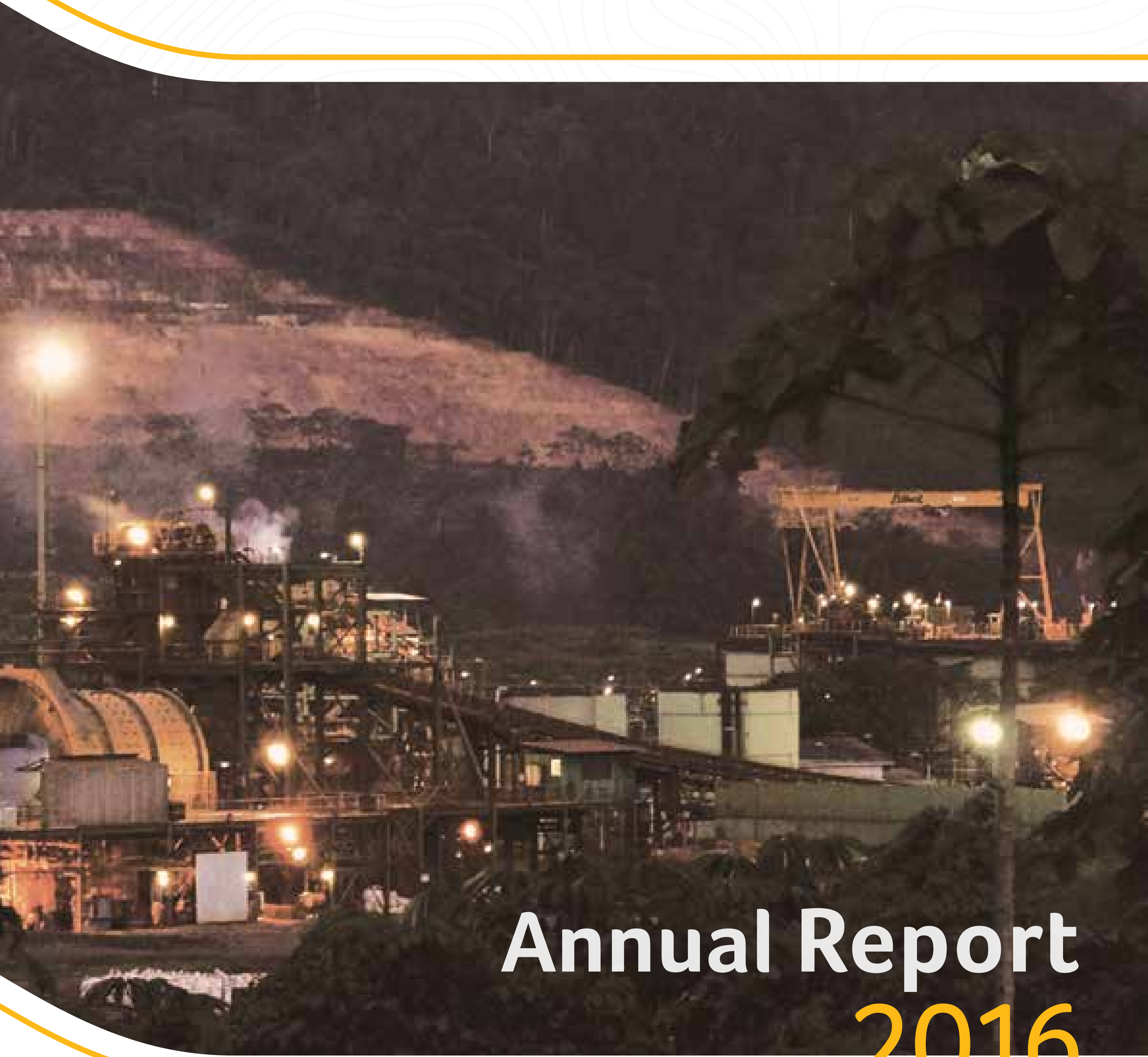
BEADELL



Annual Report 2016

ACN 125 222 291

Corporate Directory

Directors

Craig Readhead	Independent Non-Executive Director, Chairman
Nicole Adshead-Bell	Independent Non-Executive Director
Brant Hinze	Independent Non-Executive Director
Timo Jauristo	Independent Non-Executive Director
Glen Masterman	Non-Executive Director
Simon Jackson	Chief Executive Officer and Managing Director

Company Secretary

Greg Barrett

Corporate Details

Beadell Resources Limited (ABN 50 125 222 291)
Issued Capital: 1,217,927,540 ordinary shares
(as at 31 March 2017)

Registered and Corporate Office

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West Perth, WA 6005
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Facsimile: +61 8 9481 3176
Internet: www.beadellresources.com.au

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Telephone: +55 21 2122 0500
Facsimile: +55 21 2122 0502

Tucano Minesite
Estrada do Taperebá, SN, Pedra Branca
do Amapari Amapa
Telephone: +55 21 2122 2400
Facsimile: +55 21 2122 2438

Share Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide, SA 5000
Telephone: 1300 556 161
Telephone: +61 8 8236 2300 *(from outside Australia)*
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Stock Exchange Listing

ASX Ltd
ASX Code: BDR

Auditor

KPMG
235 St Georges Terrace

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LETTER FROM CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dear Fellow Shareholder,

2016 was a year marked by change and achievement at Beadell. The new management team took over at the end of 2015 and commenced an operational review of the Tucano Gold Mine. This review resulted in a number of initiatives aimed at increasing production, cost reduction and more consistent quarter on quarter production.

Gold production increased by 19% in 2016 to 145,870 ounces, meeting the CY2016 guidance. Despite the strengthening of the Brazilian Real, production unit costs per ounce sold reduced significantly during the year. The company continues to assess strategies to limit its exposure to Real movements.

The Company raised $50 million through a placement of shares to domestic and international institutional investors in February and we were encouraged by the overwhelming support received. The placement was an important step for Beadell to strengthen the balance sheet and provide much needed working capital as the management team changed the focus of the Company towards a long life sustainable gold mine.

During the year, our exploration efforts continued to deliver strong results. The recommencement of drilling at Tucano has identified significant additional mineralisation in the Tap AB complex. This should lead to increases in resources and reserves in this area. Our geological understanding at Tucano continues to evolve which opens up new areas of potential.

The Tucano mine sits in the middle of a very large land package that is almost completely unexplored for gold. The district scale potential of the land package controlled by Beadell is second to none and we remain very excited by the exploration potential.

2017 will be a transformational year for Beadell. The effect on resource and reserve of the drilling success seen in 2016 will be quantified for the first time. We see this as the starting point for the new Beadell as we continue to expand our mineral inventory. We are also working on modifications to the process plant which will result in the ability to truly optimise the mine for the first time. We believe that as we move through these changes, the mine and the Company will be well positioned to increase shareholder value, which is our ultimate responsibility and goal.

We all understand what needs to take place in the coming year and we are thankful for the support of all stakeholders in Beadell as we move towards achieving our goals.

We would like to thank all Beadell employees and contractors for their hard work during 2016. The future has never looked brighter for Beadell and we are looking forward to future success.

Yours faithfully,

Simon Jackson
CEO & Managing Director

Craig Readhead
Non-Executive Chairman

BEADELL

HIGHLIGHTS

Operational

- Gold production for the year was 145,870 ounces, an increase of 19% over the same period last year, which was in line with the CY2016 guidance.
- All-in Sustaining Costs (AISC) were US$866 per ounce for the CY2016, a reduction of 14% over CY2015 and in line with the CY2016 revised guidance.
- Ore and waste mined totalled 19,590,706 tonnes.
- Gold ore milled totalled 3,597,163 tonnes with a mill feedgrade was of 1.45 g/t gold.
- In August 2016, the Company signed a Deed of Undertaking with Amapa Electricity Company and commenced required refurbishment and improvements to the existing 110km 69 KV power line which terminates at Tucano.

Exploration

- A key new geological interpretation of the Tap AB Mata Fome Fault has resulted from detailed structural work. It is now thought that gold mineralisation postdates the initial lithological offset on the Mata Fome fault and therefore, the Tap AB1 Trough Lode is not the southern offset continuation of the Tap AB2 Trough Lode, but formed contemporaneously in separate structural positions, demonstrating along strike potential for both the AB1 and AB2 Trough lodes.
- Strong drill results from Tap AB1 Trough Lode continued to grow the resource, with multiple lodes emerging. Results included F02209, 5 m @ 5.49 g/t gold from 22m, 43 m @ 2.35 g/t gold from 103 m and 12 m @ 2.07 g/t gold from 196 m.
- Exceptional drill results continue to be received from the Tap AB2 Trough Lode step out drilling. Results of 50 m @ 6.66 g/t gold from 50 m including 6 m @ 44.14 g/t gold in F02214 and 27 m @ 1.72 g/t gold from 111 m and 18 m @ 7.03 g/t gold from 142 m including 4 m @ 24.57 g/t gold in F02024 opened up a new potential south plunge of the high grade shoot, plunging towards the Mata Fome Fault.
- Encouraging early stage drill results reported at the Torres target located 700-900 m south of Tap AB open pit on the same geological contact as the high grade Tap AB Trough Lodes. Results up to 5 m @ 3.39 g/t gold m from 4 m to bottom of hole were received in GCPF28343.
- A stand out result of 48 m @ 11.62 g/t gold from 66 m including 3 m @ 87.69 g/t gold from 97 m and 4 m @ 49.1 g/t gold from 124 m located 60 m below the base of the current Duckhead open pit represented the first real indication that the high grades persist into fresh rock below the open pit.
- Encouraging results continued to be received at the Gold Nose prospect, 1 km southeast of Duckhead of up to 10 m @ 8.20 g/t gold from 53 m and at a new target, Woodpecker, located 500 m northwest of Duckhead where resampling of an iron ore hole returned 2 m @ 11.44 g/t gold from 89 m.

Resources and Reserves

- Total Mineral Resources as at 31 December 2016 were 67.0 million tonnes @ 1.82 g/t gold for 3.92 million ounce representing a 11% increase in grade and ounces compared to 67.2 million tonnes @ 1.64 g/t gold for 3.54 million ounces as at 31 December 2015. This is an increase of 379,000 ounces (11%) on the 2015 Mineral Resource and a 547,000 ounces (16%) increase on the 2015 Mineral Resource depleted for 168,000 ounces in 2016.
- The Mineral Resource increase is predominantly a result of successful near mine drilling programs at Tap AB in 2016, where open pit resources at Tap AB increased substantially to 18.0 million tonnes @ 1.84 g/t gold for 1,060,000 ounces. This is an increase of 360,000 ounces (51%) on the 2015 Tap AB Open Pit Mineral Resource and 436,000 ounces (70%) increase on the 2015 Tap AB Open Pit Mineral Resource depleted for mining of 76,000 ounces in 2016.
- Total Ore Reserves as at 31 December 2016 were 28.2 million tonnes @ 1.74 g/t gold for 1.58 million ounce representing a 7% increase in ounces compared to 28.9 million tonnes @ 1.59 g/t gold for 1.48 million ounces as at 31 December 2015. This is an increase of 99,000 ounces (7%) on the 2015 Reserve and a 267,000 ounces (18%) increase on the 2015 Reserve depleted for 168,000 ounces in 2016.
- The Ore Reserves increase is predominantly a result of successful near mine drilling programs at Tap AB in 2016, where Open Pit Ore Reserves at Tap AB increased substantially to 8.9 million tonnes @ 1.76 g/t gold for 503,000 ounces. This is an increase of 145,000 ounces (41%) on the 2015 Tap AB Open Pit Ore Reserve and a 221,000 ounces (78%) increase on the 2015 Tap AB Open Pit Reserve depleted for mining of 76,000 reserve ounces in 2016.

HIGHLIGHTS

Corporate

- On 22 February 2016, the Company announced it had received commitments to raise $50 million through the placement of 256.4 million fully paid ordinary shares in two tranches to domestic and international institutional and sophisticated investors.
- Dr Glen Masterman stepped down from his Toronto based executive role in July 2016, but remained on the Board of Directors of the Company as a non-executive Director.
- In the end of September 2016, Dr Nicole Adshead-Bell was appointed as a Non-Executive Director and Mr Graham Donahue as Head of Corporate Development based in Toronto, Canada.
- Cash and bullion as at 31 December 2016 was A$36.3 million (bullion valued at AUD/USD = 0.75 and US$1,151 per ounce).

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 3.9 million ounces of gold resources and 1.6 million ounces of gold reserves. Tucano covers approximately 2,500 sq km of mostly contiguous exploration licences and a mining concession with district scale exploration potential. The Company completed construction of the 3.5 million tonnes per annum CIL plant and began operating the Tucano gold mine in December 2012. Tucano is currently the second largest gold mine in Brazil.

OPERATING RESULTS	DEC 2016	DEC 2015
Total Waste Moved (t) (waste mined plus iron ore mined)	16,655,670	17,381,302
Gold Ore Mined (t)	2,935,037	3,363,255
Total Material Moved (t)	19,590,706	20,744,556
Gold Ore Milled (t)	3,597,163	3,714,942
Head Grade (g/t)	1.45	1.14
Plant Recovery (%)	86.9%	89.3%
Total Gold Recovered (oz)	145,870	122,292
Total Gold Sold (oz)	146,316	121,469

TUCANO GOLD MINE - BRAZIL

Mining

During the year, 19,590,706 tonnes of ore and waste were mined and moved, including 2,935,037 tonnes of gold ore mined at a grade of 1.46 g/t.

Mining during the first half of 2016 was predominantly from Tap AB1, AB2, Tap AB3, Urucum Central North and Urucum South, while the Duckhead cutback continued during the period. The use of fresh rock for construction, maintenance and sheeting of haul roads and pit ramps was a key factor in the significantly improved ability to move material from the pits in the wet conditions during the first half.

In the second half of 2016, mining was predominantly from Tap AB1, Tap AB2, Urucum Central North, Urucum South and Tap D Sul, with the Duckhead cutback being completed in September. The good performance at those pits in producing ounces mined helped reduce the impact of the remodelling of the pit design of Tap AB2 in the second half of 2016.

During the period, Tucano received the full explosive permit allowing the operation to purchase and store all the required explosives and accessories to optimise drill and blast.

Total high grade and low grade gold ore stockpile was 4.30 million tonnes @ 0.70 g/t gold for 96,000 ounces at the end of December 2016 and marginal stockpiles were 1.5 million tonnes @ 0.43 g/t gold for 21,000 ounces.

Processing

During the period, the CIL plant throughput was 3,597,163 tonnes, the mill feed grade was 1.45 g/t gold and the process plant recovery was 86.9%.

Process improvements during the year were made in the crusher and apron feeder area, conveyors, carbon regeneration kiln and continued in consumable management and reagent usage. Work on plant optimisation to support the revised life of mine plan was implemented with the results to form part of the 2017 budget process.

The reported lower recovery in the period was the result of a number of factors including ongoing improvements and refinements to the metallurgical accounting procedures and balances. Remedial work on agitator blades in the December quarter also contributed to a reduced recovery as retention time was impacted. A one off adjustment to gold-in-circuit balances resulted in an artificially low recovery percentage for the December 2016 quarter.

EXPLORATION - BRAZIL

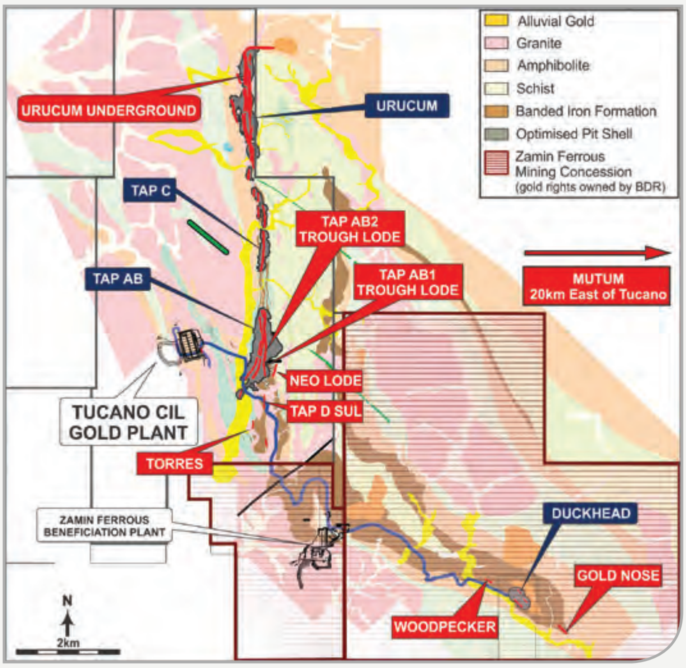

Diagram 1. Mining Concession Plan

Near Mine Exploration

During the period, a total of 111,267 m of drilling was completed, comprising 66,989 m of grade control reverse circulation (RC) drilling, 38,483 m of exploration / resource delineation RC drilling and a total of 5,795 m of diamond drilling.

Tap AB to Torres

During the year, the discovery of a high grade lode at Tap AB1 Trough Lode and Tap AB1 Central Lode was the highest priority drill target for oxide gold resource definition and extension at Tucano. Results included 64 m @ 4.29 g/t gold from 150 m and 51 m @ 2.37 g/t gold from 160 m. Significant high grade results were also received from the Tap AB 2 Trough Lode extending the southern part of the shoot at depth. Results up to 20 m @ 27.96 g/t gold from 35 m highlighted the high grade nature within the core of the shoots. The Tap AB Trough Lodes are within 2 km of the Tucano mill.

In the December quarter, a key new geological interpretation resulted from detailed structural work. It is now thought that gold mineralisation postdates the initial lithological offset on the Mata Fome fault and therefore, the Tap AB1 Trough Lode is not the southern offset continuation of the Tap AB2 Trough Lode, but formed contemporaneously in separate structural positions, demonstrating along strike potential for both the AB1 and AB2 Trough lodes.

