



ABN 50 125 222 291

ASX Appendix 4D and
Condensed Consolidated Interim Financial Report
For the half year ended 30 June 2014

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ASX Appendix 4D

Results for Announcement to the Market Half-Year Financial Report to 30 June 2014

Current Reporting Period: 6 Months ended 30 June 2014

Previous Corresponding Reporting Period: 6 Months ended 30 June 2013

| | 30 Jun 2014 \$'000 | 30 Jun 2013 \$'000 | Percentage Increase/(Decrease) |
|---|-----------------------|-----------------------|-----------------------------------|
| Sales Revenue | 110,588 | 87,823 | 26% |
| Profit from continuing operations after tax attributable to members of the parent entity | 15,052 | 37,053 | (59%) |
| Net profit attributable to members of the parent entity | 15,052 | 37,053 | (59%) |

| Dividends | 30 Jun 2014 | 30 Jun 2013 |
|---|-------------|-------------|
| Interim dividend per share | Nil | Nil |
| Franked amount per share | Nil | Nil |
| Record date for determining entitlement to dividend | N/A | N/A |
| Date dividend payable | N/A | N/A |

The Directors have determined that there will be no interim dividend for the half-year ended 30 June 2014.

| | 30 Jun 2014 \$ | 30 Jun 2013 \$ |
|---------------------------------------|-------------------|-------------------|
| Net tangible assets per share* | 0.27 | 0.23 |

* *Exploration and evaluation assets, deferred tax assets and derivatives have been treated as intangible assets.*

Review of Results

Please refer to the Directors' Report. This interim financial report should be read in conjunction with the most recent annual financial report.

Corporate directory

Directors

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

Company Secretary

Greg Barrett

Corporate Details

Beadell Resources Ltd (ABN 50 125 222 291)

Issued capital 798,657,280 ordinary shares

Registered and Principal Office

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West Perth WA 6005

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Facsimile: +61 8 9481 3176

Internet: www.beadellresources.com.au

Brazil Office

Beadell Brasil Ltda

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CEP 22.270-000, Rio de Janeiro - RJ

Telephone: + 55 21 2122 0500

Facsimile: + 55 21 2122 0502

Share Registry

Computershare Investor Services Pty Ltd

Level 5, 115 Grenfell Street

Adelaide SA 5000

Telephone: 1300 137 515

Telephone: +61 3 9415 4667

Stock Exchange Listing

ASX Ltd

ASX code: BDR

Auditor

KPMG

Directors' report

For the six months ended 30 June 2014

The directors present their report together with the financial report of the Beadell Resources Limited ("the Company" or "Beadell") Group, being the Company and its subsidiaries, for the six months ended 30 June 2014 ("the period") and the auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the period are as set out below. Directors were in office for the entire period unless otherwise stated.

Mr Craig Readhead (Chairman) - Independent Non-Executive Mr Peter Bowler – Managing Director
 Dr Michael Donaldson - Independent Non-Executive Mr Robert Watkins – Executive Director of Geology
 Mr Ross Kestel - Independent Non-Executive

Operating results

The profit after income tax for the six months ended 30 June 2014 was \$15,052,000 (30 June 2013: \$37,053,000).

