

# Quarterly Report for Shareholders Period Ending 30 September 2015



## HIGHLIGHTS

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### OPERATIONS

- **Gold Sales and Production** – Gold sales for the September quarter were **29,383 ounces** with production of **29,920 ounces** of gold.
- **Costs – Cash costs** for the September quarter were **US\$878 per ounce**. All-in Sustaining Costs (“AISC”)\* for the September quarter were **US\$1,033 per ounce**.
- **Material Movement** – Mining of waste and gold ore for the September quarter were 5.7 million tonnes, an increase of 59% and 64%, over the June 2015 quarter and the September 2014 quarter, respectively.
- **ROM Stockpiles** – High grade ROM gold ore stockpiles continue to grow substantially since the end of September.
- **Duckhead Mining Commenced** – The high grade Duckhead Stage 3 cutback has commenced following receipt of the necessary approvals. This will contribute ~20,000 low cost ounces at 28.7 g/t gold to Beadell’s production profile in the first half of CY2016.
- **Estimated October Gold Sales** – Gold Sales for October are anticipated to be **~14,000 ounces**, a 20% improvement on September, underlying the strong operational recovery underway and laying the foundation for a solid final quarter.

### RESOURCE AND RESERVE DEVELOPMENT

- **Urucum Underground** – Maiden Urucum Underground mineral resource of **4.86 million tonnes @ 4.06 g/t gold for 634,000 ounces** released (see ASX release 17 September 2015).
- **Urucum Underground** – Best ever drill result from Urucum Underground in FD1417, **15.45 m @ 17.19 g/t gold including 4.27 m @ 55.97 g/t gold** (see ASX release 2 September 2015).
- **Neo Lode Discovery** – Significant new oxide drill results of up to **7 m @ 17.5 g/t gold** from 43 m to bottom of hole (BOH) and **12 m @ 4.67 g/t gold** have been received from RC drilling 80 m east of the Tap AB1 open pit (see ASX release 12 August 2015).

### CORPORATE

- **Gold Sales** – Gold sales totalled 29,383 ounces at an average cash price received of US\$1,120 per ounce.
- **Cash and Bullion** – Cash and bullion as at 30 September 2015 increased to **\$28 million** (30 June 2015 \$22.4 million) (bullion valued at US\$0.70 and US\$1,115 per ounce).
- **Guidance** – Guidance for the second half of 65,000 – 80,000 ounces remains in place along with second half AISC guidance of between US\$850 – US\$950 per ounce.

Beadell’s Managing Director, Peter Bowler commented “**Whilst material movement of ore and waste for the September quarter and consequential gold production showed strong improvements across all areas, our final quarter is shaping up to eclipse previous quarters with strong October gold sales expected at ~14,000 ounces. Our second half production and cost guidance remains in place. We expect our operational cash flows to increase further as a result of this anticipated strong final quarter. The recent release of our high grade maiden underground resource has resulted in real excitement within the Company as we eagerly await the underground pre-feasibility study. Coupled with our sustainable open pit production, this high grade underground opportunity is expected to greatly enhance the prospects of our Company for many years.**”

**Peter Bowler**  
Managing Director  
28 October 2015

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

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## OPERATIONS

### TUCANO GOLD MINE (100%)

Production Summary	Unit	Sep 2015 Quarter	Jun 2015 Quarter	Sep 2014 Quarter
Total Waste Moved	tonnes	4,848,714	3,166,897	3,003,215
Marginal Ore Stockpiled	tonnes	586	38,568	73,379
Gold Ore Mined	tonnes	878,444	394,951	415,017
Gold Ore Milled	tonnes	873,788	846,499	1,125,304
Head Grade	g/t	1.19	0.90	1.04
Plant Recovery	%	89.5%	88.7%	90.0%
<b>Total Gold Recovered</b>	<b>ounces</b>	<b>29,920</b>	<b>21,457</b>	<b>33,793</b>
<b>Total Gold Sold</b>	<b>ounces</b>	<b>29,383</b>	<b>21,045</b>	<b>41,657</b>

