $12,500 plus superannuation of 9.5% in addition to the base fee, and the Chairman of the Remuneration, Nomination and Diversity Committee receives $6,250 plus superannuation of 9.5% in addition to the base fee.

16.2 Directors' and executive officers' remuneration – audited

Details of the nature and amount of each major element of remuneration of each director of the Company and other KMP are as set out following.

	Salary & fees (short term) $	Cash bonus (short term) $	Non cash Benefits (short term) $	Super (post-employment) $	Share based payments (options) $	Share based payments (performance rights) $	Total $	Performance related %	Value of share based payments of total %
12 months ended 31 December 2014									
Non-executive directors									
Mr Readhead, Chairman	175,000	-	-	-	-	-	175,000	-%	-%
Dr Donaldson	96,739	-	-	9,070	-	-	105,809	-%	-%
Mr Kestel	115,633	-	-	10,842	-	-	126,475	-%	-%
Executive directors									
Mr Bowler, Managing Director	748,715	-	-	69,485	-	236,437	1,054,637	22%	22%
Mr Watkins, Exploration Director	454,945	-	-	42,546	-	141,176	638,667	22%	22%
Executives									
Mr Barrett, Company Secretary, CFO	454,945	-	-	42,546	70,788	141,176	709,455	30%	30%
Mr Timler, COO (appointed 11 Mar 2014)	335,096	50,000		36,286	-	41,486	462,868	20%	9%
Mr Abadi, GM Operations – Brazil	264,579	40,000	12,713	23,702	163,490	-	504,484	40%	32%
Total compensation (Group)	2,645,652	90,000	12,713	234,477	234,278	560,275	3,777,395		

	Salary & fees (short term) $	Cash bonus (short term) $	Non cash Benefits (short term) $	Super (post-employment) $	Share based payments (options) $	Share based payments (performance rights) $	Total $	Performance related %	Value of share based payments of total %
12 months ended 31 December 2013									
Non-executive directors									
Mr Readhead, Chairman	175,000	-	-	-	-	-	175,000	-%	-%
Dr Donaldson	95,826	-	-	8,753	-	-	104,579	-%	-%
Mr Kestel (appointed 29 Feb 2012)	114,542	-	-	10,462	-	-	125,004	-%	-%
Executive directors									
Mr Bowler, Managing Director	741,288	74,300	-	74,582	-	67,281	957,451	15%	-%
Mr Watkins, Exploration Director	438,992	44,000	-	43,716	-	39,843	566,551	15%	-%
Executives									
Mr Barrett, Company Secretary, CFO	438,992	44,000	-	43,716	229,253	39,843	795,804	39%	34%
Mr Andrade, GM Operations – Brazil (resigned 31 Oct 2013)	318,400	41,270	19,778	67,517	81,966	-	528,931	23%	15%
Mr Abadi, GM Operations – Brazil (appointed 15 Oct 2013)	56,665	-	2,528	4,533	64,305	-	128,031	50%	50%
Total compensation (Group)	2,379,705	203,570	22,306	253,279	375,524	146,967	3,381,351		

Notes:

1) The fair value of share based payments ("SBP") are calculated at the date of grant using the Black Scholes option-pricing model for options and a combination of the Monte Carlo and Trinomial Lattice pricing models for performance rights. SBP expense is allocated to each period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised as an expense in each reporting period.

2) Performance rights expense for the year includes $163,909 for Mr Bowler and $97,065 for each of Mr Watkins and Mr Barrett that relates to performance rights that were cancelled and consequently no benefit was received. The expense has been included in remuneration as a result of the application of accounting standards requiring the full value of these cancelled rights to be expensed in the year in which the cancellation occurred.

16.3 Equity Instruments – audited

16.3.1 Options over equity instruments granted as remuneration – audited

All options refer to options over ordinary shares of the Company, which are exercisable on a one for one basis according to the rules of the ESOP.

	Options granted – prior years			Options granted – current period								
	Number of options granted	Vested in current period %	Forfeited in current period %	Number of options granted	Vested %	Forfeited %	Grant date	Weighted average fair value per option at grant date $	Exercise price per option $	Expiry date	Number of options vested in the period	Total number of options vested
12 Months ended 31 December 2014												
Directors												
Mr Readhead	-	-%	-%	-	-%	-%	-	-	-	-	-	-
Mr Kestel	-	-%	-%	-	-%	-%	-	-	-	-	-	-
Dr Donaldson	-	-%	-%	-	-%	-%	-	-	-	-	-	-
Mr Bowler	-	-%	-%	-	-%	-%	-	-	-	-	-	-
Mr Watkins	-	-%	-%	-	-%	-%	-	-	-	-	-	-
Executives												
Mr Barrett	-	-%	-%	-	-%	-%	-	-	-	-	750,000	1,500,000
Mr Timler (appointed 11 Mar 2014)	-	-%	-%	-	-%	-%	-	-	-	-	-	-
Mr Abadi	600,000	66%	-%	-	-%	-%	-	-	-	-	400,000	400,000

Notes:

1) Options granted in the period contain minimum service period requirements.
2) All Options have been provided at no cost to recipients.
3) All Options expire on the earlier of their expiry date or termination of the individuals' appointment.

16.3.2 Performance rights over equity instruments granted as remuneration – audited

All performance rights refer to performance rights over ordinary shares of the Company, which are converted on a one for one basis according to the rules of the PRP.

	Rights granted – prior period			Rights granted – current period							
	Number of rights granted	Vested in current period %	Cancelled in current period %	Number of rights granted	Vested %	Forfeited %	Grant date	Weighted average fair value per right at grant date $	Expiry date	Number of rights vested in the period	Total number of rights vested
12 Months ended 31 December 2014											
Directors											
Mr Readhead	-	-%	-%	-	-%	-%	-	-	-	-	-
Mr Kestel	-	-%	-%	-	-%	-%	-	-	-	-	-
Dr Donaldson	-	-%	-%	-	-%	-%	-	-	-	-	-
Mr Bowler	411,224	-%	100%	494,740	-%	-%	19 May 14	$0.44	1 Jan 17	-	-
Mr Watkins	243,524	-%	100%	300,892	-%	-%	19 May 14	$0.44	1 Jan 17	-	-
Executives											
Mr Barrett	243,524	-%	100%	300,892	-%	-%	19 May 14	$0.44	1 Jan 17	-	-
Mr Timler (appointed 11 Mar 2014)	-	-%	-%	282,994	-%	-%	19 May 14	$0.44	1 Jan 17	-	-
Mr Abadi	-	-%	-%	-	-%	-%	-	-	-	-	-

Notes:

1) According to the PRP, non-executive directors are not eligible to be granted performance rights.

2) Performance rights granted in 2013 were cancelled on 29 January 2014, refer Section 16.3.6.

16.3.3 Issue of equity instruments granted as remuneration – audited

During the reporting period, the following shares were issued on the exercise of options previously granted as remuneration:

	Number of shares	Value of options exercised $	Amount paid $/share
12 months ended 31 December 2014			
Directors			
Dr Donaldson	500,000	226,250	0.1875
Mr Watkins	1,150,000	485,875	0.1875
Mr Readhead	800,000	338,000	0.1875
Executives			
Mr Barrett	5,000,000	2,145,500	0.1875

Notes:

1) There are no amounts unpaid on the shares issued as a result of the exercise of the options in the 2014 financial year.
2) Value of options exercised is calculated as the closing market price of shares of the Company on the date of exercise after deducting the exercise price paid.
3) No shares were issued on the conversion of performance rights during the period.

16.3.4 Details of equity incentives affecting current and future remuneration – audited

Details of vesting profiles of the rights and options held by each KMP of the Group are detailed below:

	Instrument		Grant date	Vested %	Cancelled %	Financial year in which grant vests if not cancelled
Directors						
Dr Donaldson	Options	500,000	29/11/2010	100	-	1 Jan 14
Mr Bowler	Rights	205,612	24/05/2013	-	100	1 Jan 15
	Rights	205,612	24/05/2013	-	100	1 Jan 16
	Rights	494,740	19/05/2014	-	-	1 Jan 16
Mr Watkins	Options	150,000	20/09/2013	100	-	1 Jan 14
	Options	1,000,000	29/11/2010	100	-	1 Jan 14
	Rights	121,762	24/05/2013	-	100	1 Jan 15
	Rights	121,762	24/05/2013	-	100	1 Jan 16
	Rights	300,892	19/05/2014	-		1 Jan 16
Executives						
Mr Barrett	Options	5,000,000	20/07/2010	100	-	1 Jan 14
	Options	750,000	12/06/2012	-	-	1 Jan 13
	Options	750,000	12/06/2012	100	-	1 Jan 14
	Rights	121,762	24/05/2013	-	100	1 Jan 15
	Rights	121,762	24/05/2013	-	100	1 Jan 16
	Rights	300,892	19/05/2014	-	-	1 Jan 16
Mr Timler (appointed 11 March 2014)	Rights	282,994	19/05/2014	-	-	1 Jan 16
Mr Abadi	Options	200,000	15/10/2013	100	-	1 Jan 14
	Options	200,000	15/10/2013	100	-	1 Jan 14
	Options	200,000	15/10/2013	-	-	1 Jan 15

16.3.5 Analysis of movements in equity instruments – audited

The movement during the reporting period, by value, of rights or options over ordinary shares in the Company held by each key management person during the year is detailed below.

	Value of rights granted (A) $	Value of options exercised (B) $	Value of rights cancelled (C) $
Directors			
Mr Readhead	-	488,000	-
Dr Donaldson	-	320,000	-
Mr Kestel	-	-	-
Mr Bowler	218,180	-	231,190
Mr Watkins	132,693	701,500	136,909
Executives			
Mr Barrett	132,693	3,083,000	136,909
Mr Timler (appointed 11 March 2014)	124,800	-	-
Mr Abadi	-	-	-
Total	608,367	4,592,500	505,008

Notes:

1) The value of rights granted in the year reflects the fair value of the rights calculated at grant date. The total value of the rights granted is included in the table above, however, the amount is actually allocated to remuneration over the vesting period.
2) The value at exercise date has been determined by the Company's share price at close of business on the exercise date multiplied by the number of options exercised.
3) The value of rights that were cancelled during the year reflects the fair value of the rights calculated at grant date and represents the benefit forgone calculated using a combination of the Monte Carlo and Trinomial Lattice pricing models, assuming performance right vesting criteria had been achieved.

16.3.6 Analysis of movements in equity instruments – audited

The movement during the reporting period, by number of rights and options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Options

	1 Jan 14	Granted as compensation	Sold or exercised	Related party additions	Resignations during the period	31 Dec 14	Vested during the period	Vested and exercisable at 31 Dec 14
Directors								
Mr Readhead	800,000	-	(800,000)	-	-	-	-	-
Dr Donaldson	500,000	-	(500,000)	-	-	-	-	-
Mr Watkins	1,150,000	-	(1,150,000)	-	-	-	-	-
Executives								
Mr Barrett	6,500,000	-	(5,000,000)	-	-	1,500,000	750,000	1,500,000
Mr Abadi	600,000	-	-	-	-	600,000	400,000	400,000

Performance Rights

	1 Jan 14	Granted as compensation	Awarded	Cancelled	Resignations during the period	31 Dec 14	Vested during the period	Vested and exercisable at 31 Dec 14
Directors								
Mr Readhead	411,224	494,740	-	411,224	-	494,740	-	-
Mr Watkins	243,524	300,892	-	243,524	-	300,892	-	-
Executives								
Mr Barrett	243,524	300,892	-	243,524	-	300,892	-	-
Mr Abadi	-	282,994	-	-	-	282,994	-	-

16.3.7 Forfeiture of equity instruments granted as remuneration – audited

During the period, 600,000 options at an exercise price of $0.65 were cancelled as a result of failure to meet service conditions.

During the period, 898,272 performance rights granted in 2013 were cancelled. Although the performance rights had satisfied vesting conditions, no performance rights vested as the Group's TSR was negative.

16.3.8 Vesting of equity instruments granted as remuneration – audited

During the reporting period, 750,000 options granted to Mr Barrett and 400,000 options granted to Mr Abadi vested. No performance rights vested during the period.

16.3.9 Grant of equity instruments as remuneration since the end of the period – audited

No options and/or performance rights have been granted to KMP since the end of the period.

16.4 Analysis of bonuses included in remuneration – audited

Details of cash bonuses included as remuneration for each relevant KMP are detailed below.

	Included in remuneration $	Vested in year %	Forfeited in year %
12 months ended 31 December 2014			
Directors			
Mr Bowler	-	-	100
Mr Watkins	-	-	100
Executives			
Mr Barrett	-	-	100
Mr Timler (appointed 11 March 2014)	50,000	24	76
Mr Abadi	40,000	65	35

Amounts included in remuneration for the period represent the amount that vested based on achievement and satisfaction of specified performance criteria. The Remuneration, Nomination and Diversity Committee recommended these amounts on 18 February 2015.

The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year.

16.5 Payments to persons before taking office – audited

There were no payments made to persons before taking office during the period.