| | June 2014 | June 2013 |
|---|----------------------|----------------------|
| Half Year Operating Results | | |
| Waste Moved (t) | 4,196,436 | 2,658,147 |
| Gold Ore Mined (t) | 593,452 | 1,067,448 |
| Gold Ore Milled (t) | 1,977,618 | 1,535,375 |
| Head Grade (g/t) | 1.07 | 1.47 |
| Plant Recovery (%) | 89% | 92% |
| Gold Recovered (oz) | 60,718 | 66,736 |
| Gold Sold (oz) | 69,240 | 58,403 |
| Half Year Cash Costs and All-In Sustaining Costs | | |
| | US\$ millions | US\$ millions |
| On-Site Production Costs | 53.2 | 35.3 |
| On-Site General and Administrative Costs | 4.4 | 4.0 |
| Royalties | 1.4 | 1.6 |
| By-Product Credits | (1.2) | (0.4) |
| Cash Costs | 57.8 | 40.5 |
| <i>Cash Costs US\$/oz sold</i> | <i>US\$835/oz</i> | <i>US\$693/oz</i> |
| On-Site Corporate Costs | 1.5 | 1.4 |
| Exploration Costs (Sustaining) | 2.5 | 2.0 |
| Capitalised Stripping Costs (Sustaining) | 6.8 | 0.2 |
| Capital Expenditure (Sustaining) | 1.3 | 2.9 |
| All-In Sustaining Costs | 69.9 | 47.0 |
| <i>All-In Sustaining Costs US\$/oz sold</i> | <i>US\$1,010/oz</i> | <i>US\$804/oz</i> |
| Half Year Financial Results | | |
| | A\$ millions | A\$ millions |
| Net Sales Revenue | 110.6 | 87.8 |
| Costs of Production | (64.0) | (44.3) |
| Underlying EBITDA | 46.6 | 43.5 |
| Depreciation and Amortisation | (11.9) | (8.2) |
| Profit Before Taxes | 18.6 | 24.9 |
| Reported Profit After Tax | 15.1 | 37.1 |
| Half Year Other Financial Information | | |
| | A\$ millions | A\$ millions |
| Cash Flow from Operating Activities | 12.2 | 24.7 |
| Cash and Cash Equivalents | 22.9 | 27.9 |
| Net Assets | 240.3 | 158.5 |
| Basic Earnings Per Share | A\$0.02/share | A\$0.05/share |

Directors' report

Notes to the Operating Results

Information contained in the summary of financial data presented on page 5 contains non-IFRS measures which have not been subject of review by the Company's auditor.

All-In Sustaining Cost has been calculated in accordance with the World Gold Council's Guidance Note on Non-GAAP metrics released 27 June 2013.

Review of operations

Tucano Gold Mine

Tucano is 100% owned by the Group and is located in Amapá State, northern Brazil.

Gold Production

Gold production for the six months ended 30 June 2014 at Tucano was 60,718 ounces. During the period 1,977,618 tonnes of predominantly oxide ore was processed at an average recovery of 89%. Material movement and subsequent gold production were adversely affected by 46% above average rainfall in the second quarter of 2014 (1,010 mm actual rainfall compared to average rainfall of 693 mm). First half rainfall totalled 1,864 mm against an historical annual average of ~2,200 mm.

Mining

Mining activities for the period were negatively affected by above average wet conditions impacting the total material moved as well as a production disruption at the high grade Duckhead deposit. The unusually wet conditions caused flooding occurrences in the TAP AB 2 and AB 3 pits, impacted waste dump access at Urucum and Duckhead and also impacted road and ramp conditions of the site generally.

Total material mined was 4.7 million tonnes, of which 593,452 tonnes was gold ore at a grade of 1.64 g/t gold. The mill feed during the period was 2.0 million tonnes, supplemented with LG stockpiles to maintain a 330,000 tonnes per month rate, at an average feed grade of 1.07 g/t gold. Approximately 50% of the ore mined was from TAP AB pits due to the disruption at Duckhead and waste dump conditions at Urucum.

During the period, a new Liebherr 9250 (250 tonnes class) excavator and four 777G dump trucks (100 tonne class) were commissioned. This excavator was located in the TAP AB mining area for the first half of 2014, allowing a Caterpillar 6018 excavator to be dedicated to Duckhead. In July, the 9250 was re-located to Duckhead with assistance from the 6018 Excavator to deliver the best results from this gold deposit for the second half of 2014.

Gold ore stockpiles as at the end of the June total 5.7 million tonnes @ 0.80 g/t gold for 147,000 ounces plus marginal stockpiles of 1.1 million tonnes @ 0.45 g/t gold for 17,000 ounces. Total stockpiles, including marginal stockpiles, totals 6.9 million tonnes @ 0.74 g/t gold for 164,000 ounces.

Resource and Reserve Development

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.