Importantly, new results from Tap AB Sul and Tap AB Norte to the south and north of the Tap AB open pit respectively, also suggested potential to grow open pit oxide resources along the highly prospective trough lode contact.

Additionally, encouraging early stage drill results were reported at the Torres target located approximately 1 km south of Tap AB open pit on the same geological contact as the high grade Tap AB Trough Lodes.

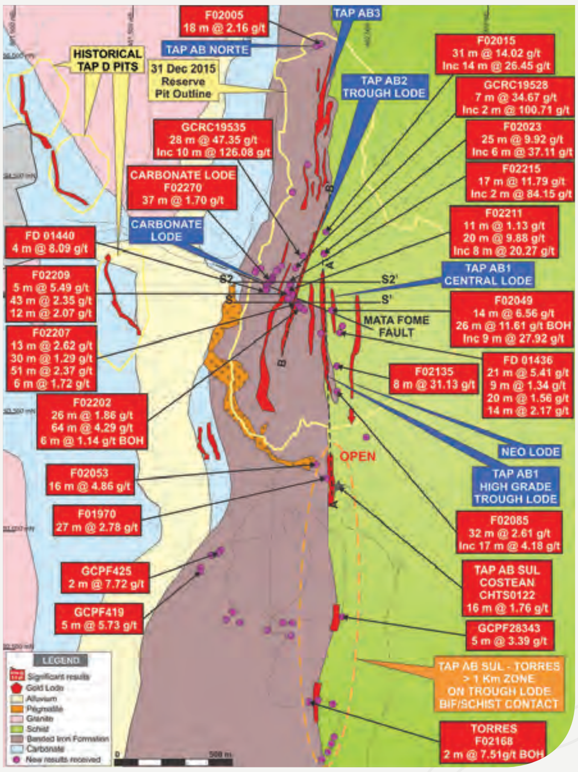

Diagram 2. Tap AB – Torres plan showing location of significant results

EXPLORATION - BRAZIL

Duckhead

During the year, a stand out result was received of 48 m @ 11.62 g/t gold from 66 m including 3 m @ 87.69 g/t gold from 97 m and 4 m @ 49.1 g/t gold from 124 m located 60 m below the base of the current open pit represented the first real indication that the high grades continue into fresh rock below the open pit.

Gold Nose & Woodpecker

During the period, encouraging results were received at the Gold Nose prospect, 1 km southeast of Duckhead of up to 10 m @ 8.20 g/t gold from 53 m and at Woodpecker, located 500 m northwest of Duckhead where resampling of an iron ore hole returned 2 m @ 11.44 g/t gold from 89 m.

Urucum Underground

A total of five additional diamond holes were completed at the Urucum Underground target in 2016. Some holes in the program had greater than predicted hole deviations and did not intersect the lode positions in the preferred locations. Results from the drilling included 3 m @ 7.46 g/t gold from 433 m in FD01424 and 15 m @ 2.63 g/t gold from 439 m including 7 m @ 4.80 g/t gold from 440 m and 2 m @ 8.16 g/t gold from 469 m in FD01426. The drilling results will be used to update the Urucum Underground resource model and improve the understanding of the orebody.

Greenfields Exploration Brazil

Tucano Regional

Mutum Target (100%)

Shallow reconnaissance drilling at the 100% owned Mutum target, 20 km east of Tucano, confirmed the in situ origin of a 4 km long gold-in-soil geochemical anomaly with results up to 7 m @ 5.13 g/t gold from 6m. Mineralisation is associated with a banded iron formation interpreted to be gently west-dipping and in a similar geological setting to Tucano. Mutum is the first targeted drilling program completed by Beadell on an early-stage target outside of the Tucano Mine Corridor. The new results are highly encouraging and reinforced the Company's view of the potential for the Tucano greenstone belt to deliver new gold discoveries in the future.

Additional permitting and surveys will be completed in early 2017 prior to follow up drilling in the dry season.

Tartaruga Project (100%)

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. Auger drilling was completed in March 2016. A review of targets and ranking exercise was completed as part of a property-wide exploration prioritisation exercise during the year.

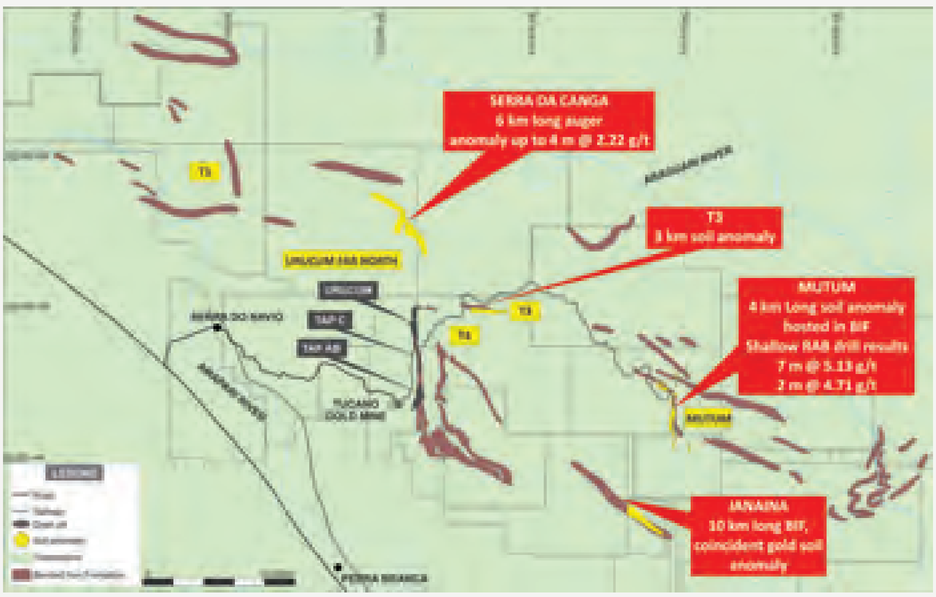

Diagram 3. Tucano Greenstone Tenure

RESOURCES & RESERVES

Summaries of Gold Ore Reserves and Mineral Resources as at 31 December 2016, 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 is also available on the Company's website.

Total Mineral Resources as at 31 December 2016 were 67.0 million tonnes @ 1.82 g/t gold for 3.92 million ounce representing a 11% increase in grade and ounces compared to 67.2 million tonnes @ 1.64 g/t gold for 3.54 million ounces as at 31 December 2015. This is an increase of 379,000 ounces (11%) on the 2015 Mineral Resource and a 547,000 ounces (16%) increase on the 2015 Mineral Resource depleted for 168,000 ounces in 2016.

The Mineral Resource increase is predominantly a result of successful near mine drilling programs at Tap AB in 2016, where open pit resources at Tap AB increased substantially to 18.0 million tonnes @ 1.84 g/t gold for 1,060,000 ounces. This is an increase of 360,000 ounces (51%) on the 2015 Tap AB Open Pit Mineral Resource and 436,000 ounces (70%) increase on the 2015 Tap AB Open Pit Mineral Resource depleted for mining of 76,000 ounces in 2016.

Open pit Mineral Resources at the Urucum deposit decreased by 13% to 15.1 million tonnes @ 1.58 g/t gold for 768,000 ounces. This is a decrease of 119,000 ounces (13%) on the 2015 Urucum Open Pit Mineral Resource and a 68,000 ounce (8%) decrease on the 2015 Urucum Open Pit Mineral Resource depleted for mining of 51,000 ounces in 2016. Substantial resource delineation drilling to improve the quality of the resource was completed at Urucum in 2016.

Table 1: Gold Resources As at 31 December 2016

BRAZIL	MEASURED			INDICATED			INFERRED			TOTAL			LOWER CUT-OFF
	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)	g/t
Urucum Surface Oxide	713	1.13	26	609	1.29	25	96	0.96	3	1,418	1.19	54	0.5
Tap AB Surface Oxide	2,980	2.05	197	4,559	1.94	285	1,228	1.58	62	8,768	1.93	544	0.5
Tap C Surface Oxide	566	0.97	18	312	0.90	9	88	0.70	2	966	0.92	29	0.5
Tap D Surface Oxide	16	1.03	1	135	1.13	5	89	1.42	4	241	1.23	10	0.5
Duckhead Surface Oxide	89	4.24	12	140	1.74	8	60	1.56	3	289	2.47	23	1.0
Total Oxide	**4,365**	**1.80**	**253**	**5,756**	**1.79**	**332**	**1,562**	**1.48**	**75**	**11,682**	**1.76**	**659**	
Urucum Surface Primary	5,822	1.53	287	7,395	1.70	405	494	1.43	23	13,711	1.62	714	0.5
Urucum Underground Primary	263	4.03	34	2,660	4.21	360	8,810	2.15	609	11,733	2.66	1,004	1.2
Tap AB Surface Primary	2,155	1.78	123	4,233	1.81	247	2,804	1.62	146	9,192	1.75	516	0.5
Tap AB Underground Primary	0	0.00	0	0	0.00	0	4,216	2.85	386	4,216	2.85	386	1.2
Tap C Surface Primary	482	1.22	19	1,980	1.22	78	1,044	1.35	45	3,507	1.26	142	0.5
Tap D Surface Primary	32	0.89	1	11	0.86	0	11	1.71	1	54	1.04	2	0.5
Duckhead Surface Primary	115	2.28	8	264	2.26	19	262	1.81	15	641	2.08	43	1.0
Total Primary	**8,870**	**1.66**	**472**	**16,543**	**2.09**	**1,109**	**17,641**	**2.16**	**1,225**	**43,054**	**2.03**	**2,807**	
Urucum Surface Total	6,535	1.49	313	8,004	1.67	430	590	1.36	26	15,129	1.58	768	0.5
Urucum Underground Total	263	4.03	34	2,660	4.21	360	8,810	2.15	609	11,733	2.66	1,004	1.2
Tap AB Surface Total	5,135	1.94	320	8,792	1.88	532	4,032	1.61	208	17,960	1.84	1,060	0.5
Tap AB Underground Total	0	0.00	0	0	0.00	0	4,216	2.85	386	4,216	2.85	386	1.2
Tap C Surface Total	1,048	1.09	37	2,292	1.18	87	1,133	1.30	47	4,473	1.19	171	0.5
Tap D Surface Total	49	0.94	1	146	1.11	5	100	1.45	5	295	1.20	11	0.5
Duckhead Surface Total	205	3.14	21	404	2.08	27	322	1.76	18	930	2.20	66	1.0
Total Oxide and Primary	**13,235**	**1.70**	**725**	**22,299**	**2.01**	**1,441**	**19,202**	**2.11**	**1,300**	**54,736**	**1.97**	**3,466**	
High Grade Stockpile	603	1.08	21	-	-	-	-	-	-	603	1.08	21	0.5
Low Grade Stockpile	1,977	0.62	40	-	-	-	-	-	-	1,977	0.62	40	0.5
Spent Ore Stockpile	1,721	0.65	36	-	-	-	-	-	-	1,721	0.65	36	0.5
Marginal Ore Stockpiles	1,517	0.43	21	-	-	-	-	-	-	1,517	0.43	21	0.3
Total Stockpiles	**5,819**	**0.63**	**118**	**-**	**-**	**-**	**-**	**-**	**-**	**5,819**	**0.63**	**118**	
Tartaruga	-	-	-	-	-	-	6,451	1.63	337	6,451	1.63	337	0.5
Total Brazil	**19,054**	**1.38**	**843**	**22,299**	**2.01**	**1,441**	**25,653**	**1.99**	**1,637**	**67,006**	**1.82**	**3,921**	

RESOURCES & RESERVES

Total Ore Reserves as at 31 December 2016 were 28.2 million tonnes @ 1.74 g/t gold for 1.58 million ounce representing a 7% increase in ounces compared to 28.9 million tonnes @ 1.59 g/t gold for 1.48 million ounces as at 31 December 2015. This is an increase of 99,000 ounces (7%) on the 2015 Reserve and a 267,000 ounces (18%) increase on the 2015 Reserve depleted for 168,000 ounces in 2016.

The Ore Reserves increase is predominantly a result of successful near mine drilling programs at Tap AB in 2016, where Open Pit Ore Reserves at Tap AB increased substantially to 8.9 million tonnes @ 1.76 g/t gold for 503,000 ounces. This is an increase of 145,000 ounces (41%) on the 2015 Tap AB Open Pit Ore Reserve and a 221,000 ounces (78%) increase on the 2015 Tap AB Open Pit Reserve depleted for mining of 76,000 reserve ounces in 2016.

Open Pit Ore Reserves at Urucum remained materially unchanged at 10.54 million tonnes @ 1.68 g/t gold for 568,000 ounces. This is a decrease of 28,000 ounces (5%) on the 2015 Urucum Open Pit Ore Reserve and a 23,000 ounces (4%) increase on the 2015 Urucum Open Pit Reserve depleted for mining of 51,000 ounces in 2016.

Table 2: Gold Reserves As at 31 December 2016

BRAZIL	PROVED RESERVE			PROBABLE RESERVE			TOTAL MINERAL INVENTORY			CUT OFF
	TONNES ('000)	GRADE g/t Au	OUNCES ('000)	TONNES ('000)	GRADE g/t Au	OUNCES ('000)	TONNES ('000)	GRADE g/t Au	OUNCES ('000)	g/t
Urucum Open Pit Oxide	327	1.22	13	149	1.22	6	476	1.22	19	0.7
Urucum East Open Pit Oxide	-	-	-	150	1.72	8	150	1.72	8	0.7
Tap AB Open Pit Oxide	2,486	1.74	139	3,121	1.80	180	5,607	1.77	319	0.6
Tap C Open Pit Oxide	400	1.03	13	206	0.96	6	606	1.01	20	0.6
Duckhead Open Pit Oxide	2	0.90	0	1	4.19	0	3	1.55	0	0.8
Total Oxide	**3,215**	**1.60**	**165**	**3,627**	**1.72**	**201**	**6,842**	**1.66**	**366**	
Urucum Open Pit Primary	4,697	1.63	246	5,364	1.76	303	10,062	1.70	549	0.8
Urucum East Open Pit Fresh	-	-	-	16	1.50	1	16	1.50	1	0.7
Urucum Underground Primary	-	-	-	2,972	3.61	345	2,972	3.61	345	
Tap AB Open Pit Primary	1,618	1.71	89	1,638	1.80	95	3,255	1.76	184	0.8
Tap C Open Pit Primary	237	1.29	10	398	1.42	18	635	1.37	28	0.8
Duckhead Open Pit Primary	32	2.37	2	21	2.51	2	53	2.42	4	1.0
Total Primary	**6,585**	**1.64**	**348**	**10,409**	**2.28**	**763**	**16,993**	**2.03**	**1,111**	
Urucum Open Pit Total	5,024	1.60	259	5,513	1.74	309	10,538	1.68	568	
Urucum East Open Pit Total	-	-	-	166	1.70	9	166	1.70	9	
Urucum Underground Total	-	-	-	2,972	3.61	345	2,972	3.61	345	
Tap AB Open Pit Total	4,104	1.73	228	4,759	1.80	275	8,862	1.76	503	
Tap C Open Pit Total	637	1.13	23	604	1.26	24	1,241	1.19	48	
Duckhead Open Pit Total	35	2.27	3	21	2.55	2	56	2.38	4	
Total Oxide and Primary	**9,800**	**1.63**	**513**	**14,036**	**2.14**	**964**	**23,835**	**1.93**	**1,477**	
Open Pit Stockpile	2,597	0.70	58	-	-	-	2,597	0.70	58	0.5
Spent Ore Stockpile	1,784	0.68	39	-	-	-	1,784	0.68	39	0.5
Total Stockpiles	**4,381**	**0.69**	**98**	**-**	**-**	**-**	**4,381**	**0.69**	**98**	
Total Brazil	**14,180**	**1.34**	**610**	**14,036**	**2.14**	**964**	**28,216**	**1.74**	**1,575**	

COMPETENCY STATEMENT

The information in this report relating to Open Pit Ore Reserves is based on information compiled by Mr Nigel Arthur Spicer 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 Spicer is a consultant who is employed by Minesure Pty Ltd 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 Underground Ore Reserves is based on information compiled by Mr Frank Greblo 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 Greblo is a consultant and a full time employee of AMC Consultants Pty Ltd and consents to the inclusion in this announcement of the matters based on his information, in the form and context in which they appear.

The information in this report relating to Mineral Resources has been approved 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 Resources Ltd 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 Urucum Underground, Tap AB Underground, Tap C open pit and Duckhead Open pit Mineral Resources is based on information compiled by Mr Marcelo Batelochi 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 Batelochi is a consultant 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 Urucum open pit and Tap AB open pit Mineral Resources is based on information compiled by Mr Brian Wolfe who is a member of the Australian Institute of Geoscientists 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 Wolfe is a consultant 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 "Exploration Update" created on 5 May 2016, "High Grade Tap AB1 Trough Lode Continues to Grow" created on 20 June 2016, "More High Grade Results from AB1, AB2, AB Sul and Duckhead" created on 1 August 2016, "Tucano Exploration Update" created on 10 October 2016, "New Geological Interpretation Expands Tap AB Potential" created on 6 December 2016 and "Tap AB, Torres, Duckhead Drill Results Continue to Expand" created on 2 February 2017 and "Ore Reserve and Mineral Resource update" created on 11 April 2017 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.