16.6 Key management personnel transactions – audited

Movement in shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

KMP	Held at 1 January 2014	Received on exercise of options	Other changes*	Held at 31 December 2014
Directors				
Mr Readhead	145,000	800,000	-	945,000
Mr Kestel	50,000	-	-	50,000
Dr Donaldson	1,333,333	500,000	100,000	1,933,333
Mr Bowler	18,043,333	-	(3,000,000)	15,043,333
Mr Watkins	6,650,001	1,150,000	-	7,800,001
Executives				
Mr Barrett	8,191,651	5,000,000	(1,000,000)	12,191,651
Mr Timler (appointed 11 March 2014)	-	-	-	-
Mr Abadi	-	-	-	-

* Other changes represent shares that were purchased or sold during the year.

This report is made with a resolution of the directors:

PETER BOWLER
Managing Director

Dated at Perth, this 27th day of February 2015.

CORPORATE GOVERNANCE STATEMENT

The Board and management of Beadell Resources Limited have adopted systems of control and accountability as the basis for the administration of corporate governance. The Board and management are committed to good corporate governance practices.

This statement outlines the main corporate governance practices in place throughout the period, which comply with the "Corporate Governance Principles and Recommendations" established by the ASX Corporate Governance Council, unless otherwise stated.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role and Responsibilities of the Board of Directors

The Board's primary role is the protection and enhancement of long-term shareholder value and to this end the Company has established functions reserved to the board and those delegated to senior executives, as set out in the Board's Charter located on the Company's website (www.beadellresources.com.au). In summary;

- The Board is responsible for the overall corporate governance of the Group including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals, ensuring the integrity of internal control and management information systems and approving and monitoring financial and other reporting.
- The Board has delegated responsibility for the operation and administration of the Company to the Managing Director and the executive management team. The Board Charter supports this delegation of responsibility by formally defining the specific functions reserved for the Board and those matters delegated to management.

Board processes

To assist in the execution of its responsibilities the Board has established an Audit and Risk Management Committee and a Remuneration, Nomination and Diversity Committee. These committees have written mandates and operating procedures, which are reviewed as necessary.

The Board regularly and closely monitors the Group's financial performance and ensures that accurate and timely reporting systems are established.

The Board has implemented internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations.

The full Board holds at least eight scheduled meetings annually, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise. No director participates in any deliberation regarding his own remuneration or related issues.

The agenda for meetings is prepared in conjunction with the Chairman, Executive Directors and Company Secretary. Standing items include the financial, operational, environmental and safety reports; strategic matters; governance; and compliance. Submissions are circulated in advance. Executives are regularly involved in board discussions and directors are in continual contact with the wider group of employees.

Performance Evaluation of the Board, Committees and Senior Executives

The Board and senior executives have their performance evaluation carried out annually, co-incident with salary reviews and may be formal or informal in nature.

The Board is evaluated on an annual basis through: the comparison of the performance of the Board against the Board Charter; assessment of the performance of the Board in the period since its last review; assessment of the level and effectiveness of the Board's interaction with management; and review of the Board's Charter to ensure it remains relevant to the Company's activities.

The method and scope of the performance evaluation will be set by the Board and may include the use of an independent advisor.

The Chairman will have primary responsibility for conducting performance appraisals of directors, having particular regard to the contribution to the Board; availability for and attendance at Board meetings and other events; contribution to Company strategy; achievement of key operational goals and strategic objectives; development of management and staff; and achievement of key performance indicators.

In the case of the Managing Director, in addition to the criteria stated above, compliance with legal and Company policy requirements will also be assessed.

The Managing Director will have primary responsibility for conducting performance appraisals of executives, having particular regard to their contribution to Company strategy; achievement of key operational goals and strategic objectives; development of staff; and achievement of key performance indicators.

A performance evaluation for senior executives has taken place in the period and was conducted in accordance with the process described above.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Board Independence

The names of the directors of the Company in office at the date of this report are set out in the Directors' Report in Section 1 of this report. The composition of the board is determined using the following principles:

- a minimum of three directors, but no more than 10 directors;
- having a majority of non-executive and independent directors;
- the Chairperson of the Board of Directors shall be an independent director;
- a maximum period of three years' service, eligible for re-election; and
- one third of all directors must retire at each annual general meeting, and are eligible for re-election.

The Board aims to achieve differing skills, expertise and diversity in its composition. Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting.

Independent professional advice and access to company information

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified adviser at the Group's expense. The director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other members of the board.

Role of chair

The Chairperson is a non-executive independent director and is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The Chairperson is also responsible for overall shareholder communication, chairing shareholder meetings and arranging Board performance evaluation.

Roles of Chairperson and Managing Director

The roles of the Chairperson and Managing Director should not be exercised by the same individual.

The Managing Director

The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his/her responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Ethical standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. To this end, the board has established a code of conduct.

The Board reviews the Code of Conduct regularly and processes are in place to promote and communicate its requirements. Every employee has a supervisor to whom they may refer any issues arising from their employment.

Code of conduct

The Group has advised each director, manager and employee that they must comply with the Group's Corporate Code of Conduct. The code may be viewed on the Company's website, and covers the following:

a. commitment of the Board and management to the corporate code of conduct;

b. responsibilities to shareholders and the financial community generally to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community;

c. compliance with systems of control and accountability which the Company has in place as part of its corporate governance with openness and integrity;

d. responsibilities to clients, customers and consumers to comply with all legislative and common law requirements which affect the Company's business, in particular those in respect of occupational health and safety, the environment, native title and cultural heritage;

e. employment practices so that the best available staff and consultants with appropriate skills are recruited to fill vacant positions and to ensure a safe work place and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities;

f. responsibilities to the community to recognise, consider and respect environmental issues which arise in relation to the Company's activities and comply with all applicable legal requirements;

g. responsibilities to the individual to recognise and respect the rights of individuals and to the best of the Company's ability will comply with the applicable legal rules regarding privacy, privileges, private and confidential information;

h. obligations relative to fair trading to deal with others in a way that is fair and will not engage in deceptive practices;

i. compliance with the code so that any breach of compliance is reported as appropriate;

j. periodic review of the code, and;

k. code of conduct for executives, covering:

   i. active promotion of the highest standards of ethics and integrity;

   ii. disclosure of any actual or perceived conflicts of interest of a direct or indirect nature;

   iii. respecting the confidentiality of information;

   iv. dealing with the Company's customers, suppliers, competitors and each other;

   v. protection of the assets of the Company; and

   vi. reporting any breach of the code of conduct to the Chairman.

Conflict of interest

The Board, management and employees must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Group. Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Chairman in the case of a board member, the Managing Director in the case of a member of management and a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner for all concerned. Details of director related entity transactions with the Company and the Group are set out in Note 28 of the financial statements.

Gifts, Favours and Bribery

Public officials play a special role in society. Conduct that may be acceptable in the commercial business environment may not be acceptable in relations with public officials. Directors, executives, employees and contractors may use only appropriate and lawful means to persuade public officials to render decisions or exercise discretion to the benefit of the Company. Efforts in matters affecting the Company's interests must be based solely on the merits and pursuant to proper procedures.

Directors, executives, employees and contractors may not offer, provide or solicit, or receive, directly or indirectly, any special treatment or favour from or to a public official in return for anything of economic value or the promise or expectation of future value or gain. Further, because of the potential for misunderstanding, the Company may not confer special treatment, favours, benefits or gifts upon public officials even if there is no matter pending before the public official.

Often, individual agencies or governmental units have detailed written codes of conduct relating to relations between public officials and their constituency. Some allow acceptance of gifts or entertainment of nominal value, such as a lunch or other entertainment, but many do not. Individuals should familiarise themselves with and adhere to the written codes of conduct, rules and regulations of governmental units within their area of responsibility. "Unwritten" custom or practice may not conform to written code or law. In determining whether to follow an "unwritten" custom or practice which does not conform to written rule or regulation consult with the corporate governance team on site or at corporate, and, if found to be acceptable, the director, executive, employee or contractor should keep a record of such "customary" expenses.

Political Contributions

Many laws around the world including Australian federal law and many Australian State laws prohibit or regulate contributions by companies to political parties or candidates. Thus, such contributions must not be made on behalf of the Company without first consulting the Company. The term "political contributions" includes, in addition to direct cash contributions, the donation of property or services and the purchase of tickets to fund-raising events. Directors, executives, employees and contractors may make direct contributions of their own money in their own names; either directly to candidates or to political action Committees, but contributions are not reimbursable.

Fraud and Theft

Directors, executives, employees and contractors must use the Company's funds wisely and frugally and should consider whether expenditure you are required to authorise is appropriate in the circumstances. All expenditures must be correctly allocated and reported on a timely basis. Misuse of the Company's assets, including its intellectual property, constitutes fraud. An accurate and auditable record of all financial transactions must be maintained in accordance with generally accepted accounting principles. No entry should be made in the Company's records that distorts or disguises the true nature of any transaction. Non-financial records (for example, personnel files, environmental documentation, safety records and statistics, etc.) must also be accurately and rigorously maintained. Unauthorised removal of equipment, supplies, or other resources is regarded as theft. Company resources must not be sold, lent or donated without appropriate executive approval. You must take appropriate precautionary action to prevent theft, damage or misuse of Company resources. Submission of a fraudulent expense reimbursement claim and use of corporate credit cards for personal use are regarded as serious misconduct for which disciplinary action will be taken. Directors, executives, employees and contractors must not destroy or dispose of Company property without appropriate executive approval unless the items are of nominal value and can no longer be used. Intentional damage to Company property is unacceptable and prohibited.

The Australian Standard on Fraud and Corruption Control (AS8001-2008) defines fraud as follows:

Fraud is dishonest activity causing actual or potential financial loss to any person or organisation including theft of moneys or other property by employees or persons external to the organisation and where deception is used at the time, immediately before or after the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.

The theft of property belonging to an entity by a person or persons internal to the entity but where deception is not used is also considered to be fraud.

CORPORATE GOVERNANCE STATEMENT

The Board and senior management adopt a zero tolerance approach to fraud and theft and are committed to building a culture where fraud and theft, in all forms, is unacceptable.

In the event that an employee or contractor observes or suspects that a fraudulent event or theft has occurred, the person is required to report the incident to the Chairperson in the case of a board member or the managing director, the managing director in the case of a member of management and a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner for all concerned.

Fraud and theft are matters of a criminal nature. Where an allegation of fraud or theft is made, the Company will conduct an independent investigation, adopting the principles of natural justice and fairness in determining the facts surrounding the allegations. If fraudulent conduct or theft is found to have occurred, the matter will be referred to relevant law enforcement agencies, if appropriate, and criminal charges may be laid. The Company will also consider civil recovery actions against the perpetrators to recover misappropriated assets. The Company conducts a range of measures to prevent and detect fraud and theft. These measures are constantly updated and refined as the company's operations develop and grow. One of the most effective fraud prevention strategies is the adoption of strong internal controls. If you identify any internal control improvements that you believe may reduce the risk of fraud and theft, you are requested to notify their supervisor, the Managing Director or the Chairperson.

Diversity

The Board adopted a Diversity Policy in December 2012. This policy outlines the Company's commitment to improve diversity in all its operations both in Australia and overseas in accordance with ASX Corporate Governance Principles and Recommendations, as set out in the Diversity Policy available at the Company's website.

Beadell is committed to a corporate culture which embraces diversity when determining the composition of the Board, senior management and employees, including with its recruitment and selection processes.

The organisation's hiring processes ensure that recruitment and selection decisions are based on the principle of merit and a person's skills and qualifications, regardless of their age, gender, nationality, cultural background or any other factor not relevant to the position.

In addition to recruitment protocols which promote diversity, Beadell is committed to a range of other strategies to assist with improving diversity, including:

- developing a culture which takes into account domestic responsibilities of employees;
- as part of its annual remuneration review, assessing the gender pay parity across the business and implementing action plans to address any areas of concern;
- maintaining a workplace culture that supports difference and that enables each staff member to fully contribute to the best of their ability; and
- identifying what is getting in the way of diversity success and taking action to address the issues.

During the period, the following measurable objective on gender diversity was set and pursued by the Board:

- At least one woman must be included in any short-list of potential candidates for a position as a non-executive director, if such a position is offered.

Gender representation

	31 December 2014		31 December 2013	
Representation	**Female**	**Male**	**Female**	**Male**
Perth Head Office	38%	62%	38%	62%
Rio de Janeiro Office	69%	31%	58%	42%
Tucano Mine Site	7%	93%	6%	94%
Group	8%	92%	8%	92%
Board	-	100%	-	100%
Key management personnel	-	100%	-	100%

Key management personnel exclude directors which are reported as part of the Board representation.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit and Risk Management Committee

The Audit and Risk Management Committee has a documented charter, approved by the Board. The Committee must have at least three members; all members must be non-executive directors with a majority being independent. The Committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.

The members of the Audit and Risk Management Committee during the year were:

- Mr Ross Kestel (Chairman) – Independent Non-Executive Chairman
- Mr Craig Readhead – Independent Non-Executive
- Dr Mike Donaldson – Independent Non-Executive

The Audit and Risk Management Committee shall provide assistance to the Board of Directors in fulfilling its corporate governance and oversight responsibilities, as well as advise on the modification and maintenance of the Company's financial reporting, internal control structure, risk management systems, external audit functions, and appropriate ethical standards for the management of the company.