As at December 2013, Tucano Mineral Resources totalled 111.0 million tonnes @ 1.39 g/t gold for 5.0 million ounces gold. Tucano Ore Reserves totalled 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 six months ended 30 June 2014, 55,678 m of drilling was completed comprising 45,605 m of grade control RC drilling and 10,073 m of exploration and resource delineation drilling. Strong drill results continued to be received from Duckhead and a new lode discovered at Tap AB named the Mirante (Lookout) Lode.

Duckhead

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 annual Mineral Resource and Ore Reserve statement.

Exceptional high grade drill results continue to be received from infill drilling on Main Lode, including FVM354 with an intersection of 19 m @ 62.8 g/t gold including 7 m @ 162.8 g/t gold as disclosed in an ASX release on 26 May 2014. The results confirm the existence of an ultra-high-grade shoot/spur extending off the Main Lode to the west within the reserve pit shell. Further drilling is required to close off the extension/spur off the Main Lode.

The Main Lode remains sparsely drilled beneath the 106RL (only 110 metres from surface) and is now the focus of RC and diamond drilling to define the lateral and down plunge extents of the Main Lode mineralisation.

Directors' report

New drill results have been received representing the down plunge location of the Main Lode with the deepest intersection to date recording a result of 4 m @ 22.1 g/t gold from 194 m in FVM439. This result is completely open down plunge and is now the focus of step out drilling aiming to define an underground resource at Duckhead.

Tap AB 2 – Mirante (Lookout) Lode

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 (See ASX release 26 May 2014).

The Mirante Lode is located in a topographic high between the Tap AB2 and Tap AB3 open pits because this area was previously thought to contain no significant gold.

Existing haul road access to this lookout area has 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.

Recent 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 show excellent continuity of the north plunging lode which remains open beneath the level of the infill drilling pattern.

Urucum

A scoping study has commenced into the Urucum underground project using external consultants AMC Consultants Pty Ltd. A strategic review of the Tucano Life Of Mine ("LOM") Plan has highlighted the potential value of adding an incremental high grade underground ore source to the Tucano open pit production profile to maintain a circa 200,000 ounce per annum profile LOM.

The scoping study will lead directly into a Pre-Feasibility study to optimise the cross over point between open pit and underground relative levels and target a maiden underground reserve by the first quarter of 2015. Lower cost open pits due to a substantially lower strip ratio will likely transpire from this work

In conjunction, a major drilling program will commence in August targeting beneath the Urucum open pit with the objective of converting inferred resource to indicated and measured status allowing future reserves to be converted.

Exploration

Tartaruga

The Tartaruga project is located 120 km northeast of Tucano. A significant exploration and resource delineation drilling program is currently being planned and is expected to commence in second half of 2014.

Tucano Regional

Remote field reconnaissance programs continued during the period with fly camp establishment at the Sentinela target and continued mapping and soil sampling programs generating several highly prospective geochemical anomalies. First pass drilling of these targets are planned for the second half of 2014.

Western Australia

Exploration in Australia is focussed on the highly prospective Albany - Fraser belt where an early stage tenement package has been accumulated covering over 2,100 km². The tenement package comprises three project areas at Tropicana East, Zanthus and Balladonia.

Tropicana East Project

Rehabilitation of exploration drill pads and access was completed. Re-logging and target prioritisation work is ongoing prior to further drilling.

Zanthus Project (100%)

A Heritage survey was completed and first pass reconnaissance RC drilling has commenced following receipt of a government Exploration Incentive Scheme grant.

Balladonia Project (100%)

A heritage survey was completed and first pass reconnaissance aircore drilling will be completed in the third quarter of 2014.

Corporate

Gold Sales

Gold sales for the half year totalled 69,240 ounces at an average cash price received, excluding the positive effects of forward sale settlements, of US\$1,295 per ounce.

Directors' report

Cash & Bullion

Cash and bullion as at 30 June 2014 totalled \$33 million (bullion valued at US\$0.94 and US\$1,305 per ounce) inclusive of positive hedge close out proceeds of ~US\$16 million.

