BEADELL

Annual Report 2017

ACN 125 222 291

Annual Report 2017

BEADELL

LETTER FROM CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dear Fellow Shareholder,

On behalf of the Board of Directors of Beadell Resources Limited (Beadell or the Company), we present the 2017 Annual Report.

The calendar year 2017 was an extremely challenging year. In April, the Company completed a $51 million capital raising via a placement of shares and a share purchase plan (SPP). We were pleased with the strong support received from over 600 shareholders. The funds raised through the SPP and the Placement allowed us to commit to long lead time items for the processing plant upgrade and to continue exploration on the underexplored Tucano land package.

We also finalised the acquisition of the former joint venture partners' 30% interest in 576 km^2 of tenure surrounding the Tucano Gold Mine, with Beadell now controlling 100% of approximately 2,500 km^2 of highly prospective and under explored greenstone. This transaction was a major step forward and consolidation of such a dominant land position in a very under-explored greenstone belt is very exciting. We will expand exploration activity onto the former JV ground with a view to not only adding near mine ounces but also to search for the next Tucano.

In May, the Company announced the commencement of the processing plant upgrade, following the positive results of the Feasibility Study (FS) and subsequent approval from the Board of Directors. The completion of the plant upgrade is expected to deliver a number of benefits to Beadell including: an ability to process any mix of sulphide/oxide mill feed allowing the mine to be fully optimised; an ability to process head grades in line with the reserve grade consistently; an increase in forecast recoveries to 93% from the current budgeted recoveries of 88%; and, a more steady gold production profile and increased free cashflow.

During the year, our exploration team continued to prioritise the multiple targets we have on the Tucano land package. The high grade hit in the very first regional diamond hole east of Tucano was extremely encouraging and we are excited about the future for Mutum. We believe this extensive 12 km soil anomaly at Mutum/Arara is a tier one target as we search for the next Tucano. Extensions to Tucano mine mineralisation continued to be found in the underdrilled mine corridor, with ongoing success to the south at Torres, in the schist unit to the east at Neo East and to the north at the new Urso discovery. We are spoilt for choice with our exploration efforts and were delighted to have so many high grade drill results.

We look forward to the completion of the plant upgrade in 2018 and increased ability to deliver higher volumes of fresh ore to the plant. This should lead to more consistent quarterly production and cashflow. As we continue to add mine life through our successful exploration programs, the mill upgrades are the foundation of the future for Beadell.

We would like to publicly thank our employees and contractors for their dedication as we continue the turnaround of the Tucano Gold Mine.

Yours faithfully,

Simon Jackson
CEO & Managing Director

Craig Readhead
Non-Executive Chairman

HIGHLIGHTS

Operational

- Annual gold production for the CY2017 was 129,764 ounces and All-in Sustaining Costs (AISC) were US$1,180 per ounce for the period.
- Ore and waste moved totalled 21,253,363 tonnes, an increase of 8% over CY2016.
- Gold ore milled totalled 3,720,125 tonnes with a mill feed grade was of 1.21 g/t gold.
- On 11 May 2016, the Company announced a plant upgrade at Tucano following the completion of a Feasibility Study. The upgrade project incorporates the addition of a 6MW ball mill, a high-rate pre-leach thickener, another leach tank and an oxygen sparging system at Tucano.

Exploration

- Multiple lodes continued to be intersected in the Tap AB1 Trough Lode during the year. Results included hole F02290 with 7 m @ 11.43 g/t gold from 32 m, 11 m @ 2.63 g/t gold from 139 m, 5 m @ 2.64 g/t gold from 208 m and 15 m @ 4.06 g/t gold from 225 m which has extended the Tap AB1 Trough Lode a further 40 m down plunge and is the first hole to reach the fresh rock mineralisation demonstrating the continuation of the ore zone into the primary host rock below the deep ~300 m oxide weathering trough.
- New results were received from the northern extension of the Tap AB3 Trough Lode. A result of 16 m @ 5.23 g/t gold from 135 m in hole F02368 is located in the same zone of deep weathering zone that hosts the very high grade Tap AB1 and Tap AB2 Trough Lodes, extending the strike of this zone outside of the reserve open pit.
- New results from the Carbonate Lode confirming a north plunge have recorded wide and high grade gold intercepts in diamond drilling of 18 m @ 7.55 g/t gold from 56 m including 7 m @ 14.65 g/t gold from 62 m and 27 m @ 5.96 g/t gold from 80 m including 7 m @ 18.84 g/t gold from 97 m. The Carbonate Lode remains shallowly drilled beneath the reserve open pit.
- Multiple shallow ore grade intercepts were received along the >1km Torres zone with results of 10 m @ 4.4 g/t gold from 26 m, 27 m @ 1.18 g/t gold from 43 m and 9 m @ 2.14 g/t from 13 m.
- An exploratory blast hole traverse on the south eastern corner of Monkey Hill cutback, 50 m east of the Neo Lode intersected 3 m @ 52.15 g/t gold from 12 m including 1 m @ 107.04 g/t gold from 14 m to BOH in a new structure named Neo East.
- A new shallow oxide lode named Urso was discovered 200 m north of the Tap AB open pit with results of 13 m @ 2.02 g/t gold from 1 m and 18 m @ 1.41 g/t gold from 18 m.
- The first diamond drill hole at Mutum confirmed the potential for a material gold mineralised system below the 8 km long geochemical anomaly, intersecting an approximate true width result of 5.6 m @ 5.17 g/t gold from 11.4 m including 1.6 m @ 16.58 g/t gold from 11.4 m. Mutum is 20km east of the Tucano CIL plant.
- Regional exploration surface geochemical programs including stream sediment and soil sampling have highlighted several significant new soil anomalies at Arara where up to 2,440 ppb (2.44 g/t) was received and at T3 & T4 where a maximum of 73 ppb gold.

Resources and Reserves

- The interim 30 June 2017 updated reserve and resource was completed to coincide with the Company's year-end budgeting and life of mine scheduling. Future annual updates will be completed as at June 30 each year.
- Open Pit Reserve grade increased by 5% to 1.77 g/t gold and total Ore Reserve grade increased by 5% to 1.83 g/t gold.
- Total Ore Reserves declined 3% after allowing for production to end June 2017 and are 25.1 million tonnes @ 1.83 g/t gold for 1.47 million ounces.
- Urucum Open Pit Ore Reserves remained unchanged with 10.25 million tonnes @ 1.73 g/t gold for 568,000 ounces. Urucum will become the major mill ore source in the second half of 2018 following completion of the plant upgrade.
- Total Mineral Resources decreased 3% after allowing for production to end June 2017 and are 63.5 million tonnes @ 1.82 g/t gold for 3.73 million ounces.

HIGHLIGHTS

Corporate

- On 21 February 2017, the Company announced a capital raising via a $46 million Placement and a $4.5 million Share Purchase Plan (SPP) priced $0.29 per share. The Placement was completed on 28 February 2017 and the SPP on 6 April 2017.
- During the June 2017 quarter, the Company finalised the acquisition of the former joint venture partners' 30% interest in 576 km^2 of tenure surrounding the Tucano Gold Mine and made an initial payment of US$300,000. A further three payments of US$500,000 each will be made over the coming 12 months. Beadell now controls 100% of approximately 2,500 km^2 of highly prospective and under explored greenstone.
- The Company has restructured its Santander – Itaú Facility repayment schedule to better align with the Tucano Plant Upgrade capital commitments in the June 2017 quarter.

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 3.4 million ounces of gold resources and 1.5 million ounces of gold reserves. Tucano covers approximately 2,500 km^2 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.