The Committee reviews the processes in place for the identification, management and reporting of business risk and reviews the findings reported.

A further purpose of the Committee is to check the ongoing independence of the auditors. In doing so, it is the responsibility of the Committee to maintain free and open communication between the external auditors and management of the Company. The external auditors are invited to all Audit and Risk Management Committee meetings. Directors and executives of the Company may also be invited to committee meetings, at the discretion of the Committee.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

The Committee met twice during the period and committee member's attendance is disclosed in Section 3 of the Directors' report. The Audit and Risk Management Committee Charter is available on the Company's website.

External audit

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company.

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis in accordance with any legal and/or professional standards.

The Company's policy for the selection, appointment and rotation of the Company's external auditor can be found on the Company's website.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Continuous Disclosure

The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them at the Company's website, and issuing media releases. More details of the policy are available on the Company's website.

In summary, the Continuous Disclosure Policy operates as follows:

- the Company Secretary is responsible for all communications with the ASX;
- any information that a reasonable person would expect to have a material effect on the price or value of the Company's securities must be immediately advised to the ASX;
- the Company acknowledges that it is not required to disclose information to ASX if any of the following applies:
    a. a reasonable person would not expect the information to be disclosed;
    b. the information is confidential; or
    c. one of the following applies:
        i. it would be a breach of a law to disclose the information;
        ii. the information concerns an incomplete proposal or negotiation;
        iii. the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
        iv. the information is generated for the internal management purposes of the Company; or
        v. the information is a trade secret.

ASX Listing Rule disclosures

The Company has policies to ensure compliance with ASX Listing Rule disclosure. The Managing Director has been appointed as the officer responsible for compliance with these policies.

Trading in Company securities by directors and employees

The Group's Securities Trading Policy is located on the Company's website. The key elements of the policy are that directors and employees:

- must not deal in any security of the Company whilst in possession of inside information; and
- are discouraged from engaging in short term trading of any securities of the Company.

Key management personnel may not deal in any security of the Company within:

- 14 calendar days prior to the release of the Company's quarterly reports;
- 14 calendar days prior to the release of the Company's half year financial results; and
- 14 calendar days prior to the release of the Company's full year financial results.

Before trading, or giving instructions for trading in the Company's securities, a director must:

- notify the Chairman in writing of his intention to trade;
- confirm that he does not hold any unpublished price sensitive information;
- have been advised by the Chairman that there is no reason to preclude him from trading in the Company's securities as notified; and
- comply with any conditions on trading imposed by the Chairman.

Where the Chairman intends to trade in the Company's securities, he must notify and obtain clearance in the abovementioned manner from the Managing Director before trading, or giving instructions for trading.

In the case of any other key management personnel, they must notify and obtain clearance from the Managing Director before trading, or giving instructions for trading.

Notifications prior to trading must be evidenced by prior written communication, whether by letter, facsimile, e-mail, or other visible form of communication.

In the case of directors only, Section 205G of the Corporations Act requires that a director must notify the Australian Securities Exchange Limited of the acquisition or disposal of any security of the Company. A copy of any such notification should be forwarded by the relevant director to the Company Secretary within 5 business days of a deal occurring.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Communication with shareholders

The Company has designed a communication's policy for promoting effective communication with shareholders and encouraging shareholder participation at annual general meetings. The policy is available on the Company's website and is set out below.

General Communication

In accordance with the disclosure requirements of the *Corporations Act 2001* and the ASX Limited ("ASX") Listing Rules, the Company follows the following three main forms of information disclosure:

- continuous disclosure – which is its core disclosure obligation and primary method of informing the market and shareholders;
- periodic disclosure – in the form of full-year and half-year reporting and the quarterly reporting of exploration, production and development information together with corporate activities; and
- specific information disclosure – as and when required, of administrative and corporate details, usually in the form of ASX releases.

Directors are committed to the promotion of investor confidence by ensuring that trade in the Company's securities takes place in an efficient, competitive and informed market.

As such, the Company complies with the continuous disclosure obligations contained in the applicable Listing Rules of the ASX and in so doing will immediately notify the market by announcing to the ASX on which its securities are listed, any information in relation to the business of the Company that a reasonable person would expect to have a material effect on, or lead to a substantial movement in, the price or value of securities.

Further, all information made available to the ASX is immediately available to shareholders and the market on the Company's website www.beadellresources.com.au. The Board aims to ensure that shareholders are kept informed of all major developments affecting the Company, hence in addition to its market disclosure; the Directors ensure shareholders are kept informed through a variety of other means:

a. Shareholders can gain access to information about the company, including the annual report, half yearly and quarterly reports, the Chairman's address delivered at the Annual General Meeting, key policies and other important information through the Company's website www.beadellresources.com.au
b. In conducting briefings, the Company takes care to ensure that any price-sensitive information released is made available to all shareholders (institutional and private) and the market at the same time and in accordance with the requirements of the ASX on which the Company is listed;
c. Information is also released by email to all persons who have requested their name to be added to the contact database. Any person wishing to be added to this database can do so by contacting the Company Secretary either on (08) 9429 0800 or on "info@beadellresources.com.au"; and
d. The principal communication with private investors is through the provision of the Annual Report and financial statements and the Annual General Meetings. The Annual Report is available to shareholders via the Company website and is mailed to those shareholders who have requested to receive a copy from the Company on an annual basis. Notice of the Annual General Meetings is posted to shareholders at least 28 days in advance of the meeting. Shareholders also receive notices in relation to all meetings in which shareholders are permitted to attend.

Participation at the annual general meeting

The Directors recognise the rights of shareholders and encourage the effective exercise of those rights through the following means:

- Notice of meetings are distributed in accordance with the Corporation's Act and provide shareholders with the opportunity to attend general meetings;
- Shareholders are encouraged to use their attendance at meetings to ask questions on any matter, with time being specifically set aside for shareholder queries;
- In the event that a resolution is proposed, notices encourage shareholders participation through appointment of proxies; and
- The Company is obliged under the Corporation Act to provide the auditor with notice of a general meeting. The company has a policy of encouraging auditor attendance. In the event that the company's auditor or their representative attends the Annual General Meeting, the chairperson of that meeting will allow a reasonable opportunity for members to ask questions of the auditor concerning the conduct of the audit and the preparation and content of the auditor's report.

Company website

All of the above information is made available on the Company's website at the same time their lodgement at ASX and is e-mailed to all shareholders who lodge their e-mail contact details with the Company. Information on lodging e-mail addresses with the Company is available on the Company's website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Risk management

The Company's risk management system incorporates all policies, processes and practices established by management and/or the Board to provide reasonable assurance that:

- established corporate strategies and objectives are met;
- risks are identified, assessed and adequately monitored and managed;
- significant financial, managerial and operating information is accurate, relevant, timely and reliable;
- material changes to the Company's risk management profile are promptly identified; and
- policies, standards, procedures and applicable laws, regulations and licences are complied with.

The Company's risk management policy is available on the Company's website. The Group's risk management system is summarised below.

Oversight of the risk management system

All members of the Board are responsible for the oversight of risk management and internal controls to manage the Company's material business risks. The design, implementation and day to day responsibilities of the risk management strategy and internal control system rest with management. The Audit and Risk Management Committee is responsible for reviewing the Group's risk management systems and internal financial control systems.

Reporting of risk management

The Managing Director reports on risk management, using an exception reporting basis as required.

The Managing Director reports annually to the Board regarding the effectiveness of the Company's management of its material business risks (refer below "Statement on management of risks").

Risk Management Strategy

The Group's business is subject to general risks and certain specific risks. In accordance with the Group's Risk Management Policy, the Group has:

- identified strategic risks that may impact upon the Group's business;
- assessed and prioritised those risks, and;
- developed and implemented a Risk Management Strategy to manage the effects of identified material risks.

The Board of Directors has overall responsibility for the establishment and oversight of the Risk Management Strategy as required by the Risk Management Policy.

Risk management and internal control

The Group has designed and implemented an internal control system to mitigate material risks; however, the Board recognises that no cost-effective internal control system will preclude all errors and irregularities. The following is a summary of the key internal control systems the Group has in place:

Financial

There is a budgeting system with a budget approved annually by the Board of Directors. Monthly actual results (including comparison to budget) are reported to the Board monthly. Revised forecasts for the year are prepared when facts and circumstances assumed in the budget have materially changed. The Group reports its financial results to shareholders on a half yearly basis.

Practices have been established to ensure business transactions and commitments are properly authorised and executed and financial exposures are controlled.

The Group is exposed to credit, liquidity and market risks. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the Group's exposure to these risks.

The Group uses derivatives to limit its exposures to market risks. Hedging programs must be undertaken in compliance with the Group's Approved Hedging Policy. In summary, the Approved Hedging Policy governs and approves;

- hedging counterparties;
- hedging instruments that may be used;
- mandatory hedging limits;
- discretionary hedging limits;
- time periods of hedging programs; and
- minimum hedging prices.

Valuations of hedging programs are performed and reported to the Board monthly.

Further details of the Company's policies relating to financial risk management can be found at Note 4 of the financial statements.

Health, safety and environmental

The Company's projects are subject to regulations regarding health, safety and environmental matters. The governments and other authorities that administer and enforce these laws determine requirements.

The Group intends to conduct its activities in a responsible manner and in accordance with applicable laws to this end the Group has established health, safety and environmental policies and divisions to implement and monitor compliance activities.

Health, safety and environmental monitoring and compliance are reported to the Board monthly. The Board is not aware of any significant breaches during the period covered by this report.

Quality and integrity of personnel

Formal appraisals of all employees are conducted at least annually. Training and development and appropriate remuneration and incentives are designed to attract high quality employees while retaining and advancing existing employees.

The Group has also established a Code of Conduct which all directors and employees must comply with. The code is widely available and can be viewed on the Group's website.

Insurances

The Group maintains a suite of insurances which are reviewed annually or as appropriate. External experts are engaged annually to review the Group's current and anticipated insurance requirements.

Statement on financial reports

The Managing Director and the Chief Financial Officer have declared in writing to the Board that the Group's financial reports are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial risks. The Group's corporate governance policies require this statement to be made annually.

Statement on management of risks

The Managing Director has declared in writing to the Board that a risk management framework and internal control system has been designed and implemented to manage the Group's material business risks, any material failures of the risk management framework or internal control system have been noted and if the risk management framework and internal control system has operated effectively, in all material respects, in mitigating the Group's material business risks. The Group's corporate governance policies require this statement to be made annually.

Assessment of effectiveness of risk management

Due to the size and scope of the Company's activities, the Board has not established an internal audit department. The Audit and Risk Management Committee is responsible for assessing the effectiveness of the Group's compliance and control systems.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration, Nomination and Diversity Committee

The Remuneration, Nomination and Diversity Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the executive officers and directors of the Company and other executives of the Group. It is also responsible for matters regarding appointment and induction processes for directors and committee members and succession planning.

The members of the Remuneration, Nomination and Diversity Committee during the period were:

- Mr Ross Kestel (Chairman) – Independent Non-Executive Chairman
- Mr Craig Readhead – Independent Non-Executive
- Dr Mike Donaldson – Independent Non-Executive

The Board policy is that the Remuneration, Nomination and Diversity Committee will be comprised of three Non-Executive Directors. The Committee consists of a majority of independent directors. The Company's directors and executive officers may be invited to Remuneration, Nomination and Diversity Committee meetings, as required, to discuss director and senior executives' performance and remuneration packages.

No director or executive officer may participate during discussions regarding the determination of their own remuneration package at Committee meetings.

The Remuneration, Nomination and Diversity Committee meets at least once per year and additionally as required. The Committee met twice during the period and committee members' attendance record is as disclosed in Section 3 of the Directors' report. The Remuneration, Nomination and Diversity Committee Charter are available on the Company's website.

The Board's policy for determining the selection and appointment of new directors includes consideration of:

- the quality of the individual;
- background of experience and achievement;
- compatibility with other Board members;
- credibility within the group's scope of activities;
- intellectual ability to contribute to Board's duties; and
- physical ability to undertake Board's duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting.

Details of the structure of the remuneration of non-executive directors and that of executive directors and senior executives are clearly set out in the Remuneration report at Section 16 of the Directors' Report.