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, subject to meeting certain conditions precedent.

Subsequent events

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

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 21 and forms part of the directors' report for the six months ended 30 June 2014.

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.

This report is made with a resolution of the directors:



PETER BOWLER

Managing Director

Dated at Perth, this 26th day of August 2014

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 ("AIMM") 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. The information in this report relating to Mineral Resources is based on information compiled by Mr Paul Tan who is a member of the AIMM 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. The information in this report relating to Exploration Results is based on information compiled by Mr Robert Watkins who is a member of the AIMM 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 Group.

The information is extracted from the reports entitled "Drilling Update" created on 11 April 2014, "Annual Mineral Resource and Ore Reserve update" created on 17 April 2014 and "Tucano Drill Results Update" created on 26 May 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.

All Competent Persons named in this statement consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Condensed consolidated interim statement of financial position

As at 30 June 2014

| | Note | Jun 2014 \$'000 | Dec 2013 \$'000 |
|--------------------------------------|------|--------------------|--------------------|
| Assets | | | |
| Cash and cash equivalents | | 22,897 | 9,813 |
| Prepayments | | 1,952 | 4,572 |
| Gold bullion awaiting settlement | | 4,688 | 9,033 |
| Trade and other receivables | | 16,853 | 16,079 |
| Inventories | 6 | 68,427 | 50,653 |
| Derivative financial instruments | | - | 52,682 |
| Total current assets | | 114,817 | 142,832 |
| Trade and other receivables | | 2,196 | 92 |
| Exploration and evaluation assets | | 1,139 | 1,137 |
| Mineral properties | | 15,391 | 19,135 |
| Property, plant and equipment | 5 | 219,586 | 207,066 |
| Derivative financial instruments | | - | 12,753 |
| Deferred tax assets | | 20,532 | 18,374 |
| Other non-current assets | | 458 | 449 |
| Total non-current assets | | 259,302 | 259,006 |
| Total assets | | 374,119 | 401,838 |
| Liabilities | | | |
| Trade and other payables | | 36,104 | 26,302 |
| Derivative financial instruments | | - | 24,971 |
| Employee benefits | | 5,497 | 3,654 |
| Borrowings | 7 | 72,610 | 95,639 |
| Provisions | | 1,000 | 2,373 |
| Total current liabilities | | 115,211 | 152,939 |
| Employee benefits | | 216 | 179 |
| Derivative financial instruments | | - | 5,470 |
| Borrowings | 7 | 12,211 | - |
| Provisions | | 6,139 | 5,434 |
| Total non-current liabilities | | 18,566 | 11,083 |
| Total liabilities | | 133,777 | 164,022 |
| Net assets | | 240,342 | 237,816 |
| Equity | | | |
| Share capital | 9 | 206,587 | 205,087 |
| Reserves | | 14,742 | 28,768 |
| Retained Earnings | | 19,013 | 3,961 |
| Total equity | | 240,342 | 237,816 |

The notes on pages 14 to 17 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of profit or loss and other comprehensive income