OPERATING RESULTS	DEC 2017	DEC 2016
Total Waste Moved (t) *(waste mined plus iron ore mined)*	18,235,697	16,655,670
Gold Ore Mined (t)	3,017,666	2,935,037
Total Material Moved (t)	21,253,363	19,590,706
Gold Ore Milled (t)	3,720,125	3,597,163
Head Grade (g/t)	1.21	1.45
Plant Recovery (%)	89.9%	86.9%
Total Gold Recovered (oz)	129,764	145,870
Total Gold Sold (oz)	128,342	146,316

Gold Production

Gold production totalled 129,764 ounces, an 11% decrease over CY2016 gold production.

Mining

21,253,363 tonnes of material were moved in CY2017, an increase of 8% over CY2016. Gold ore mined in the CY2017 totalled 3,017,666 tonnes, 3% above CY2016.

The increase in material moved is due to the improved mining fleet availability and additional mining capacity following the commencement of a second mining contractor at Tucano.

Total high and low grade ore stockpiles at the end of December 2017 were 2.93 million tonnes @ 0.66 g/t gold for 62,500 ounces. Marginal ore stockpiles were 1.5 million tonnes @ 0.43 g/t gold for 20,400 ounces.

TUCANO GOLD MINE - BRAZIL

Processing

During CY2017, 3,720,125 tonnes of gold ore were milled with process plant recovery of 89.9%, a 3% improvement from CY2016. Mill feed grade was 1.21 g/t gold, a decrease of 17% compared to CY2016.

Improvements in maintenance practices have enabled a decrease in the frequency of plant shutdowns and improved availabilities. As a result, the processing plant operated above plan during the year, processing approximately 255,000 tonnes more ore than planned.

During the September quarter, grid power was increased to over 4 MW as part of the transition to a draw of approximately 12 MW of grid power over the next 12 months. The transition to grid power will reduce reliance on significantly more expensive diesel generated power to immaterial levels.

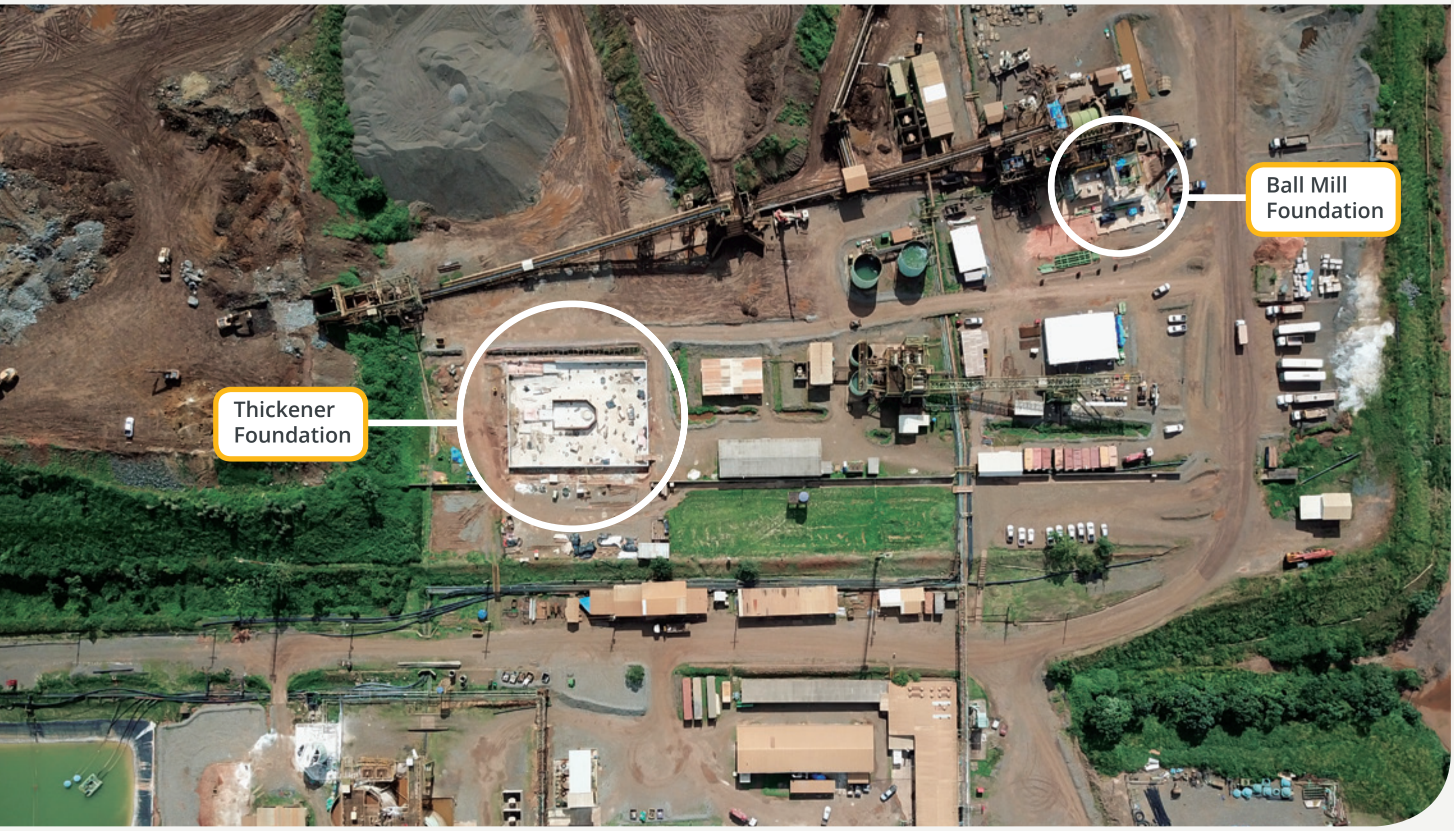
Tucano Plant Upgrade

On 11 May 2017, the Company announced the results of a Feasibility Study completed on a plant upgrade project. The FS demonstrated the viability of upgrading the Tucano process plant with an incremental estimated post-tax net present value of US$127 million at a 5% discount rate, an estimated internal rate of return of 138% and a 14 month payback period. The estimated pre-production capital cost is US$27.6 million.

The project is expected to deliver numerous benefits to Beadell including:

- the ability to process any mix of sulphide / oxide mill feed allowing the mine to be fully optimised;
- the ability to consistently process head grades in line with the reserve grade;
- an increase in forecast recoveries to 93%; and
- a stable gold production profile and more consistent cash flow.

Following Board approval, plant upgrade project works commenced in the second half of 2017. As at the date of this report, the project remains on time and budget with commissioning expected mid-2018.



EXPLORATION - BRAZIL

Near Mine Exploration

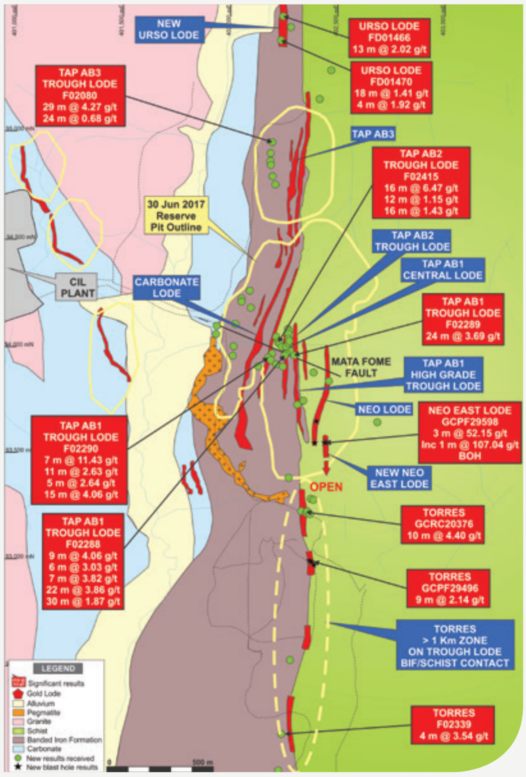
During the year, 59,302 m of drilling were completed, being 37,476 m of grade control reverse circulation (RC) drilling, 15,932 m of exploration / resource delineation RC drilling and 5,894 m of diamond drilling.