The Remuneration report also includes details of the process for evaluating the performance of senior executives and the results of this evaluation in the current reporting period as set out in Section 16 of the Directors' Report.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	Dec 2014 $'000	Dec 2013 $'000
Assets			
Cash and cash equivalents	*15*	13,398	9,813
Restricted cash	*16*	28,241	-
Prepayments		4,138	4,572
Gold bullion awaiting settlement	*14*	19,729	9,033
Trade and other receivables	*13*	29,394	16,079
Inventories	*10*	61,330	50,653
Derivative financial instruments	*18*	-	52,682
Total current assets		**156,230**	**142,832**
Restricted cash	*16*	10,338	450
Trade and other receivables	*13*	17,026	92
Exploration and evaluation assets		1,111	1,137
Mineral properties	*12*	17,995	19,135
Property, plant and equipment	*11*	163,402	207,066
Derivative financial instruments	*18*	-	12,753
Deferred tax assets	*9*	20,320	18,373
Total non-current assets		**230,192**	**259,006**
Total assets		**386,422**	**401,839**
Liabilities			
Trade and other payables	*22*	31,628	26,302
Derivative financial instruments	*18*	-	24,971
Employee benefits	*20*	5,542	3,654
Borrowings	*17*	97,278	95,639
Provisions	*25*	2,738	2,373
Total current liabilities		**137,186**	**152,939**
Employee benefits	*20*	196	179
Derivative financial instruments	*18*	-	5,470
Borrowings	*17*	20,960	-
Provisions	*25*	6,241	5,434
Total non-current liabilities		**27,397**	**11,083**
Total liabilities		**164,583**	**164,022**
Net assets		**221,839**	**237,816**
Equity			
Share capital	*24*	206,585	205,087
Reserves	*24*	(2,240)	28,768
Accumulated profits/(losses)		17,494	3,961
Total equity		**221,839**	**237,816**

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	Dec 2014 $'000	Dec 2013 $'000
Revenue		260,180	253,007
Cost of sales	6	(186,311)	(129,994)
Gross profit		**73,869**	**123,013**
Other income		594	851
Administrative expenses		(13,420)	(13,895)
Project exploration and evaluation expenses		(8,763)	(11,925)
Other expenses		(2,738)	1,774
Results from operating activities		**49,542**	**99,818**
Finance income		189	18,519
Finance expense		(27,758)	(25,242)
Net finance (expense)	8	**(27,569)**	**(6,723)**
Profit for the period before income tax		**21,973**	**93,095**
Income tax (expense)/benefit	9	(8,440)	20,454
Profit for the period after income tax		**13,533**	**113,549**
Other comprehensive profit/(loss)			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges transferred to profit or loss	8	(27,966)	-
Effective portion of changes in fair value of cash flow hedges	8	-	56,463
Foreign currency translation differences for foreign operations	8	(9,153)	(7,311)
Other comprehensive profit/(loss) for the period net of tax		**(37,119)**	**49,152**
Total comprehensive profit/(loss) for the year		**(23,586)**	**162,701**
Earning per share:			
Basic earnings per share ($)	19	0.02	0.15
Diluted earnings per share ($)	19	0.02	0.14

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Note	Share capital $'000	Translation reserve $'000	Share based payments reserve $'000	Option premium reserve $'000	Hedging reserve $'000	Tax reserve $'000	Accumulated profits $'000	Total equity $'000
Balance at 1 January 2014		205,087	(17,735)	11,935	3	27,966	6,599	3,961	237,816
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	13,533	13,533
Other comprehensive income									
Foreign currency translation differences	*8*	-	(9,153)	-	-	-	-	-	(9,153)
Movement in hedge reserve	*8*	-	-	-	-	(27,966)	-	-	(27,966)
Total other comprehensive income		**-**	**(9,153)**	**-**	**-**	**(27,966)**	**-**	**-**	**(37,119)**
Total comprehensive income for the period		**-**	**(9,153)**	**-**	**-**	**(27,966)**	**-**	**13,533**	**(23,586)**
Transactions with owners recorded directly in equity									
Contributions by and distributions to owners									
Issue of ordinary shares		1,510	-	-	-	-	-	-	1,510
Equity transaction costs		(12)	-	-	-	-	-	-	(12)
Share based payments	*21*	-	-	1,002	-	-	-	-	1,002
Transfer to tax reserve	*24*	-	-	-	-	-	5,109	-	5,109
Total contributions by and distributions to owners		**1,498**	**-**	**1,002**	**-**	**-**	**5,109**	**-**	**7,609**
Balance as at 31 December 2014		**206,585**	**(26,888)**	**12,937**	**3**	**-**	**11,708**	**17,494**	**221,839**

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Note	Share capital $'000	Translation reserve $'000	Share based payments reserve $'000	Option premium reserve $'000	Hedging reserve $'000	Tax reserve $'000	Accumulated profits/ (losses) $'000	Total equity $'000
Balance at 1 January 2013		170,110	(10,424)	10,992	3	(28,497)	-	(109,588)	32,596
Total comprehensive loss for the period									
Loss for the period		-	-	-	-	-	-	113,549	113,549
Other comprehensive loss									
Foreign currency translation differences	*8*	-	(7,311)	-	-	-	-	-	(7,311)
Movement in hedge reserve	*8*	-	-	-	-	56,463	-	-	56,463
Total other comprehensive loss		**-**	**(7,311)**	**-**	**-**	**56,463**	**-**	**-**	**49,152**
Total comprehensive loss for the period		**-**	**(7,311)**	**-**	**-**	**56,463**	**-**	**113,549**	**162,701**
Transactions with owners recorded directly in equity									
Contributions by and distributions to owners									
Issue of ordinary shares		36,175	-	-	-	-	-	-	36,175
Equity transaction costs		(1,198)	-	-	-	-	-	-	(1,198)
Share based payments	*21*	-	-	943	-	-	-	-	943
Transfer to tax reserve	24	-	-	-	-	-	6,599	-	6,599
Total contributions by and distributions to owners		**34,977**	**-**	**943**	**-**	**-**	**6,599**	**-**	**42,519**
Balance as at 31 December 2013		**205,087**	**(17,735)**	**11,935**	**3**	**27,966**	**6,599**	**3,961**	**237,816**

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Dec 2014 $'000	Dec 2013 $'000
Cash flow from operating activities		
Profit for the year	13,533	113,549
Adjustments for:		
Release of effective portion of cash flow hedges to revenue	(32,982)	-
Depreciation	36,612	20,653
Net Impairment losses/(reversals)	1,156	(1,774)
Net loss on sale of plant and equipment	1,583	-
Net finance costs	27,569	6,723
Equity-settled share-based payment transactions	1,002	943
Income tax expense/(benefit)	8,440	(20,454)
	56,913	**119,640**
Changes in:		
Inventories	(10,677)	(17,165)
Gold bullion awaiting settlement	(10,696)	(9,033)
Trade and other receivables	(31,405)	(13,857)
Prepayments	435	279
Trade and other payables	5,326	7,576
Provisions and employee benefits	3,077	(551)
Net cash from operating activities	**12,973**	**86,889**
Cashflow from investing activities		
Interest received	189	134
Proceeds on sale of property plant and equipment	10,888	-
Payments for property, plant and equipment	(29,752)	(45,811)
Net cash used in investing activities	**(18,675)**	**(45,677)**
Cashflow from financing activities		
Restricted cash held for security	(38,129)	-
Proceeds from issue of share capital, net of transaction costs	1,498	24,458
Hedge proceeds	28,044	1,272
Proceeds from/(Repayment of) loans and borrowings	24,769	(55,047)
Interest paid on loans	(6,439)	(7,502)
Net cash from/(used in) financing activities	**9,743**	**(36,819)**
Net increase in cash and cash equivalents	4,041	4,393
Cash and cash equivalents 1 January	9,813	5,384
Effect of exchange rate fluctuations on cash held	(456)	36
Cash and cash equivalents 31 December	**13,398**	**9,813**

The notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Beadell Resources Limited (the "Company") is a for profit company limited by shares and incorporated in Australia, whose shares are publicly traded on the Australian Stock Exchange. The address of the Company's registered office is Level 2, 16 Ord Street, West Perth, Western Australia.

The consolidated financial statements of the Company as at and for the period from 1 January 2014 to 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group Entities").

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The consolidated financial report of the Group complies with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements were approved by the Board of Directors on 27 February 2015.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

d) Use of estimates and judgements

Set out below is information about:

- critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements; and
- assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Estimates and assumptions

Restoration obligations

Significant estimation is required in determining the provision for site restoration as there are many factors that may affect the timing and ultimate cost to rehabilitate sites where construction, mining and/or exploration activities have taken place. These factors include future development and exploration activities, changes in the cost of goods and services required for restoration activities and changes to the legal and regulatory framework governing restoration obligations. These factors may result in future actual expenditure differing from amounts currently provided.

Ore Reserves

Economically recoverable ore reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The Group determines and reports ore reserves under the standards incorporated in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 edition ("JORC Code"). The determination of ore reserves includes estimates and assumptions about a range of geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices, and exchange rates. Changes in ore reserves impact the assessment of recoverability of exploration and evaluation assets, provisions for site restoration, the carrying amount of assets depreciated on units of production basis and the recognition of deferred taxes, including tax losses.

Exploration and evaluation assets

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group's accounting policies requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale of the respective area of interest will be achieved. Critical to this assessment is estimates and assumptions as to Ore Reserves (refer above), the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure, a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the income statement in accordance with the Group's accounting policies.

In addition, an allocation of the cost associated with acquired mineral rights to individual projects is performed on acquisition. This allocation process requires estimates and judgement by management as to the value of those projects acquired.

Recognition of tax losses

A deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective area of interest will be achieved. This includes estimates and judgements about commodity prices, ore reserves, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

Impairment of assets

The recoverable amount of each non-financial asset or cash generating unit ("CGU") is determined as the higher of the value in use and fair value less costs to sell. Determination of the recoverable amount of an asset or CGU based on a discounted cash flow model requires the use of estimates and assumptions, including: the appropriate rate at which to discount cash flows, timing of cash flows, the expected life of the area of interest, commodity prices, exchange rates, ore reserves, future capital requirements and operational performance. Changes in these estimates and assumptions impact the recoverable amount of the asset or CGU and accordingly could result in an adjustment to the carrying amount of that asset or CGU.

Fair value estimates for derivative financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Judgement is used to select a method and make assumptions that are mainly based on market conditions existing during and at the end of each reporting period.

The fair values of foreign exchange and gold forward contracts are based on broker quotes. The fair value of gold options is based on the Black-Scholes Option Pricing Model. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities. The Group has not elected to early adopt any accounting standards or amendments.

a) Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

ii. Transactions and balances eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

iii. Business combinations

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Measuring goodwill or discount in a business combination

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Where the net amount of identifiable assets exceeds fair value of consideration transferred, a discount on acquisition has arisen and the resultant gain is recognised in the Group's profit or loss. Provisional accounting for fair values is used where the Group has not completed final valuations. Where provisional accounting has been used, the Group completes final valuations within a year of acquisition.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and entity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

Contingent liabilities

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the operation at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated to the presentation currency at the balance date at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are measured using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for qualifying cash flow hedges which are recognised in the other comprehensive income to the extent the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at reporting date. The income and expenses of foreign operations are translated to Australian dollars at average exchange rates prevailing during the period. Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the income statement.

c) Financial instruments

i. Derivative financial instruments

The Group settled all derivative financial instruments during the period.

Hedge accounting

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and hedged item, including risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedge relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated and whether the actual results of each hedge are within a range of 80 to 125%.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income to the extent the hedge is effective. To the extent the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss.

Non-hedge accounted derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

ii. Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, restricted cash, borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost, less any impairment charges.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and short term deposits at call. Short term deposits have original maturities of 3 months or less that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in fair value.

Restricted cash

Restricted cash comprises cash at bank and short term deposits that have been given as security in relation to the Group's borrowings. As the Group has given security over these balances they are not eligible for recognition as cash and cash equivalents.

Trade and other receivables

Receivables are initially recorded at fair value expected to be received when there has been a significant passing of significant risks and rewards of ownership. Collectability of debtors is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off and an allowance for doubtful debts is raised where objective evidence exists that the debt will not be collected.

Bullion awaiting settlement

Bullion awaiting settlement comprises gold that has not been turned out by the Group's refiner prior to period end. Bullion awaiting settlement is initially recognised at fair value less costs to sell and represents revenue to the Group as it has met the criteria defined at Note 3(d) below.

Trade and other payables

Trade and other payables are carried at amortised cost. The amounts are unsecured and typically settled in 30 to 60 days of recognition. Due to their short term nature, balances are generally not discounted.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial measurement, borrowings are recorded at amortised cost using the effective interest rate method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual drawdown of the facility, are amortised on a straight line basis over the term of the facility.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

iii. Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

d) Revenue

Revenue is recognised and measured at fair value of the consideration received or receivable to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be measured reliably. The following specific criteria must also be met before revenue is recognised:

i. Gold sales

Gold sales revenue is recognised when;

- there has been a transfer of risks and rewards from the Group to an external party;
- no further processing is required by the Group;
- the quality and quantity of the gold has been determined; and
- the sale is probable.

Each of the above criteria are satisfied at the point at which the Group's bullion transporter takes custody of gold bullion for delivery to the Group's external refiner.

ii. Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

e) Royalties

Royalty obligations based on quantity produced or as a percentage of revenue that do not have the characteristics of income tax, are included in costs of sales.

f) Exploration and evaluation expenditure

Exploration and evaluation costs, excluding acquisition costs, are expensed as incurred. Acquisition costs are accumulated in respect of each separate area of interest.