Cash Costs and All-In Sustaining Costs	Unit	Sep 2015 Quarter	Jun 2015 Quarter	Sep 2014 Quarter
On-Site Production Costs	US\$/ounce	838	839	877
On-Site G&A Costs	US\$/ounce	40	57	70
By-Product Credits*	US\$/ounce	0	0	-17
<b>Cash Costs</b>	<b>US\$/ounce</b>	<b>878</b>	<b>896</b>	<b>930</b>
Royalties	US\$/ounce	21	28	26
On-Site Corporate Costs	US\$/ounce	13	23	33
Exploration Costs (Sustaining)	US\$/ounce	7	12	29
Capitalised Stripping Costs (Sustaining)	US\$/ounce	113	82	101
Capital Expenditure (Sustaining)	US\$/ounce	1	1	31
<b>All-In Sustaining Costs**</b>	<b>US\$/ounce</b>	<b>1,033</b>	<b>1,042</b>	<b>1,150</b>

\* No credits for iron ore stockpiled during the quarter have been included in cash costs or AISC per ounce.

\*\* AISC has been calculated in accordance with the World Gold Council's Guidance Note on Non-GAAP metrics released 27 June 2013 and in accordance with this Guidance Note, gold ounces sold are used as the denominator in the cost per ounce calculations. Production costs are inclusive of the effects of ore stockpile and GIC inventory movements.

### Production

Gold recovered in the September quarter totalled 29,920 ounces at the Tucano CIL gold plant in Brazil, an increase of 39.4% over the June quarter.

Production for the September quarter shows improvements in all of the primary activities; total material mined, improved feed grades, plant throughput and plant recovery. The end of the wet season, mining productivities and available higher grade ore were the primary contributors. The blend of oxide and sulphide ore has been established to optimise the balance in mill throughput and recovery.

### Mining

For the September quarter, 5,727,744 tonnes of ore and waste were mined and moved, an improvement of 59% over the June quarter. The September quarter was positively impacted by the on-set of the dry season and the arrival of additional mining equipment by the mining contractor. This included additional graders, dozers and loaders. Three new Cat 777 haulage

trucks arrived at the end of September; therefore, improvements from these will be seen in the December quarter, onward. Now that the Urucum open pit area is further established, the mining areas are less constrained, having the anticipated positive impact on productivities and production. The first ore from Urucum North was received by the processing plant in the September quarter, having a positive impact on the feed grade. The TAP AB1 cutback was also re-established as a primary mining area to deliver ounces in the December quarter of 2015, onward. The Duckhead stage 3 pit was also started this quarter. Establishing Urucum North, AB1 and Duckhead stage 3 as additional, planned mining areas greatly improves the mines flexibility going forward.

### Processing

During the September quarter, the CIL plant throughput was 873,788 tonnes, the mill feed grade was 1.19 g/t gold and the process plant recovery for the period was 89.5%. The improved

ounces were derived from a 3% improvement in plant throughput, concurrent with a 32% improvement in feed grade. Both the volumes and grade improvements are attributed to the Urucum North open pit mining area having completed its phase 1 waste stripping, allowing access to the higher grade Urucum North oxide ore during September.

Gold ore stockpiles at the end of September totalled 4.4 million tonnes @ 0.75 g/t gold for 105,000 ounces plus marginal stockpiles of 1.5 million tonnes @ 0.45 g/t gold for 21,000 ounces. Total stockpiles, including marginal stockpiles, totalled 5.8 million tonnes @ 0.67 g/t gold for 126,000 ounces. The high grade ROM Stockpile increased to 80,000 tonnes @ 1.30 g/t by the end of September.

## RESOURCE AND RESERVE DEVELOPMENT

### BRAZIL

In the September quarter, three drill rigs were operating, completing a total of 18,010 m of drilling, comprising 15,989 m of grade control RC drilling and 754 m of exploration / resource delineation RC drilling. A total of 1,267 m of diamond drilling was also completed.