For the six months ended 30 June 2014

| | <i>Note</i> | Jun 2014 \$'000 | Jun 2013 \$'000 |
|--|-------------|--------------------|--------------------|
| Revenue | | 110,588 | 87,823 |
| Cost of sales | | (75,960) | (52,505) |
| Gross profit | | 34,628 | 35,318 |
| Other income | | 348 | 268 |
| Administrative expenses | | (6,011) | (6,023) |
| Project exploration and evaluation expenses | | (4,225) | (4,576) |
| Impairment losses | | (1,113) | (1,721) |
| Results from operating activities | | 23,627 | 23,266 |
| Finance income | | 4,795 | 16,214 |
| Finance expense | | (9,835) | (14,596) |
| Net finance income/(expense) | | (5,040) | 1,618 |
| Profit for the period before income tax | | 18,587 | 24,884 |
| Income tax benefit/(expense) | 8 | (3,535) | 12,169 |
| Profit for the period after income tax | | 15,052 | 37,053 |
| Other comprehensive profit/(loss) | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Cash flow hedges transferred to profit or loss | | (17,323) | - |
| Effective portion of changes in fair value of cash flow hedges | | - | 51,672 |
| Foreign currency translation differences for foreign operations | | 930 | 2,140 |
| Other comprehensive profit/(loss) for the period net of tax | | (16,393) | 53,812 |
| Total comprehensive profit/(loss) for the period | | (1,341) | 90,865 |
| Profit attributable to: | | | |
| Equity holders of the Company | | 15,052 | 37,053 |
| Profit for the period | | 15,052 | 37,053 |
| Other comprehensive profit/(loss) attributable to: | | | |
| Equity holders of the Company | | (16,393) | 53,812 |
| Other comprehensive profit/(loss) for the period | | (1,341) | 90,865 |
| Earning per share: | | | |
| Basic Profit/(Loss) per share (\$) | | 0.02 | 0.05 |
| Diluted Profit/(Loss) per share (\$) | | 0.02 | 0.05 |

The notes on pages 14 to 17 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

For the six months ended 30 June 2014

| | Note | Share capital \$'000 | Translation reserve \$'000 | Share based payments reserve \$'000 | Option premium reserve \$'000 | Hedging reserve \$'000 | Tax reserve \$'000 | Retained earnings \$'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 | | - | - | - | - | - | - | 15,052 | 15,052 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation differences | | - | 930 | - | - | - | - | - | 930 |
| Transfer to profit/(loss) | | - | - | - | - | (17,323) | - | - | (17,323) |
| Total other comprehensive income | | - | 930 | - | - | (17,323) | - | - | (16,393) |
| Total comprehensive income for the period | | - | 930 | - | - | (17,323) | - | 15,052 | (1,341) |
| Transactions with owners recorded directly in equity | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | |
| Issue of ordinary shares | | 1,509 | - | - | - | - | - | - | 1,509 |
| Equity transaction costs | | (9) | - | - | - | - | - | - | (9) |
| Share based payments | 10 | - | - | 716 | - | - | - | - | 716 |
| Transfer to tax reserve | | - | - | - | - | - | 1,651 | - | 1,651 |
| Total contributions by and distributions to owners | | 1,500 | - | 716 | - | - | 1,651 | - | 3,867 |
| Balance as at 30 June 2014 | | 206,587 | (16,805) | 12,651 | 3 | 10,643 | 8,250 | 19,013 | 240,342 |

The notes on pages 14 to 17 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

For the six months ended 30 June 2013

| <i>Note</i> | Share capital \$'000 | Translation reserve \$'000 | Share based payments reserve \$'000 | Option premium reserve \$'000 | Hedging reserve \$'000 | Accumulated 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 profit for the period | | | | | | | |
| Profit for the period | - | - | - | - | - | 37,053 | 37,053 |
| Other comprehensive income | | | | | | | |
| Foreign currency translation differences | - | 2,140 | - | - | - | - | 2,140 |
| Effective portion of changes in fair value of cash flow hedges | - | - | - | - | 51,672 | - | 51,672 |
| Total other comprehensive income | - | 2,140 | - | - | 51,672 | - | 53,812 |
| Total comprehensive income for the period | - | 2,140 | - | - | 51,672 | 37,053 | 90,865 |
| Transactions with owners recorded directly in equity | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Issue of ordinary shares | 35,716 | - | - | - | - | - | 35,716 |
| Equity transaction costs | (1,180) | - | - | - | - | - | (1,180) |
| Share based payments | - | - | 508 | - | - | - | 508 |
| Total contributions by and distributions to owners | 34,536 | - | 508 | - | - | - | 35,044 |
| Balance as at 30 June 2013 | 204,646 | (8,284) | 11,500 | 3 | 23,175 | (72,535) | 158,505 |

The notes on pages 14 to 17 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