CORPORATE

FINANCIAL RESULTS	DEC 2016 ($ MILLIONS)	DEC 2015 ($ MILLIONS)
Revenue and costs of production		
Sales revenue	239.8	190.6
Costs of production	(146.0)	(139.4)
Depreciation and amortisation	(41.2)	(29.5)
Gross margin	52.6	21.7
Other significant items		
Administrative expense	(19.1)	(18.8)
Impairment losses	(2.2)	(16.8)
Net finance income/(expense)	6.2	(30.5)
Income tax (expense)/benefit	(8.1)	6.9
Other items	(7.0)	(6.8)
Reported profit/(loss) after tax	**22.4**	**(44.3)**

OTHER FINANCIAL INFORMATION	($ MILLIONS)	($ MILLIONS)
Cash flow from operating activities	18.0	31.3
Cash and cash equivalents	28.3	9.7
Net assets	232.1	122.7
Basic earnings/(loss) per share	A$0.02/share	(A$0.06)/share

Gold Sales

Annual gold sales for CY2016 were 146,316 ounces at an average cash price received of US$1,245 per ounce.

Cash & Bullion

Cash and bullion as at 31 December 2016 was A$36.3 million (bullion valued at AUD/USD = 0.75 and US$1,151 per ounce).

Debt

During the year, the Company repaid US$20 million of its Santander – Itaú Facility.

Capital Raising

On 22 February 2016, the Company announced it had received commitments to raise $50 million through the placement of 256.4 million fully paid ordinary shares ("Shares") to domestic and international institutional and sophisticated investors ("Placement").

The Placement was completed in two tranches:

- Tranche 1 – the Placement of 119.8 million Shares on 2 March 2016, at an issue price of $0.195 per Share, which was not subject to shareholder approval and fell within the Company's placement capacity under ASX Listing Rule 7.1; and
- Tranche 2 – the Placement of 136.6 million Shares, at an issue price of $0.195 per Share, which was issued on 4 April 2016, following shareholder approval at a general meeting of shareholders held on 24 March 2016.

Geology Department Restructure

In June 2016, the Company announced that Dr Glen Masterman had stepped down from his Toronto based executive role but had remained on the Board of Directors of the Company as a non-executive Director. Mr Robert Watkins continued as Head of Geology for Beadell.

Tucano to Transition to Grid Power

In August, the Company, with the support of the Government of Amapa State, signed a Deed of Undertaking with Amapa Electricity Company, and has commenced required refurbishments improvements to the existing 110km 69 KV power line which terminates at the Tucano gold mine. Once the improvements are complete, Tucano is aiming to increase its grid power supply from the current 1MW to initially 5MW around middle of 2017 and ultimately to a minimum of 12MW. The reduction of reliance on diesel generated power will have an immediate and material effect on operating costs at Tucano.

Appointments of Dr Nicole Adshead-Bell and Mr Graham Donahue

At the end of September, the Company announced the appointments of Dr Nicole Adshead-Bell and Mr Graham Donahue. Dr Adshead-Bell was appointed as a Non-Executive Director. She is a geologist with over 20 years of capital markets and natural resource sector experience. Mr. Graham Donahue was appointed to the newly created role of Head of Corporate Development, based in Toronto, Canada. Mr Donahue brings over 20 years of global financial markets experience to Beadell.

Board and Management at Tucano in November 2016

CORPORATE RESPONSIBILITY

Safety and Health

Beadell is committed with the safety and health of its employees and surrounding communities. The Company makes significant investments annually in compliance measures to ensure the prevention of accidents through the implementation of best practices in health and safety management.

During the year, the Company carried out several preventive initiatives aiming to reduce the risk exposure of its employees. Beadell's main initiatives included:

- Mine signalling plan, with speed and gear signage at the most critical points, thus avoiding the risk of equipment tipping or hitting protection structures (Fig 1,2).
- Implementation of management safety checks, where once a week all managers are invited to inspect the safety items and guide employees to perform safely activities in a previously determined area (Fig 3).
- Safety seminars, aiming to educate Beadell's operational staff of the risks inherent to the activities and good security practices guidelines (Fig 4).
- Technical Report on Environmental Working Conditions, with the objective of measuring and, if necessary, addressing risks in the work environment.
- Laboratory tests for suspected diseases such as Malaria and Leishmaniasis in the unit.
- Campaigns to eliminate mosquitoes that transmit tropical diseases such as Dengue, Malaria, Zika and Chikungunya.
- Seminars on excessive alcohol and drugs use.

During the year, the total injury frequency rate without lost time was 1.12 and the lost time injury frequency rate (LTIFR) was 0.78, using 200,000 hours for the calculation.

Figure.1

Figure.2

Figure.3

Figure.4

Community

At Beadell, we value our partnership with the surrounding communities of the Tucano Gold Mine and pursue meaningful, long-term relationships that respect local cultures and create lasting benefits. The Company is committed with the development of the local communities and is the main employer in region, with approximately 90% of Tucano's employees from these communities.

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. Beadell supports social projects developed in the local communities of Pedra Branca do Amapari and Serra do Navio. During 2016 the main projects were:

Hunger Free Christmas

Entrepreneurship at Schools

Open Doors Programme

Police Cadets ("Guarda Mirim" in Portuguese)

CORPORATE RESPONSIBILITY

Environment

Beadell is committed to ensuring effective environmental management through firstly meeting the relevant laws and secondly performing various social and environmental programs.

The Company'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.

During the year, 14 environmental licenses were issued, being; six operating licenses, one Installation license, four environmental permits and three plant suppression authorisations.

Beadell performed the following environmental programs and / or actions during 2016:

- **Program for the recovery of degraded areas**

  During 2016, accesses, waste deposits and sumps were recovered in the mine amounting an area of 438.100sqm or 43.81ha. This action has the objective of regularisation of berms and slopes, construction of drainage and application of the mix of grasses using hydroseeding or manual application.

  Regarding planting of seedlings, 514 seedlings of the following species were planted: açaí (Euterpe oleracea Mart. – Arecaceae), Angelim (Dinizia sp), Biribá (Rollinia mucosa), Breu Branco (Protium heptaphyllum), Copaíba (Copaifera duckei), Ingá (Inga umbratica), Ipê (Tabebuia sp), Jaca (Artocarpus heterophyllus), Jatobá (Hymenaea courbaril), Mogno (Swietenia macrophylla), Paricá (Schizolobium amazonicum), Piquiá (Caryocar villosum), Pracaxi (Pentaclethra sp.), Urucum (Bixa orellana),which means the planting of seedlings of native species in an area of 104.300sqm, or 10,43ha.

- **Fauna Monitoring**

  Fauna Monitoring is an important tool that consists of an analysis of the environment, for a specific period, in order to diagnose the possible changes of the faunistic communities. The monitoring performed at Tucano was comprised of 12 sampling points, which are paired, having a control point and a point on influence of anthropic activities where each point has 600 meters of trail. In 2016, four sampling campaigns were carried out, with a quarterly frequency, in accordance with the conditional compliance, as established in an Environmental License issued by IMAP - Instituto do Meio Ambiente e de Ordenamento Territorial do Amapá (Institute of Environment and Territorial Planning of Amapá).

  The execution of the fauna monitoring program demonstrates the concern and responsibility of the Company with environmental damages. The maintenance of the area along with pre-established actions in ecological studies ensures the local dynamic balance of the environment, especially the perpetuation of existing species in the area.

CORPORATE RESPONSIBILITY

Environment

- **Water quality control**

  The environmental quality of surface and groundwater in the area of the Tucano Gold Mine is monitored through a program of sampling and analysis of physical-chemical parameters. The general monitoring of the area occurs quarterly and includes 16 monitoring points, including 10 monitoring points for surface water and 6 monitoring points for groundwater.

  In 2016, four monitoring campaigns were carried out and all the results found were within the limits established by CONAMA Resolution 357/2005 and CONAMA Resolution 396/2008.

- **Wood donation to cities of Pedra Branca do Amapari and Serra do Navio-AP**

  In 2016, through an agreement between Beadell and the municipalities of Pedra Branca do Amapari and Serra do Navio, intermediated by the Public Prosecutor's Office of Pedra Branca do Amaparí District, the amount of 1,505m³ of wood for processing was destined for processing.

- **Waste Management**

  The waste management policy must harmonise the control and protection of the environment with efficient processes, seeking the lowest operating costs. The best way to contribute to waste treatment is to use the best technological and operational alternatives available in internal or external areas of the Tucano Gold Mine.

  At Tucano, different types of waste are separated according to their classification and temporarily stored in the wasting sorting area (ATR - Área de Triagem de Resíduos). Thereafter they are suitably designed to depend on their origin and/or formation material. Beadell Brasil applies five final disposal processes for its waste, namely: recycling, re-refine, incineration – co-processing, reuse and landfill. It is important to note that all ART has a licensing, issued by the competent environmental agency (IMAP).

DIRECTORS' REPORT

The Directors present their report together with the financial report of Beadell Resources Limited ("Beadell" or "Company") and its subsidiaries ("the Group"), for the year ended 31 December 2016 ("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
CURRENT BOARD MEMBERS	
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 General Counsel of Whitestone Minerals Pty Ltd. Mr Readhead is currently a non-executive director of Eastern Goldfields Ltd (previously called Swan Gold Mining Ltd), Redbank Copper Ltd and Western Areas Ltd. During the past three years, he has served as the chairman of the ASX listed company Heron Resources Ltd (1999-2015), and as a non-executive director of the ASX listed company General Mining Ltd (2009 to 2015). Mr Readhead is also a member of the WA Council of the Australian Institute of Company Directors, and until recently, was a member of the Australian Institute of Company Directors State Council. Mr Readhead is a member of the Remuneration, Nomination and Diversity Committee and the Audit and Risk Management Committee.
Dr Nicole Adshead-Bell B.Sc. (Hons), PhD Independent Non-Executive Director *Appointed 29 September 2016*	Dr Adshead-Bell is a geologist with over 20 years of capital markets and natural resource sector experience. From 2012 to 2015, she was the Director of Mining Research at Sun Valley Gold LLC ("SVG"), a US-based Securities Exchange Commission registered investment advisor focused on the precious metals sector. Prior roles include: Managing Director, Investment Banking at Haywood Securities, where she concentrated on building the company's M&A and financing business in the mining sector; sell-side analyst at Dundee Securities; and buy-side analyst at SVG. Dr Adshead-Bell is currently President of Cupel Advisory Corp., a natural resources investment and advisory firm, and is a director of Toronto Stock Exchange ("TSX") listed companies Pretium Resources Inc., Dalradian Resources Inc. and Lithium Americas Corp.
Mr Brant E. Hinze B.S. Mining Engineering Independent Non-Executive Director *Appointed 9 November 2015*	Mr Hinze is a mining engineer with a career spanning more than 30 years and has worked in all facets of the mining business from small start-ups to some of North America's largest mining companies, in remote operations and on foreign assignments in South America and Southeast Asia. He was President and Chief Operating Officer of Kinross Gold Corporation from 2010 to 2014. Mr Hinze also worked for Newmont Mining Corporation from 2001 to 2010. Prior to 2001, Mr Hinze worked for Battle Mountain Gold until its merger with Newmont in 2001. He served as Senior Vice President for North American Operations, General Manager of the Minera Yanacocha SRL in Peru, as well as other senior management positions in Southeast Asia. Mr Hinze is the chairman of the Remuneration, Nomination and Diversity Committee and member of the Audit and Risk Management Committee.

NAME AND QUALIFICATIONS	EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS
CURRENT BOARD MEMBERS	
Mr Timo Jauristo B.App.Sc, Grad Dip Fin, MAusIMM Independent Non-Executive Director *Appointed 8 December 2015*	Mr Jauristo is a geologist and seasoned mining professional with over 35 years' experience in the gold mining industry. Most recently, Mr Jauristo was Executive Vice President – Corporate Development of Goldcorp. He spent 15 years with Placer Dome in various operating and corporate roles. Mr Jauristo was involved in numerous merger and acquisition transactions in many of the major gold producing regions of the world. Mr Jauristo is currently a non-executive director of the TSX listed company Eastmain Resources. During the past three years, Mr Jauristo has served as a non-executive director of the TSX listed company Primero Mining (2010 to 2014). Mr Jauristo is the chairman of the Audit and Risk Management Committee and member of the Remuneration, Nomination and Diversity Committee.
Dr Glen Masterman B.Sc. (Hons), PhD, MAIG, P.Geo Non-Executive Director *Appointed 9 November 2015*	Dr Masterman is a professional geoscientist with more than 20 years' experience in executive leadership in global mining organisations with expertise in corporate strategy and business development, minerals exploration and resource development, and operations strategy. He is currently the Vice President Discovery and Chief Geologist of Evolution Mining. He previously served as Kinross' Head of Exploration over a period of seven years. Prior to Kinross, Dr Masterman was General Manager, Exploration for Bolnisi Gold, an Australian junior company that discovered and developed the Palmarejo silver-gold mine in Mexico up until its US$1.1 billion takeover by Coeur Mining in 2007. Dr Masterman was previously a non-executive director of TSXV listed companies Palamina Corp (2014-2015), Sarama Resources (2014-2016) and Soltoro Ltd (2015-2016). During 2016, Dr Masterman resigned from the position of Executive Director – Geology and Corporate Development on 14 July 2016 and was immediately appointed a Non-Executive Director.
Mr Simon Jackson FCA, B.Comm Chief Executive Officer (CEO) and Managing Director *Appointed 9 November 2015*	Mr Jackson is a Chartered Accountant with 25 years' experience in the gold industry. Most recently, Mr Jackson was a founding shareholder and President & CEO of the TSXV listed Orca Gold Inc, a junior exploration company with multiple gold discoveries in Sudan. Prior to that, he was an integral part of the senior management team at Red Back Mining Inc, which grew from a small West Perth based junior to a TSX listed intermediate producer that was taken over by Kinross Gold Corp in 2010. Mr Jackson's career includes corporate transactions and equity financings involving assets in Australia, Africa, Asia and South America. Mr Jackson is currently the non-executive chairman of the TSXV listed company Orca Gold Inc and a non-executive director of the TSXV listed company Sarama Resources Ltd. He is also a non-executive director of the ASX listed company Cardinal Resources Ltd. During the past three years, he has also served as a non-executive director of the TSXV listed company RB Energy Inc (2014 to 2015).

DIRECTORS' REPORT

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 of management, corporate advisory, finance and accounting experience, working for several listed and unlisted companies for which he has held positions as Director, Chief Financial Officer 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 resolutions of directors (including meetings of committees of directors) held during the year and the number of meetings (or resolutions) attended by each director were as follow:

DIRECTOR	AUDIT & RISK MANAGEMENT COMMITTEE MEETINGS		REMUNERATION, NOMINATION & DIVERSITY COMMITTEE MEETINGS		BOARD MEETINGS	
	A	B	A	B	A	B
Mr Readhead	2	2	1	1	13	13
Dr Adshead-Bell *(appointed 29 September 2016)*	•	•	•	•	2	2
Mr Hinze	2	2	1	1	13	13
Mr Jauristo	2	2	1	1	12	13
Dr Masterman	•	•	•	•	12	13
Mr Jackson	•	•	•	•	13	13

A – Number of meetings attended **B** – Number of meetings held while in office • Not a member of the committee

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 Brazil.

During the period, the Group focused its efforts on producing profitable ounces through the improvement of its operational performance and mining activities at Tucano.

There were no other significant changes in the nature of the activities of the Group during the period ended 31 December 2016.

Objectives

The Group's objectives are to:

- Implement a mine plan that results in consistent production quarter on quarter,
- Improve mining performance and consistency across all seasons,
- Improve processing plant efficiency,
- Invest in its exploration potential,
- Improve the level of proficiency in its personnel on site through training and mentoring,
- Strengthen its balance sheet, and an
- Overall focus on share price appreciation.

5. OPERATING AND FINANCIAL REVIEW

Overview of the Group

Beadell 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 Brazil.

Operating and financial summary

	DEC 2016	DEC 2015
OPERATING RESULTS		
Total Waste Moved (t) *(waste mined plus iron ore mined)*	16,655,670	17,381,302
Gold Ore Mined (t)	2,935,037	3,363,255
Total Material Moved (t)	19,590,706	20,744,556
Gold Ore Milled (t)	3,597,163	3,714,942
Head Grade (g/t)	1.45	1.14
Plant Recovery (%)	86.9%	89.3%
Total Gold Recovered (oz)	145,870	122,292
Total Gold Sold (oz)	146,316	121,469

FINANCIAL RESULTS	$ MILLIONS	$ MILLIONS
Revenue and costs of production		
Sales revenue	239.8	190.6
Costs of production	(146.0)	(139.4)
Depreciation and amortisation	(41.2)	(29.5)
Gross margin	52.6	21.7
Other significant items		
Administrative expense	(19.1)	(18.8)
Impairment losses	(2.2)	(16.8)
Net finance income/(expense)	6.2	(30.5)
Income tax (expense)/benefit	(8.1)	6.9
Other items	(7.0)	(6.8)
Reported profit/(loss) after tax	**22.4**	**(44.3)**

OTHER FINANCIAL INFORMATION	$ MILLIONS	$ MILLIONS
Cash flow from operating activities	18.0	31.3
Cash and cash equivalents	28.3	9.7
Net assets	232.1	122.7
Basic earnings/(loss) per share	A$0.02/share	(A$0.06)/share

DIRECTORS' REPORT

Review of financial results

Sales revenue

The Group has reported a significant increase in gold sales revenue, driven primarily by a 20% increase in gold ounces sold. Revenue of $239.8 million (2015: $190.6 million) was generated from the sale of 146,316 ounces at an average price, net of smelting and refining costs, of $1,639 per ounce (2015: $1,569 per ounce).