Highlights for the quarter included a maiden **Urucum Underground Mineral Resource** totalling **4.86 million tonnes @ 4.06 g/t gold for 634,000 ounces** reported at a 1.6 g/t lower cut off.

Excellent drill results continued to be received from **Urucum Underground**, including a best ever result of **15.45 m @ 17.19 g/t gold including 4.27 m @ 55.97 g/t gold**. Further drilling will be completed over the coming months.

At Tap AB, a new lode named **Neo Lode** was discovered on the eastern edge of the Tap AB open pit with results of up to **7 m @ 17.5 g/t gold and 12 m @ 4.67 g/t gold**. Additional drilling is underway.

### Urucum Underground

Highly encouraging drill results continued to be received from Urucum underground diamond

drilling and have been included in the maiden Urucum Underground Mineral Resource. A summary of significant drill results received in the quarter include;

- **FD1414 – 6 m @ 8.26 g/t gold, including 3 m @ 16.5 g/t gold, 16.5 m @ 4.44 g/t gold, including 12.2 m @ 5.5 g/t gold**
- **FD1416 – 11 m @ 4.4 g/t gold, including 3 m @ 15.6 g/t gold and 3.81 m @ 10.51 g/t gold**
- **FD1417 – 15.45 m @ 17.19 g/t gold, including 4.27 m @ 55.97 g/t gold**

The Company announced a maiden Urucum Underground Mineral Resource (see ASX release 17 September 2015), produced in accordance with the 2012 Edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code). The Urucum Underground mineral resource totalled **4.86 million tonnes @ 4.06 g/t gold for 634,000 ounces** and was estimated using Ordinary Kriging and reported at a 1.6 g/t lower cut off. The resource encapsulates the northern most section of the 2 km long, 3 million ounces Urucum orebody and is located immediately below the Urucum North open pit reserve (Figure 3). A summary of the underground resource is presented in Table below.

Urucum Underground Mineral Resource													
Lode	Measured			Indicated			Inferred			Total			Top-cut g/t
	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)	
South Lode 1	134	2.54	11	1,215	3.83	150	114	3.68	14	1,463	3.70	174	40
Central Lode 1	111	6.72	24	476	7.75	119	5	5.23	1	592	7.54	143	25
Minor Lode 1	-	-	-	5	6.70	1	380	2.37	29	385	2.42	30	25
Lode 2	-	-	-	600	3.89	75	244	4.24	33	844	3.99	108	Uncut
Lode 300	-	-	-	191	3.38	21	869	4.13	116	1,060	4.00	136	Uncut
Minor Lodes	-	-	-	-	-	-	517	2.54	42	517	2.54	42	8-25
<b>Total</b>	<b>245</b>	<b>4.44</b>	<b>35</b>	<b>2,486</b>	<b>4.57</b>	<b>365</b>	<b>2,129</b>	<b>3.42</b>	<b>234</b>	<b>4,860</b>	<b>4.06</b>	<b>634</b>	

The maiden underground resource is the culmination of over 12 months of diamond drilling in which 26 additional orientated diamond holes were completed by Beadell for 9,830 m of drilling.

The Urucum underground resource covers a strike length of approximately 800 m down to a depth of approximately 500 m below the open pit reserve showing a gold endowment of over 1,000 ounces per vertical metre. The lodes form continuous subparallel ore shoots hosted within an approximately 100 m wide Banded Iron Formation (BIF). Three main ore lode horizons have been defined by the drilling and are named Lode 1, Lode 2 and Lode 300 with each lode dipping subvertically and generally separated by 20-30 m. The average true horizontal width of each lode is 6 m.

Continuous high grade shallowly plunging ore lodes are developed along mineralised shear zone hosts. The geometry and plunge of the ore shoots

is interpreted to be controlled by gently plunging F2 fold hinges and more steeply dipping fault intersections.