TAP AB1 Trough and Central Lodes

In the March quarter, deeper drilling on the Tap AB1 Trough Lode extended the steep north plunge of the mineralisation further down dip intersecting multiple wide zones of oxide gold mineralisation, including 64 m @ 4.29 g/t gold from 150 m. The recently discovered Central Lode is favourably located between the Tap AB1 Trough Lode and Tap AB2 Trough Lode. Results received during the March quarter included 6 m @ 12.99 g/t gold from 152 m.

During the June quarter, new results from extension and confirmation drilling included 5 m @ 7.18 g/t gold from 26 m (Central Lode) and 10 m @ 3.91 g/t gold from 102 m and 40 m @ 4.10 g/t gold from 121 m (Tap AB1 Trough Lode) and 18 m @ 1.75 g/t gold from 166 m, 12 m @ 4.02 g/t gold from 198 m and 7 m @ 1.78 g/t gold from 218 m to bottom of hole (BOH).

During the September quarter, multiple lodes continued to be intersected in the AB1 Trough Lode. Results included hole F02290 with 7 m @ 11.43 g/t gold from 32 m, 11 m @ 2.63 g/t gold from 139 m, 5 m @ 2.64 g/t gold from 208 m and 15 m @ 4.06 g/t gold from 225 m which has extended the Tap AB1 Trough Lode a further 40 m down plunge and is the first hole to reach the fresh rock mineralisation demonstrating the continuation of the ore zone into the primary host rock below the deep ~300 m oxide weathering trough.



Tap AB to Torres Complex plan

Tap AB2 and AB3 Trough Lodes

Resource delineation and extension drilling continued to intersect strong mineralisation along the southern section of the Tap AB2 Trough Lode with results of 20 m @ 9.88 g/t gold from 50 m including 8 m @ 20.27 g/t gold from 50 m. A spectacular result of 20 m @ 27.96 g/t gold from 35 m including 4 m @ 126.83 g/t gold from 38 m was intersected improving grade in that area of the reserve pit.

New results were received from the northern extension of the Tap AB3 Trough Lode. A result of 16 m @ 5.23 g/t gold from 135 m in hole F02368 is located in the same zone of deep weathering zone that hosts the very high grade Tap AB1 and Tap AB2 Trough Lodes, extending the strike of this zone outside of the reserve open pit.

The Tap AB3 Trough Lode extension to the north remains under drilled below the reserve open pit and is a high priority area for follow up drill testing which is in progress.

Carbonate Lode

The Carbonate Lode sits in the middle of the Tap AB complex, within 2 km of the plant. During the March quarter, new results from step out drilling included 13 m @ 3.38 g/t gold from 107 m to BOH, 32 m @ 2.05 g/t gold from 70 m, 30 m @ 1.78 g/t gold from 89 m and 15 m @ 1.26 g/t gold from 125 m to BOH.

During the June quarter, new results confirming a north plunge recorded wide and high grade gold intercepts in diamond drilling of 18 m @ 7.55 g/t gold from 56 m including 7 m @ 14.65 g/t gold from 62 m and 27 m @ 5.96 g/t gold from 80 m including 7 m @ 18.84 g/t gold from 97 m. The Carbonate Lode remains shallowly drilled beneath the reserve open pit and is a high priority of ongoing drilling aiming to increase the Tap AB resource and open pit reserve.

Torres

During the March quarter, exploration work highlighted the emerging potential of the >1km long Torres trend, especially the eastern contact of the main Banded Iron Formation unit (BIF) that also hosts the high-grade Tap AB1 and Tap AB2 gold oxide trough zones immediately to the north. New results from Torres have extended the strike length of the gold mineralised corridor another 400 m to the south of earlier results.

In the June quarter, new results received at the northern end of the Torres corridor included 24 m @ 3.00 g/t gold from 72 m. A further 1 km to the south a re-entry of F02168 extended the mineralisation a further 3 m to record a result of 5 m @ 4.91 g/t gold from 78 m.

EXPLORATION - BRAZIL

Neo East

An exploratory blast hole traverse on the south eastern corner of Monkey Hill cutback, 50 m east of the Neo Lode intersected 3 m @ 52.15 g/t gold from 12 m including 1 m @ 107.04 g/t gold from 14 m to BOH in a new structure named Neo East.

Urso

A new shallow oxide lode named Urso was discovered 200 m north of the Tap AB open pit with results of 13 m @ 2.02 g/t gold from 1 m and 18 m @ 1.41 g/t gold from 18 m.

Brazil Greenfields Exploration

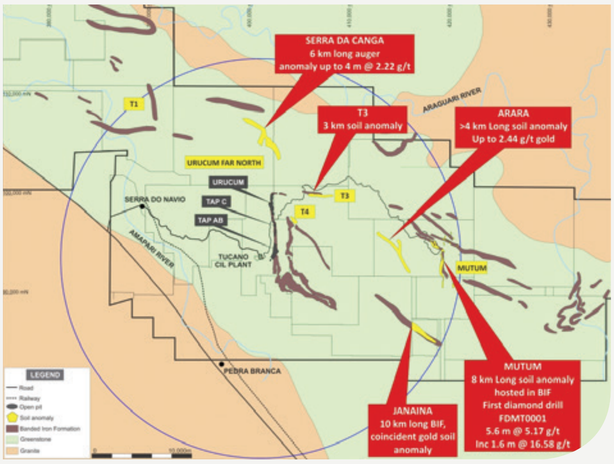
Tucano Regional

A renewed focus on regional exploration is underway with a dedicated regional exploration team in place completing drilling and surface sampling including stream sediment, soil, auger and blast hole drilling in 2017.

Arara

During June 2017 quarter, reconnaissance soil sampling west of Mutum on an 800 m x 40 m grid has delineated a 4 km long open ended, northwest trending greater than 10 ppb gold soil anomaly that appears to be on a Mutum parallel trend approximately 4 km west of the Mutum anomaly. A highly anomalous maximum result of 2,440 ppb (2.44 g/t) gold was received from the soil results.

Further soil sampling and mapping will be completed including an extension of the soil grid to the northwest where a major north-south structure is evident in aeromagnetic and digital terrain models.



Tucano Regional tenement plan showing location of key targets

Mutum

The first diamond drill hole at Mutum confirmed the potential for a material gold mineralised system below the 8 km long geochemical anomaly, intersecting an approximate true width result of 5.6 m @ 5.17 g/t gold from 11.4 m including 1.6 m @ 16.58 g/t gold from 11.4 m. The Mutum anomaly is 20 km east of the Tucano mill. A first pass RC drilling program is underway to assess the magnitude of the discovery.

T3 & T4

The T3 and T4 targets are aeromagnetic anomaly interpreted to represent untested BIF occurrence east of the Urucum deposit.

First pass soil sampling was completed during the year on 400 m and 800 m lines at 40 m between samples. The results show a coherent >3km long east-west gold in soil anomaly at T3 at plus 10 ppb (highest result to date 101 ppb gold) coincident with the lower relief magnetic highs that may indicate underlying BIF.

Soil sampling at T4 has delineated a +500 m long northwest trending plus 10 ppb gold soil anomaly that remains open to the southeast. A maximum result of 73 ppb gold is located on the end of the line.

Tartaruga Project (100%)

The Tartaruga project 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. In 2017 a positive scoping level mining and processing study was completed.

