

Quarterly Report for Shareholders

Period Ending 31 March 2014



HIGHLIGHTS

OPERATIONS

- **Gold Sales and Production** - Gold sales for the quarter were 38,757 ounces gold with production of 32,507 ounces. Production and sales were in line with the 2014 mine plan.
- **Costs** - Cash costs* for the quarter (after royalties and iron ore credits) were US\$641 per ounce. All In Sustaining Costs (“AISC”)* for the quarter were US\$868 per ounce.
- **Quarterly Production** - As previously advised, significant improvements to the March quarter production are forecast for the remaining three quarters of the year.
- **Machinery Upgrade** - During February, a new Liebherr 9250 (250 tonne class) excavator and four 777G dump trucks (100 tonne class) were commissioned.

RESOURCE AND RESERVE DEVELOPMENT

- **Duckhead Main Lode** – 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)**. Drilling is underway to test the down plunge projection of this intercept.
- **Duckhead Wing Lode** – 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**.
- **Resources and Reserves Update** - Tucano Mineral Resources total 111.0 million tonnes @ 1.39 g/t gold for 5.0 million ounces. Tucano Ore Reserves total 36.1 million tonnes @ 1.44 g/t gold for 1.7 million ounces and include total open pit Ore Reserves of 29.3 million tonnes @ 1.58 g/t for 1.5 million ounces and total stockpile Ore Reserves of 6.8 million tonnes @ 0.83 g/t gold for 0.2 million ounces.

CORPORATE

- **Gold Sales** - Gold sales totalled 38,757 ounces at an average cash price received of US\$1,279 per ounce.

Cash and Bullion - Cash and bullion as at 31 March 2014 totalled **\$12.5 million** (bullion valued at US\$0.92 and US\$1,285 per ounce) after the repayment of a project loan instalment. In addition to cash and bullion on hand, on 2 April 2014 the Company received the March quarter hedge settlement of **+US\$8.0 million**.

- **Outlook** - Guidance for the full year of **200,000 – 220,000 ounces** of gold remains unchanged with **cash costs of US\$535 – US\$585 per ounce** and expected full year **AISC** to be in the range of **US\$725 – US\$775 per ounce**.

Peter Bowler
Managing Director
24 April 2014

* The March 2014 quarter is the first quarter Beadell has released AISC per ounce. Cash cost and AISC has been calculated in accordance with the World Gold Council's Guidance Note on Non-GAAP metrics released 27 June 2013.

OPERATIONS

TUCANO GOLD MINE (100%)

| Production Summary | Unit | March 2014 Quarter | March 2013 Quarter |
|-----------------------------|---------------|--------------------|--------------------|
| Total Waste Moved | tonnes | 2,245,137 | 1,480,836 |
| Gold Ore Mined | tonnes | 308,681 | 559,485 |
| Gold Ore Milled | tonnes | 1,018,840 | 651,498 |
| Head Grade | g/t | 1.10 | 1.57 |
| Plant Recovery | % | 90.0% | 92.6% |
| Total Gold Recovered | ounces | 32,507 | 30,451 |
| Total Gold Sold | ounces | 38,757 | 22,600 |

| Cash Costs and All-In Sustaining Costs | Unit | March 2014 Quarter |
|--|-------------------|--------------------|
| On-Site Production Costs | US\$/ounce | 576 |
| On-Site General and Administrative Costs | US\$/ounce | 57 |
| Royalties | US\$/ounce | 17 |
| By-Product Credits | US\$/ounce | -9 |
| Cash Costs | US\$/ounce | 641 |
| On-Site Corporate Costs | US\$/ounce | 18 |
| Exploration Costs (Sustaining) | US\$/ounce | 47 |
| Capitalised Stripping Costs (Sustaining) | US\$/ounce | 142 |
| Capital Expenditure (Sustaining) | US\$/ounce | 21 |
| All-In Sustaining Costs | US\$/ounce | 868 |

Note: Cash operating costs and all in sustaining costs calculations are using gold sold as the denominator in the cost per ounce equations as per World Gold Council guidelines. The March 2014 quarter is the first quarter Beadell has released 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.

Production

Gold production at the Tucano CIL gold plant in Brazil was negatively affected in the quarter due to the reduction of mined ore during the wet season at the oxide Duckhead pit as a result of inadequately sheeted haul roads and waste dumps.