Exploration and evaluation assets are only recognised if the rights to the area are current and either:

i. the acquisition costs are expected to be recouped through successful development and exploitation of the area of interest; or

ii. activities in the area of interest have not at the reporting date, reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

i. sufficient data exists to determine technical feasibility and commercial viability; and

ii. facts and circumstances suggest the carrying amount exceeds the recoverable amount.

For the purposes of impairment testing, exploration and evaluation assets are allocated to CGU's to which the exploration activity relates. The CGU shall not be larger than the area of interest.

Once technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine property assets within property, plant and equipment.

In the event that an area of interest is abandoned or if the directors consider the exploration and evaluation assets attributable to the area of interest to be of reduced value, the exploration and evaluation assets are impaired in the period in which the assessment is made. Each area of interest is reviewed at each reporting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

g) Mineral properties

Mineral properties represents expenditure in respect of capitalised exploration, evaluation, feasibility and other capitalised expenditure previously accumulated and carried forward as mineral properties under development in relation to areas of interest in which gold production has now commenced. Mine properties are stated at cost, less accumulated amortisation and accumulated impairment losses.

Mine properties are amortised on a unit-of-production basis over the economically recoverable reserves of the mine concerned, resulting in an amortisation charge proportional to the depletion of the economically recoverable mineral resources. Amortisation begins at the commencement of commercial production.

h) Deferred stripping

The Group defers stripping costs during the production phase of its surface mining operations. Stripping costs that generate a benefit of improved access to future components of an ore body and meet the definition of an asset are recognised as stripping activity assets. Stripping activity assets are depreciated on a units of production basis over the useful life of the identifiable component of the ore body that becomes more accessible as a result of the stripping activity. Stripping activity assets form part of property, plant and equipment.

i) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss. When re-valued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation of mine specific plant and equipment and buildings and infrastructure is charged to the statement of profit and loss and other comprehensive income on a units of production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of mine, in which case the straight line method is used. The unit of account is ore milled.

Depreciation of non-mine specific plant and equipment is charged to the statement of profit and loss and other comprehensive income on a straight line basis over the estimated useful lives of each item.

In the current and comparative periods useful lives are as follows:

- plant and equipment 2-20 years
- fixtures and fittings 5-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

j) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's statement of financial position.

k) Leases

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. This will be the case if the following criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset(s); and
- the arrangement contains the right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

l) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss and any subsequent reversals of impairment losses are also recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non-financial assets

The carrying amounts of the Group's non-financial assets (excluding deferred tax assets and inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, known as CGU's.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU's are allocated to reduce the carrying amount of assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

m) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and, where applicable, prior periods plus related on costs; that benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on national government bonds that have maturity dates approximating the terms of the Group's obligations.

Share-based payment transactions

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to share based payments reserve. The fair value of options and performance rights is ascertained using a recognised pricing model which incorporates all market vesting conditions.

The fair value of options is measured using the Black-Scholes formula and the fair value of the Performance Rights is measured using a combination of the Monte Carlo and Trinomial Lattice pricing models.

Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The cost of share based payment transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for share based payment transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

n) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

o) Finance income and expense

Finance income comprises interest income, ineffective portion of changes in fair value of cash flow hedges and changes in fair value of derivatives not designated as cash flow hedges.

Finance expense comprises impairment losses recognised on financial assets and borrowing costs recognised using the effective interest method that are not directly attributable to the acquisition, construction or production of a qualifying asset and transaction costs not eligible for capitalisation.

Foreign currency gains and losses are reported on a net basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset, all other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Site restoration

Mine closure and restoration costs include the costs of dismantling and demolition of infrastructure or decommissioning, the removal of residual material and the remediation of disturbed areas specific to the site. Provisions are recognised at the time that the environmental disturbance occurs.

The provision is the best estimate of the present value of the future cash flows required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the financial year.

The amount of the provision for future restoration costs is capitalised as an asset and recognised in property, plant and equipment and is depreciated over the useful life of the mineral resource. The unwinding of the effect of discounting on the provision is recognised as a finance cost. Restoration expenditure is capitalised to the extent that it is probable that the future economic benefits associated with restoration expenditure will flow to the Group.

q) Value Added Taxes ("VAT")

Revenue, expenses and assets are recognised net of the amount of goods and services tax and equivalent indirect taxes, except where the amount of tax incurred is not recoverable from the taxation authority. In these circumstances, the tax is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of tax included. The net amount of tax recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The tax components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

r) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

s) Operating segments

The Group determines and presents operating segments based on the information that is provided to the Managing Director, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Board to make decisions about the allocation of resources to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise predominantly of administrative expenses. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

t) Inventories

Gold bullion that has not been dispatched to the Group's refiner, gold in circuit and ore stockpiles are physically measured or estimated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and costs of selling the final product.

Cost is determined by the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation incurred in converting gold ore to bullion.

Consumable stores are valued at the lower of cost and net realisable value.

u) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Intangibles are amortised over life of mine.

Amortisation is calculated over the cost of the asset less residual value. Amortisation is recognised on a straight line basis in profit or loss over estimated useful lives. Amortisation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

v) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group has not yet determined the impact of this standard.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Group has not yet determined the impact of this standard.

4. FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, objectives, policies and processes for measuring and managing risk and the management of capital.

The Group has established a Risk Management Policy and Risk Management Strategy. The Group's Risk Management Policy and Strategy address the Group's exposure to and management of credit, market and liquidity risks.

The Board of Directors has overall responsibility for the establishment and oversight of the Risk Management Strategy. The design, implementation and day to day responsibilities of the risk management strategy and internal control system rest with management. The Audit and Risk Management Committee is responsible for reviewing the Group's risk management systems and internal financial control systems.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's gold bullion awaiting settlement, cash and cash equivalents and restricted cash.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits. The Group limits its credit risk by holding cash balances and demand deposits with reputable counterparties with acceptable credit ratings.

Restricted cash

Restricted cash comprises cash balances used as security for Group borrowings. Cash balances used as security are held with reputable counterparties with acceptable credit ratings.

Bullion awaiting settlement

The Group's gold bullion awaiting settlement comprises gold bullion on hand at, or in transit to, the Group's refiner. Gold bullion awaiting settlement is generally settled within 2 days of delivery into a sales contract.

Trade and other receivables

The Group's trade and other receivables at balance date principally comprise iron ore by-product receivables, VAT receivables and amounts due from second hand machinery sales. Iron ore by-product receivables of $6.2 million are past due as at the end of the period (2013: $0.2 million).

	Dec 2014 $'000	Dec 2013 $'000
361-390 days	271	-
91-360 days	4,052	-
31-90 days	972	-
1-30 days	915	220
Total	**6,210**	**220**

The Group has established an allowance for impairment that represents incurred losses in respect of VAT receivables, all remaining trade and other receivables have not been impaired on the basis management believe the balances remain collectible in full.

Exposure to credit risk

The carrying amounts of the Group's financial assets represent maximum exposure to credit risk, by region and in total as set out below:

	Note	Dec 2014 $'000	Dec 2013 $'000
Australia			
Cash and cash equivalents		3,497	107
Restricted cash		19,895	300
Trade and other receivables		81	27
		23,473	434
Brazil			
Cash and cash equivalents		9,901	9,706
Restricted cash		18,684	150
Gold bullion awaiting settlement		19,729	9,033
Trade and other receivables		46,339	16,144
Derivative assets		-	65,435
		94,653	100,469
Total			
Cash and cash equivalents	*15*	13,398	9,813
Restricted cash	*16*	38,579	450
Gold bullion awaiting settlement	*14*	19,729	9,033
Trade and other receivables	*13*	46,420	16,171
Derivative assets	*18*	-	65,435
Exposure to credit risk		118,126	100,902

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

At least annually the Group prepares detailed cash flow models as part of its system of budget planning, against which monthly actual cash flows are reported, additionally, actual cash flows are reported daily and a rolling 3 month cash flow forecast is prepared each month. Production activities are monitored and reported daily and monthly against budget and forecast amounts. These systems are used in conjunction to predict cash flow requirements and manage liquidity risk.

As at balance date, the following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
	$'000	$'000	$'000	$'000	$'000	$'000
31 December 2014						
Trade and other payables	(31,628)	(31,628)	(31,628)	-	-	-
Borrowings	(118,238)	(120,637)	(86,885)	(12,050)	(21,340)	(363)
Derivative financial liabilities	-	-	-	-	-	-
Balance as at 31 December	(149,866)	(152,265)	(118,513)	(12,050)	(21,340)	(363)
31 December 2013						
Trade and other payables	(26,302)	(26,302)	(26,302)	-	-	-
Borrowings	(95,639)	(95,639)	(95,639)	-	-	-
Derivative financial liabilities	(30,441)	(24,444)	(10,533)	(9,659)	(4,252)	-
Balance as at 31 December	(152,382)	(146,385)	(132,474)	(9,659)	(4,252)	-

Subsequent to year end, the Group restructured $72,899,000 of its borrowings (US$60 million Santander Facility), and accordingly, a portion of the contractual cash flows presented above will be deferred and are expected to occur within the next 4 years. Please refer to Note 30 for further information.

Additionally, and also subsequent to year end, the Group novated lease liabilities of $18,224,000 (US$14.5 million outstanding of the US$25.5 million Macquarie Master Lease Agreement) and accordingly contractual cash flows associated with these borrowings will not occur. For further information regarding these subsequent events please refer to Note 30.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to fluctuations in foreign currency rates, interest rates and metals prices. In each case, future operational cash flows and ability to service current and future borrowings are affected by these fluctuations.

Currency risk

Currency risk arises from investments and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

Exposure

The Group is exposed to foreign currency risk in the form of financial instruments denominated in currencies other than the respective functional currencies of the Group. The Group's functional currencies are the Brazilian Real and the Australian Dollar.

The table following demonstrates the Group's exposure to foreign currency risk at the end of the year:

	Dec 2014 US$'000	Dec 2013 US$'000
Cash and cash equivalents	7,625	8,508
Gold bullion awaiting settlement	16,003	8,015
Trade and other payables	(1,547)	(4,125)
Borrowings	(77,417)	(84,804)
Statement of financial position exposure	(55,336)	(72,406)
Foreign exchange forward contracts	-	109,585
Net exposure	(55,336)	37,179

Sensitivity analysis

Assuming all other variables remain constant, a 10% strengthening of the Brazilian Real at 31 December 2014 against the United States Dollar would have resulted in an increased profit of $7,033,000 (2013: $8,234,000 increased profit). A 10% weakening of the Brazilian Real would have had the equal but opposite effect, assuming all other variables remain constant. This analysis is based on exchange rate variances the Group considered to be reasonably possible at the end of the period.

The following significant exchange rates applied to the Group's financial instruments during the year:

	Average rate		Reporting date spot rate	
	2014	2013	2014	2013
BRL 1 : USD	0.4257	0.4645	0.3722	0.4232

Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group is exposed to interest rate risk on cash and cash equivalents, restricted cash and its borrowings. The Group does not use derivatives to mitigate these exposures.

Cash and cash equivalents and restricted cash are held at variable and fixed interest rates. Cash in term deposits are held for fixed terms at fixed interest rates maturing in periods less than six months. The Group's other cash balances are held in deposit accounts at variable rates with no fixed term.

Interest rates on the Group's borrowings are fixed for terms of 3 to 6 months from drawing or rolling of principal amounts.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Dec 2014 $'000	Dec 2013 $'000
Fixed rate instruments		
Financial assets	18,984	300
Financial liabilities	(93,737)	(95,639)
Net fixed rate instruments	(74,753)	(95,339)
Variable rate instruments		
Financial assets	32,993	9,813
Financial liabilities	-	-
Net variable rate instruments	32,993	9,813

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis – interest rates

A change in interest rates of 100 basis points at the reporting date would have decreased (increased) the Group's profit by the amounts shown below. This analysis assumes that all other variables remain constant.

Sensitivity	100bp increase Dec 2014 $'000	100bp decrease Dec 2014 $'000	100bp increase Dec 2013 $'000	100bp decrease Dec 2013 $'000
Interest bearing instruments	673	(673)	510	(510)
Cash flow sensitivity (net)	673	(673)	510	(510)

Fair values versus carrying amounts

Carrying amounts of financial assets and liabilities equate to their corresponding fair values.

Other market price risk

The Group's financial assets and liabilities are not exposed any other market price risk.

Commodity price risk

The Group is exposed to fluctuations in the gold price as a result of its holdings of gold bullion awaiting settlement.

Fair value hierarchy

The Group's derivative financial instruments were settled during the period. Derivatives were carried at fair value and valued using a combination of valuation methods. The different valuation levels are assessed as:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group used a combination level 1 and level 2 inputs in determining the fair value of its derivative financial instruments prior to their settlement in June 2014.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a capital base (comprising equity plus borrowings) sufficient to allow future operation and development of the Group's projects.

The Group has raised capital through the issue of equity and borrowings to fund its activities. In determining the funding mix of debt and equity, consideration is given to the ability of the Group to service loan interest and repayment schedules, lending facility compliance ratios and amount of free cash flow desired.