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RESOURCES & RESERVES

In December 2017, the Company released an Interim Ore Reserve and Mineral Resource Update to coincide with the Company's year-end budgeting and life of mine scheduling. Future annual updates will be completed as at June 30 each year.

Total Ore Reserves as at 30 June 2017 were 25.1 million tonnes @ 1.83 g/t gold for 1.47 million ounces compared to 28.2 million tonnes @ 1.74 g/t gold for 1.58 million ounces as at 31 December 2016. This is a decrease of 43,000 ounces (3%) after allowing for the first half of 2017 depletion of 59,000 ounces.

Total Open Pit Reserves were 18.5 million tonnes @ 1.77 g/t gold for 1,052,000 ounces. Open Pit Reserve grade has increased by 5%.

Total Stockpile Reserves were 3.6 million tonnes @ 0.66 g/t gold for 77,000 ounces.

Total Underground Reserves are unchanged at 2.9 million tonnes @ 3.61 g/t gold for 345,000 ounces.

The Company's Measured, Indicated and Inferred Mineral Resources as at 30 June 2017 were 63.5 million tonnes @ 1.82 g/t gold for 3.73 million ounces. This is a decrease of 135,000 ounces (3%) after allowing for the first half of 2017 depletion of 59,000 ounces.

Total Open Pit Resources were 35.4 million tonnes @ 1.61 g/t gold for 1,836,000 ounces.

Total Stockpile Resources were 5.2 million tonnes @ 0.59 g/t gold for 99,000 ounces.

Total Underground Resources at Urucum and Tap AB were 16.4 million tonnes @ 2.75 g/t gold for 1,455,000 ounces, an increase of 65,000 ounces (5%).

Table 1: Gold Resources As at 30 June 2017

BRAZIL	MEASURED			INDICATED			INFERRED			TOTAL			LOWER CUT-OFF
	TONNES ('000)	GRADE g/t	OUNCES ('000)	TONNES ('000)	GRADE g/t	OUNCES ('000)	TONNES ('000)	GRADE g/t	OUNCES ('000)	TONNES ('000)	GRADE g/t	OUNCES ('000)	g/t
Urucum Open Pit Oxide	678	1.15	25	344	1.08	12	70	0.97	2	1,091	1.12	39	0.5
Urucum East Open Pit Oxide	-	-	-	200	1.88	12	9	1.58	0	209	1.87	13	0.5
Tap AB Open Pit Oxide	2,870	2.18	201	3,889	1.76	220	796	1.11	28	7,554	1.85	450	0.5
Tap C Open Pit Oxide	566	0.97	18	312	0.90	9	88	0.70	2	966	0.92	29	0.5
Duckhead Open Pit Oxide	89	4.24	12	140	1.74	8	60	1.56	3	289	2.47	23	1.0
Total Oxide	**4,202**	**1.90**	**256**	**4,885**	**1.66**	**261**	**1,022**	**1.10**	**36**	**10,109**	**1.70**	**533**	
Urucum Open Pit Primary	5,783	1.54	286	7,120	1.71	393	393	1.57	20	13,296	1.63	698	0.5
Urucum East Open Pit Fresh	-	-	-	211	1.45	10	84	0.94	3	295	1.30	12	0.5
Urucum Underground Primary	260	4.06	34	2,634	4.24	359	8,839	2.15	611	11,733	2.66	1,004	1.2
Tap AB Open Pit Primary	2,356	1.74	132	4,176	1.57	210	1,053	1.34	45	7,584	1.59	388	0.5
Tap AB Underground Primary*	22	1.49	1	1,025	2.30	76	3,653	3.19	375	4,700	2.99	452	1.2
Tap C Open Pit Primary	482	1.22	19	1,980	1.22	78	1,044	1.35	45	3,507	1.26	142	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	**9,018**	**1.66**	**480**	**17,409**	**2.04**	**1,144**	**15,329**	**2.26**	**1,114**	**41,756**	**2.04**	**2,738**	
Urucum Open Pit Total	6,460	1.50	311	7,464	1.69	404	463	1.48	22	14,387	1.59	737	0.5
Urucum East Open Pit Total	-	-	-	411	1.66	22	92	1.00	3	503	1.54	25	0.5
Urucum Underground Total	260	4.06	34	2,634	4.24	359	8,839	2.15	611	11,733	2.66	1,004	1.2
Tap AB Open Pit Total	5,225	1.98	333	8,065	1.66	430	1,849	1.24	74	15,139	1.72	837	0.5
Tap AB Underground Total*	22	1.49	1	1,025	2.30	76	3,653	3.19	375	4,700	2.99	452	1.2
Tap C Open Pit Total	1,048	1.09	37	2,292	1.18	87	1,133	1.30	47	4,473	1.19	171	0.5
Duckhead Open Pit Total	205	3.14	21	404	2.08	27	322	1.76	18	930	2.20	66	1.0
Total Oxide and Primary	**13,220**	**1.73**	**736**	**22,293**	**1.96**	**1,405**	**16,351**	**2.19**	**1,150**	**51,865**	**1.97**	**3,291**	
Open Pit Stockpile	1,985	0.66	42	-	-	-	-	-	-	1,985	0.66	42	0.5
Spent Ore Stockpile	1,311	0.61	26	-	-	-	-	-	-	1,311	0.61	26	0.5
ROM Expansion Stockpile	345	0.80	9	-	-	-	-	-	-	345	0.80	9	0.5
Marginal Ore Stockpiles	1,586	0.44	22	-	-	-	-	-	-	1,586	0.44	22	0.3
Total Stockpiles	**5,228**	**0.59**	**99**	**-**	**-**	**-**	**-**	**-**	**-**	**5,228**	**0.59**	**99**	
Tartaruga	-	-	-	-	-	-	6,451	1.63	337	6,451	1.63	337	0.5
Total Brazil	**18,448**	**1.41**	**835**	**22,293**	**1.96**	**1,405**	**22,802**	**2.03**	**1,487**	**63,544**	**1.82**	**3,727**	

* The June 2017 Tap AB UG Resource includes 173kt @ 4.68g/t of Inferred Oxide in the Inferred Fresh Category.

RESOURCES & RESERVES

Table 2: Gold Reserves As at 30 June 2017

BRAZIL	PROVED RESERVE			PROBABLE RESERVE			TOTAL ORE RESERVE			CUT OFF
	TONNES ('000)	GRADE g/t	OUNCES ('000)	TONNES ('000)	GRADE g/t	OUNCES ('000)	TONNES ('000)	GRADE g/t	OUNCES ('000)	g/t
Urucum Open Pit Oxide	374	1.21	15	180	1.18	7	554	1.20	21	0.7
Urucum East Open Pit Oxide	-	-	-	151	1.71	8	151	1.71	8	0.7
Tap AB Open Pit Oxide	2,384	2.16	166	2,024	1.76	115	4,408	1.98	280	0.6
Tap C Open Pit Oxide	362	1.08	13	191	0.99	6	553	1.05	19	0.6
Total Oxide	**3,120**	**1.92**	**193**	**2,545**	**1.66**	**136**	**5,666**	**1.80**	**329**	
Urucum Open Pit Primary	4,446	1.69	241	5,246	1.81	306	9,692	1.76	547	0.8
Urucum East Open Pit Primary	-	-	-	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	1,274	2.00	82	1,188	1.72	66	2,462	1.86	147	0.8
Tap C Open Pit Primary	229	1.31	10	387	1.44	18	615	1.39	28	0.8
Total Primary	**5,949**	**1.74**	**333**	**9,808**	**2.33**	**735**	**15,757**	**2.11**	**1,068**	
Urucum Open Pit Total	4,820	1.65	256	5,425	1.79	312	10,245	1.73	568	
Urucum East Open Pit Total	-	-	-	167	1.69	9	167	1.69	9	
Urucum Underground Total	-	-	-	2,972	3.61	345	2,972	3.61	345	
Tap AB Open Pit Total	3,658	2.10	248	3,212	1.75	180	6,870	1.94	428	
Tap C Open Pit Total	591	1.17	22	577	1.29	24	1,168	1.23	46	
Total Oxide and Primary	**9,069**	**1.80**	**526**	**12,353**	**2.19**	**871**	**21,422**	**2.03**	**1,397**	
Open Pit Stockpile	1,985	0.66	42	-	-	-	1,985	0.66	42	0.5
Spent Ore Stockpile	1,311	0.61	26	-	-	-	1,311	0.61	26	0.5
ROM Expansion Stockpile	345	0.80	9	-	-	-	345	0.80	9	0.5
Total Stockpiles	**3,642**	**0.66**	**77**	**-**	**-**	**-**	**3,642**	**0.66**	**77**	**0.5**
Total Brazil	**12,711**	**1.47**	**603**	**12,353**	**2.19**	**871**	**25,064**	**1.83**	**1,473**	