The Urucum Underground Mineral Resource forms the basis of the current Prefeasibility Study (PFS) that is being completed by AMC Consulting.

Preliminary conceptual portal location and underground development have been designed (Figures 1 & 2) with the PFS to be completed by end of 2015.

The Urucum underground drilling program will continue in the December quarter to target key areas of the resource in anticipation of the PFS continuing to a Definitive Feasibility Study in the first quarter of 2016.

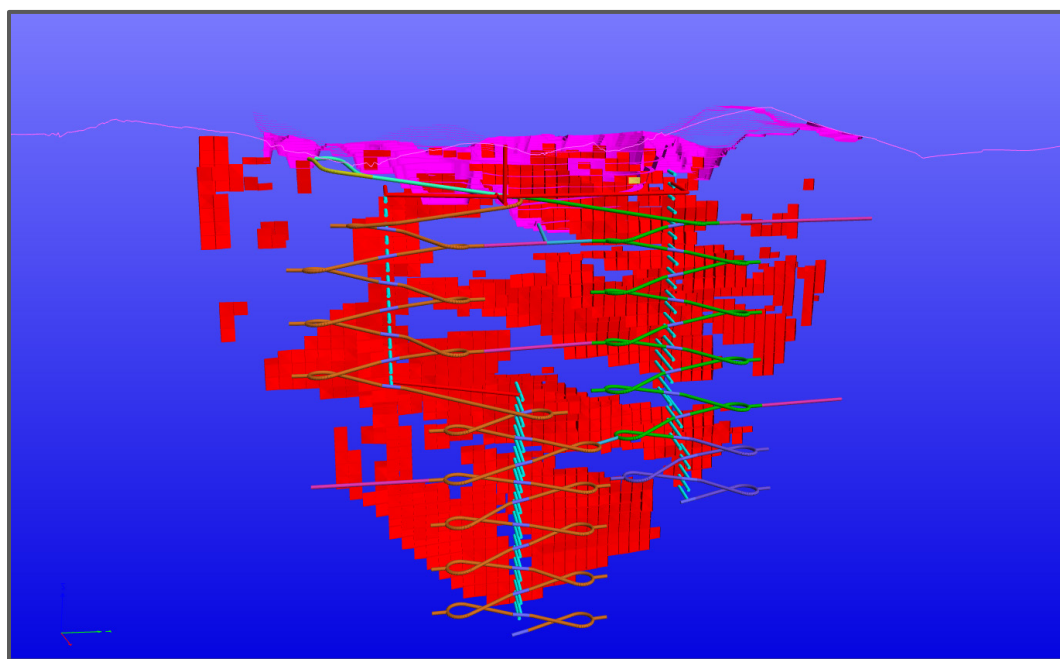


Figure 1. Urucum preliminary conceptual underground mine design looking west

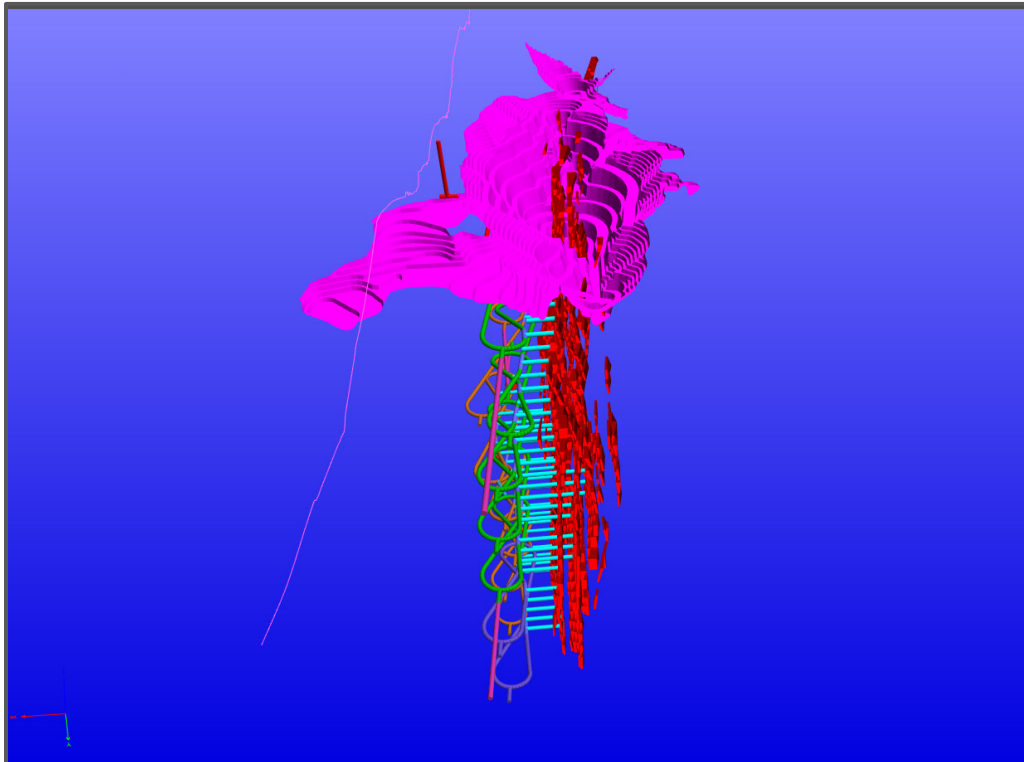


Figure 2. Urucum preliminary conceptual underground mine design looking south

THE ABOVE DIAGRAM IS AVAILABLE IN 3D AT BEADELL'S WEBSITE OR BY CLICKING ON THE LINK BELOW:  
[ASX Announcements/Urucum Preliminary Conceptual Underground Mine Design](#)

Instructions: Please, allow around 30 seconds to download the diagram after the PDF file has opened. Not suitable for smart phones.