During the quarter, the CIL plant throughput capacity was solid at 4.2 million tonnes per annum rate (20% over nameplate capacity of 3.5 million tonnes per annum). A total of 1,018,840 tonnes of predominantly oxide ore was processed during the quarter. Process plant recovery for the period was 90.0%. Process plant total operational costs for the quarter were within the budget, for both total costs and unit cost/tonne. CIL plant throughput during the month of March was at an annualised rate of 4.6 million tonnes per annum,

closing in on the Company's target of 5 million tonnes per annum.

Iron Ore

Production of magnetite concentrate stockpiles continue to build, with first sales to be during the third quarter of 2014, when the new port facility at Santana is expected to be commissioned.

Further optimisation of the magnetite plant progressed during the period. This is required to overcome the impact of the higher than designed throughput rates being experienced due to the superior performance of the crushing/grinding and CIL plant (4.3 million tonnes per annum vs. 3.5 million tonnes per annum design).

Further incremental improvements will be undertaken during the June quarter to improve the yield of this plant.

Mining

Mining at the high grade Duckhead deposit was negatively affected in the quarter due to the reduction of mined ore tonnes during the wet season at the oxide pit as a result of inadequately sheeted haul roads and waste dumps. Additionally, as indicated in an ASX release on 25 March, mining was temporarily suspended at the Duckhead pit whilst Zamin, the local Government Mining Department (DNPM) and Beadell analysed and agreed on a structure to continue mining at Duckhead. Operations recommenced on 9 April. The majority of the larger mining equipment was relocated to the main Tucano operation where road and ramp conditions were superior. This resulted in the overall material movement for the period being lower than planned. Gold ore for mill feed in the March quarter came predominately from Tap AB and Tap C Open pits with low grade stockpiles making up the majority of the feed.

Smaller all weather articulated trucks are being utilised (Photo 1) to operate at Duckhead until June, when the commencement of the dry season will allow the larger excavators and the Cat 777 trucks to operate. At this time, the Duckhead pits will have advanced and be in a

position to quickly access the high grade core and complete this phase of mining by the end of November 2014. This plan will ensure Beadell achieves its 2014 production guidance.

In February, a new Liebherr 9250 (250 tonnes class) excavator and four 777G dump trucks (100 tonne class) were commissioned. This excavator will be located in the TAP AB mining area, allowing a Caterpillar 6018 excavator to be dedicated to Duckhead from April onwards, ensuring Duckhead high grade ore is delivered to the mill as planned.

Gold ore for mill feed in the June quarter will be sourced from Tap AB, Tap C, Duckhead and Urucum Open Pits. These sources will be supplemented by stockpiles as the plant throughput is raised towards the 2014 second half target of 5 million tonnes per annum.

Gold ore stockpiles as at the end of the March total 6.2 million tonnes @ 0.81 g/t gold for 162,000 ounces plus marginal stockpiles of 1.2 million tonnes @ 0.45 g/t gold for 17,000 ounces. Total stockpiles, including marginal stockpiles, totals 7.4 million tonnes @ 0.75 g/t gold for 179,000 ounces.



Photo 1. Mining at Duckhead open pit -14 April 2014

RESOURCE AND RESERVE DEVELOPMENT

BRAZIL

An annual Mineral Resource and Ore Reserve statement updated as at 31 December 2013 and produced in accordance with the 2012 Edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code) was released on 17 April 2014 ("Updated Statement"). Tucano Mineral Resources total **111.0 million tonnes @ 1.39 g/t gold for 5.0 million ounces gold**. Tucano Ore Reserves total **36.1 million tonnes @ 1.44 g/t for 1.7 million ounces gold** comprising open pit Ore Reserves of **29.3 million tonnes @ 1.58 g/t gold for 1.5 million ounces** and Stockpiles of **6.8 million tonnes @ 0.83 g/t gold for 0.2 million ounces**.

In the March quarter, 30,049 m of RC drilling was completed comprising 24,654 m of grade control drilling and 5,395 m of exploration / resource delineation drilling. A diamond rig has mobilised to site to commence a significant exploration program at Duckhead.

Duckhead Project (100%)

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 Updated Statement.

Excellent potential to expand the resource and reserve exists with exceptional drill results and strongly positive reconciliation continuing to be received from the Main, Hangingwall and Wing lodes which remain shallowly drilled beneath the reserve pit boundaries.