For the six months ended 30 June 2014

| | Jun 2014 \$'000 | Jun 2013 \$'000 |
|--|--------------------|--------------------|
| Cash flow from operating activities | | |
| Profit for the six months | 15,052 | 37,053 |
| Adjustments for: | | |
| Release of effective portion of cash flow hedges to revenue | (20,585) | (2,064) |
| Depreciation and amortisation | 11,917 | 8,138 |
| Impairment losses | 1,113 | 1,721 |
| Net finance (income)/expense | 5,040 | (1,618) |
| Equity-settled share-based payment transactions | 716 | 507 |
| Income tax expense/(benefit) | 3,535 | (12,169) |
| | 16,788 | 31,568 |
| Changes in: | | |
| Inventories | (17,774) | (16,445) |
| Gold bullion awaiting settlement | 4,345 | - |
| Trade and other receivables | (3,998) | (2,207) |
| Prepayments | 2,620 | 829 |
| Trade and other payables | 8,978 | (1,940) |
| Borrowings | - | 10,500 |
| Provisions and employee benefits | 1,212 | 2,432 |
| Net cash from operating activities | 12,171 | 24,737 |
| Cashflow from investing activities | | |
| Interest received | 28 | 75 |
| Payments for property, plant and equipment | (20,695) | (21,108) |
| Net cash used in investing activities | (20,667) | (21,033) |
| Cashflow from financing activities | | |
| Proceeds from issue of share capital, net of transaction costs | 1,500 | 24,036 |
| Hedge proceeds | 28,044 | (1,148) |
| Net repayment of loans and borrowings | (6,049) | (1,815) |
| Interest paid on loans | (2,063) | (2,539) |
| Net cash from financing activities | 21,432 | 18,534 |
| Net increase in cash and cash equivalents | 12,936 | 22,238 |
| Cash and cash equivalents 1 January | 9,813 | 5,384 |
| Effect of exchange rate fluctuations on cash held | 148 | 313 |
| Cash and cash equivalents at the end of the period | 22,897 | 27,935 |

The notes on pages 14 to 17 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim 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 Securities Exchange.

The condensed consolidated interim financial statements of the Company as at and for the period from 1 January 2014 to 30 June 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 as described in the Directors' Report.

2. Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual report of the Group as at and for the year ended 31 December 2013.

The condensed consolidated interim financial statements were approved by the Board of Directors on 26 August 2014.

3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial report as at and for the year ended 31 December 2013.

4. Operating segments

The Group has two reportable segments; 'Brazilian Exploration and Production' and 'Australian Exploration', 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.

| | Brazil \$'000 | Australia \$'000 | Total \$'000 |
|---|------------------|---------------------|--------------------|
| Information about reportable segment profit/(loss) | | | |
| 6 months ended 30 June 2014 | | | |
| External revenues | 110,588 | - | 110,588 |
| Project finance interest expenses | (2,880) | - | (2,880) |
| Unrealised foreign exchange gain | 4,768 | - | 4,768 |
| Impairment of segment assets | (1,113) | - | (1,113) |
| Depreciation and amortisation | (11,905) | (12) | (11,917) |
| Reportable segment profit/(loss) before income tax | 32,140 | (962) | 31,178 |
| 6 months ended 30 June 2013 | | | |
| External revenues | 87,823 | - | 87,823 |
| Project finance interest expenses | (3,321) | - | (3,321) |
| Unrealised foreign exchange loss | (11,048) | - | (11,048) |
| Impairment of segment assets | (1,721) | - | (1,721) |
| Depreciation and amortisation | (8,198) | (16) | (8,214) |
| Reportable segment profit/(loss) before income tax | 16,129 | (1,477) | 14,652 |
| Reconciliation of reportable segment profit/(loss) | | | |
| | | Jun 2014 \$'000 | Jun 2013 \$'000 |
| Total profit/(loss) for reportable segments | | 31,178 | 14,652 |
| Unallocated amounts | | | |
| - Corporate income | | 371 | 16,482 |
| - Corporate expenses | | (12,962) | (6,250) |
| Consolidated profit/(loss) before tax | | 18,587 | 24,884 |