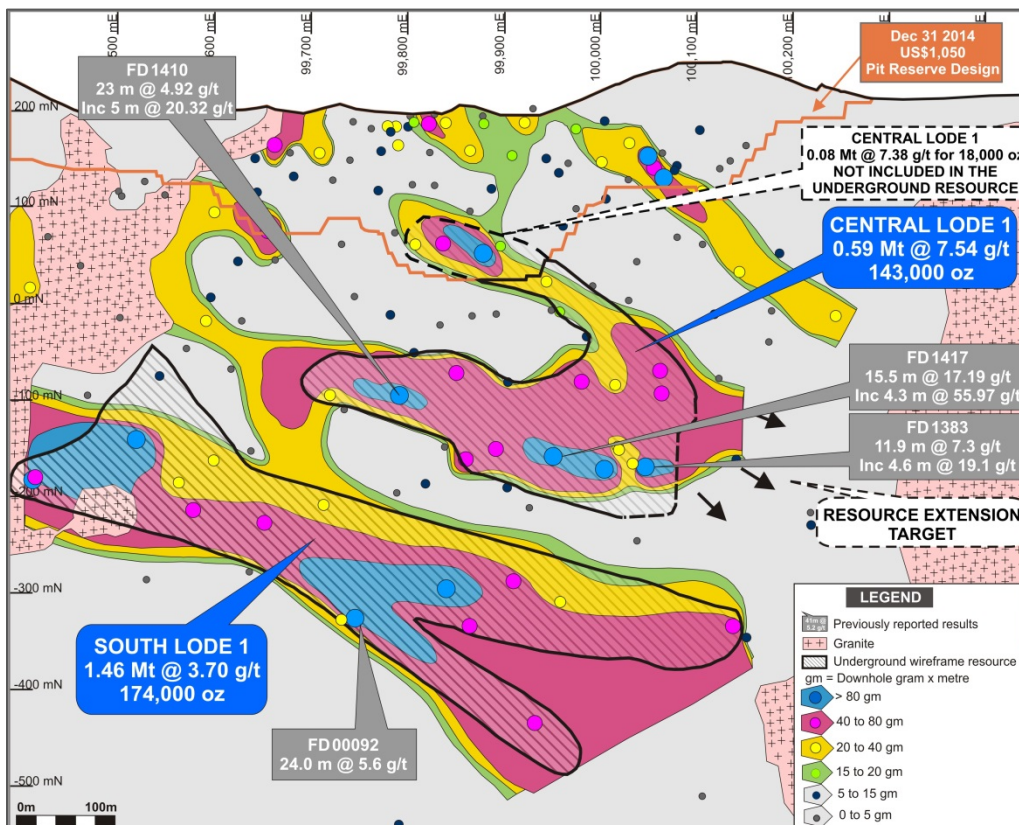


Figure 3. Urucum Lode 1 long section

## Neo Lode

During the September quarter, significant new drill results were received from RC drilling on the eastern edge of the Tap AB1 open pit with a new discovery named **Neo Lode** located 80 m into the footwall of the main Banded Iron Formation contact zone that hosts a majority of the gold mineralisation at Tucano (Figures 4 & 5).

The Neo Lode represents a new target horizon that has previously been considered to be of low prospectively due to its existence outside of the BIF.

Results of up to **7 m @ 17.5 g/t gold** from 43 m to bottom of hole (BOH) have been returned with the northern most hole intersecting **12 m @ 4.7 g/t gold**.

Additional results were also received in the same area along the main BIF contact zone which represents the southern continuation of the high grade Trough Lode in Tap AB2. New results include **20 m @ 2.05 g/t gold** from 40 m to BOH.

The Neo Lode and adjacent mineralisation occurs in an area of extremely deep weathering and bodes well for proving up additional oxide open pitable mineralisation with the new results located outside of the reserve open pit (Figures 4 & 5).

A summary of significant new results received from Neo Lode and Tap AB1 Trough Lode include;

- **F01591 – 12 m @ 4.67 g/t gold**
- **GCRC16438 – 20 m @ 2.08 g/t gold Bottom of hole**
- **GCRC16565 – 7 m @ 17.49 g/t gold Bottom of hole including 1 m @ 109.1 g/t gold**
- **GCRC16564 – 9 m @ 3.48 g/t gold Bottom of hole**
- **GCRC16567 – 5 m @ 4.19 g/t gold**