The Group manages its capital requirements by monitoring budget to actual performance and lending compliance ratios. The Group is subject to externally imposed capital requirements in relation to its Master Lease Agreement, whereby it is required that;

- a minimum current assets plus property plant and equipment to total liabilities ratio be maintained,
- a minimum annual forecast free cash flow to debt service ratio be maintained,
- a minimum ore reserve to expected ore reserve after final repayment of the borrowing ratio be maintained, and
- a minimum level of tangible net assets be maintained.

Subsequent to year end the Group novated the Macquarie Master Lease Agreement and accordingly these capital requirements are no longer applicable. For further information regarding these subsequent events please refer to Note 30.

5. OPERATING SEGMENTS

The Group has two reportable segments; 'Australian exploration' and 'Brazilian exploration and operations', which are the Group's strategic business units.

The strategic business units are managed separately because they are governed by different regulatory regimes. For each of the strategic business units, the Board reviews internal management reports on a monthly basis.

Information about reportable segment profit/(loss)	Brazil $'000	Australia $'000	Total $'000
12 months ended 31 December 2014			
External revenues	260,180	-	260,180
Project finance interest expenses	(6,439)	-	(6,439)
Unrealised foreign exchange loss	(13,376)	-	(13,376)
Reversal of/(impairment of) segment assets	(1,583)	-	(1,583)
Depreciation and amortisation	(36,612)	-	(36,612)
Reportable segment profit/(loss) before income tax	43,365	(712)	42,653
12 months ended 31 December 2013			
External revenues	253,007	-	253,007
Project finance interest expenses	(7,400)	-	(7,400)
Unrealised foreign exchange loss	(17,842)	-	(17,842)
Reversal of/(impairment of) segment assets	2,177	(403)	1,774
Depreciation and amortisation	(20,623)	(30)	(20,653)
Reportable segment profit/(loss) before income tax	88,879	(1,259)	87,620

Revenue from one major customer of the Group was approximately $260 million during the year ended 31 December 2014 (2013: $253 million).

Reconciliation of reportable segment profit/(loss)	Dec 2014 $'000	Dec 2013 $'000
Total profit/(loss) for reportable segments	42,653	87,620
Unallocated amounts		
- Corporate income	494	19,370
- Corporate expenses	(21,174)	(13,895)
Consolidated profit/(loss) before tax	21,973	93,095

Information about reportable segment assets, liabilities and capital expenditure	Brazil $'000	Australia $'000	Total $'000
2014			
Reportable segment assets	352,264	658	352,922
Reportable segment liabilities	138,822	45	138,867
Reportable segment capital expenditure	20,094		20,094
2013			
Reportable segment assets	325,122	816	325,938
Reportable segment liabilities	132,221	87	132,308
Reportable segment capital expenditure	46,065	-	46,065

Reconciliation of reportable segment assets and liabilities	Dec 2014 $'000	Dec 2013 $'000
Total assets for reportable segments	352,922	325,938
Unallocated amounts		
- Corporate assets	33,500	75,900
Consolidated assets	386,422	401,838
Total liabilities for reportable segments	138,867	132,308
Unallocated amounts		
- Corporate liabilities	25,716	31,714
Consolidated liabilities	164,583	164,022

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of production. Segment assets are based on the geographical location of assets.

	Revenues Dec 2014 $'000	Non-current assets Dec 2014 $'000	Revenues Dec 2013 $'000	Non-current assets Dec 2013 $'000
Australia	-	581	-	962
Brazil	260,180	198,953	253,007	226,917
Unallocated amounts	-	30,658	-	31,127
Balance at the end of the period	260,180	230,192	253,007	259,006

6. COST OF SALES

	Dec 2014 $'000	Dec 2013 $'000
Costs of production	145,150	104,625
Royalties	4,549	4,716
Depreciation, amortisation and depletion	36,612	20,653
Cost of Sales	186,311	129,994

7. PERSONNEL EXPENSES

	Note	Dec 2014 $'000	Dec 2013 $'000
Wages, salaries and benefits		26,786	20,064
Contributions to defined contribution plans		6,708	5,575
Increase in liability for annual leave		1,900	2,783
Other personnel expenses		3,477	3,785
Share-based payment transactions	*21*	1,002	943
Personnel expenses		39,873	33,150

8. FINANCE INCOME AND EXPENSE

	Dec 2014 $'000	Dec 2013 $'000
Recognised in profit and loss		
Interest income	189	34
Interest expense	(6,439)	(7,400)
Net foreign exchange loss	(13,376)	(17,842)
Ineffective portion of changes in fair value of cashflow hedges	-	2,332
Changes in fair value of derivatives	(6,886)	16,153
Transaction costs	(1,057)	-
Net finance expense	(27,569)	(6,723)
Recognised directly in equity		
Cash flow hedges transferred to profit or loss	(27,966)	-
Effective portion of changes in fair value of cash flow hedges	-	56,463
Foreign currency translation differences for foreign operations	(9,153)	(7,311)
Finance income recognised directly in equity, net of tax	(37,119)	49,152

9. INCOME TAX

Current income tax

	Dec 2014 $'000	Dec 2013 $'000
Income tax (expense)/benefit		
Current tax expense	(4,870)	(3,022)
Adjustment for prior period	(1,543)	87
Deferred tax (expense)/benefit	(2,027)	23,389
Income tax (expense)/benefit	(8,440)	20,454
Numerical reconciliation between tax (expense)/benefit and pre-tax accounting profit		
Pre-tax accounting profit for the period	21,973	93,095
Income tax expense at the Group's tax rates (Australia: 30%, Brazil: 34%)	(7,442)	(32,084)
Income not assessable for tax purposes	-	6,435
Expenditure not allowable for tax purposes	(1,488)	(754)
Temporary differences not recognised	(119)	(251)
Current year losses for which no deferred tax asset was recognised	(2,580)	(3,142)
Application of tax incentives	2,588	6,828
Utilisation of carry forward losses	2,144	4,292
Change in previously unrecognised temporary differences	-	26,595
Recognition of tax effect of previously unrecognised tax losses	-	12,448
Adjustment for prior period	(1,543)	87
Income tax (expense)/benefit	(8,440)	20,454

Tax expense comprises of a current tax year expense and prior year adjustments of $6.4 million and a deferred tax expense of $2 million in respect temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

While current year tax expense is calculated at the Brazilian corporate tax rate of 34%, the actual tax liability is determined after the application of a tax incentive program ("SUDAM"), reducing the Group's effective tax rate to 15.25%. All tax liabilities have been settled with the application of carry forward tax credits.

Deferred income tax

Recognised deferred tax balances

	Dec 2014 $'000	Dec 2013 $'000
Recognised tax assets/(liabilities)		
Property, plant and equipment	(580)	3,226
Mineral properties	117	726
Gold bullion awaiting settlement	-	(791)
Trade and other receivables	3,483	3,300
Trade, other payables and employee benefits	1,764	592
Inventories	754	791
Borrowings	2,790	4,473
Provisions	952	876
Derivatives	-	(7,268)
Tax effect losses	11,040	12,448
Net deferred tax assets	20,320	18,373

	Dec 2014 $'000	Dec 2013 $'000
Recognised deferred tax assets		
Deductible temporary differences – recognised in profit or loss	9,860	13,193
Tax effect losses (Australia) – recognised in profit or loss	-	-
Tax effect losses (Brazil) – recognised in profit or loss	11,040	12,448
Balance at the end of the period	20,900	25,641
Recognised deferred tax liabilities		
Assessable temporary differences – recognised in profit or loss	(580)	(2,252)
Assessable temporary differences – recognised in equity	-	(5,016)
Balance at the end of the period	(580)	(7,268)

Unrecognised deferred tax balances

	Dec 2014 $'000	Dec 2013 $'000
Unrecognised deferred tax assets		
Deductible/(assessable) temporary differences	(1,153)	(1,519)
Tax effect carry forward losses (Australia)	20,292	13,742
Tax effect carry forward losses (Brazil)	937	857
Balance at the end of the period	20,076	13,080

10. INVENTORIES

	Dec 2014 $'000	Dec 2013 $'000
Spare parts, raw materials and consumables – at cost	29,283	22,744
Ore stockpiles – at cost	28,002	22,783
Gold in circuit – at cost	3,212	3,780
Gold bullion – at cost	833	1,346
Balance at the end of the period	61,330	50,653

11. PROPERTY, PLANT AND EQUIPMENT

31 December 2014	Buildings and infrastructure $'000	Plant & equipment $'000	Fixtures & fittings $'000	Total $'000
Cost				
Opening balance	348	222,212	248	222,808
Additions	13,558	14,306	415	28,279
Disposals	-	(52,470)	-	(52,470)
Effect of movements in exchange rates	(441)	(10,987)	(75)	(11,503)
Balance at 31 December 2014	13,465	173,061	588	187,114
Depreciation				
Opening balance	(58)	(15,653)	(31)	(15,742)
Depreciation expensed	(302)	(24,371)	(76)	(24,749)
Disposals	-	14,218	-	14,218
Effect of movements in exchange rates	427	2,077	57	2,561
Balance at 31 December 2014	67	(23,729)	(50)	(23,712)
Carrying amount				
Opening balance	290	206,559	217	207,066
Balance at 31 December 2014	13,532	149,332	538	163,402

31 December 2013	Buildings and infrastructure $'000	Plant & equipment $'000	Fixtures & fittings $'000	Total $'000
Cost				
Opening balance	-	26,841	89	26,930
Additions	23	31,767	122	31,912
Transfers	325	163,260	10	163,595
Disposals	-	(729)	-	(729)
Effect of movements in exchange rates	-	1,073	27	1,100
Balance at 31 December 2013	348	222,212	248	222,808
Depreciation				
Opening balance	-	6,117	68	6,185
Depreciation expensed	(49)	(19,647)	(66)	(19,762)
Depreciation capitalised to inventories	(9)	(2,053)	(12)	(2,074)
Disposals	-	417	-	417
Effect of movements in exchange rates	-	(487)	(21)	(508)
Balance at 31 December 2013	(58)	(15,653)	(31)	(15,742)
Carrying amount				
Opening balance	-	32,958	157	33,115
Balance at 31 December 2013	290	206,559	217	207,066

12. MINERAL PROPERTIES

	Dec 2014 $'000	Dec 2013 $'000
Cost		
Opening balance	19,135	-
Additions	1,409	-
Transfers from mineral properties under development	-	6,794
Mine development	-	14,153
Amortisation of mineral properties	(1,882)	(890)
Reduction in rehabilitation provision	-	(1,105)
Effect of movements in exchange rates	(667)	183
Balance at the end of the period	17,995	19,135

13. TRADE AND OTHER RECEIVABLES

	Dec 2014 $'000	Dec 2013 $'000
Other receivables	33,656	6,631
VAT receivable	12,764	9,540
Balance at the end of the period	46,420	16,171
Current	29,394	16,079
Non current	17,026	92
Balance at the end of the period	46,420	16,171

The Groups other receivables include $25,758,000 of earthmoving and ancillary fleet sales that have not been received at period end by the Group's Brazilian subsidiary. Refer to Note 17 for further information. Other receivables also include $6,518,000 of iron ore by-product sales that have not been received at year end.

14. GOLD BULLION AWAITING SETTLEMENT

At balance date, gold bullion awaiting settlement was $19,729,000 (2013: $9,033,000) and comprised 13,249 ounces at a weighted average realisable value of $1,489.13 per ounce.

15. CASH AND CASH EQUIVALENTS

	Dec 2014 $'000	Dec 2013 $'000
Bank balances	13,398	9,813
Cash and cash equivalents in the statement of cash flows	13,398	9,813

16. RESTRICTED CASH

	Dec 2014 $'000	Dec 2013 $'000
Restricted cash and deposits held as security	38,579	450
Current	28,241	-
Non current	10,338	450
Balance at the end of the period	38,579	450

At balance date, $19.9 million (2013: $nil) is deposited in an account under joint control of MACA and the Group as required under the terms of the MACA Facility Agreement and will be released in scheduled instalments, commencing in 2015. Refer to Note 17 for further information.

Restricted cash also includes $18.7 million (2013: nil) in cash deposits held as security in relation to the Santander Facility Agreement while the parties negotiated the roll of the facility into a three year finance facility. Refer to Note 17 for further information. Subsequent to year end this balance has been released from restricted cash and reclassified to cash and cash equivalents. Refer to Note 30 for further information.

17. BORROWINGS

	Dec 2014 $'000	Dec 2013 $'000
Unsecured loans	75,164	-
Secured loans	43,074	95,639
Balance at the end of the period	118,238	95,639
Current	97,278	95,639
Non current	20,960	-
Balance at the end of the period	118,238	95,639

Santander Facility Agreement – unsecured loan

On 30 June 2014 the Group replaced its existing secured Macquarie Bank Ltd Finance Facility ("Macquarie Facility") with an unsecured US$60 million Banco Santander (Brasil) S.A. Finance Facility ("Santander Facility"). The Santander Facility was a twelve month bridging facility with bi-monthly repayments commencing in December 2014 that, subject to certain conditions precedent, may be rolled into a three year finance facility before 22 June 2015. In December 2014 the Santander Facility repayment schedule was amended, deferring the December 2014 repayment to January 2015 while the parties negotiated the roll of the Santander Facility into three year finance facility.