Costs of production

Despite the strengthening of the Brazilian Real against the Group's reporting currency, the Australian Dollar, costs of production have remained relatively consistent with those reported in 2015. Pleasingly, production unit costs per ounce sold have reduced significantly year on year. Maintaining the Group's production cost base whilst increasing gold production has strongly contributed to an improved production margin in 2016.

Depreciation and Amortisation

The significant increase in depreciation and amortisation charges is primarily attributable to an increase in amortisation of capitalised stripping costs. The Group conducted a significant open pit cut-back at Duckhead in the first half of 2016 and, in keeping with accounting requirements, a substantial amount of these stripping costs were capitalised. In the second half of 2016, the capitalised stripping costs were amortised upon completion of the cut-back as the resultant gold ore was mined.

Other depreciation and amortisation charges remained consistent with 2015.

Net finance income

The Group has reported net finance income of $6.2 million, which is primarily attributable to the strengthening of the Brazilian Real against the US Dollar. Borrowings are primarily denominated in US Dollars and as a result of the strengthening Brazilian Real, the Group has recognised a foreign exchange gain of $10.3 million (2015: $26.3 million loss). The foreign exchange gain has been reduced by interest expenses of $4.0 million (2015: $3.5 million).

Income tax

Income tax expense was $8.1 million (2015: $6.9 million tax benefit). The tax expense has arisen as a result of the generation of taxable profits.

Cash Flow

Cash and cash equivalents as at 31 December 2016 totalled $28.3 million (2015: $9.7 million).

Beadell sold 146,316 ounces, including $5.4 million (2015: $5.1 million) that was booked for 3,328 ounces (2015: 3,360 ounces) awaiting settlement at 31 December 2016, generating net cash flows from operating activities of $18.0 million (2015: $31.3 million).

Cash payments for investing activities were $29.2 million (2015: $38.0 million) and were largely represented by payments for the construction of the tailings dams, deferred stripping and site improvements.

Cash inflows from financing activities were $27.6 million (2015: $5.4 million). Cash inflows were principally represented by share capital raising proceeds of $47.85 million offset by the net repayment of borrowings of $23.2 million and interest payments of $1.9 million.

Review of operations

Tucano Gold Mine

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

Gold Production

Gold production totalled 145,870 ounces in the year, representing an increase of 19% over 2015 and in line with the CY2016 guidance.

Mining

During the year, 19,590,706 tonnes of ore and waste were mined and moved, including 2,935,037 tonnes of gold ore mined at a grade of 1.46 g/t.

Mining during the first half of 2016 was predominantly from Tap AB1, AB2, Tap AB3, Urucum Central North and Urucum South, while the Duckhead cutback continued during the period. The use of fresh rock for construction, maintenance and sheeting of haul roads and pit ramps was a key factor in the significantly improved ability to move material from the pits in the wet conditions during the first half.

In the second half of 2016, mining was predominantly from Tap AB1, Tap AB2, Urucum Central North, Urucum South and Tap D Sul, with the Duckhead cutback being completed in September. The good performance at those pits in producing ounces mined helped reduce the impact of the remodelling of the pit design of Tap AB2 in the second half of 2016.

During the period, Tucano received the full explosive permit allowing the operation to purchase and store all the required explosives and accessories to optimise drill and blast.

Total high grade and low grade gold ore stockpile was 4.30 million tonnes @ 0.70 g/t gold for 96,000 ounces at the end of December 2016 and marginal stockpiles were 1.5 million tonnes @ 0.43 g/t gold for 21,000 ounces.

Processing

During the period, the CIL plant throughput was 3,597,163 tonnes, the mill feed grade was 1.45 g/t gold and the process plant recovery was 86.9%.

Process improvements during the year were made in the crusher and apron feeder area, conveyors, carbon regeneration kiln and continued in consumable management and reagent usage. Work on plant optimisation to support the revised life of mine plan was implemented with the results to form part of the 2017 budget process.

The reported lower recovery in the period was the result of a number of factors including ongoing improvements and refinements to the metallurgical accounting procedures and balances. Remedial work on agitator blades in the December quarter also contributed to a reduced recovery as retention time was impacted. A one off adjustment to gold-in-circuit balances resulted in an artificially low recovery percentage for the December 2016 quarter.

Exploration

Brazil

Tucano Gold Mine, including the Tartaruga project, contains a Mineral Resource of 67.2 million tonnes @ 1.64 g/t gold for 3.5 million ounces as at 31 December 2015. Tucano ore reserves as at 31 December 2015 were 28.9 million tonnes @ 1.59 g/t for 1.5 million ounces including underground reserves of 3.0 million tonnes @ 3.61 g/t gold for 345,000 ounces and stockpiles of 4.8 million tonnes @ 0.73 g/t gold for 113,000 ounces. Full details of the 2015 Mineral Resource and Ore Reserves are available on the Company's website. The 31 December 2016 Mineral Resource and Ore Reserve update will be available in the Company's Annual Mineral Resource and Ore Reserve Update, expected to be released in April 2017.

Near Mine Exploration

During the period, a total of 111,267 m of drilling was completed, comprising 66,989 m of grade control reverse circulation ("RC") drilling, 38,483 m of exploration / resource delineation RC drilling and a total of 5,795 m of diamond drilling.

Tap AB to Torres

During the year, the discovery of a high grade lode at Tap AB1 Trough Lode and Tap AB1 Central Lode was the highest priority drill target for oxide gold resource definition and extension at Tucano. Results included 64 m @ 4.29 g/t gold from 150 m and 51 m @ 2.37 g/t gold from 160 m. Significant high grade results were also received from the Tap AB 2 Trough Lode extending the southern part of the shoot at depth. Results up to 20 m @ 27.96 g/t gold from 35 m highlighted the high grade nature within the core of the shoots. The Tap AB Trough Lodes are within 2 km of the Tucano mill.

In the December quarter, a key new geological interpretation resulted from detailed structural work. It is now thought that gold mineralisation postdates the initial lithological offset on the Mata Fome fault and therefore, the Tap AB1 Trough Lode is not the southern offset continuation of the Tap AB2 Trough Lode, but formed contemporaneously in separate structural positions, demonstrating along strike potential for both the AB1 and AB2 Trough lodes.

Importantly, new results from Tap AB Sul and Tap AB Norte to the south and north of the Tap AB open pit respectively, also suggested potential to grow open pit oxide resources along the highly prospective trough lode contact.

Additionally, encouraging early stage drill results were reported at the Torres target located approximately 1 km south of Tap AB open pit on the same geological contact as the high grade Tap AB Trough Lodes.

Duckhead

During the year, a stand out result was received of 48 m @ 11.62 g/t gold from 66 m including 3 m @ 87.69 g/t gold from 97 m and 4 m @ 49.1 g/t gold from 124 m located 60 m below the base of the current open pit represented the first real indication that the high grades continue into fresh rock below the open pit.

Gold Nose & Woodpecker

During the period, encouraging results were received at the Gold Nose prospect, 1 km southeast of Duckhead of up to 10 m @ 8.20 g/t gold from 53 m and at Woodpecker, located 500 m northwest of Duckhead where resampling of an iron ore hole returned 2 m @ 11.44 g/t gold from 89 m.

DIRECTORS' REPORT

Urucum Underground

A positive Pre-Feasibility Study ("PFS") was announced on 31 March 2016 based on results of the deep core drilling program completed at Urucum North in 2015. AMC Consultants Pty Ltd completed the study which yielded a pre-tax NPV 5% (gold price US$1,200) and IRR of $69 million and 39%, respectively. Probable underground ore reserves were 3.0 million tonnes grading 3.61 g/t gold for 345,000 ounces. Measured, Indicated and Inferred Resources totalled 4.8 million tonnes grading 3.76 g/t Au form 575,000 ounces at a 1.6 g/t lower cut off.

The stated results of the PFS were based on the Measured and Indicated Mineral Resources re-estimated to take into account a re-optimisation and re-design of the Urucum North open pit. Deep drilling will be aimed at upgrading the Inferred Mineral Resources (1.93 million tonnes @ 3.01 g/t for 186,000 ounces at a 1.6 g/t lower cut off) to Measured and Indicated Mineral Resources and ultimately conversion to Ore Reserves, as well as continuing to explore the mineralisation at depth.

Greenfields Exploration

Brazil

Tucano Regional

Mutum Target (100%)

Shallow reconnaissance drilling at the 100% owned Mutum target, 20 km east of Tucano, confirmed the in situ origin of a 4 km long gold-in-soil geochemical anomaly with results up to 7 m @ 5.13 g/t gold from 6m. Mineralisation is associated with a banded iron formation interpreted to be gently west-dipping and in a similar geological setting to Tucano. Mutum is the first targeted drilling program completed by Beadell on an early-stage target outside of the Tucano Mine Corridor. The new results are highly encouraging and reinforced the Company's view of the potential for the Tucano greenstone belt to deliver new gold discoveries in the future.

Additional permitting and surveys will be completed in early 2017 prior to follow up drilling in the dry season.

Tartaruga Project (100%)

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. Auger drilling was completed in March 2016. A review of targets and ranking exercise was completed as part of a property-wide exploration prioritisation exercise during the year.

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, or since the end of the year.

7. EVENTS SUBSEQUENT TO REPORTING DATE

Capital Raising

On 21 February 2017, the Company announced it had received commitments to raise $46 million through the placement of 159 million fully paid ordinary shares ("Shares") to domestic and international institutional and sophisticated investors ("Placement").

In addition to the Placement, the Company is intending to offer eligible shareholders the opportunity to participate in a Share Purchase Plan to raise up to a further $5 million, at the same Share price as the Placement.

Funds raised pursuant to the Placement will be used for the following purposes:

- Long lead time items associated with the design and construction of plant upgrades including a ball mill;
- Exploration to add quality ounces into the mine plan, both on the mining lease (including underground) and on surrounding tenements; and
- Working capital.

Settlement of the Placement occurred on 28 February 2017, with quotation and trading of the new Shares to commence on the ASX on 1 March 2017. The Placement was undertaken at an issue price of $0.29 per new Share and was made within Beadell's placement capacity under ASX listing rule 7.1.

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 improving operational performance aiming on producing profitable ounces and converting exploration upside to resources and reserves at its Tucano gold mine.

Exploration activities on Brazilian exploration assets will continue in 2017, with a particular emphasis on opportunities at Tap AB, Torres and Mutum.

9. ENVIRONMENTAL REGULATION

The Group's operations are subject to environmental laws and regulations under the 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 Australian 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	OPTIONS OVER ORDINARY SHARES ISSUED AS REMUNERATION
Mr Readhead	3,723,200	1,750,000
Dr Adshead-Bell *(appointed 29 September 2016)*	-	-
Mr Hinze	384,610	1,750,000
Mr Jauristo	256,410	1,750,000
Dr Masterman	1,403,910	875,000
Mr Jackson	512,820	6,000,000

Notes:

(a) On 27 September 2016 the Board invited Dr Adshead-Bell to apply for 1,750,000 options to acquire shares in the Company, subject to shareholder approval at the General Meeting on 18 May 2017. These options have been provisionally expensed in accordance with accounting standards from the date of issue (being the Board resolution) see section 16.2.1.

DIRECTORS' REPORT

11. SHARE OPTIONS

Options granted to directors and executives of the Company

During or since the end of the period, the Company have granted the following options to directors and senior executives.

	NUMBER OF OPTIONS GRANTED
Non-Executive Directors	
Mr Readhead	1,750,000
Dr Adshead-Bell *(appointed 29 September 2016)*	-
Mr Hinze	1,750,000
Mr Jauristo	1,750,000
Dr Masterman	5,000,000
Executive Directors	
Mr Jackson	6,000,000
Executives	
Mr Barrett	-
Mr Holmes	-

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
30 June 2017	$0.65	1,800,000
20 September 2018	$0.93	250,000
31 December 2018	$0.20	17,900,000
30 September 2019 *(vesting 30 September 2017)*	$0.54	2,500,000
31 December 2019	$0.25	18,775,000
30 September 2020 *(vesting 30 September 2018)*	$0.63	2,500,000
		43,725,000

All unissued shares are ordinary shares of the Company.

All options expire on the earlier of their expiry date or, if not vested, on termination of the employee's employment. Further details about share-based payments to directors and KMP are included in the remuneration report in section 16.

These options do not entitle the holder to participate in any share issue of the Company.

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 or since the end of the financial year, the Group issued ordinary shares of the Company as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

NUMBER OF SHARES	AMOUNT PAID ON EACH SHARE
3,250,000	$0.20
750,000	$0.25

Forfeiture of unissued shares

During or since the end of the period, the following unissued shares of the Company forfeited as a result of failure to meet vesting conditions.

DATE OF FORFEITURE	EXERCISE PRICE	NUMBER OF UNISSUED SHARES
16-May-16	$0.20	100,000
16-May-16	$0.25	100,000
30-Aug-16	$0.25	1,625,000
31-Jan-17	$0.37	375,000
31-Jan-17	$0.43	375,000
		2,575,000

Expiration of unissued shares

There were no unissued shares expiring during or since the end of the financial year.

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 (2015: nil).

14. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 90 and forms part of the Directors' Report for the period ended 31 December 2016.

15. ROUNDING OFF

The Group is of a kind referred to in ASIC Instrument 2016/191 dated 24 March 2016 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.

DIRECTORS' REPORT

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 during the period have been identified as:

NAME	POSITION	PERIOD IN POSITION DURING THE YEAR
Non-Executive Directors		
Mr Craig Readhead	Independent Non-Executive Director, Chairman	Full year
Dr Nicole Adshead-Bell	Independent Non-Executive Director	Appointed 29 September 2016
Mr Brant E. Hinze	Independent Non-Executive Director	Full year
Mr Timo Jauristo	Independent Non-Executive Director	Full year
Dr Glen Masterman	Non-Executive Director	From 15 July 2016
Executive Directors		
Mr Simon Jackson	CEO and Managing Director	Full year
Dr Glen Masterman	Executive Director – Geology and Corporate Development	1 January to 14 July 2016
Executives		
Mr Gregory Barrett	CFO and Company Secretary	Full year
Mr Peter Holmes	Chief Operating Officer	Full year

Notes:

(a) During 2016 Dr Masterman resigned from the position of Executive Director – Geology and Corporate Development on 14 July 2016 and was immediately appointed a Non-Executive Director.

The Remuneration, Nomination and Diversity Committee is charged with setting remuneration for the Australian based KMP.

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 ("LTI") amount is provided based on the value granted for the current year.

		AT RISK	
	Fixed remuneration	Short-term incentive	Long-term incentive
CEO & Managing Director, CFO and COO	45%	23%	32%

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 2016

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 2016 based on the achievement of the following STI performance measures:

- Production (145,000 – 160,000 ounces): 20% of STI opportunity;
- All-In Sustaining Costs ("AISC") (US$715 – US$815 per ounce): 20% of STI opportunity;
- Earnings per share (A$/share): 20% of STI opportunity;
- Resources growth (ounces): 20% of STI opportunity; and
- Safety (LTI's): 20% of STI opportunity.

The Remuneration, Nomination and Diversity Committee will review actual outcomes against the abovementioned performance measures following the release of the Annual Ore Reserve and Mineral Resource Update in April 2017.

Australian Executive STI Plan 2017

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 2017.

The STI opportunity to be payable will be up to 50% of their respective total fixed remuneration for the period 1 January 2017 to 31 December 2017. The STI performance measures relate to achieving the following:

- Production (140,000 – 150,000 ounces): 20% of STI opportunity;
- All-In Sustaining Costs ("AISC") (US$830 – US$930 per ounce): 20% of STI opportunity;
- Earnings measure based on EBITDA: 20% of STI opportunity;
- Safety (LTI's): 20% of STI opportunity; and
- Personal KPI: 20% of STI opportunity.

Any payment of STI opportunity is subject to final approval by the Board. The Board may, in its absolute discretion, vary payments of STI opportunity regardless of achievement of STI performance measures.

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.

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.

On 21 January 2016, the shareholders of the Company approved a new Employee Option Scheme ("2015 EOS"). All options granted subsequent to 21 January 2016 were granted under the 2015 EOS. All options granted prior to 21 January 2016 were granted under the prior Employee Option Scheme ("2007 EOS").

The key terms of the 2007 EOS and the key changes adopted in the 2015 EOS are described following.

2007 EOS

- Options will be issued free of charge to eligible employees. The exercise price of the options shall be as the Directors, in their absolute discretion, determine, provided that it shall not be less than that amount which is equal to 90% of the average market price of the shares in the 5 days in which sales in the shares were recorded immediately preceding the day on which the Directors resolve to offer the options;
- The Board may limit the total number of options which may be exercised under the EOS in any year;

DIRECTORS' REPORT

- 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;
- Options may contain minimum service periods and/or achievement of performance hurdles for them to vest; and
- Options are not quoted on the ASX.

During the period and since the 2007 EOS was last approved by shareholders on 19 May 2014, 23,000,000 options were issued under the 2007 EOS.

2015 EOS

The key changes adopted in the 2015 EOS are as follows.

- Eligible participants are full-time and part-time employees (including Directors) or any other Eligible Participant in accordance with ASIC Class Order 14/1000, which may include contractors and casual employees;
- The maximum number of options that may be offered under the EOS from time to time is limited to such number as will not breach applicable ASX Listing Rules, the Corporations Act or any other applicable legislation;
- There is no maximum number of options that may be made issuable to any one person or company. However, the Directors may limit the total number of options which may be exercised under the EOS in any one year.

Other key terms of the 2015 EOS are consistent with those of the 2007 EOS.

Further details regarding the 2015 EOS can be found on the Notice of Extraordinary General Meeting created on 16 December 2015 available at the Company's website.

Options granted to KMP during the period are discussed at section 16.3.1 of this Directors' Report.