Notes to the condensed consolidated interim financial statements

| Information about reportable segment assets, liabilities and capital expenditure | Brazil \$'000 | Australia \$'000 | Total \$'000 |
|--|------------------|---------------------|-----------------|
| June 2014 | | | |
| Reportable segment assets | 347,339 | 1,095 | 348,434 |
| Reportable segment liabilities | 132,494 | 113 | 132,607 |
| Reportable segment capital expenditure | 24,855 | 54 | 24,909 |
| December 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 | Jun 2014 \$'000 | Dec 2013 \$'000 |
|---|--------------------|--------------------|
| Total assets for reportable segments | 348,434 | 325,938 |
| Unallocated amounts | | |
| - Corporate assets | 25,685 | 75,900 |
| Consolidated assets | 374,119 | 401,838 |
| Total liabilities for reportable segments | 132,607 | 132,308 |
| Unallocated amounts | | |
| - Corporate liabilities | 1,170 | 31,714 |
| Consolidated liabilities | 133,777 | 164,022 |

Geographical segments

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

| | Non-current | | Non-current | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Revenues | assets | Revenues | assets |
| | Jun 2014 \$'000 | Jun 2014 \$'000 | Jun 2013 \$'000 | Dec 2013 \$'000 |
| Australia | - | 1,354 | - | 962 |
| Brazil | 110,588 | 237,416 | 87,823 | 226,917 |
| Unallocated amounts | - | 20,532 | - | 31,127 |
| Balance at the end of the period | 110,588 | 259,302 | 87,823 | 259,006 |

5. Property, plant and equipment

| | Jun 2014 \$'000 | Dec 2013 \$'000 |
|---|--------------------|--------------------|
| Cost | | |
| Opening balance | 222,808 | 26,930 |
| Additions | 24,490 | 31,912 |
| Transfers from mineral properties under development | - | 163,595 |
| Disposals | - | (729) |
| Effect of movements in exchange rates | 970 | 1,100 |
| Balance at the end of the period | 248,268 | 222,808 |
| Depreciation | | |
| Opening balance | (15,742) | 6,185 |
| Depreciation expense | (11,917) | (19,762) |
| Depreciation capitalised to inventories | (781) | (2,074) |
| Disposals | - | 417 |
| Effect of movements in exchange rates | (242) | (508) |
| Balance at the end of the period | (28,682) | (15,742) |
| Carrying amount | | |
| Opening balance | 207,066 | 33,115 |
| Balance at the end of the period | 219,586 | 207,066 |

Notes to the condensed consolidated interim financial statements

6. Inventories

| | Jun 2014 | Dec 2013 |
|--|----------|----------|
| | \$'000 | \$'000 |
| Spare parts, raw materials and consumables - at cost | 31,929 | 22,744 |
| Ore stockpiles - at cost | 23,979 | 22,783 |
| Gold in circuit - at cost | 7,642 | 3,780 |
| Gold bullion - at cost | 4,877 | 1,346 |
| Balance at the end of the period | 68,427 | 50,653 |

7. Borrowings

| | Jun 2014 | Dec 2013 |
|----------------------------------|----------|----------|
| | \$'000 | \$'000 |
| Unsecured loans | 66,021 | - |
| Secured loans | 18,800 | 95,639 |
| Balance at the end of the period | 84,821 | 95,639 |
| Current | 72,610 | 95,639 |
| Non current | 12,211 | - |
| Balance at the end of the period | 84,821 | 95,639 |

The Group's borrowings comprise of a US\$60 million unsecured Finance Facility and a US\$17.4 million secured Lease Facility.

Replacement of the Macquarie Finance Facility

On 30 June 2014 the Group replaced its existing secured Macquarie Bank Ltd Finance Facility ("Macquarie Facility") with a new unsecured US\$60 million Banco Santander (Brasil) S.A. Finance Facility ("Santander Facility"). The funds from the Santander Facility were used in part to repay the US\$54.5 million outstanding on the Macquarie Facility. In conjunction with the repayment of the Macquarie Facility, the Group received a cash settlement of US\$15.6 million upon closing all outstanding derivative contracts.