In January 2015, the Santander Facility was restructured, syndicated and rolled into a three year Finance Facility. Refer to Note 30 for further information.

MACA Facility Agreement – secured loan

In November 2014 the Group disposed of its earthmoving and ancillary fleet ("Fleet") to a wholly owned subsidiary of MACA Limited ("MACA"), as part of mining partnership agreement entered into with MACA for the provision of open pit mining services at the Group's Tucano Gold Mine.

As full payment for the Fleet would not be received at the Group's Brazilian subsidiary level upon execution of the mining partnership agreement it was agreed that the outstanding amount not received in Brazil would be received by the Group's parent in Australia as restricted cash drawn down under a $25.9 million Facility Agreement. The Facility will be repaid in scheduled instalments to MACA pursuant to an agreed payment schedule matching the future settlement timetable of equipment purchases in Brazil, commencing in 2015. The Facility is not interest bearing.

Macquarie Master Lease Agreement – secured loan

In 2011 the Group entered into a US$20 million Lease Facility with Macquarie Bank Limited to finance up to 90% of the acquisition costs of certain equipment for use at the Tucano Gold Project. During 2013 the Group negotiated a US$5.5M extension to the Master Lease Agreement. Interest rates are fixed for quarterly periods. At each quarterly roll, interest rates are determined by observing the prevailing three month USD LIBOR plus a fixed margin.

As at 31 December 2014, the Lease Facility was fully drawn (2013: fully drawn). During 2014, the Group repaid US$5.7 million of Lease Facility principal drawn down (2013: US$4 million repaid). The weighted average interest rate that applied during the period was 5.4% per annum (2013: 5.5%).

Subsequent to year end, the Lease Facility was novated to MACA and no longer forms part of the Group's borrowings. Refer to Note 30 for further information.

18. DERIVATIVE FINANCIAL INSTRUMENTS

In conjunction with the repayment of the Macquarie Facility (refer Note 17), the Group settled all outstanding gold and foreign exchange forward contracts and gold call options. The Group received a net cash payment of US$15.6 million upon settlement of these derivatives.

19. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share for the period is $0.02 (2013: $0.15). The calculation of earnings per share at 31 December 2014 was based on the consolidated earnings attributable to ordinary shareholders of $13,533,000 (2013: 113,549,000) and a weighted average number of ordinary shares outstanding of 794,904,951 (2013: 775,575,800) calculated as follows:

Earnings attributable to ordinary shareholders (basic)

	Dec 2014 $'000	Dec 2013 $'000
Profit/(loss) for the period	13,533	113,549
Profit/(loss) attributable to ordinary shareholders	13,533	113,549

Weighted average number of ordinary shares (basic)

Weighted average effects	Dec 2014 shares	Dec 2013 shares
Opening balance	790,727,280	742,204,752
Effect of shares issued	4,177,671	33,371,048
Weighted average number of ordinary shares at the end of the period	794,904,951	775,575,800

Diluted earnings per share

The diluted earnings per share for the period is $0.02 (2013: $0.14). The calculation of diluted earnings per share at 31 December 2014 was based on diluted consolidated earnings attributable to ordinary shareholders of $13,562,000 (2013: 113,651,000) and a weighted average number of ordinary shares outstanding after adjustment for the effects of dilutive potential ordinary shares of 801,820,166 (2013: 789,443,541) calculated as follows:

Earnings attributable to ordinary shareholders (diluted)

	Dec 2014 $'000	Dec 2013 $'000
Profit/(loss) for the period	13,533	113,549
Interest income	29	102
Profit/(loss) attributable to ordinary shareholders (diluted)	13,562	113,651

Weighted average number of ordinary shares (diluted)

Weighted average effects	Dec 2014 shares	Dec 2013 shares
Weighted average number of ordinary shares (basic)	794,904,951	775,575,800
Effect of conversion of convertible note	-	3,707,328
Effect of share options on issue	6,915,215	10,160,413
Weighted average number of ordinary shares at the end of the period (diluted)	801,820,166	789,443,541

As at 31 December 2014 1,379,518 performance rights (2013: 898,272) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the dilutive potential shares were outstanding.

20. EMPLOYEE BENEFITS

	Dec 2014 $'000	Dec 2013 $'000
Salaries, wages and benefits accrued	3,897	2,140
Leave liabilities	1,841	1,693
Total employee benefits	5,738	3,833
Current	5,542	3,654
Non current	196	179
Total employee benefits	5,738	3,833

21. SHARE-BASED PAYMENTS

Employee Share Option Plan

In 2007 the Group established a share option programme that entitles employees to purchase shares in the Company, all options issued under the plan are subject to the Company's rules for incentive options.

The following table illustrates the number and movements in share based payment options during the period:

	Dec 2014 options	Dec 2013 options
Opening balance	15,130,000	18,980,000
Options granted during the period	-	700,000
Options exercised during the period	(7,930,000)	(4,250,000)
Options forfeited during the period	(2,800,000)	(300,000)
Options outstanding at the end of the period	4,400,000	15,130,000
Options exercisable at the end of the period	4,150,000	12,680,000

The following table illustrates the exercise of Employee Share Option Plan options granted as share based payment options during the period:

Number of options exercised	Date exercised	Exercise price per option	Closing share price on date of exercise
Period ending 31 December 2014			
50,000	12-Feb-14	0.6500	0.81
300,000	28-May-14	0.1875	0.64
480,000	30-May-14	0.1875	0.66
100,000	3-Jun-14	0.1875	0.63
400,000	6-Jun-14	0.1875	0.64
150,000	16-Jun-14	0.1875	0.61
500,000	20-Jun-14	0.1875	0.64
5,950,000	27-Jun-14	0.1875	0.61
Period ending 31 December 2013			
500,000	28-Jun-13	0.12	0.50
500,000	28-Jun-13	0.12	0.50
500,000	28-Jun-13	0.12	0.50
150,000	28-Jun-13	0.12	0.50
150,000	28-Jun-13	0.12	0.50
2,000,000	1-Oct-13	0.1875	0.87
250,000	1-Oct-13	0.1875	0.87
200,000	25-Oct-13	0.1875	0.975

The outstanding balance of Employee Share Option Plan options as at 31 December 2014 is represented by:

Number of options	Grant date	Vesting	Expiring	Strike price per option	Contractual life (years)	Fair value per option
Key management personnel						
1,500,000	12-Jun-12	Vested	30-Jun-17	$0.65	5.05	$0.34
600,000	15-Oct-13	400,000 vested and 200,000 vesting 15 October 2015	15-Oct-18	$0.85	5.00	$0.45
Other employees						
500,000	21-Jan-11	Vested	1-Jan-15	$0.80	3.95	$0.48
500,000	6-Jul-11	Vested	1-Jan-15	$0.85	3.49	$0.45
50,000	9-Nov-11	Vested	1-Jan-15	$0.85	3.15	$0.33
300,000	10-Jul-12	Vested	30-Jun-17	$0.65	4.98	$0.32
850,000	14-Dec-12	Vested	14-Jun-15	$1.15	2.50	$0.38
100,000	29-Apr-13	50,000 vested and 50,000 vesting 29 April 2015	29-Apr-15	$0.85	2.00	$0.18

**weighted average*

Vesting conditions for unvested Employee Share Option Plan options as at 31 December 2013 is represented below:

Number of options	Grant date	Vesting conditions of unvested options
50,000	29-Apr-13	Employees must be in the Group's employment as at 30 April 2015
200,000	15-Oct-13	Key Management Person must be in the Group's employment as at 16 October 2015

During the period no Employee Share Option Plan options were granted (2013: 700,000).

Employee share options forfeited during the period ended 31 December 2014

850,000 options exercisable at $1.15, expiring 10 June 2014 and 1,950,000 exercisable at $0.65, expiring 30 June 2014 were forfeited on 10 June 2014 and 30 June 2014 respectively, due to failure to meet vesting conditions.

Recognised as employee costs – Employee Share Option Plan

	Dec 2014 $'000	Dec 2013 $'000
Opening balance	10,700	9,917
Share options granted – equity settled	410	783
Share options forfeited – equity settled	-	-
Share based payments recognised	11,110	10,700

Performance Rights Plan

1,379,518 Performance Rights were granted to Key Management Personnel on 19 May 2014 in accordance with the Group's Performance Rights Plan approved by shareholders at the 2014 AGM. The plan allows each Performance Right vesting to be converted to one fully paid ordinary share in the Company for nil cash consideration. In order for any of the Performance Rights to vest, the Group's Total Shareholder Return ("TSR") must be at or above the 50th percentile of a comparator group of companies TSR's over a performance period from 1 January 2014 to 31 December 2016.

TSR measures the growth for a financial year in the price of shares plus cash distributions notionally reinvested in shares.

The grant date fair value of the Performance Rights was measured using a combination of the Monte Carlo pricing model. The weighted average inputs to the model used to determine the fair value of rights granted during the period were:

Contractual life (years)	2.61
Market value of underlying shares on date of issue	$0.67
Performance period (years)	3.00
Expected volatility of the underlying shares	56.70%
Risk free rate applied	2.69%
Fair value per right at grant date	$0.44

No other features of rights granted were incorporated into the measurement of fair value.

Recognised as employee costs – Performance Rights Plan

	Dec 2014 $'000	Dec 2013 $'000
Opening balance	147	-
Performance rights granted	560	147
Performance rights forfeited	-	-
Share based payments recognised	707	147

Other share based payments

The Company may issue options to other parties that are not employees of the Group. These options are not issued under the Employee Share Option Plan and are either approved for issue by shareholders or issued without shareholder approval under ASX listing rule 7.1.

On 20 September 2013, 250,000 Incentive Options were granted to a key contractor under ASX listing rule 7.1. The options vest on 20 September 2014 and expire 20 September 2018. The grant date fair value of the Incentive Options was measured using the Black-Scholes option pricing model. The inputs to the model used to determine the fair value of options granted during the period were:

Fair value at grant date	$0.19
Expected dividends	-%
Contractual life (years)	5.00
Market value of underlying shares	$0.85
Option exercise price	$0.93
Expected volatility of the underlying shares	62.29%
Risk free rate applied	2.47%

No other features of options granted were incorporated into the measurement of fair value.

The following table illustrates the number and movements in other share based payment options during the period:

	2014 options	2013 options
Opening balance	250,000	-
Options granted during the period	-	250,000
Options exercised during the period	-	-
Share based payments recognised	250,000	250,000

The following table illustrates the value of other share based payments recognised:

	2014 $'000	2013 $'000
Opening balance	1,089	1,076
Share options granted – equity settled	34	13
Share based payments recognised	1,123	1,089

22. TRADE AND OTHER PAYABLES

	Dec 2014 $'000	Dec 2013 $'000
Trade and other payables	31,628	26,302
Balance at the end of the period	31,628	26,302
Current	31,628	26,302
Non current	-	-
Balance at the end of the period	31,628	26,302

23. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Dec 2014 $'000	Dec 2013 $'000
Less than a year	2,311	3,327
Between one and five years	20	2,334
Operating lease rentals payable	2,331	5,662

The Group leases property and equipment in Australia and Brazil under operating leases. Leases run for a period of up to three years.

The Group entered has entered into a drilling services agreement whereby the Group is required to drill a minimum of 50,000 metres per year for a period of 3 years (expiry 29 October 2015). Drilling service rates vary dependent on the drilling activity performed. The minimum drilling commitment per year is approximately $2,500,000 (2013: $2,600,000).

Leases as lessor

Non-cancellable operating lease rentals are receivable as follows:

	Dec 2014 $'000	Dec 2013 $'000
Less than a year	98	380
Between one and five years	-	95
Operating lease rentals receivable	98	475

The Company has entered into a sub-lease agreement to lease a portion of its head office space where the Company is head lessee. The sub-lease agreement expiration is coincident with the expiration of the head lease agreement.

24. CAPITAL AND RESERVES

Ordinary share capital	Dec 2014 '000 shares	Dec 2013 '000 shares	Dec 2014 $'000	Dec 2013 $'000
On issue at the beginning of the period	790,727	742,204	205,087	170,110
Exercise of share options	7,930	4,250	1,498	675
Conversion of convertible note	-	16,800	-	10,500
Issued for cash	-	27,473	-	23,802
On issue at the end of the period	798,657	790,727	206,585	205,087

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are fully paid and rank equally with regard to the Company's residual assets.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Share based payments reserve

The share based payments reserve includes the cumulative expense recognised in respect of options granted.

Employee share option plan

Options have been granted to employees of the Company as part of the Company's share option plan. All unexercised options expire on the earlier of:

- 1 January 2015 (1,050,000 options), 29 April 2015 (100,000), 14 June 2015 (850,000 options), 30 June 2017 (1,800,000 options) and 15 October 2018 (600,000 options);
- The day employee ceases employment with the Company, unless the Board determines otherwise; and
- 30 days after the employee ceases employment by reason of retirement.

The share options carry no voting rights.