A significant exploration and resource delineation drilling program has commenced at Duckhead (Photo 2) targeting extensions to the known lodes which remain shallowly drilled beneath and within the reserve pit boundaries. A deeper program of step out diamond drilling will also be completed targeting potential new lode positions and underground potential of the Duckhead mineral system.

Duckhead Main Lode

All drill results from a large infill drilling program completed in January, targeting the deeper parts of the Main Lode within the reserve pit boundary have been received. Spectacular drill results have demonstrated continuity and an upgrade of the high grade Main Lode. A result in FVM351 recorded the highest ever down-hole gram x meter result of 15,215 in an intersection of 31 m @ 490.8 g/t gold which included the highest ever individual meter assay of 14,018.6 g/t gold or 1.4 % gold. A potential down plunge extension of this result is currently being drilled (Figures 1 & 2). Significant results received from the Main Lode in the quarter include;

- **FVM351: 31 m @ 490.8 g/t gold including 6 m @ 2,491.2 g/t including 1 m @ 14,018.6 g/t (1.4 % gold)**
- **FVM382: 29 m @ 142.8 g/t gold including 7 m @ 546.8 g/t including 1 m @ 2,001.6 g/t**
- **FVM393: 20 m @ 72.9 g/t gold including 11 m @ 128.2 g/t**
- **FVM394: 19 m @ 70.3 g/t gold including 1 m @ 203.4 g/t and 1 m @ 767.1 g/t**
- **FVM422: 15 m @ 45.8 g/t gold including 1 m @ 647.9 g/t**
- **FVM426: 27 m @ 49.1 g/t gold including 2 m @ 476.3 g/t**

Duckhead Wing Lode

Shallow infill drilling of the near surface projection of the Wing Lode has defined a coherent lode geometry with results up to **14 m @ 8.1 g/t gold** in GCRC9819. The Wing Lode remains completely open at depth below the shallow drilling and along strike to the west and is currently being followed up with a significant exploration/resource delineation drilling program.