Performance Rights (Rights)

The Performance Rights Plan ("PRP") was last approved by the Company's shareholders at the 2016 Annual General Meeting ("AGM"). The Rights issued under the PRP will be awarded subject to meeting pre-determined performance conditions. 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.

2016 LTI Plan

On 10 November 2015, the Company announced changes in the composition of its Board and Management team. Accordingly, as part of the remuneration package of the new board members, a proposed grant of options to Directors under the 2015 EOS was submitted to shareholders for approval in a General Meeting held on 21 January 2016. In addition, the Board approved the grant of options under the 2007 EOS to the senior management.

The following options were granted to the KMP during 2016:

	NUMBER OF OPTIONS GRANTED
Non-Executive Directors	
Mr Readhead	1,750,000
Mr Hinze	1,750,000
Mr Jauristo	1,750,000
Dr Masterman	5,000,000
Executive Director	
Mr Jackson	6,000,000

Notes:

(a) Dr Masterman was granted options while he was an executive director. Since he stepped down from the executive role on 14 July 2016 and remained as a non-executive director, 1,625,000 options forfeited to align his number of options to the number of options granted to non-executive directors.

2017 LTI Plan

The 2017 LTI will consist of either Employee Options or Share Performance Rights. Given the grant of these Options or Rights will be subject to Shareholder Approval at the forthcoming AGM in May, the Remuneration, Nomination and Diversity Committee will determine a suitable LTI at the next Committee Meeting to be held prior to the Notice of AGM being finalised.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Remuneration, Nomination and Diversity Committee have regard to the following indices in respect of the current financial year and the previous four financial years.

	2016	2015	2014	2013	2012
Profit/(Loss) after tax ($'000's)	22,354	(44,345)	13,533	113,549	(42,993)
Results from operating activities ($'000's)	24,282	(20,695)	49,542	99,818	(27,484)
Share price ($/share)	0.27	0.14	0.225	0.79	0.98
EPS ($/share)	0.02	(0.06)	0.02	0.15	(0.06)

Profit is one of the financial performance measures considered in setting the STI. Profit amounts have been calculated in accordance with the Australian Accounting Standards ("AASBs").

Other benefits

KMP are not entitled to receive additional benefits as part of the terms and conditions of their appointment.

Service contracts

It is the Group's policy that service contracts for KMP are unlimited in term and capable of termination by either party.

The service contracts of the Company's Non-Executive Directors do not require any notice periods upon termination. The service contracts of Mr Jackson, Mr Barrett and Mr Holmes require 12 months' written notice. The Company may elect to make a payment to these KMP in lieu of notice for all or part of the notice period, subject to restraint conditions after the employment is terminated.

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

KMP 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 KMP, but does not prescribe how remuneration levels are modified year to year.

Non-Executive Directors

Aggregate remuneration payable to all Non-Executive Directors, last approved by the Company's shareholders at the 2012 AGM, is not to exceed $500,000 per annum. Directors' fees cover all regular board activities and membership of two committees.

As at the end of the year, each non-executive director receives base fees up to $100,000 per annum and the Chairman receives a base fee up to $125,000 per annum, plus superannuation of 9.5% when applicable.

16.2 DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION – AUDITED

Overview of directors' and executive officers' remuneration disclosure

At section 16.2.1 the Company has prepared a 'Realised Remuneration' disclosure for each director and executive officer. This disclosure contains non-IFRS information and is not required under the Corporations Act 2001. It has been included to provide a greater understanding of actual remuneration received by each director and executive officer.

Disclosure required under IFRS and the Corporations Act 2001 is provided at section 16.2.2 and disclosed as 'Statutory Remuneration'. A reconciliation of Realised Remuneration and Statutory Remuneration can be found at section 16.2.3.

DIRECTORS' REPORT

16.2.1 REALISED REMUNERATION – AUDITED

The Realised Remuneration table presented below includes cash remuneration in the form of salaries, fees, bonuses and superannuation and the value of equity instruments granted as share based payments which were sold or converted to ordinary shares during the year. The value of equity instruments disclosed is;

- the cash received from the sale of the equity instrument, or
- the market value of the ordinary shares received on the date of conversion, less any amounts paid by the holder in order to convert the equity instrument into ordinary shares.

The table does not include non-cash share based payment accounting expenses recorded in the Company's Financial Statements as required by IFRS.

	SALARY & FEES $	CASH BONUS $	SUPERANNUATION $	VALUE OF OPTIONS $	VALUE OF PERFORMANCE RIGHTS $	TOTAL (BEFORE TAX) $
12 months ended 31 December 2016						
Non-executive directors						
Mr Readhead, Chairman	125,961	-	11,966	-	-	137,927
Dr Adshead-Bell *(appointed 29 September 2016)*	25,769	-	-	-	-	25,769
Mr Hinze	115,385	-	-	-	-	115,385
Mr Jauristo	107,308	-	-	-	-	107,308
Dr Masterman *(appointed 14 July 2016)*	43,186	-	3,737	-	-	46,923
Executive directors						
Mr Jackson, Managing Director	578,981	-	27,500	-	-	606,481
Dr Masterman, Exploration Director *(resigned 14 July 2016)*	256,687	-	-	475,000	-	731,687
Executives						
Mr Barrett, Company Secretary, CFO	473,378	-	24,907	-	-	498,285
Mr Holmes, COO	470,785	-	27,500	-	-	498,285
Total realised remuneration (Group)	**2,197,440**	**-**	**95,610**	**475,000**	**-**	**2,768,050**

Notes:

(a) Dr Masterman exercised 2,500,000 options with an exercise price of $0.20. The value of each option exercised is calculated as the closing market price of ordinary shares on the date of exercise of $0.39 per share less the exercise price of $0.20 per option.

16.2.1 REALISED REMUNERATION – AUDITED

	SALARY & FEES $	CASH BONUS $	SUPERANNUATION $	VALUE OF OPTIONS $	VALUE OF PERFORMANCE RIGHTS $	TOTAL (BEFORE TAX) $
12 months ended 31 December 2015						
Non-executive directors						
Mr Readhead, Chairman	163,147	-	7,186	-	-	170,333
Mr Hinze *(appointed 9 November 2015)*	15,000	-	-	-	-	15,000
Mr Jauristo *(appointed 8 December 2015)*	6,923	-	-	-	-	6,923
Executive directors						
Mr Jackson, Managing Director *(appointed 9 November 2015)*	85,310	-	5,028	-	-	90,338
Dr Masterman, Exploration Director *(appointed 9 November 2015)*	58,847	-	-	-	-	58,847
Executives						
Mr Barrett, Company Secretary, CFO	460,222	-	36,489	-	-	496,711
Mr Holmes, COO *(appointed 9 November 2015)*	69,229	-	4,992	-	-	74,221
Total realised remuneration (Group)	**858,678**	**-**	**53,695**	**-**	**-**	**912,373**

DIRECTORS' REPORT

16.2.2 STATUTORY REMUNERATION – AUDITED

Disclosure of the remuneration of each director and executive officer as required by IFRS and the Corporations Act 2001 is presented in the table below.

	SALARY & FEES (SHORT TERM) $	CASH BONUS (SHORT TERM) $	SUPER (POST-EMPLOYMENT) $	TERMINATION BENEFITS $	SBP OPTIONS $	SBP PERFORMANCE RIGHTS $	TOTAL $	PERFORMANCE RELATED %
12 months ended 31 December 2016								
Non-executive directors								
Mr Readhead, Chairman	125,961	-	11,966	-	44,378	-	182,305	24%
Dr Adshead-Bell *(appointed 29 September 2016)*	25,769	-	-	-	35,844	-	61,613	58%
Mr Hinze	115,385	-	-	-	44,378	-	159,763	28%
Mr Jauristo	107,308	-	-	-	46,771	-	154,079	30%
Dr Masterman, Exploration Director *(appointed 14 July 2016)*	43,186	-	3,737	-	34,695	-	81,618	43%
Executive directors								
Mr Jackson, Managing Director	578,981	-	27,500	-	152,154	-	758,635	20%
Dr Masterman, Exploration Director	256,687	-	-	-	-	-	256,687	0%
Executives								
Mr Barrett, Company Secretary, CFO	473,378	-	24,907	-	138,501	89,498	726,284	31%
Mr Holmes, COO	470,785	-	27,500	-	138,501	-	636,786	22%
Total statutory remuneration (Group)	**2,197,440**	**-**	**95,610**	**-**	**635,222**	**89,498**	**3,017,770**	

16.2.2 STATUTORY REMUNERATION – AUDITED

	SALARY & FEES (SHORT TERM) $	CASH BONUS (SHORT TERM) $	SUPER (POST-EMPLOYMENT) $	TERMINATION BENEFITS $	SBP OPTIONS $	SBP PERFORMANCE RIGHTS $	TOTAL $	PERFORMANCE RELATED %
12 months ended 31 December 2015								
Non-executive directors								
Mr Readhead, Chairman	163,147	-	7,186	-	58,270	-	228,603	25%
Mr Hinze *(appointed 9 November 2015)*	15,000	-	-	-	58,270	-	73,270	80%
Mr Jauristo *(appointed 8 December 2015)*	6,923	-	-	-	55,740	-	62,663	89%
Executive directors								
Mr Jackson, Managing Director *(appointed 9 November 2015)*	85,310	-	5,028	-	199,782	-	290,120	69%
Dr Masterman, Exploration Director *(appointed 9 November 2015)*	58,847	-	-	-	166,485	-	225,332	74%
Executives								
Mr Barrett, Company Secretary, CFO	460,222	-	36,489	-	176,882	89,131	762,724	35%
Mr Holmes, COO *(appointed 9 November 2015)*	69,229	-	4,992	-	176,882	-	251,103	70%
Total statutory remuneration (Group)	**858,678**	**-**	**53,695**	**-**	**892,311**	**89,131**	**1,893,815**	

Notes:

(a) 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/or 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 SBP's recognised as an expense in each reporting period.

(b) Options for Dr Adshead-Bell have been provisionally expensed in accordance with accounting standards from the date of issue (being the Board resolution). These options are subject to shareholder approval at General Meeting on 18 May 2017.

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16.2.3 RECONCILIATION OF REALISED REMUNERATION TO STATUTORY REMUNERATION

	2016 $	2015 $
Total Realised Remuneration (Group)	2,768,050	912,373
Treatment of Share Based Payments:		
Add: Statutory Remuneration accounting expense of options recognised in the period	635,222	892,311
Add: Statutory Remuneration accounting expense of performance rights recognised in the period	89,498	89,131
Less: Realised Remuneration valuation of options exercised during the period	(475,000)	-
Total Statutory Remuneration (Group)	**3,017,770**	**1,893,815**

16.3 EQUITY INSTRUMENTS – AUDITED

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

16.3.1 OPTIONS AND RIGHTS OVER EQUITY INSTRUMENTS GRANTED AS REMUNERATION – AUDITED

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

	NUMBER OF OPTIONS GRANTED IN 2016	GRANT DATE	FAIR VALUE PER OPTION AT GRANT DATE $	EXERCISE PRICE PER OPTION $	EXPIRY DATE	NUMBER OF OPTIONS VESTED IN 2016
Non-executive directors						
Mr Readhead	875,000	21-Jan-16	$0.0606	$0.20	31-Dec-18	875,000
	875,000	21-Jan-16	$0.0596	$0.25	31-Dec-19	
Dr Adshead-Bell *(appointed 29 September 2016)*	-	-	-	-	-	
Mr Hinze	875,000	21-Jan-16	$0.0606	$0.20	31-Dec-18	875,000
	875,000	21-Jan-16	$0.0596	$0.25	31-Dec-19	
Mr Jauristo	875,000	21-Jan-16	$0.0606	$0.20	31-Dec-18	875,000
	875,000	21-Jan-16	$0.0596	$0.25	31-Dec-19	
Dr Masterman	2,500,000	21-Jan-16	$0.0606	$0.20	31-Dec-18	2,500,000
	2,500,000	21-Jan-16	$0.0596	$0.25	31-Dec-19	
Executive director						
Mr Jackson	3,000,000	21-Jan-16	$0.0606	$0.20	31-Dec-18	3,000,000
	3,000,000	21-Jan-16	$0.0596	$0.25	31-Dec-19	
Executives						
Mr Barrett	-	-	-	-	-	2,500,000
Mr Holmes	-	-	-	-	-	2,500,000

Notes:

(a) Unvested options granted in the period contain minimum service period requirements.

(b) All options have been provided at no cost to recipients.

(c) All options expire on the earlier of their expiry date or termination of the individuals' appointment.

No performance rights were granted to the key management personnel during the period. 300,892 performance rights granted to Mr Barrett in the financial year ended 31 December 2014 did not meet the performance measures and lapsed on 31 December 2016.

16.3.2 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 2016			
Directors			
Dr Masterman	2,500,000	475,000	0.20

Notes:

(a) There are no amounts unpaid on the shares issued as a result of the exercise of the options in the 2016 financial year.

(b) 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.

(c) No shares were issued on the conversion of performance rights during the period.

DIRECTORS' REPORT

16.3.3 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 as at 31 December 2016 are detailed below:

KMP		INSTRUMENT	GRANT DATE	% VESTED IN YEAR	% LAPSED/ FORFEITED IN YEAR	FINANCIAL YEARS IN WHICH GRANT VESTS
Non-executive directors						
Mr Readhead	Options	875,000	21-Jan-16	100%	-%	2016
	Options	875,000	21-Jan-16	-%	-%	2017
Dr Adshead-Bell *(appointed 29 September 2016)*	-	-	-	-	-	-
Mr Hinze	Options	875,000	21-Jan-16	100%	-%	2016
	Options	875,000	21-Jan-16	-%	-%	2017
Mr Jauristo	Options	875,000	21-Jan-16	100%	-%	2016
	Options	875,000	21-Jan-16	-%	-%	2017
Dr Masterman	Options	2,500,000	21-Jan-16	100%	-%	2016
	Options	2,500,000	21-Jan-16	-%	65%	2017
Executive director						
Mr Jackson	Options	3,000,000	21-Jan-16	100%	-%	2016
	Options	3,000,000	21-Jan-16	-%	-%	2017
Executives						
Mr Barrett	Options	750,000	12-Jun-12	-%	-%	2013
	Options	750,000	12-Jun-12	-%	-%	2014
	Rights	300,892	19-May-14	100%	100%	2016
	Rights	799,222	20-May-15	-%	-%	2017
	Options	2,500,000	18-Nov-15	-%	-%	2015
	Options	2,500,000	18-Nov-15	100%	-%	2016
Mr Holmes	Options	2,500,000	18-Nov-15	-%	-%	2015
	Options	2,500,000	18-Nov-15	100%	-%	2016

Notes

(a) 1,625,000 options granted to Dr Masterman forfeited, as he stepped down from his executive position.

(b) 300,892 rights granted to Mr Barrett in the financial year ending 31 December 2014 lapsed due to failure to meet performance measures.

16.3.4 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 DURING THE YEAR $	VALUE OF OPTIONS GRANTED DURING THE YEAR $	GROSS VALUE OF RIGHTS OR OPTIONS EXERCISED DURING THE YEAR $	NET VALUE OF RIGHTS OR OPTIONS EXERCISED DURING THE YEAR $
Directors			-	-
Mr Readhead	-	105,194	-	-
Dr Adshead-Bell *(appointed 29 September 2016)*	-	-	-	-
Mr Hinze	-	105,194	-	-
Mr Jauristo	-	105,194	-	-
Mr Jackson	-	360,667	-	-
Dr Masterman	-	300,556	975,000	475,000
Executives				
Mr Barrett	-	-	-	-
Mr Holmes	-	-	-	-
Total	**-**	**976,805**	**975,000**	**475,000**

Notes:

(a) 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.

(b) The value of options granted in the year reflects the fair value of the options calculated at grant date. The total value of the options granted is included in the table above; however, the amount is actually allocated to remuneration over the vesting period. Options issued for Dr Adshead-Bell are subject to shareholder approval at General Meeting on 18 May 2017.

(c) The gross 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.

(d) The net value at exercise date is calculated as the closing market price of ordinary shares on the date of exercise less the exercise price.

DIRECTORS' REPORT

16.3.5 OPTIONS AND RIGHTS OVER EQUITY INSTRUMENTS

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

	HELD AT 1 JAN 16	GRANTED AS COMPENSATION	EXERCISED	LAPSED	CANCELLED/ FORFEITED	HELD AT 31 DEC 16	VESTED DURING THE PERIOD	VESTED AND EXERCISABLE AT 31 DEC 16
Non-executive directors								
Mr Readhead	-	1,750,000	-	-	-	1,750,000	875,000	875,000
Dr Adshead-Bell *(appointed 29 September 2016)*	-	-	-	-	-	-	-	-
Mr Hinze	-	1,750,000	-	-	-	1,750,000	875,000	875,000
Mr Jauristo	-	1,750,000	-	-	-	1,750,000	875,000	875,000
Dr Masterman	-	5,000,000	2,500,000	-	1,625,000	875,000	2,500,000	-
Executive director								
Mr Jackson	-	6,000,000	-	-	-	6,000,000	3,000,000	3,000,000
Executives								
Mr Barrett	6,500,000	-	-	-	-	6,500,000	2,500,000	6,500,000
Mr Holmes	5,000,000	-	-	-	-	5,000,000	2,500,000	5,000,000

Performance Rights

	HELD AT 1 JAN 16	GRANTED AS COMPENSATION	AWARDED	LAPSED	FORFEITED	HELD AT 31 DEC 16	VESTED DURING THE PERIOD	VESTED AND EXERCISABLE AT 31 DEC 16
Executive								
Mr Barrett	1,100,114	-	-	300,892	-	799,222	300,892	-

Rights that lapsed during the year were granted during the financial year ended 31 December 2014.