The Santander Facility is a twelve month bridging facility with bi-monthly repayments commencing in December 2014 in conjunction with a firm commitment, upon meeting certain conditions precedent, to roll the facility into a three year unsecured Finance Facility before 22 June 2015. Whilst the rollover is not binding on the lenders, the Directors are confident the rollover will be completed successfully.

8. Income Tax Expense

The Group has recognised a tax expense for the period of \$3,535,000 (2013: 12,169,000 benefit). The tax expense comprises of a current tax expense of \$2,347,000 in respect of current year taxable profit and a deferred tax expense of \$1,188,000 in respect temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The Group's tax incentive program ("SUDAM") reduces the Group's effective tax rate in Brazil from 34% to 15.25%. After the application of SUDAM, the Group's resultant current tax liability was \$696,000, which was settled with the application of carry forward tax credits.

Notes to the condensed consolidated interim financial statements

9. Share capital

Movement in share capital for the half year ended 30 June 2014

| Ordinary Shares | Number of shares '000 | Share capital \$'000 |
|--------------------------------|--------------------------|-------------------------|
| Opening Balance | 790,727 | 205,087 |
| Options exercised | 7,930 | 1,509 |
| Issued capital closing balance | 798,657 | 206,596 |
| Equity transaction costs | | (9) |
| Share capital closing balance | 798,657 | 206,587 |

10. Share-based payments

Share Options

The Group has an established Employee Share Option Plan ("ESOP") under which Share Options can be offered to Key Management Personnel and employees. All Share Options issued under the ESOP are subject to the ESOP terms and conditions as disclosed in the Group's 31 December 2013 annual financial report.

The Group may offer Share Options to other parties that are not employees of the Group. These Share Options are not issued under the ESOP and are either issued with shareholder approval or alternatively issued under ASX Listing Rule 7.1.

Share Options granted during the period

No Share Options were granted during the period.

Performance Rights

The Group has an established Performance Rights Plan ("PRP") under which Performance Rights may be offered to Key Management Personnel and employees. All Performance Rights issued under the PRP are subject to the PRP terms and conditions as disclosed in the Group's 31 December 2013 annual financial report.

Performance Rights granted during the period

1,379,518 Performance Rights were granted to Key Management Personnel on 23 May 2014. In order for any of the Performance Rights to vest, the Group's Total Shareholder Return ("TSR") must be positive and 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. Following assessment of the Group's TSR against the comparator group on 31 December 2016 ("Test Date"), the awarded Performance Rights, if any, will vest on the Test Date. 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 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 the underlying shares | \$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.

Performance Rights cancelled during the period

898,272 Performance Rights granted in 2013 were tested against vesting conditions during the period and were found to have satisfied vesting conditions, being TSR at or above the 50th percentile of a group of comparator companies over a performance period from 1 January 2013 to 31 December 2013. It was the view of the Board of Directors that, although the Performance Rights had satisfied vesting conditions, no Performance Rights shall vest as the Group's TSR was negative. Accordingly, the Board of Directors resolved that all 898,272 Performance Rights shall be cancelled and not vest during the period.

Directors' declaration

1. In the opinion of the directors of Beadell Resources Limited ("the Company"):
 - (a) the condensed consolidated interim financial statements and notes 1 to 10 that are contained within are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" 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.

Signed in accordance with a resolution of the directors:



PETER BOWLER
Managing Director

Dated at Perth, this 26th day of August 2014.



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

Report on the financial report

We have reviewed the accompanying interim financial report of Beadell Resources Limited, which comprises the condensed consolidated interim statement of financial position as at 30 June 2014, condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 10 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 half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Beadell Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Beadell Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A handwritten version of the KPMG logo in blue ink, with the letters 'KPMG' in a stylized, cursive font.

KPMG

A handwritten signature in blue ink, appearing to read 'T. Hart'.

Trevor Hart
Partner

Perth

26 August 2014



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 review for the half-year ended 30 June 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Trevor Hart
Partner

Perth

26 August 2014