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 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 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 entitled "Tap AB, Torres, Duckhead Drill Results Continue to Expand" created on 2 February 2017, "Beadell Extends Tucano Near Mine High Grade Gold Mineralisation Footprint" created on 26 June 2017, "Continuing Positive Exploration Results" created on 26 October 2017 and "Interim Ore Reserve and Mineral Resource Update as at 30 June 2017" created on 19 December 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 2017 ($ MILLIONS)	DEC 2016 ($ MILLIONS)
Revenue and costs of production		
Sales revenue	211.1	239.8
Costs of production	(192.6)	(146.0)
Non-cash adjustment to low grade ore stockpiles	(63.8)	-
Depreciation and amortisation	(35.9)	(41.2)
	(81.2)	52.6
Other significant items		
Administrative expense	(20.3)	(19.1)
Impairment losses	(2.9)	(2.2)
Net finance (expense)/income	(5.6)	6.2
Income tax benefit/(expense)	14.7	(8.1)
Other items	(5.9)	(7.0)
Reported profit/(loss) after tax	**(101.2)**	**22.4**

OTHER FINANCIAL INFORMATION		
Cash flow (used in)/from operating activities	(7.0)	18.0
Cash and cash equivalents	10.1	28.3
Net assets	162.5	232.1
Basic (loss)/earnings per share	(A$0.08)/share	A$0.02/share

Gold Sales

Annual gold sales for CY2017 were 128,342 ounces at an average cash price received of US$1,259 per ounce.

Cash & Bullion

Cash and bullion as at 31 December 2017 was A$19.9 million (bullion valued at AUD/USD = 0.78 and US$1,303 per ounce).

Debt

During the June 2017 quarter, the Company amended its Santander – Itaú repayment schedule, reducing its debt repayment obligations while the Company carries out its recently announced Tucano Plant Upgrade.

Prior to the amendment, the Company had four scheduled quarterly repayments of US$5 million remaining, ending in January 2018. The repayment schedule has now been amended as follows;

- US$2.5 million repayments due in July 2017, January 2018, July 2018 and October 2018, and
- US$5 million repayments due in January 2019 and April 2019

Capital Raising

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

In addition to the Placement, the Company offered eligible shareholders the opportunity to participate in a Share Purchase Plan to raise up to a further $5 million at $0.29 per share, the same price as the Placement.

The Placement shares were issued on 28 February 2017 and the SPP shares on 6 April 2017.

Consolidation of Tucano Land Package

The Company entered into a binding arrangement to consolidate the Tucano land package. Under an agreement signed on 6 April 2017, Beadell will acquire the issued capital of Mineração Vale dos Reis Ltda (MVR) for cash payments totalling US$1.8 million and the granting of a small royalty. MVR is a Brazilian company that currently holds 30% of the MVR Joint Venture (JV). Beadell holds the remaining 70% of the JV.

The JV tenements cover 576 km^2 of highly prospective ground surrounding the Tucano Gold Mine and include several high priority early stage gold targets within 20 km of the Tucano plant. Key targets include the 6 km long x 400 m wide Serra da Canga colluvium anomaly located 5 km north of Urucum, and also T1, T3 and T4.

Resignation of Director

Dr Glen Masterman resigned from the Board of Directors of Beadell due to work related commitments in his executive role at Evolution Mining. His resignation was submitted and accepted by the Board and was effective from 31 August 2017.

Board and management team site visit in December 2017

CORPORATE RESPONSIBILITY

Environment

Beadell is committed and in compliance with the Environmental Municipal, State and Federal legislation of Brazil. The strategic planning related to the Recovery of Degraded Areas is considered one of the Company's most important programs to mitigate the impacts generated to the natural resources affected by the Company's operations. The hydro seeding and the direct planting of seedlings are key environmental control mechanisms, in which Beadell performs in a thoughtful way, from the acquisition of seeds and seedlings in loco until the methodological recovery of more robust degraded areas, with the objective of promoting the recovery/reforestation of tailings dams after their closure, as well as pre-established areas within the Tucano Gold Mine.

Beadell is committed to the sustainable development of its activities, therefore it carries out environmental recovery activity, alongside to the development of its operation.

Every year the Company holds an Environment Week to reinforce and promote the best practices related to the environment. In 2017, the Environment Week theme was "Environmental Education and Conscious Consumption" and several activities were carried out in order to instigate all employees to rethink their consumptions habits. The main activities were: Lectures and Daily Safety Dialogue on the theme with the participation of the Environment area and the Industrial Social Services (SESI) team, theatre performance, awards presentation, Waste Zero and Phrase Competition.


SEMANA DE MEIO AMBIENTE
Essas árvores foram doadas pela empresa Beadell Brasil Ltda.
beadell

CORPORATE RESPONSIBILITY

Community

Beadell recognises that social projects, mainly focused on education, are fundamental for the development of municipalities belonging to the area of influence of the Tucano Gold Mine. The Company supports educational initiatives that share knowledge through our professionals and contribute to the formation of communities.

Sponsorship for Children's Day at the São Pedro School in Pedra Branca do Amaparí, attended by the Community Relations Analyst Renilde Santos, mayor and councillor representing the Chamber of Deputies, was just one of Beadell's activities to support the community.

As in the aforementioned event, for the "Nossa Senhora da Aparecida Procession", in the Silvestre Settlement, Serra do Navio, Beadell provided light meals for the children who participated in the event in the community. It should be noted that the event was also sponsored by Beadell's contractors.

The Solidarity Christmas project sponsored by Beadell and its contractors aims to develop, along with the surrounding communities, values and principles essential for group practice of solidarity and, above all, to provide a happier and more human Christmas to the families identified as below the poverty line in the municipalities of Pedra Branca do Amapari and Serra do Navio.

Beadell and its contractors donated 400 food baskets, which were distributed to the beneficiary families between November and December 2017.


PROCISSÃO DE NOSSA
SENHORA DE APARECIDA
Parceiros:
Guarda Municipal de Serra do Navio / Sander e Família / Luis
Fernando / Anderson Jasdes / Açougue Tupinambá

CORPORATE RESPONSIBILITY

Health and Safety

Beadell's Work Safety Team, in partnership with the Internal Commission for the Prevention of Accidents in Mining - CIPAMIN, focused all the activities of the Internal Week of Prevention of Accidents in Mining - SIPATMIN on the topic "Perception of Risks". Educational dynamics, lectures and theatre were developed with the entire team of Beadell and the contracted companies, with the purpose of stimulating and improving workers' perception of risk. During the SIPATMIN, Beadell's leadership team and contractors attended a specific lecture about Active Leadership in Risk Management.