Other share based payments

Options have been granted to parties that are not employees of the Company as part of the Company's share option plan. All unexercised options expire on 20 September 2018.

Taxation reserve

The Group has established a taxation reserve. The reserve is used to accumulate taxation savings received by the Group as a result of a lower taxation rate being applied in Brazil through its eligibility for a tax incentive program ("SUDAM"). SUDAM reduces the Group's effective tax rate from approximately 34% to approximately 15%. The rules of the incentive program require the Group to accumulate incentives received through tax savings in a taxation reserve.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

25. PROVISIONS

	Dec 2014 $'000	Dec 2013 $'000
Balance at beginning of the period	7,807	10,235
Provisions made during the period	3,800	2,086
Provisions reversed during the period	(2,261)	(4,708)
Effect of movements in exchange rates	(367)	194
Balance at end of the period	8,979	7,807
Current	2,738	2,373
Non Current	6,241	5,434
Balance at the end of the period	8,979	7,807

The Group's provisions principally comprise provisions for site restoration of $6,168,000 (2013: $5,434,000) and community contributions of $2,258,000 (2013: $2,372,000).

Site restoration

The provision includes estimates of costs associated with reclamation, rehabilitation and other costs associated with the restoration of the present mine site. Estimates of restoration costs are based on current legal requirements and future costs that have been discounted to their present value.

Community Fund

The provision for the Community Fund relates to amounts payable under an Agreement with the Municipality of Pedra Branca and the Municipality of Serra do Navio in whose region the Group's Brazilian Tucano Gold Project resides. The agreement requires the Group make annual payments to the municipalities calculated as one percent of the Gross Revenue (as defined by the Agreement) of the Tucano Gold Mine.

26. CAPITAL AND OTHER COMMITMENTS

These obligations at balance date have not been provided for and are as set out in the table below.

Not yet provided for	Dec 2014 $'000	Dec 2013 $'000
Minimum exploration expenditure commitments		
Within one year	791	506
Balance at end of the period	791	506

Minimum exploration expenditure requirements

In order to maintain current rights of tenure to exploration tenements, the Group is required to meet minimum expenditure requirements specified by various State governments. These commitments are subject to renewal of exploration permits, renegotiation upon expiry of the exploration permit or when an application for a mining permit is made.

27. CONTINGENCIES

Several Brazilian State and Federal tax matters for which outcomes have not been determined and which would be defended by the Group exist at balance date.

The directors have not disclosed the estimation of the amount or timing of possible outflows as they do not want to prejudice the position of the Group in relation to these matters.

28. RELATED PARTIES

Key management personnel compensation

The key management personnel compensation is as set out below.

	2014 $	2013 $
Short-term employee benefits	2,748,365	2,605,582
Post-employment benefits	234,477	253,278
Share based payments	794,553	522,491
Key management personnel compensation	3,777,395	3,381,351

Individual directors and executives compensation disclosures

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Directors' Report in Section 16.

Key management personnel transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial and/or operating policies of those entities.

The value of transactions and balances outstanding relating to key management personnel and entities over which they control or have significant influence are as follows:

Key management person	Transaction with related party	Transactions value 2014 $	Balance outstanding 31 December 2014 $	Transactions value 2013 $	Balance outstanding 31 December 2013 $
Mr Readhead	Legal services	42,645	7,208	-	-
Total and current liabilities		42,645	7,208	-	-

29. GROUP ENTITIES

		Interest	
Ultimate parent and subsidiaries	**Country of incorporation**	**2014**	**2013**
Parent entity			
Beadell Resources Ltd	Australia		
Significant Subsidiaries			
Beadell Resources (Holdings) Ltd	British Virgin Islands	100%	100%
Beadell Resources Mineracao (Holdings) Ltd	British Virgin Islands	100%	100%
Beadell Resources Mineração Ltd	Brazil	100%	100%
Beadell (Brazil) Pty Ltd	Australia	100%	100%
Beadell (Brazil 2) Pty Ltd	Australia	100%	100%
Beadell Brasil Ltda	Brazil	100%	100%

30. SUBSEQUENT EVENTS

Macquarie Master Lease Agreement

In January 2015 the Group entered into a Master Lease Transfer Deed, transferring all future rights and releasing all future obligations and liabilities applicable to the Group under the Tucano equipment Master Lease Agreement. In January 2015 the Group derecognised all borrowings related to the Master Lease Agreement of $18,224,000 (US$14.5 million outstanding of the US$25.5 million Macquarie Master Lease Agreement).

Santander Facility Agreement

In January 2015 the Group's US$60 million twelve month Santander Facility was syndicated with Itaú BBA International PLC and restructured into a three year secured finance facility, repayable in 12 equal quarterly instalments, commencing on 15 April 2015. Interest payments are calculated by applying USD LIBOR plus a 3% per annum margin to the outstanding balance and are also payable quarterly. This facility is secured by a charge over the Tucano mining concession. Coinciding with the restructure, restricted cash of $18.7M associated with the Santander Facility has been released and is reclassified to cash and cash equivalents.

Dividend Declared

In February 2015, the Directors resolved to declare a maiden dividend of 1.0 cent per ordinary share, unfranked, to be paid on 16 April 2015 to all eligible shareholders as at the record date 31 March 2015. The Company does not anticipate any income tax liability to be incurred by the Group as a result of declaring this dividend.

There have been no other events subsequent to balance date which would have a material effect on the Group's financial statements.

31. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 the wholly owned Beadell (Brazil) Pty Ltd and Beadell (Brazil 2) Pty Ltd are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports and Directors' reports. It is a condition of the class order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company Guarantees to each creditor payment in full in the event of a winding up. The subsidiaries have also given similar guarantees in the event the Company is wound up.

A consolidated statement of comprehensive income and a consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between the parties are as set out below.

Statement of comprehensive income	Dec 2014 $'000	Dec 2013 $'000
Other income	514	521
Administrative expenses	(9,245)	(5,042)
Project exploration and evaluation expenses	(731)	(4,758)
Impairment reversals/(losses)	-	101,600
Depreciation, amortisation and depletion	(1,418)	(1,442)
Results from operating activities	**(10,880)**	**90,879**
Finance income	11,768	34
Finance expense	(9)	(5,717)
Net finance income/(expense)	**11,759**	**(5,683)**
Profit/(loss) for the period before income tax	**879**	**85,196**
Income tax recovery	-	86
Profit/(loss) for the period after income tax	**879**	**85,282**
Other comprehensive profit/(loss)	**-**	**-**
Other comprehensive profit/(loss) for the period net of tax	**879**	**85,282**
Total comprehensive profit/(loss) for the period	**879**	**85,282**
Profit/(loss) attributable to:		
Equity holders of the Company	879	85,282
Profit/(loss) for the period	**879**	**85,282**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position	Dec 2014 $'000	Dec 2013 $'000
Assets		
Cash and cash equivalents	3,497	108
Restricted cash	9,557	-
Prepayments	346	182
Trade and other receivables	138	83
Total current assets	**13,538**	**373**
Restricted cash	10,338	300
Exploration and evaluation assets	577	577
Property, plant and equipment	16,842	18,315
Mineral properties	413	443
Investments	141,849	136,729
Total non-current assets	**170,019**	**156,364**
Total assets	**183,557**	**156,737**
Liabilities		
Trade and other payables	1,179	1,930
Employee benefits	498	825
Borrowings	14,162	-
Total current liabilities	**15,839**	**2,755**
Employee benefits	196	179
Borrowings	10,338	-
Total non-current liabilities	**10,534**	**179**
Total liabilities	**26,373**	**2,934**
Net assets	**157,184**	**153,803**
Equity		
Share capital	206,585	205,087
Reserves	12,942	11,938
Accumulated losses	(62,343)	(63,222)
Total equity	**157,184**	**153,803**

32. AUDITORS' REMUNERATION

	Dec 2014 $'000	Dec 2013 $'000
Audit services		
KPMG Australia		
Audit and review of financial reports	165,000	165,000
Overseas KPMG firms		
Audit and review of financial reports	100,631	98,000
Audit services	265,631	263,000
Other services		
KPMG Australia		
Taxation services	-	-
Overseas KPMG firms		
Taxation services	-	-
Other services	-	-

33. PARENT ENTITY

As at and during the period ending 31 December 2014 the parent company of the Group was Beadell Resources Ltd.

	Dec 2014 $'000	Dec 2013 $'000
Result		
(Loss)/Profit for the period	(10,526)	91,408
Other comprehensive income	-	-
Total comprehensive (loss)/income	**(10,526)**	**91,408**
Financial position		
Current assets	13,538	372
Total assets	178,215	162,397
Current liabilities	15,782	2,293
Total liabilities	26,316	2,473
Net assets	**151,899**	**159,924**
Equity		
Share capital	206,585	205,087
Reserves	12,942	11,939
Accumulated losses	(67,628)	(57,102)
Total equity	**151,899**	**159,924**

Parent entity contingencies

The parent entity has entered into a Deed of Cross Guarantee with two of its wholly owned subsidiaries. The effect of the Deed of Cross Guarantee is that the Company guarantees debts in respect of these subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the Deed are disclosed in Note 31.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Beadell Resources Limited (the Company):
   a) the consolidated financial statements and notes 1 to 33 that are contained within and the Remuneration report in the Directors' report, set out in Section 16, are in accordance with the *Corporations Act 2001*, including:
      i) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the financial year ended on that date; and
      ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the group entities identified in Note 31 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.
3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the period ended 31 December 2014.
4. The directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

PETER BOWLER
Managing Director

Dated at Perth, this 27th day of February 2015.

KPMG

Independent auditor's report to the members of Beadell Resources Limited

Report on the financial report

We have audited the accompanying financial report of Beadell Resources Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

INDEPENDENT AUDITOR'S REPORT

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the Remuneration Report included in section 16 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Beadell Resources Limited for the year ended 31 December 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Trevor Hart
Partner

Perth

27 February 2015

AUDITOR'S INDEPENDENCE DECLARATION

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Beadell Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 31 December 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Trevor Hart
Partner

Perth

27 February 2015

ADDITIONAL SHAREHOLDER INFORMATION

As at 31 March 2015

a) Substantial Shareholders lodged with the Company: None

b) Listing of 20 Largest Shareholders

Rank	Name of Ordinary Shareholder	Number of Shares Held	% of Shares Held
1	HSBC Custody Nominees (Australia) Limited	143,868,204	18.01
2	National Nominees Limited	94,506,424	11.83
3	JP Morgan Nominees Australia Limited	91,476,138	11.45
4	Lujeta Pty Ltd <Margaret A/C>	20,150,000	2.52
5	Citicorp Nominees Pty Limited	16,815,950	2.11
6	Denman Income Limited	16,500,000	2.07
7	National Nominees Limited <DB A/C>	15,357,152	1.92
8	Peter Reginald Bowler	15,043,333	1.88
9	HSBC Custody Nominees (Australia) Limited-GSCO ECA	13,709,780	1.72
10	OZ Minerals Investments Pty Ltd	12,800,000	1.60
11	Gregory Michael Barrett	12,191,651	1.53
12	BNP Paribas Noms Pty Ltd <DRP>	10,057,500	1.26
13	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	8,335,961	1.04
14	Robert Holmes Watkins	7,800,001	0.98
15	HSBC Custody Nominees (Australia) Limited - A/C 3	7,581,532	0.95
16	Merrill Lynch (Australia) Nominees Pty Limited	5,479,784	0.69
17	Farjoy Pty Ltd	5,446,023	0.68
18	Woodross Nominees Pty Ltd	4,396,793	0.55
19	HSBC Custody Nominees (Australia) Limited - A/C 2	3,249,527	0.41
20	Bainpro Nominees Pty Limited	3,199,248	0.40

c) Distribution of Shareholders

Range	Total holders	Units	% Issued capital
1 - 1,000	616	283,976	0.04
1,001 - 5,000	1,614	5,004,678	0.63
5,001 - 10,000	1,343	11,050,871	1.38
10,001 - 100,000	3,174	115,826,618	14.50
100,001 - 9,999,999,999	549	666,491,137	83.45
Total	**7,296**	**798,657,280**	**100.00**

d) Number of Shareholders Holding Less than a Marketable Parcel is 912.

e) Voting Rights

i) Ordinary Shares

On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

ii) Options

The Company's options have no voting rights.

f) Stock Exchange Listing

g) Beadell Resources Limited shares are listed on the Australian Stock Exchange. The Company's ASX code is BDR.

h) Unlisted Share Options

Number of Options	Exercise Price	Expiry Date	Number of Holders
50,000	$0.85	29 April 2015	1
50,000	$0.85	29 April 2015 (vesting 29 April 2015)	1
850,000	$1.15	14 June 2015	2
1,800,000	$0.65	30 June 2017	3
400,000	$0.85	15 October 2018	1
200,000	$0.85	15 October 2018 (vesting 15 October 2015)	1
250,000	$0.93	20 September 2018	1

Hookipa Pty Ltd <ATF G Barrett F/T> holds 1,500,000 Unlisted Share Options, representing 42% of the number of Unlisted Share Options on issue.

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