16.3.6 GRANT OF EQUITY INSTRUMENTS AS REMUNERATION SINCE THE END OF THE PERIOD – AUDITED

No equity instruments have been granted to KMP since the end of the period.

16.4 ANALYSIS OF BONUSES INCLUDED IN REMUNERATION – AUDITED

No cash bonuses were included in the KMP remuneration during financial period, as a result of failure to achieve and satisfy specified performance criteria.

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 2016	RECEIVED ON EXERCISE OF OPTIONS	OTHER CHANGES*	HELD AT 31 DECEMBER 2016
Non-executive Directors				
Mr Readhead	945,000	-	2,778,200	3,723,200
Dr Adshead-Bell *(appointed 29 September 2016)*	-	-	-	-
Mr Hinze	-	-	384,610	384,610
Mr Jauristo	-	-	256,410	256,410
Dr Masterman	-	2,500,000	(1,096,090)	1,403,910
Executive Directors				
Mr Jackson	-	-	512,820	512,820
Executives				
Mr Barrett	12,191,651	-	(7,191,651)	5,000,000
Mr Holmes	-	-	-	-

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

This report is made with a resolution of the Directors:

Simon Jackson
CEO & Managing Director

Dated at Perth, this 28th day of February 2017

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	NOTE	DEC 2016 $'000	DEC 2015 $'000
Assets			
Cash and cash equivalents	15	28,298	9,721
Restricted cash	16	283	5,059
Prepayments		1,351	947
Gold bullion awaiting settlement	14	5,360	5,058
Trade and other receivables	13	29,267	16,791
Inventories	10	55,464	57,534
Total current assets		**120,023**	**95,110**
Trade and other receivables	13	153	66
Inventories	10	53,049	-
Exploration and evaluation assets		498	673
Mineral properties	12	28,428	17,734
Property, plant and equipment	11	134,942	122,573
Deferred tax assets	9	18,553	20,108
Total non-current assets		**235,623**	**161,154**
Total assets		**355,646**	**256,264**
Liabilities			
Trade and other payables	21	44,230	38,189
Employee benefits	19	5,129	2,774
Borrowings	17	54,637	49,497
Provisions	23	4,527	2,751
Total current liabilities		**108,523**	**93,211**
Employee benefits	19	204	180
Borrowings	17	6,949	34,061
Provisions	23	7,845	6,130
Total non-current liabilities		**14,998**	**40,371**
Total liabilities		**123,521**	**133,582**
Net assets		**232,125**	**122,682**
Equity			
Share capital	22	254,435	206,585
Reserves	22	(4,963)	(49,065)
Accumulated (losses)/profits		(17,347)	(34,838)
Total equity		**232,125**	**122,682**

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 2016

	NOTE	DEC 2016 $'000	DEC 2015 $'000
Revenue		239,845	190,554
Cost of sales	6	(191,913)	(172,898)
Gross profit		**47,932**	**17,656**
Other income		118	217
Administrative expenses		(19,094)	(18,788)
Project exploration and evaluation expenses		(1,449)	(809)
Impairment losses		(2,239)	(16,808)
Other expenses		(986)	(2,163)
Results from operating activities		**24,282**	**(20,695)**
Finance income		10,644	774
Finance expense		(4,491)	(31,323)
Net finance income/(expense)	8	**6,153**	**(30,549)**
Profit/(Loss) for the period before income tax		**30,435**	**(51,244)**
Income tax (expense)/benefit	9	(8,081)	6,899
Profit/(Loss) for the period after income tax		**22,354**	**(44,345)**
Other comprehensive profit/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	8	37,310	(46,558)
Other comprehensive profit/(loss) for the period net of tax		**37,310**	**(46,558)**
Total comprehensive profit/(loss) for the year		**59,664**	**(90,903)**
Earning per share:			
Basic earnings/(loss) per share ($)	18	0.02	(0.06)
Diluted earnings/(loss) per share ($)	18	0.02	(0.06)

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 2016

	NOTE	SHARE CAPITAL $'000	TRANSLATION RESERVE $'000	SHARE BASED PAYMENTS RESERVE $'000	OPTION PREMIUM RESERVE $'000	TAX RESERVE $'000	ACCUMULATED PROFITS/(LOSSES) $'000	TOTAL EQUITY $'000
Balance at 1 January 2016		206,585	(73,446)	14,024	3	10,354	(34,838)	122,682
Total comprehensive income for the period								
Profit for the period		-	-	-	-	-	22,354	22,354
Other comprehensive income								
Foreign currency translation differences	8	-	37,310	-	-	-	-	37,310
Total other comprehensive income		**-**	**37,310**	**-**	**-**	**-**	**-**	**37,310**
Total comprehensive income for the period		**-**	**37,310**	**-**	**-**	**-**	**22,354**	**59,664**
Transactions with owners recorded directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares		50,500	-	-	-	-	-	50,500
Equity transaction costs		(2,650)	-	-	-	-	-	(2,650)
Share based payments	20	-	-	1,929	-	-	-	1,929
Transfer to tax reserve	24	-	-	-	-	4,863	(4,863)	-
Total contributions by and distributions to owners		**47,850**	**-**	**1,929**	**-**	**4,863**	**(4,863)**	**49,779**
Balance as at 31 December 2016		**254,435**	**(36,136)**	**15,953**	**3**	**15,217**	**(17,347)**	**232,125**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTE	SHARE CAPITAL $'000	TRANSLATION RESERVE $'000	SHARE BASED PAYMENTS RESERVE $'000	OPTION PREMIUM RESERVE $'000	TAX RESERVE $'000	ACCUMULATED PROFITS/(LOSSES) $'000	TOTAL EQUITY $'000
Balance at 1 January 2015		206,585	(26,888)	12,937	3	11,708	17,494	221,839
Total comprehensive income for the period								
(Loss) for the period		-	-	-	-	-	(44,345)	(44,345)
Other comprehensive income								
Foreign currency translation differences	*8*	-	(46,558)	-	-	-	-	(46,558)
Total other comprehensive income		-	**(46,558)**	**-**	**-**	**-**		**(46,558)**
Total comprehensive income for the period		**-**	**(46,558)**	**-**	**-**	**-**	**(44,345)**	**(90,903)**
Transactions with owners recorded directly in equity								
Contributions by and distributions to owners								
Dividends		-	-	-	-	-	(7,987)	(7,987)
Share based payments	*20*	-	-	1,087	-	-	-	1,087
Transfer to tax reserve	*22*	-	-	-	-	(1,354)	-	(1,354)
Total contributions by and distributions to owners		**-**	**-**	**1,087**	**-**	**(1,354)**	**(7,987)**	**(8,254)**
Balance as at 31 December 2015		**206,585**	**(73,446)**	**14,024**	**3**	**10,354**	**(34,838)**	**122,682**

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 2016

	DEC 2016 $'000	DEC 2015 $'000
Cash flow from operating activities		
Profit/(Loss) for the year	22,354	(44,345)
Adjustments for:		
Depreciation	41,188	29,521
Net Impairment losses	2,239	16,808
Net loss on sale of plant and equipment	669	994
Net finance (income)/costs	(6,153)	30,549
Equity-settled share-based payment transactions	1,929	1,087
Income tax expense/(benefit)	8,081	(6,899)
	70,307	**27,715**
Changes in:		
Inventories	(50,980)	(14,550)
Gold bullion awaiting settlement	(302)	9,877
Trade and other receivables	(12,563)	(8,526)
Prepayments	(404)	2,268
Trade and other payables	6,042	13,963
Provisions and employee benefits	5,870	526
Net cash from operating activities	**17,970**	**31,273**
Cash flow from investing activities		
Interest received	1,972	856
Proceeds on sale of property plant and equipment	-	54
Payments for property, plant and equipment	(31,142)	(38,862)
Net cash used in investing activities	**(29,170)**	**(37,952)**
Cash flow from financing activities		
Transfers from restricted cash held for security	4,776	33,520
Proceeds from issue of share capital, net of transaction costs	47,850	-
Repayment of loans and borrowings	(23,182)	(17,658)
Interest paid on loans	(1,872)	(2,468)
Dividends paid	-	(7,987)
Net cash from financing activities	**27,572**	**5,407**
Net increase/(decrease) in cash and cash equivalents	16,372	(1,272)
Cash and cash equivalents 1 January	9,721	13,398
Effect of exchange rate fluctuations on cash held	2,205	(2,405)
Cash and cash equivalents 31 December	**28,298**	**9,721**

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 2016 to 31 December 2016 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 28 February 2017.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(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 Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the financial report have been rounded off to the nearest thousand dollars, 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.

Critical judgements

Going concern

The directors consider the going concern basis of preparation to be appropriate based on forecast cash flows. As at 31 December 2016, the Group has $54,637,000 of debt due for repayment within the next 12 months. The directors intend to review the Group's debt repayment schedules and anticipate that debt repayments will be funded from operating cash flows and through applying some of the funds from the recent capital raising, if required. Refer to Note 27 for further information regarding the recent capital raising.

Historically, seasonal weather conditions have adversely impacted the Group's mining operation which has resulted in challenges in meeting sales and production budgets. The cash flow forecast takes these circumstances into consideration and also depends on successful mining operations and processing activities in accordance with management's schedule and forecast gold price and foreign exchange assumptions to enable cash flow forecasts to be achieved. Should operations not successfully achieve forecasts, forecast gold sales, or foreign exchange rates not be achieved, the Group may require additional funding in the form of debt or equity or a combination of the two.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 amount 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 are estimates and assumptions as to Ore Reserves (refer above), the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Any such estimates and assumptions may change as new information becomes available, which may require adjustments to the carrying value of assets. If, after having capitalised the expenditure, a judgement is made that an impairment indicator exists, 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.

Ore stockpiles

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage. Stockpile tonnages are verified by periodic surveys.

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. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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) 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.

(ii) 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.

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(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 or other expenses 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 asset.

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.

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(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 corporate 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/or 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Mineral Properties 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) New accounting standards and interpretations

The Group has adopted the following new standards and amendments, which are effective for annual periods beginning on or after 1 January 2016.

- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation
- Annual Improvements 2012-2014 Cycle
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
- AASB 2015-3 Amendments to Australian Accounting Standards arising from Withdrawal of AASB 1031 Materiality

The adoption of new amendments to standards and interpretations has not had a material impact on the Group's financial statements.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, 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.

AASB 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 de-recognition of financial instruments from AASB 139. AASB 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.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has not yet determined the impact of this standard.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease repayments. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted. The Group has not yet determined the impact of this standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, cash equivalents

Cash and cash equivalents comprise 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 operating leases. 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 VAT receivables. At 31 December 2016, the ageing of trade and other receivables that were not impaired was as follows:

	DEC 2016 $'000	DEC 2015 $'000
Neither past due nor impaired	2,173	1,186
Total	**2,173**	**1,186**

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 2016 $'000	DEC 2015 $'000
Australia			
Cash and cash equivalents		14,857	190
Restricted cash		44	4,888
Trade and other receivables		34	36
		14,935	5,114
Brazil			
Cash and cash equivalents		13,441	9,531
Restricted cash		239	171
Gold bullion awaiting settlement		5,360	5,058
Trade and other receivables		2,139	1,150
		21,179	15,910
Total			
Cash and cash equivalents	*15*	28,298	9,721
Restricted cash	*16*	283	5,059
Gold bullion awaiting settlement	*14*	5,360	5,058
Trade and other receivables	*13*	2,173	1,186
Exposure to credit risk		**36,114**	**21,024**

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 $'000	CONTRACTUAL CASH FLOWS $'000	6 MONTHS OR LESS $'000	6 - 12 MONTHS $'000	1 - 2 YEARS $'000	2 - 5 YEARS $'000
31 December 2016						
Trade and other payables	(44,230)	(44,230)	(44,230)	-	-	-
Borrowings	(61,586)	(61,544)	(41,046)	(13,732)	(6,766)	-
Balance as at 31 December	**(105,816)**	**(105,774)**	**(85,276)**	**(13,732)**	**(6,766)**	**-**
31 December 2015						
Trade and other payables	(38,189)	(38,189)	(38,189)	-	-	-
Borrowings	(83,558)	(86,231)	(25,442)	(24,461)	(29,232)	(7,096)
Balance as at 31 December	**(121,747)**	**(124,420)**	**(63,631)**	**(24,461)**	**(29,232)**	**(7,096)**

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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. At 31 December 2016, the Group has no hedging instruments with respect to gold prices, interest rates or foreign currency.

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 2016 US$'000	DEC 2015 US$'000
Cash and cash equivalents	7,470	3,604
Gold bullion awaiting settlement	3,913	3,642
Trade and other payables	(888)	(1,486)
Borrowings	(37,350)	(51,416)
Statement of financial position exposure	**(26,855)**	**(45,656)**

Sensitivity analysis

Assuming all other variables remain constant, a 10% strengthening of the Brazilian Real at 31 December 2016 against the United States Dollar would have resulted in an increased profit of $4,101,000 (2015: $7,266,000 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	
	2016	2015	2016	2015
BRL 1 : USD	0.2855	0.3049	0.3073	0.2523

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 twelve 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 12 months.

Profile

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

	DEC 2016 $'000	DEC 2015 $'000
Fixed rate instruments		
Financial assets	7,283	214
Financial liabilities	(51,912)	(69,518)
Net fixed rate instruments	**(44,629)**	**(69,303)**
Variable rate instruments		
Financial assets	21,298	14,566
Financial liabilities	-	-
Net variable rate instruments	**21,298**	**14,566**

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 increased (decreased) the Group's profit by the amounts shown below. This analysis assumes that all other variables remain constant.

SENSITIVITY	100BP INCREASE DEC 2016 $'000	100BP DECREASE DEC 2016 $'000	100BP INCREASE DEC 2015 $'000	100BP DECREASE DEC 2015 $'000
Interest bearing instruments	(394)	394	(488)	488
Cash flow sensitivity (net)	(394)	394	(488)	488

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 to 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.

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 Santander – Itaú Facility, whereby it is required that;

- a minimum net debt to EBITDA ratio be maintained,
- a minimum net gearing ratio be maintained,
- a minimum forward debt service cover ratio be maintained, and
- a minimum ore reserve to expected ore reserve after final repayment of the borrowing ratio be maintained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2016			
External revenues	239,845	-	239,845
Project finance interest expenses	(3,965)	-	(3,965)
Unrealised foreign exchange gain	10,301	-	10,301
(Impairment of) segment assets	(1,971)	(269)	(2,240)
Depreciation and amortisation	(41,188)	-	(41,188)
Reportable segment profit/(loss) before income tax	**50,451**	**(773)**	**49,678**
12 months ended 31 December 2015			
External revenues	190,554	-	190,554
Project finance interest expenses	(3,486)	-	(3,486)
Unrealised foreign exhange loss	(26,308)	-	(26,308)
(Impairment of) segment assets	(16,500)	(308)	(16,808)
Depreciation and amortisation	(29,521)	-	(29,521)
Reportable segment (loss)/profit before income tax	**(31,248)**	**(513)**	**(31,760)**

Revenue from one major customer of the Group was approximately $239 million during the year ended 31 December 2016 (2015: $190 million).

RECONCILIATION OF REPORTABLE SEGMENT PROFIT/(LOSS)	DEC 2016 $'000	DEC 2015 $'000
Total profit/(loss) for reportable segments	49,678	(31,760)
Unallocated amounts		
- Corporate income	33	60
- Corporate expenses	(19,276)	(19,543)
Consolidated profit/(loss) before tax	**30,435**	**(51,244)**

INFORMATION ABOUT REPORTABLE SEGMENT ASSETS, LIABILITIES AND CAPITAL EXPENDITURE	BRAZIL $'000	AUSTRALIA $'000	TOTAL $'000
2016			
Reportable segment assets	327,096	94	327,190
Reportable segment liabilities	112,797	1	112,798
Reportable segment capital expenditure	34,185	26	34,211
2015			
Reportable segment assets	245,815	384	246,199
Reportable segment liabilities	118,571	12	118,583
Reportable segment capital expenditure	42,135	-	42,135

RECONCILIATION OF REPORTABLE SEGMENT ASSETS AND LIABILITIES	DEC 2016 $'000	DEC 2015 $'000
Total assets for reportable segments	327,190	246,199
Unallocated amounts		
- Corporate assets	28,457	10,065
Consolidated assets	**355,647**	**256,264**
Total liabilities for reportable segments	112,798	118,583
Unallocated amounts		
- Corporate liabilities	10,724	14,999
Consolidated liabilities	**123,522**	**133,582**

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 2016 $'000	NON-CURRENT ASSETS DEC 2016 $'000	REVENUES DEC 2015 $'000	NON-CURRENT ASSETS DEC 2015 $'000
Australia	-	94	-	384
Brazil	239,845	216,972	190,554	140,662
Unallocated amounts	-	18,557	-	20,108
Balance at the end of the period	**239,845**	**235,623**	**190,554**	**161,154**

6. COST OF SALES

	DEC 2016 $'000	DEC 2015 $'000
Costs of production	146,043	139,352
Royalties	4,682	4,025
Depreciation, amortisation and depletion	41,188	29,521
Cost of Sales	**191,913**	**172,898**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. PERSONNEL EXPENSES

	NOTE	DEC 2016 $'000	DEC 2015 $'000
Wages, salaries and benefits		27,618	24,573
Contributions to defined contribution plans		6,549	6,309
Increase in liability for annual leave		2,165	1,578
Other personnel expenses		2,810	3,253
Share-based payment transactions	20	1,929	1,087
Personnel expenses		**41,071**	**36,800**

8. FINANCE INCOME AND EXPENSE

	DEC 2016 $'000	DEC 2015 $'000
Recognised in profit and loss		
Interest income	343	774
Interest expense	(3,965)	(3,486)
Net foreign exchange gain/(loss)	10,301	(26,308)
Unwind of discount of site restoration provision	(264)	(258)
Transaction costs	(262)	(1,271)
Net finance income/(expense)	**6,153**	**(30,549)**
Recognised directly in equity		
Foreign currency translation differences for foreign operations	37,310	(46,558)
Finance income recognised directly in equity, net of tax	**37,310**	**(46,558)**

9. INCOME TAX

Current income tax

	DEC 2016 $'000	DEC 2015 $'000
Income tax (expense)/benefit		
Current tax expense	(1,797)	-
Adjustment for prior period	(702)	1,420
Deferred tax (expense)/benefit	(5,582)	5,479
Income tax (expense)/benefit	**(8,081)**	**6,899**
Numerical reconciliation between tax (expense)/benefit and pre-tax accounting profit		
Pre-tax accounting profit for the period	30,435	(51,244)
Income tax expense at the Group's tax rates (Australia: 30%, Brazil: 34%)	(10,878)	16,972
Expenditure not allowable for tax purposes	(1,816)	(1,868)
Temporary differences not recognised	(210)	(84)
Current year losses for which no deferred tax asset was recognised	(2,366)	(2,074)
Utilisation of carry forward losses	2,909	-
Application of tax incentives	4,982	(7,467)
Adjustment for prior period	(702)	1,420
Income tax (expense)/benefit	**(8,081)**	**6,899**

SUDAM

While current tax expense is calculated at the Brazilian corporate tax rate of 34%, any tax liabilities are determined after the application of the Group's tax incentive program ("SUDAM"), which reduces the Group's effective tax rate to 15.25%.