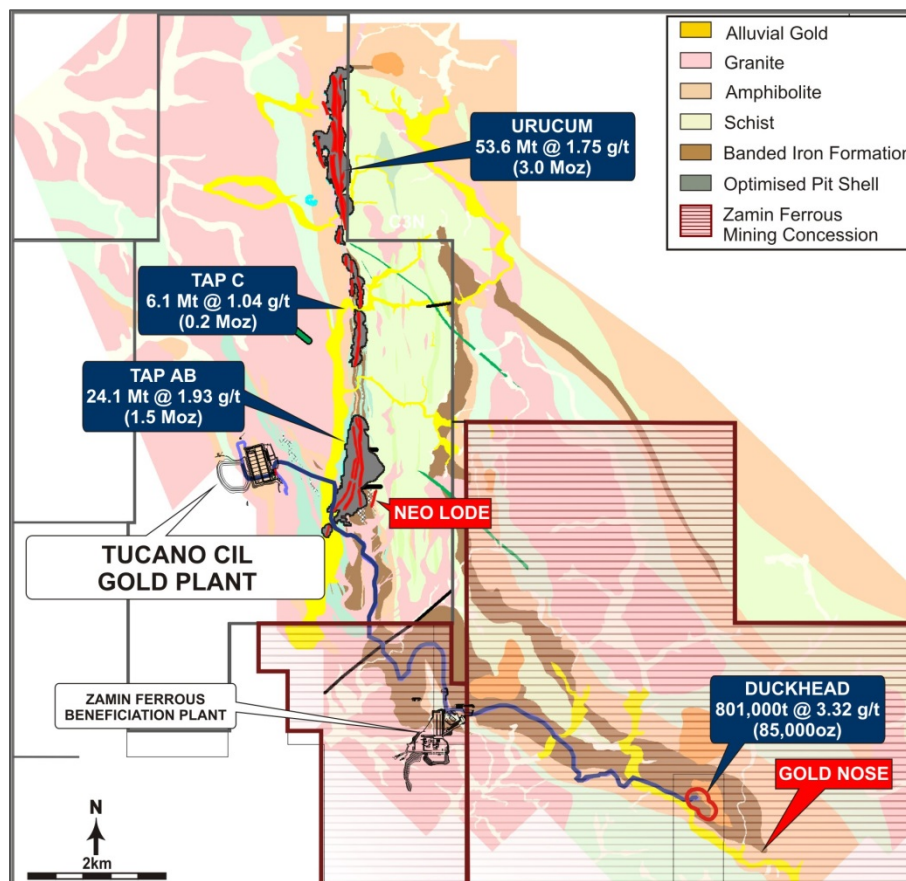


Figure 4. Mining concession plan

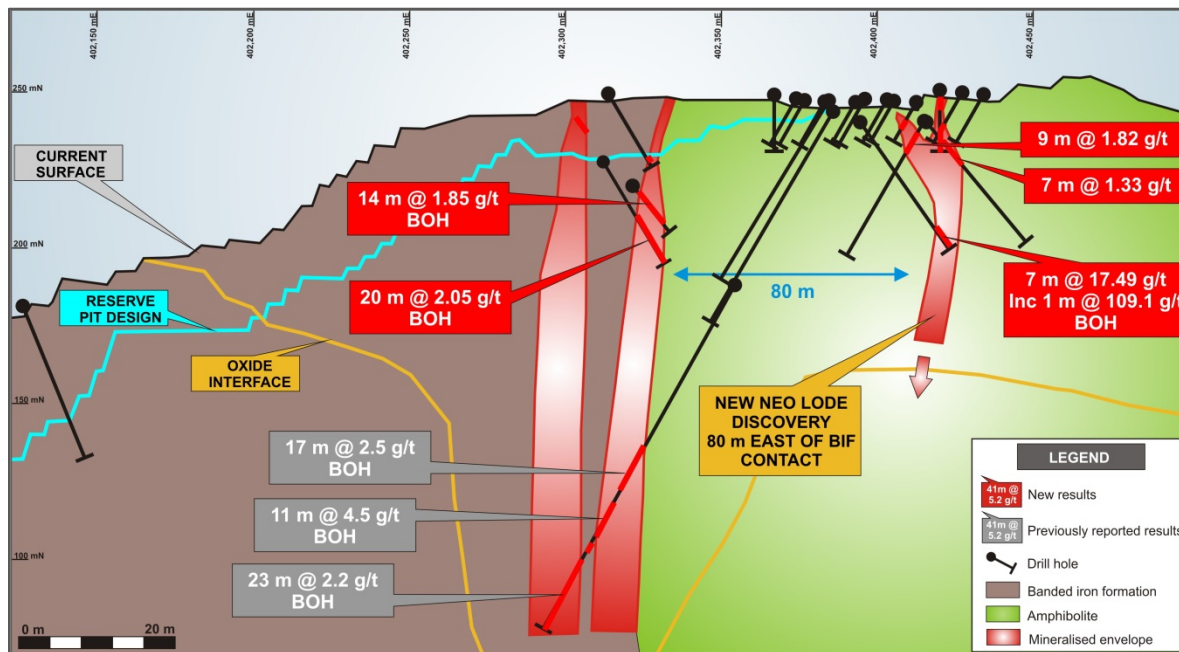


Figure 5. Tap AB drill section showing location of new drill results from Neo Lode

## Gold Nose

Diamond drilling of the Gold Nose discovery located approximately 1 km south east of Duckhead has re-commenced (Figure 4). New

diamond drilling has confirmed a shallow west dipping sheared contact in the hinge zone of the Duckhead BIF.