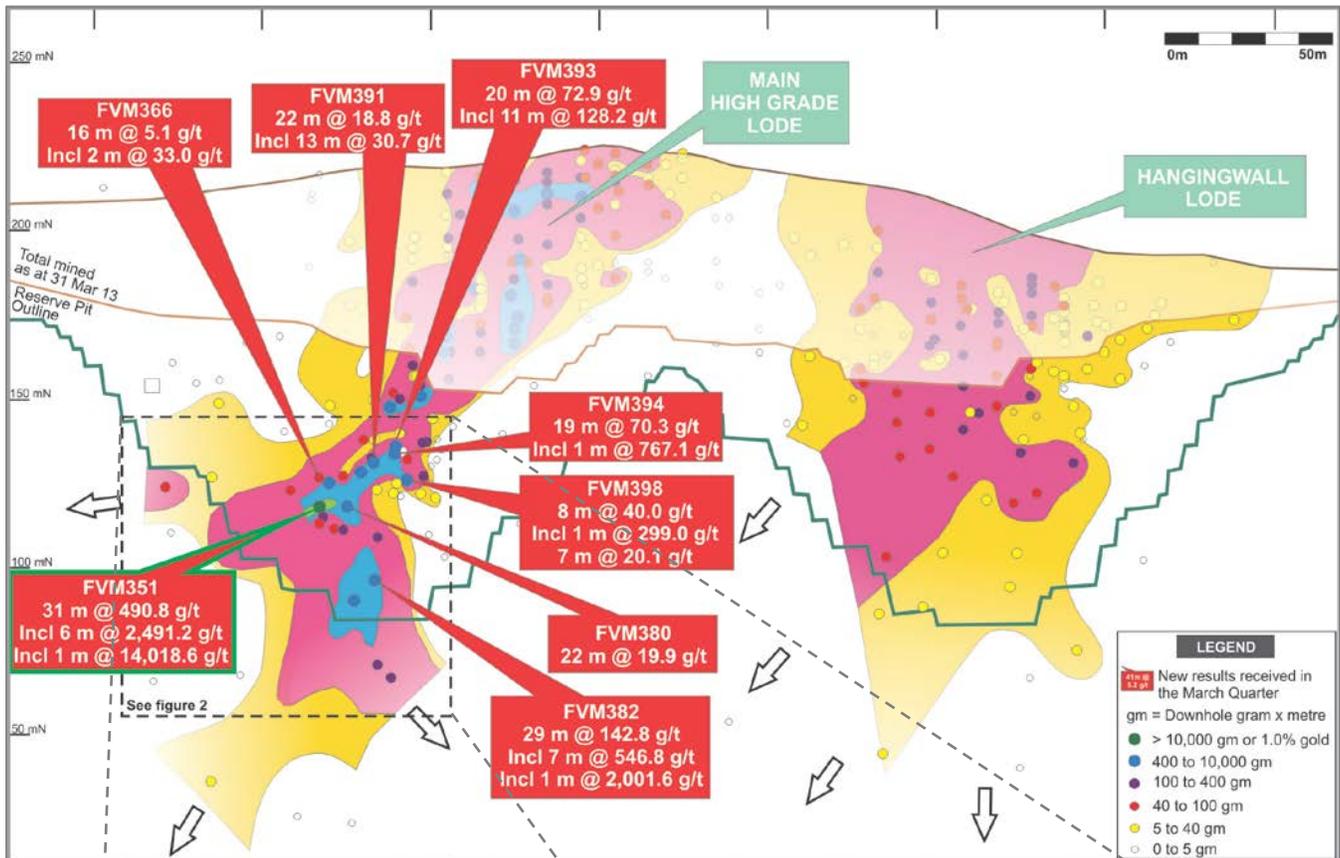


Figure 1. Duckhead Longsection showing location of new results received in the March quarter.

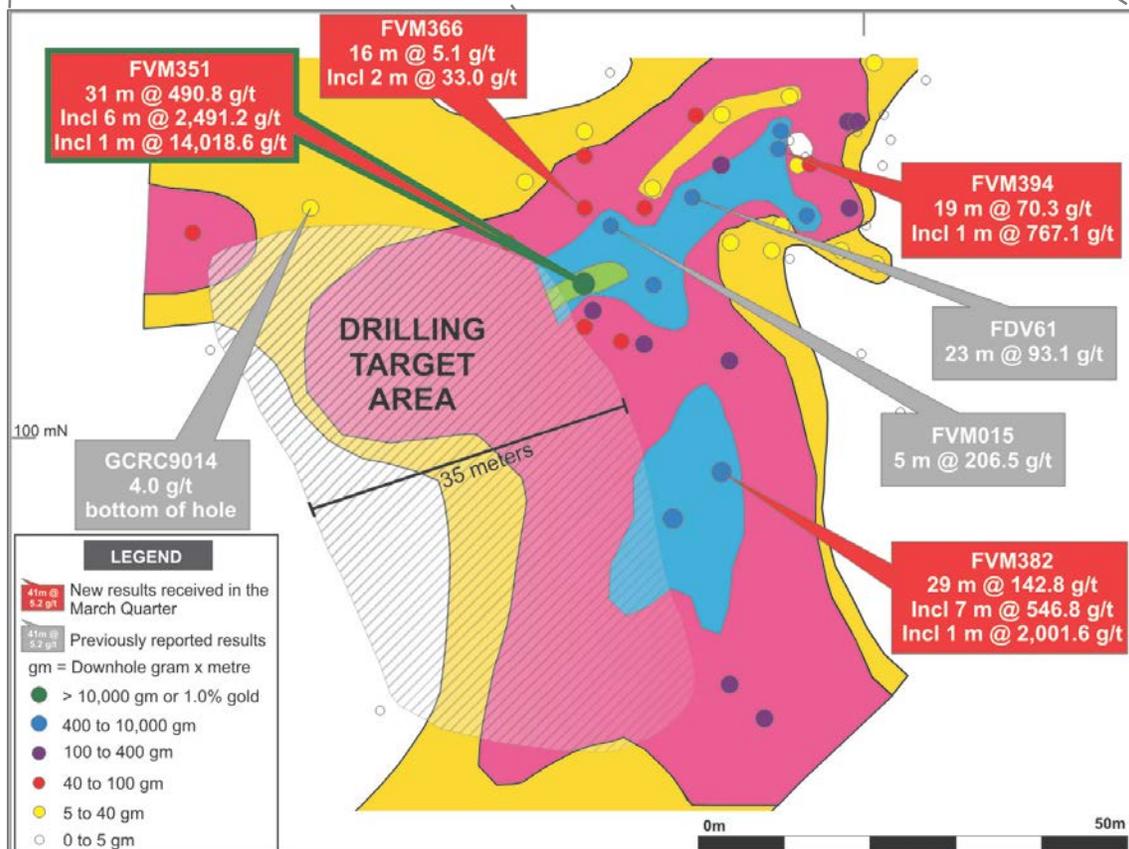


Figure 2. Duckhead Main Lode Longsection showing location of new drill results and drill target area.