Deferred income tax

	DEC 2016 $'000	DEC 2015 $'000
Recognised tax assets/(liabilities)		
Property, plant and equipment	(3,602)	(1,797)
Mineral properties	(769)	(214)
Trade and other receivables	3,718	3,431
Trade, other payables and employee benefits	2,705	1,420
Inventories	166	754
Borrowings	(2,213)	86
Provisions	1,887	1,354
Tax effect losses	16,661	15,074
Net deferred tax assets	**18,553**	**20,108**

	DEC 2016 $'000	DEC 2015 $'000
Recognised deferred tax assets		
Opening balance	20,108	20,320
Recognised in profit or loss	(5,582)	5,479
Effect of movement in exchange rates	4,027	(5,691)
Balance at the end of the period	**18,553**	**20,108**

The Group's recognised net deferred tax assets relate wholly to its Brazilian operations.

Unrecognised deferred tax balances

	DEC 2016 $'000	DEC 2015 $'000
Unrecognised deferred tax assets		
Deductible/(assessable) temporary differences	1,402	(230)
Tax effect carry forward losses (Australia)	20,230	18,437
Tax effect carry forward losses (Brazil)	1,052	983
Balance at the end of the period	**22,684**	**19,190**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INVENTORIES

	DEC 2016 $'000	DEC 2015 $'000
Spare parts, raw materials and consumables - at cost	22,278	22,209
Ore stockpiles - at cost	80,087	30,160
Gold in circuit - at cost	4,607	3,091
Gold bullion - at cost	1,541	2,074
Balance at the end of the period	**108,513**	**57,534**
Current	55,464	57,534
Non current	53,049	-
Balance at the end of the period	**108,513**	**57,534**

During the year ended 31 December 2016, a portion of ore stockpiles were reclassified as non current as a result of the annual update of the life of mine plan. These stockpiles have been classified as non-current to reflect the expected timing for conversion to bullion and subsequent sale.

11. PROPERTY, PLANT AND EQUIPMENT

31 DECEMBER 2016	BUILDINGS & INFRASTRUCTURE $'000	PLANT & EQUIPMENT $'000	FIXTURES & FITTINGS $'000	TOTAL $'000
Cost				
Opening balance	15,460	148,919	718	165,097
Additions	13,821	10,137	556	24,514
Disposals	-	(3,948)	(3)	(3,951)
Effect of movements in exchange rates	6,986	37,010	303	44,299
Balance at 31 December 2016	**36,267**	**192,118**	**1,574**	**229,959**
Depreciation and impairment				
Opening balance	(1,264)	(41,123)	(137)	(42,524)
Depreciation	(3,206)	(33,745)	(179)	(37,130)
Disposals	-	3,432	3	3,435
Effect of movements in exchange rates	(1,102)	(17,619)	(77)	(18,798)
Balance at 31 December 2016	**(5,572)**	**(89,055)**	**(390)**	**(95,017)**
Carrying amount				
Opening balance	14,196	107,796	581	122,573
Balance at 31 December 2016	**30,695**	**103,063**	**1,184**	**134,942**

31 DECEMBER 2015	BUILDINGS & INFRASTRUCTURE $'000	PLANT & EQUIPMENT $'000	FIXTURES & FITTINGS $'000	TOTAL $'000
Cost				
Opening balance	13,465	173,061	588	187,114
Additions	6,884	27,435	357	34,676
Disposals	-	(4,478)	-	(4,478)
Effect of movements in exchange rates	(4,889)	(47,099)	(227)	(52,215)
Balance at 31 December 2015	**15,460**	**148,919**	**718**	**165,097**
Depreciation and impairment				
Opening balance	67	(23,729)	(50)	(23,712)
Depreciation	(1,814)	(31,436)	(139)	(33,389)
Impairment loss	-	(5,587)	-	(5,587)
Disposals	-	3,897	-	3,897
Effect of movements in exchange rates	483	15,732	52	16,267
Balance at 31 December 2015	**(1,264)**	**(41,123)**	**(137)**	**(42,524)**
Carrying amount				
Opening balance	13,532	149,332	538	163,402
Balance at 31 December 2015	**14,196**	**107,796**	**581**	**122,573**

12. MINERAL PROPERTIES

	DEC 2016 $'000	DEC 2015 $'000
Cost		
Opening balance	17,734	17,995
Additions	9,676	7,463
Amortisation of mineral properties	(3,315)	(2,486)
Reduction in rehabilitation provision	-	(672)
Effect of movements in exchange rates	4,333	(4,566)
Balance at the end of the period	**28,428**	**17,734**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE AND OTHER RECEIVABLES

	DEC 2016 $'000	DEC 2015 $'000
Other receivables	2,173	1,186
VAT taxes	27,247	15,671
Balance at the end of the period	**29,420**	**16,857**
Current	29,267	16,791
Non current	153	66
Balance at the end of the period	**29,420**	**16,857**

VAT taxes

The Group's recoverable VAT taxes are represented by Pis-Cofins, which are a Brazilian federal VAT levied on some of the Groups purchases. Recoverability of Pis-Cofins assets is dependent upon the Group generating a federal company tax liability, which may be offset against the Group's Pis-Cofins assets if the Group elects to do so.

Impairment losses

The Group incurred impairment losses during the period of $1,719,000 (2015: $715,000) in respect of Brazilian state VAT ("ICMS") levied on the Group's purchases that, at balance date, are not considered recoverable.

Recoverability of ICMS is dependent on the Group generating domestic Brazilian sales which would accrue an ICMS liability which the Group can offset against ICMS assets. At balance date, significant Brazilian domestic sales are not considered probable.

14. GOLD BULLION AWAITING SETTLEMENT

At balance date, gold bullion awaiting settlement was $5,360,000 (2015: $5,058,000) and comprised 3,328 ounces (2015: 3,360 ounces) at a weighted average realisable value of $1,610 per ounce (2015: $1,505 per ounce).

15. CASH AND CASH EQUIVALENTS

	DEC 2016 $'000	DEC 2015 $'000
Bank balances	28,298	9,721
Cash and cash equivalents in the statement of cash flows	28,298	9,721

16. RESTRICTED CASH

	DEC 2016 $'000	DEC 2015 $'000
Restricted cash and deposits held as security	283	5,059
Current	283	5,059
Non Current	-	-
Balance at the end of the period	283	5,059

The amount deposited in an account under joint control of MACA and the Group of $4.8 million, as required under the terms of the MACA Facility, has been released in full during the period.

17. BORROWINGS

	DEC 2016 $'000	DEC 2015 $'000
Unsecured loans	26,553	17,918
Secured loans	35,033	65,640
Balance at the end of the period	**61,586**	**83,558**
Current	54,637	49,497
Non current	6,949	34,061
Balance at the end of the period	**61,586**	**83,558**

Santander – Itaú Facility

The balance of the Santander – Itaú Facility as at 31 December 2016 is $35 million (US$25 million). The balance is repayable in 5 equal quarterly instalments ending on 12 January 2018. Interest payments are also payable quarterly and are calculated by applying USD LIBOR plus a 3% per annum margin to the outstanding balance. The facility is secured by a charge over the Tucano mining concession.

MACA Facility

The MACA Facility balance as at 31 December 2016 is $7.9 million and is repayable in instalments ending in June 2017. The MACA Facility is non-interest bearing.

Set-Off

The Group has established a Deed of Set-Off (the "Deed") with MACA Limited and its subsidiaries ("MACA").The Deed gives each party a right to set-off amounts payable to other parties with receivables from other parties to the Deed.

Through operation of the Deed, the Group has a right to set-off an amount receivable of $7.9 million from MACA with an amount payable to MACA under the terms of the MACA Facility. For the purposes of this Financial Report, the Group has set-off the amount receivable from MACA with an amount payable to MACA under the terms of the MACA Facility and accordingly, a net balance payable to MACA in relation to the MACA Facility of $nil (2015: $4.4 million) has been disclosed as at 31 December 2016.

Unsecured facilities

The Group's unsecured facilities comprise a non-interest bearing $9.7 million loan payable to MACA and US$12 million in unsecured bank facilities. The Group's unsecured bank facilities are interest bearing at a weighted average rate of 4.11% per annum and are repayable by November 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share for the period is $0.02 (2015 loss per share: $0.06). The calculation of earnings per share at 31 December 2016 was based on the consolidated profit attributable to ordinary shareholders of $22,354,000 (2015 loss: $44,345,000) and a weighted average number of ordinary shares outstanding of 1,002,157,739 (2015: 798,657,280) calculated as follows:

Earnings attributable to ordinary shareholders (basic)

	DEC 2016 $'000	DEC 2015 $'000
Profit/(Loss) for the period	22,354	(44,345)
Profit/(Loss) attributable to ordinary shareholders	22,354	(44,345)

Weighted average number of ordinary shares (basic)

WEIGHTED AVERAGE EFFECTS	DEC 2016	DEC 2015
Opening balance	798,657,280	798,657,280
Effect of shares issued	203,500,459	-
Weighted average number of ordinary shares at the end of the period	1,002,157,739	798,657,280

Diluted earnings per share

The diluted earnings per share for the period is $0.02 (2015 loss per share: $0.06). The calculation of diluted earnings per share at 31 December 2016 was based on diluted consolidated profit attributable to ordinary shareholders of $22,723,000 (2015 loss: $44,345,000) and a weighted average number of ordinary shares outstanding after adjustment for the effects of dilutive potential ordinary shares of 1,016,776,486 (2015: 798,657,280) calculated as follows:

Earnings attributable to ordinary shareholders (diluted)

	DEC 2016 $'000	DEC 2015 $'000
Profit/(Loss) for the period	22,354	(44,345)
Interest income	369	-
Profit/(Loss) attributable to ordinary shareholders (diluted)	22,723	(44,345)

Weighted average number of ordinary shares (diluted)

WEIGHTED AVERAGE EFFECTS	DEC 2016 SHARES	DEC 2015 SHARES
Weighted average number of ordinary shares (basic)	1,002,157,739	798,657,280
Effect of share options on issue	14,618,747	-
Weighted average number of ordinary shares at the end of the period (diluted)	1,016,776,486	798,657,280

As at 31 December 2016, 1,598,444 performance rights (2015: 2,200,228) and 2,800,000 share options (2015: 12,175,000) 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.

19. EMPLOYEE BENEFITS

	DEC 2016 $'000	DEC 2015 $'000
Salaries, wages and benefits accrued	3,007	1,419
Leave liabilities	2,326	1,535
Total employee benefits	**5,333**	**2,954**
Current	5,129	2,774
Non current	204	180
Total employee benefits	**5,333**	**2,954**

20. SHARE-BASED PAYMENTS

Employee Share Option Plan

In 2007, the Group established a share option plan that entitles employees to purchase shares in the Company. The objective of the plan is to assist in the recruitment, reward, retention and motivation of eligible persons in the Group. Under the plan, the Board and Remuneration, Nomination and Diversity Committee may issue eligible employees with options to acquire shares in the future at an exercise price fixed by the Board or Remuneration, Nomination and Diversity Committee on grant of options. In 2016 the shareholders of the Company approved a new share option plan ("2015 EOS"). The key changes adopted in the 2015 EOS are provided in the Remuneration Report section of the Directors' Report in section 16.

The vesting of all options is subject to service conditions being met whereby the recipient must meet the eligible employee criteria as defined in the plan.

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share based payment options during the period:

	DEC 2016		DEC 2015	
	OPTIONS	WAEP	OPTIONS	WAEP
Opening balance	22,050,000	$0.26	4,400,000	$0.82
Options granted during the period	28,000,000	$0.29	20,250,000	$0.23
Options exercised during the period	(2,500,000)	$0.20	-	$0.00
Options forfeited during the period	(1,825,000)	$0.25	(2,600,000)	$0.94
Options outstanding at the end of the period	**45,725,000**	**$0.28**	**22,050,000**	**$0.26**
Options exercisable at the end of the period	**32,600,000**	**$0.25**	**11,925,000**	**$0.27**

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 2016			
2,500,000	30-Aug-16	0.20	0.39
Period ending 31 December 2015	Nil	Nil	Nil

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The outstanding balance of Employee Share Option Plan options as at 31 December 2016 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
5,000,000	18-Nov-15	Vested	31-Dec-18	$0.20	3.12	$0.06
5,000,000	18-Nov-15	Vested	31-Dec-19	$0.25	4.12	$0.06
5,625,000	21-Jan-16	Vested	31-Dec-18	$0.20	2.95	$0.06
6,500,000	21-Jan-16	Vesting 21-Jan-17	31-Dec-19	$0.25	3.95	$0.06
Other employees						
300,000	10-Jul-12	Vested	30-Jun-17	$0.65	4.98	$0.32
4,650,000	18-Nov-15	Vested	31-Dec-18	$0.20	3.12	$0.06
4,650,000	18-Nov-15	Vested	31-Dec-19	$0.25	4.12	$0.06
375,000	3-Dec-15	Vested	31-Dec-18	$0.20	3.08	$0.05
375,000	3-Dec-15	Vested	31-Dec-19	$0.25	4.08	$0.05
1,375,000	18-Jan-16	Vested	31-Dec-18	$0.20	2.95	$0.07
1,375,000	18-Jan-16	Vested	31-Dec-19	$0.25	3.95	$0.07
1,625,000	22-Feb-16	Vested	31-Dec-18	$0.20	2.86	$0.11
1,625,000	22-Feb-16	Vesting 21-Jan-17	31-Dec-19	$0.25	3.86	$0.11
375,000	13-Jun-16	Vested	31-Dec-18	$0.37	2.55	$0.15
375,000	13-Jun-16	Vested	31-Dec-19	$0.43	3.55	$0.16
2,500,000	27-Sep-16	Vesting 30-Sep-17	30-Sep-19	$0.54	3.01	$0.20
2,500,000	27-Sep-16	Vesting 30-Sep-18	30-Sep-20	$0.63	4.01	$0.21

Vesting conditions for unvested Employee Share Option Plan options as at 31 December 2016 is represented below:

NUMBER OF OPTIONS	GRANT DATE	VESTING CONDITIONS OF UNVESTED OPTIONS
6,500,000	21-Jan-16	Key Management Person must be in the Group’s employment as at 21 January 2017
1,625,000	22-Feb-16	Employees must be in the Group’s employment as at 21 January 2017
2,500,000	27-Sep-16	Employees must be in the Group’s employment as at 30 September 2017
2,500,000	27-Sep-16	Employees must be in the Group’s employment as at 30 September 2018

The grant date fair value of Employee Share Option Plan options was measured using the Black-Scholes formula. The inputs used to determine the fair value of options granted during the year were:

PERIOD ENDED 31 DECEMBER 2016	EMPLOYEE GRANT 18-JAN-16	EMPLOYEE GRANT 18-JAN-16	KMP GRANT 21-JAN-16	KMP GRANT 21-JAN-16	EMPLOYEE GRANT 22-FEB 16	EMPLOYEE GRANT 22-FEB-16
Fair value at grant date	$0.07	$0.07	$0.06	$0.06	$0.11	$0.11
Expected dividends	0%	0%	0%	0%	0%	0%
Contractual life (years)	2.95	3.95	2.95	3.95	2.86	3.86
Market value of underlying shares	$0.16	$0.16	$0.15	$0.15	$0.22	$0.22
Option exercise price	$0.20	$0.25	$0.20	$0.25	$0.20	$0.25
Expected volatility of the underlying shares	76.12%	71.64%	76.12%	71.61%	77.60%	73.77%
Risk free rate applied	1.90%	1.97%	1.91%	1.97%	1.80%	1.84%

PERIOD ENDED 31 DECEMBER 2016	EMPLOYEE GRANT 13-JUN-16	EMPLOYEE GRANT 13-JUN-16	EMPLOYEE GRANT 27-SEP-16	EMPLOYEE GRANT 27-SEP-16
Fair value at grant date	$0.15	$0.16	$0.20	$0.21
Expected dividends	0%	0%	0%	0%
Contractual life (years)	2.55	3.55	3.01	4.01
Market value of underlying shares	$0.33	$0.33	$0.44	$0.44
Option exercise price	$0.37	$0.43	$0.54	$0.63
Expected volatility of the underlying shares	80.62%	77.26%	76.11%	76.11%
Risk free rate applied	1.59%	1.55%	1.62%	1.68%

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

Employee share options forfeited during the period ended 31 December 2016

100,000 options exercisable at $0.20; 100,000 options exercisable at $0.25 and 1,625,000 options exercisable at $0.25 were forfeited as a result of failure to meet vesting conditions.