During the year, the lost time injury frequency rate (LTIFR) was 0.95, using 200,000 hours for the calculation.

The Vaccination Campaign was also an unprecedented action at Beadell, where employees and service providers were immunised against the Influenza virus types H1N1, H3N1 and B, as per the guidelines of the Brazilian National Health Surveillance Agency - ANVISA.

During the vaccination campaign, 442 employees of Beadell and 261 service providers were immunised, totalling 703 vaccinated workers. Flu vaccination provides protection against influenza and provides indirect protection to others, such as family and friends, by reducing viral circulation, making it possible to reduce worker withdrawal from vaccine-preventable diseases.


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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 2017 (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. and Dalradian Resources Inc. During the past three years, she has served as a non-executive director of the TSX listed company Lithium Americas Corp (2016 to 2017).
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. 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.
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 and of the ASX listed company Cygnus Gold Ltd. During the past three years, he has served as a non-executive director of the TSXV listed companies Cardinal Resources Ltd (2015 to 2017) and RB Energy Inc (2014 to 2015).
FORMER BOARD MEMBER	
Dr Glen Masterman B.Sc. (Hons), PhD, MAIG, P.Geo Non-Executive Director *Appointed 9 November 2015* *Resigned 31 August 2017*	Dr Masterman is a professional geoscientist with more than 20 years' experience including 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 (2015-2016), Sarama Resources (2014-2016) and Soltoro Ltd (2014-2015). On 31 August 2017, Dr Masterman resigned from his position of non-executive director of Beadell.

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 Craig Readhead	2	2	2	3	11	13
Dr Nicole Adshead-Bell	•	•	•	•	13	13
Mr Brant E Hinze	2	2	3	3	13	13
Mr Timo Jauristo	2	2	3	3	13	13
Dr Glen Masterman *(resigned 31 August 2017)*	•	•	•	•	9	10
Mr Simon Jackson	•	•	•	•	13	13

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

Mr Craig Readhead was unable to attend two Board meetings due to travel commitments.

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 2017.

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,
- Complete processing plant upgrade by mid-2018 to improve 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 2017	DEC 2016
OPERATING RESULTS		
Total Waste Moved (t) *(waste mined plus iron ore mined)*	18,235,697	16,655,670
Gold Ore Mined (t)	3,017,666	2,935,037
Total Material Moved (t)	21,253,363	19,590,706
Gold Ore Milled (t)	3,720,125	3,597,163
Head Grade (g/t)	1.21	1.45
Plant Recovery (%)	89.9%	86.9%
Total Gold Recovered (oz)	129,764	145,870
Total Gold Sold (oz)	128,342	146,316

FINANCIAL RESULTS	$ MILLIONS	$ MILLIONS
Revenue and costs of production		
Sales revenue	211.1	239.8
Costs of production	(192.6)	(146.0)
Non-cash adjustment to low grade ore stockpiles	(63.8)	-
Depreciation and amortisation	(35.9)	(41.2)
	(81.2)	52.6
Other significant items		
Administrative expense	(20.3)	(19.1)
Impairment losses	(2.9)	(2.2)
Net finance (expense)/income	(5.6)	6.2
Income tax benefit/(expense)	14.7	(8.1)
Other items	(5.9)	(7.0)
Reported profit/(loss) after tax	**(101.2)**	**22.4**

OTHER FINANCIAL INFORMATION	$ MILLIONS	$ MILLIONS
Cash flow (used in)/from operating activities	(7.0)	18.0
Cash and cash equivalents	10.1	28.3
Net assets	162.5	232.1
Basic (loss)/earnings per share	(A$0.08)/share	A$0.02/share

DIRECTORS' REPORT

Review of financial results

Sales revenue

The Group has reported a decrease in gold sales revenue, driven primarily by a 12% decrease in gold ounces sold. Revenue of $211.1 million (2016: $239.8 million) was generated from the sale of 128,342 ounces at an average price, net of smelting and refining costs, of $1,645 per ounce (2016: $1,639 per ounce).

Costs of production

Costs of production have increased by $46.6 million in comparison to the 2016 financial year, which is largely attributable to increases in material movement and processed tonnes and costs associated with the commencement of a second mining contractor at Tucano.

Additionally, costs were negatively affected by a strengthening of the Brazilian Real against the Group's reporting currency, the Australian Dollar. The average Brazilian Real exchange rate was 7% stronger in 2017 than 2016.

Non cash adjustment to low grade ore stockpiles

Ore stockpiles are valued at the lower of cost and net realisable value (NRV). The Group has recognised a write down to NRV of $6.9 million in June 2017 and a further $56.9 million in December 2017 (total of $63.8 million) in cost of goods sold in respect of its low grade ore stockpiles.

The carrying value of low grade stockpiles is modelled using assumptions with respect to planned usage, future processing costs and forecast market prices. In anticipation of the completion of the Tucano plant upgrade, the Group has amended its life of mine processing plan deferring the timing of expected processing of low grade stockpiles.

Considering the amended processing plan, together with revised assumptions regarding future processing costs and forecast gold prices, the Group determined an adjustment in respect of the carrying value of its low grade stockpiles was necessary. While an adjustment has been recognised in respect of the low grade stockpiles, they continue to form part of the life of mine processing plan at Tucano.

Net finance expense

The Group has reported net finance expense of $5.6 million, which is primarily attributable to interest expenses of $4 million (2016: $4 million).

Income tax benefit

Income tax benefit was $14.7 million, compared to a tax expense of $8.1 million recognised in the 2016 financial year. The tax benefit has primarily arisen as a result of the generation of carried forward tax losses in 2017 and a deferred income tax benefit recognised in respect of the Company's low grade ore stockpile NRV adjustment.

Cash Flow

Cash and cash equivalents as at 31 December 2017 totalled $10.1 million (2016: $28.3 million).

Beadell sold 128,342 ounces, including $9.5 million (2016: $5.4 million) that was booked for 5,746 ounces (2016: 3,328 ounces) awaiting settlement at 31 December 2017, offset by working capital movements generating net cash outflows from operating activities of $7.0 million (2016: $18.0 million inflow).

Cash payments for investing activities were $49.2 million (2016: $29.2 million) and were largely represented by payments for the Tucano Plant Upgrade, construction of the tailings storage facilities, deferred stripping and hydro-electric grid power transition costs.

Cash inflows from financing activities were $39.2 million (2016: $27.6 million). Cash inflows were principally represented by net share capital raising proceeds of $49.08 million offset by net repayment of borrowings of $5.9 million and interest payments of $4.1 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 129,764 ounces, an 11% decrease over CY2016 gold production.

Mining

21,253,363 tonnes of material were moved in CY2017, an increase of 8% over CY2016. Gold ore mined in the CY2017 totalled 3,017,666 tonnes, 3% above CY2016.

The increase in material moved is due to the improved mining fleet availability and additional mining capacity following the commencement of a second mining contractor at Tucano.

Total high and low grade ore stockpiles at the end of December 2017 were 2.93 million tonnes @ 0.66 g/t gold for 62,500 ounces. Marginal ore stockpiles were 1.5 million tonnes @ 0.43 g/t gold for 20,400 ounces.

Processing

During CY2017, 3,720,125 tonnes of gold ore were milled with process plant recovery of 89.9%, a 3% improvement from CY2016. Mill feed grade was 1.21 g/t gold, a decrease of 17% compared to CY2016.

Improvements in maintenance practices have enabled a decrease in the frequency of plant shutdowns and improved availabilities. As a result, the processing plant operated above plan during the year, processing approximately 255,000 tonnes more ore than planned.

During the September quarter, grid power was increased to over 4 MW as part of the transition to a draw of approximately 12 MW of grid power over the next 12 months. The transition to grid power will reduce reliance on significantly more expensive diesel generated power to immaterial levels.