## GREENFIELDS EXPLORATION

### BRAZIL

#### Tucano Regional

Access and fly camp has been re-established at the Mutum prospect located 20 km east of Tucano.

An initial phase of auger drilling has commenced targeting the undrilled 3 km long by 500 m wide camp scale soil anomaly where rock chip results up to 7 g/t have been previously received.

#### Tartaruga Project (100%)

No work was completed.

### WESTERN AUSTRALIA

#### Tropicana East Project (100%)

No work completed.

## CORPORATE & FINANCE

### Gold Sales

Gold sales totalled 29,383 ounces in the September quarter. The average cash price received was US\$1,120 per ounce.

### Cash & Bullion

Cash and bullion as at 30 September 2015 totalled **\$28 million** (bullion valued at US\$0.70 and US\$1,115 per ounce). This balance includes the machinery lease facility relating to the mining fleet sold to MACA Ltd that is being repaid from cash & bullion over time totalling ~\$15 million. Due to strong cash generation following the end of the quarter, the Company has paid a \$2.1 million instalment on this facility.

During the September quarter, the Company paid the US\$5 million quarterly instalment (outstanding facility balance at quarter end was US\$50 million) in accordance with the terms of the Company's Santander – Itaú Facility.

In July, the Company obtained an additional US\$6 million facility with Banco do Brasil. The facility is unsecured and repayable in June 2016. The interest rate applicable is 3.6% per annum. The facility is fully drawn and the Company is holding ~BRL\$12 million of the funds in a term deposit accruing interest at a rate of 14% per annum.

## Capital and Exploration Expenditure

Non-sustaining capital expenditure for the September quarter was \$2.7 million. Non-sustaining capital expenditure of \$0.6 million was incurred for major upgrades and realignments to long term haul roads. The remainder of non-sustaining capital expenditure for the September quarter was associated with construction of the long term tailings dams and CIL process plant upgrades and improvements.

Non-sustaining exploration expenditure for the September quarter was \$0.8 million.

## Currency Movements

From 30 June 2015 to 30 September 2015, the Brazilian Real has weakened against the US Dollar by **21%** compared with the Australian Dollar

that has weakened **9%** against the US Dollar over the same period. On a year-to-date basis, the Brazilian Real has depreciated 33% while the Australian Dollar has depreciated 14%. On 23 September 2015, the Brazilian gold price reached BRL\$4,727.82 per ounce, an all-time record BRL gold price. On 30 September 2015, the Brazilian gold price was BRL\$4,405.22 per ounce.

## CY2015 Guidance

Guidance for the second half of **65,000 – 80,000 ounces** remains in place. The December quarter has started strongly with October gold sales expected at ~14,000 ounces. Second half **AISC guidance is also unchanged at between US\$850 – US\$950 per ounce.**

### ASX Code: BDR

### Directors and Senior Management:

Craig Readhead	Non-Exec. Chairman
Mike Donaldson	Non-Exec. Director
Ross Kestel	Non-Exec. Director
Peter Bowler	Managing Director
Rob Watkins	Exec. Director Geology
Greg Barrett	CFO / Company Secretary
Boyd Timler	Chief Operating Officer
Luis Pablo Diaz	General Manager - Brazil

### Corporate Details:

**Issued capital:** 798,657,280 ordinary shares  
(as at 30 September 2015)  
**ABN** 50 125 222 291

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## Competent Persons Statement

The information in this report relating to Mineral Resource, Open Pit Ore Reserves and Exploration Results are based on information compiled by Mr Robert Watkins who is a member of the Australasian Institute of Mining and Metallurgy and who has sufficient experience which is relevant to the styles of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Watkins is 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 is extracted from the reports entitled "Tucano Drill Results Update" created on 12 August 2015, "Operational Update" created on 2 September 2015 and "Maiden Urucum Underground Mineral Resource" created on 17 September 2015 and are available to view on [www.beadellresources.com.au](http://www.beadellresources.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.