Recognised as employee costs – Employee Share Option Plan

	DEC 2016 $'000	DEC 2015 $'000
Opening balance	12,133	11,110
Share options granted - equity settled	1,822	1,269
Share options forfeited - equity settled	(74)	(246)
Share based payments reserve	**13,881**	**12,133**

The table above includes a provisional expense in accordance with accounting standards for the issue of options to Key Management Personnel ("KMP") from the date of issue (being the Board resolution). These options are subject to approval at the upcoming General Meeting on 18 May 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Performance Rights Plan

The Group has an established Performance Rights Plan ("PRP") under which Performance Rights may be offered to KMP and employees. Under the PRP, the Board may grant eligible employees with Performance Rights to acquire shares for nil consideration, subject to meeting performance hurdles specified by the Board.

Upon vesting conditions being met, the Performance Rights converted to shares issued under the PRP will rank equally with all other issued shares.

The following table illustrates the number and movements in Performance Rights during the period:

	DEC 2016 RIGHTS	DEC 2015 RIGHTS
Opening balance	2,200,228	1,379,518
Performance Rights granted during the period	-	3,664,238
Performance Rights forfeited during the period	-	(2,843,528)
Performance Rights lapsed during the period	(601,784)	-
Performance Rights outstanding at the end of the period	**1,598,444**	**2,200,228**

Performance Rights granted during the period

No performance rights were granted during the reporting period.

Performance Rights lapsed during the period ended 31 December 2016

601,784 Performance Rights, vesting 31 December 2016 lapsed as performance measures have not been achieved.

Recognised as employee costs – Performance Rights Plan

	DEC 2016 $'000	DEC 2015 $'000
Opening balance	771	707
Performance rights granted	179	382
Performance rights forfeited	-	(318)
Performance rights reserve	950	771

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	0%
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:

	DEC 2016 OPTIONS	DEC 2015 OPTIONS
Opening balance	250,000	250,000
Options granted during the period	-	-
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:

	DEC 2016 $'000	DEC 2015 $'000
Opening balance	1,123	1,123
Share options granted - equity settled	-	-
Share based payments recognised	**1,123**	**1,123**

21. TRADE AND OTHER PAYABLES

	DEC 2016 $'000	DEC 2015 $'000
Trade payables	24,744	25,280
Accruals	17,904	10,753
Other payables	1,582	2,156
Balance at the end of the period	**44,230**	**38,189**
Current	44,230	38,189
Non current	-	-
Balance at the end of the period	**44,230**	**38,189**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. CAPITAL AND RESERVES

ORDINARY SHARE CAPITAL	DEC 2016 '000 SHARES	DEC 2015 '000 SHARES	DEC 2016 $'000	DEC 2015 $'000
On issue at the beginning of the period	798,657	798,657	206,585	206,585
Exercise of share options	2,500	-	500	-
Issued for cash	256,410	-	47,350	-
On issue at the end of the period (net of transaction costs)	1,057,567	798,657	254,435	206,585

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 foreign operations.

Share based payments reserve

The share based payments reserve includes the cumulative expense recognised in respect of share options and performance rights granted. Please refer to note 20 for further information regarding share based payments.

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.

23. PROVISIONS

	SITE RESTORATION $'000	COMMUNITY FUND $'000	OTHER $'000	TOTAL $'000
Balance at beginning of the period	6,130	1,795	956	8,881
Unwind of discount on site restoration costs	294	-	-	294
Provisions made during the period	-	2,558	936	3,494
Provisions reversed during the period	-	(2,091)	(263)	(2,354)
Effect of movements in exchange rates	1,421	416	220	2,057
Balance at end of the period	**7,845**	**2,678**	**1,849**	**12,372**
Current	-	2,678	1,849	4,527
Non Current	7,845	-	-	7,845
Balance at the end of the period	**7,845**	**2,678**	**1,849**	**12,372**

The Group's provisions principally comprise provisions for site restoration of $7,845,000 (2015: $6,130,000) and community fund contributions of $2,678,000 (2015: $1,795,000).

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 at a discount rate of 11.67% (2015: 16.47%).

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.

24. CONTINGENCIES

As at 31 December 2016, the Group did not have any material contingent assets or liabilities.

25. RELATED PARTIES

Key management personnel compensation

The key management personnel compensation is as set out below.

	DEC 2016 $	DEC 2015 $
Short-term employee benefits	2,197,440	2,989,282
Post-employment benefits	95,610	221,297
Termination benefits	-	258,823
Share based payments	724,720	1,166,296
Key management personnel compensation	3,017,770	4,635,698

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.

No transactions have occurred during the current year with related parties:

KEY MANAGEMENT PERSON	TRANSACTION WITH RELATED PARTY	TRANSACTIONS VALUE 2016 $	BALANCE OUTSTANDING 31 DECEMBER 2016 $	TRANSACTIONS VALUE 2015 $	BALANCE OUTSTANDING 31 DECEMBER 2015 $
Mr Readhead	Legal services	-	-	5,984	-
Total and current liabilities		-	-	5,984	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. GROUP ENTITIES

ULTIMATE PARENT AND SUBSIDIARIES	COUNTRY OF INCORPORATION	INTEREST 2016	INTEREST 2015
Parent entity			
Beadell Resources Ltd	Australia		
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%

27. SUBSEQUENT EVENTS

Capital Raising

On 21 February 2017, the Company announced it had received commitments to raise $46 million through the placement of 159 million fully paid ordinary shares ("Shares") to domestic and international institutional and sophisticated investors ("Placement").

In addition to the Placement, the Company is intending to offer eligible shareholders the opportunity to participate in a Share Purchase Plan to raise up to a further $5 million, at the same Share price as the Placement.

Funds raised pursuant to the Placement will be used for the following purposes:

- Long lead time items associated with the design and construction of plant upgrades including a ball mill;
- Exploration to add quality ounces into the mine plan, both on the mining lease (including underground) and on surrounding tenements; and
- Working capital.

Settlement of the Placement occurred on 28 February 2017, with quotation and trading of the new Shares to commence on the ASX on 1 March 2017. The Placement was undertaken at an issue price of $0.29 per new Share and was made within Beadell's placement capacity under ASX listing rule 7.1.

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

28. DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, 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 of any debt in the event of a winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under the provisions of the Act, the Company will only be liable after six months in the event any creditor has not been paid in full. 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 2016 $'000	DEC 2015 $'000
Other income	21,736	61
Administrative expenses	(9,915)	(7,843)
Project exploration and evaluation expenses	(747)	(204)
Impairment losses	(269)	(21,927)
Depreciation, amortisation and depletion	(2,749)	(3,195)
Results from operating activities	**8,056**	**(33,108)**
Finance income	1,815	3,828
Finance expense	(5)	(5)
Net finance income	**1,810**	**3,823**
Profit/(Loss) for the period before income tax	**9,866**	**(29,285)**
Income tax recovery	-	-
Profit/(Loss) for the period after income tax	**9,866**	**(29,285)**
Other comprehensive profit/(loss)	**-**	**-**
Other comprehensive profit/(loss) for the period net of tax	**9,866**	**(29,285)**
Total comprehensive pro fit/(loss) for the period	**9,866**	**(29,285)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION	DEC 2016 $'000	DEC 2015 $'000
Assets		
Cash and cash equivalents	14,857	190
Restricted cash	44	4,888
Prepayments	161	380
Trade and other receivables	29	36
Total current assets	**15,091**	**5,494**
Trade and other receivables	5	-
Exploration and evaluation assets	-	269
Property, plant and equipment	94	116
Investments	184,155	138,535
Total non-current assets	**184,254**	**138,920**
Total assets	**199,345**	**144,414**
Liabilities		
Trade and other payables	372	798
Employee benefits	573	371
Borrowings	17,553	21,807
Total current liabilities	**18,498**	**22,976**
Employee benefits	204	180
Borrowings	-	259
Total non-current liabilities	**204**	**439**
Total liabilities	**18,702**	**23,415**
Net assets	**180,643**	**120,999**
Equity		
Share capital	254,435	206,585
Reserves	15,957	14,029
Accumulated losses	(89,749)	(99,615)
Total equity	**180,643**	**120,999**

29. AUDITORS' REMUNERATION

	DEC 2016 $	DEC 2015 $
Audit services		
KPMG Australia		
Audit and review of financial reports	165,000	195,000
Overseas KPMG firms		
Audit and review of financial reports	112,585	83,102
Audit services	**277,585**	**278,102**

30. PARENT ENTITY

As at and during the period ending 31 December 2016 the parent company of the Group was Beadell Resources Ltd.

	DEC 2016 $	DEC 2015 $
Result		
Loss for the period	(141)	(24,001)
Other comprehensive income	-	-
Total comprehensive loss	**(141)**	**(24,001)**
Financial position		
Current assets	15,091	5,494
Total assets	189,338	144,413
Current liabilities	18,498	22,975
Total liabilities	18,702	23,414
Net assets	**170,636**	**120,999**
Equity		
Share capital	254,435	206,585
Reserves	15,957	14,029
Accumulated losses	(99,756)	(99,615)
Total equity	**170,636**	**120,999**

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 28.

DIRECTOR'S DECLARATION

1. In the opinion of the directors of Beadell Resources Limited (the Company):

   (a) the consolidated financial statements and notes 1 to 30 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 2016 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) as set out in note 2(d) 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 26 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 Corporations (Wholly owned Companies) Instrument 2016/785.

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 2016.

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:

SIMON JACKSON
CEO & Managing Director

Dated at Perth, this 28th day of February 2017

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent Auditor's Report

To the shareholders of Beadell Resources Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Beadell Resources Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2016
- 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 then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Going Concern basis of accounting
- Valuation of ore stockpiles

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

<table>
<tr><th colspan="2">Going Concern basis of accounting</th></tr>
<tr><td colspan="2">Refer to Note 2(d) to the financial report</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. These are outlined in note 2(d).
The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow forecasts. The preparation of these forecasts incorporated a number of assumptions and significant judgements and they have concluded that the range of possible outcomes considered in arriving at this judgement does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern.
We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgements. We focused on the following with regards to the impact to the Group's ability to meet its debt funding obligations:

The Group's forecast sales, production volumes and production costs included within the Group's cash flow forecasts. This included feasibility to achieve forecast in light of previous challenges;
Impact of expected gold prices and forecast US Dollar, Brazilian Real and Australian Dollar foreign exchange rates to cash flows projected; and
Impact of seasonality and weather conditions to the timing and quantum of cash flows projected.

In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry and the economic environment it operates in.
</td><td>
Our procedures included, amongst others:

We analysed the cash flow projections by:

Evaluating the underlying data used to generate the forecasts. We specifically looked for their consistency with the Group's intentions, and their comparability to past practices. Information was sourced from mine plans and reserve reports. We tested forecast gold prices and foreign exchange rates used by management to published views from market commentators. We also evaluated the consistency of forecast sales, production volumes and production costs to historical seasonal production information;
Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected periodic cash positions. We assessed the resultant impact to the ability of the Group to pay debts as and when they fall due and continue as a going concern. The specific areas we focused on were informed from our test results of the accuracy of previous Group cash flow projections and sensitivity analysis on key cash flow projection assumptions; and
Assessing the planned levels of expenditures for consistency of relationships and trends to the Group's historical results, results since year end, and our understanding of the business, industry and economic conditions of the Group.

We recalculated forecast covenant metrics using the cash flow forecast outcomes against the terms of the current loan agreement.
We checked $46 million shareholder's funds disclosed as raised subsequent to year end, in February 2017, to cash receipts of the Company.

</td></tr>
</table>

KPMG

	• We evaluated the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements.

Valuation of ore stockpiles ($80,087,000)	
Refer to Note 10 to the financial report	
The key audit matter	**How the matter was addressed in our audit**
The valuation of ore stockpiles is a key audit matter due to: • The size of ore stockpiles at cost at 31 December 2016 of $80.087 million. This represents 23% of the Group's total assets. • Management's estimate of the low quantity of gold contained within the ore stockpiles on hand at 31 December 2016 increases the risk the ore stockpiles are carried above their net realisable value. • Risk of error due to the sensitivity of management's key valuation assumptions within their model that estimate net realisable value for ore stockpiles. The key valuation assumptions we focused on were the expected timing of processing the ore stockpiles and the forecast processing and selling costs. These assumptions are dependent on the decisions made by the Company and documented in their mine plan. The forecasts are forward-looking over the medium term, increasing the risk of inaccurate forecasting. The valuation of ore stockpiles is sensitive to small changes in these assumptions. Other critical inputs to the model, showing recent volatility, include: o forecast gold prices used in the estimate of sales proceeds; and o forecast US Dollar to Brazilian Real exchange rates and forecast Brazil inflation applied in the model.	Our procedures included, amongst others: • We assessed the model applied by the Group in determining the net realisable value for ore stockpiles against the requirements of the accounting standards. • We obtained management's production reports and survey reports and assessed the volume of ore stockpiles on hand and the quantity of gold contained within the ore stockpiles. • We obtained management's detailed mine plans and compared these to past practices of the Group. This was to inform our evaluation of the forecasted timing of the processing of the ore stockpiles included in management's model to estimate the net realisable value for ore stockpiles. • We compared forecast gold sales price, exchange rates and inflation rates used by management in their model to published views from market commentators. • We evaluated the underlying data used to generate forecast processing and selling costs. We specifically assessed the comparability and consistency of forecast processing and selling costs with actual costs incurred during the year, past practice, our knowledge of expected trends in the industry, and consistency to other audit areas such as going concern.

INDEPENDENT AUDITOR'S REPORT

KPMG

Other Information

Other Information is financial and non-financial information in Beadell Resources Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Beadell Resources Limited for the year ended 31 December 2016, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in section 16 of the Director's report for the year ended 31 December 2016.

Our responsibility is to express an opinion on the Remuneration Report, based on our Audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Brent Steedman
Partner

Perth

28 February 2017

AUDITOR'S INDEPENDENCE DECLARATION

KPMG

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 financial year ended 31 December 2016 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

Brent Steedman
Partner

Perth

28 February 2017

ADDITIONAL SHAREHOLDER INFORMATION

AS AT 31 MARCH 2017

a) Substantial Shareholders lodged with the Company:

NAME OF ORDINARY SHAREHOLDER	NUMBER OF SHARES HELD	% OF SHARES HELD
Van Eck Global	177,907,422	14.61%
BlackRock Group	129,024,585	10.59%
Paradice Investment Management Pty Ltd	81,860,570	7.74%

b) Listing of 20 Largest Shareholders

RANK	NAME OF ORDINARY SHAREHOLDER	NUMBER OF SHARES HELD	% OF SHARES HELD
1	HSBC Custody Nominees (Australia) Limited	522,624,569	42.91
2	J P Morgan Nominees Australia Limited	190,462,844	15.64
3	National Nominees Limited	40,158,507	3.30
4	Citicorp Nominees Pty Limited	30,315,603	2.49
5	Lujeta Pty Ltd <Margaret A/C>	21,774,155	1.79
6	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	21,038,102	1.73
7	HSBC Custody Nominees (Australia) Limited-GSCO ECA	19,047,668	1.56
8	BNP Paribas Noms Pty Ltd <DRP>	14,689,144	1.21
9	HSBC Custody Nominees (Australia) Limited - A/C 2	12,809,909	1.05
10	ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/C>	8,431,096	0.69
11	HSBC Custody Nominees (Australia) Limited - A/C 3	8,427,809	0.69
12	Hookipa Pty Ltd <G Barrett Family A/C>	5,000,000	0.41
13	Mr Peppi Schiano Dicola	4,304,000	0.35
14	Mr Timothy Bryce Kleemann	3,758,000	0.31
15	Bnp Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	3,641,668	0.30
16	Mr Robert Holmes Watkins	3,118,004	0.26
17	Lujeta Pty Ltd <The Margaret Account>	3,074,000	0.25
18	Cainero Investments Pty Ltd <Cainero Super Fund A/C>	3,050,000	0.25
19	CS Fourth Nominees Pty Limited <Hsbc Cust Nom Au Ltd 11 A/C>	2,967,334	0.24
20	M Brott Pty Ltd <M Brott Pty Ltd S/F A/C>	2,695,705	0.22

c) Distribution of Shareholders

RANGE	TOTAL HOLDERS	UNITS	% ISSUED CAPITAL
1 - 1,000	620	230,481	0.02
1,001 - 5,000	1,436	4,432,881	0.36
5,001 - 10,000	1,117	9,153,924	0.75
10,001 - 100,000	2,804	104,895,428	8.61
100,001 - 9,999,999,999	593	1,099,214,826	90.26
Total	**6,570**	**1,217,927,540**	**100.00**

d) Number of Shareholders Holding Less than a Marketable Parcel is 866.

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

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

g) Unlisted Share Options

NUMBER OF OPTIONS	EXERCISE PRICE	EXPIRY DATE	NUMBER OF HOLDERS
1,800,000	$0.65	30 June 2017	3
250,000	$0.93	20 September 2018	1
17,900,000	$0.20	31 December 2018	15
2,500,000	$0.54	30 September 2019 (vesting 30 September 2017)	1
18,775,000	$0.25	31 December 2019	16
2,500,000	$0.63	30 September 2020 (vesting 30 September 2018)	1

BEADELL

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