Tucano Plant Upgrade

On 11 May 2017, the Company announced the results of a Feasibility Study completed on a plant upgrade project. The FS demonstrated the viability of upgrading the Tucano process plant with an incremental estimated post-tax net present value of US$127 million at a 5% discount rate, an estimated internal rate of return of 138% and a 14 month payback period. The estimated pre-production capital cost is US$27.6 million.

The project is expected to deliver numerous benefits to Beadell including:

- the ability to process any mix of sulphide / oxide mill feed allowing the mine to be fully optimised;
- the ability to consistently process head grades in line with the reserve grade;
- an increase in forecast recoveries to 93%; and
- a stable gold production profile and more consistent cash flow.

Following Board approval, plant upgrade project works commenced in the second half. As at the date of this report, the project remains on time and budget with commissioning expected mid-2018.

Ore Reserve and Mineral Resource

In December 2017, the Company released an Interim Ore Reserve and Mineral Resource Update to coincide with the Company's year-end budgeting and life of mine scheduling. Future annual updates will be completed as at June 30 each year.

Total Ore Reserves as at 30 June 2017 were 25.1 million tonnes @ 1.83 g/t gold for 1.47 million ounces compared to 28.2 million tonnes @ 1.74 g/t gold for 1.58 million ounces as at 31 December 2016. This is a decrease of 43,000 ounces (3%) after allowing for the first half of 2017 depletion of 59,000 ounces.

Total Open Pit Reserves were 18.5 million tonnes @ 1.77 g/t gold for 1,052,000 ounces. Open Pit Reserve grade has increased by 5%.

Total Stockpile Reserves were 3.6 million tonnes @ 0.66 g/t gold for 77,000 ounces.

Total Underground Reserves are unchanged at 2.9 million tonnes @ 3.61 g/t gold for 345,000 ounces.

The Company's Measured, Indicated and Inferred Mineral Resources as at 30 June 2017 were 63.5 million tonnes @ 1.82 g/t gold for 3.73 million ounces. This is a decrease of 135,000 ounces (3%) after allowing for the first half of 2017 depletion of 59,000 ounces.

Total Open Pit Resources were 35.4 million tonnes @ 1.61 g/t gold for 1,836,000 ounces.

Total Stockpile Resources were 5.2 million tonnes @ 0.59 g/t gold for 99,000 ounces.

Total Underground Resources at Urucum and Tap AB were 16.4 million tonnes @ 2.75 g/t gold for 1,455,000 ounces, an increase of 65,000 ounces (5%).

Full details of the Interim Ore Reserve and Mineral Resource are available on the Company's website.

DIRECTORS' REPORT

Exploration

Brazil

During the year, 59,302 m of drilling were completed, being 37,476 m of grade control reverse circulation (RC) drilling, 15,932 m of exploration / resource delineation RC drilling and 5,894 m of diamond drilling.

Near Mine Exploration

TAP AB1 Trough and Central Lodes

In the March quarter, deeper drilling on the Tap AB1 Trough Lode extended the steep north plunge of the mineralisation further down dip intersecting multiple wide zones of oxide gold mineralisation, including 64 m @ 4.29 g/t gold from 150 m. The recently discovered Central Lode is favourably located between the Tap AB1 Trough Lode and Tap AB2 Trough Lode. Results received during the March quarter included 6 m @ 12.99 g/t gold from 152 m.

During the June quarter, new results from extension and confirmation drilling included 5 m @ 7.18 g/t gold from 26 m (Central Lode) and 10 m @ 3.91 g/t gold from 102 m and 40 m @ 4.10 g/t gold from 121 m (Tap AB1 Trough Lode) and 18 m @ 1.75 g/t gold from 166 m, 12 m @ 4.02 g/t gold from 198 m and 7 m @ 1.78 g/t gold from 218 m to bottom of hole (BOH).

During the September quarter, multiple lodes continued to be intersected in the AB1 Trough Lode. Results included hole F02290 with 7 m @ 11.43 g/t gold from 32 m, 11 m @ 2.63 g/t gold from 139 m, 5 m @ 2.64 g/t gold from 208 m and 15 m @ 4.06 g/t gold from 225 m which has extended the Tap AB1 Trough Lode a further 40 m down plunge and is the first hole to reach the fresh rock mineralisation demonstrating the continuation of the ore zone into the primary host rock below the deep ~300 m oxide weathering trough.

Tap AB2 and AB3 Trough Lodes

Resource delineation and extension drilling continued to intersect strong mineralisation along the southern section of the Tap AB2 Trough Lode with results of 20 m @ 9.88 g/t gold from 50 m including 8 m @ 20.27 g/t gold from 50 m. A spectacular result of 20 m @ 27.96 g/t gold from 35 m including 4 m @ 126.83 g/t gold from 38 m was intersected improving grade in that area of the reserve pit.

New results were received from the northern extension of the Tap AB3 Trough Lode. A result of 16 m @ 5.23 g/t gold from 135 m in hole F02368 is located in the same zone of deep weathering zone that hosts the very high grade Tap AB1 and Tap AB2 Trough Lodes, extending the strike of this zone outside of the reserve open pit.

The Tap AB3 Trough Lode extension to the north remains under drilled below the reserve open pit and is a high priority area for follow up drill testing which is in progress.

Carbonate Lode

The Carbonate Lode sits in the middle of the Tap AB complex, within 2 km of the plant. During the March quarter, new results from step out drilling included 13 m @ 3.38 g/t gold from 107 m to BOH, 32 m @ 2.05 g/t gold from 70 m, 30 m @ 1.78 g/t gold from 89 m and 15 m @ 1.26 g/t gold from 125 m to BOH.

During the June quarter, new results confirming a north plunge recorded wide and high grade gold intercepts in diamond drilling of 18 m @ 7.55 g/t gold from 56 m including 7 m @ 14.65 g/t gold from 62 m and 27 m @ 5.96 g/t gold from 80 m including 7 m @ 18.84 g/t gold from 97 m. The Carbonate Lode remains shallowly drilled beneath the reserve open pit and is a high priority of ongoing drilling aiming to increase the Tap AB resource and open pit reserve.

Torres

During the March quarter, exploration work highlighted the emerging potential of the >1km long Torres trend, especially the eastern contact of the main Banded Iron Formation unit (BIF) that also hosts the high-grade Tap AB1 and Tap AB2 gold oxide trough zones immediately to the north. New results from Torres have extended the strike length of the gold mineralised corridor another 400 m to the south of earlier results.

In the June quarter, new results received at the northern end of the Torres corridor included 24 m @ 3.00 g/t gold from 72 m. A further 1 km to the south a re-entry of F02168 extended the mineralisation a further 3 m to record a result of 5 m @ 4.91 g/t gold from 78 m.

Neo East

An exploratory blast hole traverse on the south eastern corner of Monkey Hill cutback, 50 m east of the Neo Lode intersected 3 m @ 52.15 g/t gold from 12 m including 1 m @ 107.04 g/t gold from 14 m to BOH in a new structure named Neo East.

Urso

A new shallow oxide lode named Urso was discovered 200 m north of the Tap AB open pit with results of 13 m @ 2.02 g/t gold from 1 m and 18 m @ 1.41 g/t gold from 18 m.

Greenfields Exploration

Brazil

Tucano Regional

A renewed focus on regional exploration is underway with a dedicated regional exploration team in place completing drilling and surface sampling including stream sediment, soil, auger and blast hole drilling in 2017.

Arara

During June 2017 quarter, reconnaissance soil sampling west of Mutum on an 800 m x 40 m grid has delineated a 4 km long open ended, northwest trending greater than 10 ppb gold soil anomaly that appears to be on a Mutum parallel trend approximately 4 km west of the Mutum anomaly. A highly anomalous maximum result of 2,440 ppb (2.44 g/t) gold was received from the soil results.