Photo 2. Step out drilling at Duckhead - 14 April 2014

EXPLORATION

BRAZIL

Tucano Regional

Remote exploration field activities continued to advance key prospect areas at Mutum and Sentinela, targeting first pass drill programs in the second half of 2014.

Tartaruga Project (100%)

A significant exploration and resource delineation drilling program is currently being planned and is expected to commence in second half of 2014.

WESTERN AUSTRALIA

Tropicana East Project (100%)

Rehabilitation of exploration drill pads and access was completed.

Relogging and target prioritisation work is ongoing prior to further drilling.

Balladonia / Zanthus Project (100%)

Land Access Agreements have been signed. First pass drilling program anticipated in third quarter of 2014.

CORPORATE & FINANCE

Gold Sales

Gold sales totalled 38,757 ounces in the March quarter. Gold in circuit decreased over the quarter from 7,992 ounces to 5,971 ounces.

The average cash price received, excluding the positive affect from gold forward sales, was US\$1,279 per ounce.

Cash & Bullion

Cash and bullion as at 31 March 2014 totalled **\$12.5 million** (bullion valued at US\$0.92 and US\$1,285 per ounce) after making a project loan repayment. In addition to cash and bullion on hand, on 2 April 2014 the Company received the March quarter hedge settlement of **+US\$8.0 million**.

Debt Repayment Schedule and Hedging

Project debt repayments have been restructured with the Company's bankers to better align with the strong cash flows expected in the second half of the year under the revised mine plan. A requirement of the debt roll out was the addition of 55,000 ounces of forward gold sales at a price of US\$1,313 per ounce. This was completed on March 24, settling via quarterly increments until March 2015. This adds to the existing "in the money" forward sales of 90,200 ounces of gold at a price of US\$1,600 per ounce and US\$72.9M in currency hedging at USD1 = BRL1.96 both settling in quarterly increments until December 2014. The remaining project debt facility of US\$54.5M is scheduled for repayment in full before the end of 2014 and allows for contingency in the Company's cash flows.

Capital Expenditure

Non sustaining capital expenditure for the quarter was ~ \$6 million which included the following one off cash outflows:

- \$1.70 million: Plant upgrades to increase throughput
- \$3.75 million: Construction of long term West Pond tailings dam; and
- \$0.65 million: New machinery purchases

Revised Gold Production and Cost Guidance for 2014

Gold production guidance was revised upwards during the quarter to **200,000 to 220,000 ounces of gold** (previously 190,000 ounces to 210,000 ounces) under a revised mine plan. Beadell remains on budget to achieve guidance cash costs of **US\$535 – US\$585** per ounce and expects full year **AISC** to be in the range of **US\$725 – US\$775** per ounce.

Appointment of Chief Operating Officer

During the quarter, 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.

Change in Beadell's ASX Reporting Classification

Due to Beadell's ASX classification changing from a mining exploration company to a mining production company it is no longer required to lodge quarterly Appendix 5B cashflow reports.

Beadell's Annual General Meeting

Annual General Meeting to be held at the King Street Room of the Rydges Hotel, Perth, on Monday, 19 May 2014 commencing at 9.00am (WST).

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 Abadi | General Manager - Brazil |

Corporate Details:

Issued capital: 790,777,280 ordinary shares
(as at 31 March 2014)

ABN 50 125 222 291

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Competent Persons Statement

The information in this report relating to Open Pit Ore Reserves is based on information compiled by Mr Mark Jewell 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 Jewell is a consultant to 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.

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.

The information in this report relating to Exploration Results is based on information compiled by Mr Robert Watkins 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 Watkins is a full time employee of Beadell Resources Limited. Mr Watkins 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 "2014 Guidance Upgrade and Production Update" created on 25 March 2014, "Drilling Update" created on 11 April 2014 and "Annual Mineral Resource and Ore Reserve update" created on 17 April 2014 and are available to view on www.beadellresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.