Further soil sampling and mapping will be completed including an extension of the soil grid to the northwest where a major north-south structure is evident in aeromagnetic and digital terrain models.

Mutum

The first diamond drill hole at Mutum confirmed the potential for a material gold mineralised system below the 8 km long geochemical anomaly, intersecting an approximate true width result of 5.6 m @ 5.17 g/t gold from 11.4 m including 1.6 m @ 16.58 g/t gold from 11.4 m. The Mutum anomaly is 20 km east of the Tucano mill. A maiden 5,000 m RC drilling program is underway to assess the magnitude of the discovery.

T3 & T4

The T3 and T4 targets are aeromagnetic anomaly interpreted to represent untested BIF occurrence east of the Urucum deposit.

First pass soil sampling was completed during the year on 400 m and 800 m lines at 40 m between samples. The results show a coherent >3km long east-west gold in soil anomaly at T3 at plus 10 ppb (highest result to date 101 ppb gold) coincident with the lower relief magnetic highs that may indicate underlying BIF.

Soil sampling at T4 has delineated a +500 m long northwest trending plus 10 ppb gold soil anomaly that remains open to the southeast. A maximum result of 73 ppb gold is located on the end of the line.

Tartaruga Project (100%)

The Tartaruga project 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. In 2017 a positive scoping level mining and processing study was completed.

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 or below in the events subsequent to the reporting date.

6. DIVIDENDS

No dividends were declared or paid during, or since the end of the year.

7. EVENTS SUBSEQUENT TO REPORTING DATE

Sprott Secured Credit Facility

The Group has received credit approval from Sprott Private Resource Lending (Collector), L.P. (Sprott) to be provided with a senior secured credit facility up to US$60 million with a 4 year tenor, to be completed by 31 March 2018 on completion of legal documentation. The interest rate applicable to the new facility is 6.75% plus the greater of US 3-month LIBOR or 1.25%. Please refer to note 26 of the Annual Financial Report for further information.

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.

DIRECTORS' REPORT

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. In order to achieve this, an upgrade of the Tucano process plant has been approved by the Board with commissioning expected in mid-2018.

Exploration activities on Brazilian exploration assets will continue in 2018, with a particular focus on the Tap AB Complex, targeting Urso, Torres, Neo East and Tap AB1 Trough zones.

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	RIGHT OVER ORDINARY SHARES
Mr Craig Readhead	3,723,200	1,750,000	-
Dr Nicole Adshead-Bell	630,000	-	-
Mr Brant E Hinze	384,610	1,750,000	-
Mr Timo Jauristo	256,410	1,750,000	-
Mr Simon Jackson	512,820	6,000,000	1,662,636

11. SHARE OPTIONS

Unissued shares under unlisted options related to remuneration

All options were granted in previous financial years. No options have been granted since the end of the previous financial year.

At the date of this report, unissued ordinary shares of the Company under option are:

EXPIRY DATE	EXERCISE PRICE	NUMBER OF UNISSUED SHARES
20 September 2018	$0.93	250,000
31 December 2018	$0.20	17,900,000
30 September 2019	$0.54	2,500,000
31 December 2019	$0.25	17,900,000
30 September 2020 *(vesting 30 September 2018)*	$0.63	2,500,000
		41,050,000

All unissued shares are ordinary shares of the Company.

All options expire on the earlier of their expiry date or 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 or any other body corporate.

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
750,000	$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	EXERCISE PRICE	NUMBER OF OPTIONS
31-Jan-17	$0.37	375,000
31-Jan-17	$0.43	375,000
30-Sep-17	$0.25	875,000
		1,625,000

Expiration of unissued shares

On 30 June 2017, 1,800,000 unlisted employee share options exercisable at $0.65 expired, in accordance with their terms.

12. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

13. NON-AUDIT SERVICES

During the period KPMG, the Company's auditor, provided no services in addition to their statutory duties in Australia and Brazil (2016: nil).

14. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 87 and forms part of the Directors' Report for the period ended 31 December 2017.

15. ROUNDING OFF

The Group is of a kind referred to in ASIC Instrument 2016/191 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	Full year
Mr Brant E. Hinze	Independent Non-Executive Director	Full year
Mr Timo Jauristo	Independent Non-Executive Director	Full year
Executive Directors		
Mr Simon Jackson	CEO and Managing Director	Full year
Executives		
Mr Peter Holmes	Chief Operating Officer	Full year
Mr Gregory Barrett	CFO and Company Secretary	Full year
Former KMP		
Dr Glen Masterman	Non-Executive Director	Resigned on 31 August 2017

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 CY2017.

		AT RISK	
	Fixed remuneration	Short-term incentive	Long-term incentive
CEO & Managing Director	44%	22%	33%
CFO and COO	50%	25%	25%

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.

STI Plan 2017

The Board and the Remuneration, Nomination and Diversity Committee established the terms of the STI Plan for the year to 31 December 2017.

The STI opportunity to be payable was 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 (Total Reported Incidents Frequency Rate - TRIFR): 20% of STI opportunity; and
- Personal KPI: 20% of STI opportunity.

The Remuneration, Nomination and Diversity Committee reviewed actual outcomes against the above mentioned performance measures and the only performance measure achieved during the period was safety. The Committee also resolved not to award any personal KPI. Consequently, 20% of the total STI opportunity is payable.

STI Plan 2018

The Board and the Remuneration, Nomination and Diversity Committee has established the terms of the STI Plan for the year to 31 December 2018.

The STI opportunity to be payable will be up to 50% of their respective total fixed remuneration for the period 1 January 2018 to 31 December 2018. The STI performance measures relate to achieving the following:

- Production (145,000 – 155,000 ounces): 20% of STI opportunity;
- All-In Sustaining Costs (AISC) (US$1,100 – US$1,200 per ounce): 20% of STI opportunity;
- Earnings measure based on EBITDA: 20% of STI opportunity;
- Safety (TRIFR): 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.

Employee Share Options (Options)

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.

DIRECTORS' REPORT

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;
- 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.

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.

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.

2017 LTI Plan

On 18 May 2017, the Board of Directors submitted to shareholders' approval a proposed grant of rights to the CEO & Managing Director. The Board determined that the grant of Performance Rights under the PRP to Mr Jackson was an appropriate form of long term incentive for Key Management Personnel. Mr Jackson's LTI component was calculated as 75% of his fixed remuneration and the performance period is between 1 January 2017 and 31 December 2018.

The proposed grant of performance rights was approved by shareholders and, in addition, the Board approved the grant of rights to the senior management and key staff members. Other KMP's LTI component was calculated as 50% of their fixed remuneration and the performance period is between 1 January 2017 and 31 December 2018. No performance rights were granted to non-executive directors during the period.

The following rights were granted to the KMP during 2017:

	NUMBER OF OPTIONS GRANTED
Executive Director	
Mr Jackson	1,662,636
Executives	
Mr Barrett	910,681
Mr Holmes	910,681

The vesting conditions and performance hurdles of the rights granted to the KMP follow below:

In order for any of the Performance Rights to vest, the Company's Total Shareholder Return (TSR) must be at or above the 50th percentile of the comparator group's TSR over the performance period and must be positive (Vesting Conditions).

The Company's TSR will be measured relative to companies within the Gold GICS sub-industry that have a market capitalisation between $50 million and $1.1 billion as at 30 December 2016 (Comparator Group).

The Comparator Group for the Performance Rights issued in the 2017 financial year comprises the following companies:

- Dacian Gold Ltd
- Doray Minerals Ltd
- Gold Road Resources Ltd
- Newfield Resources Ltd
- Perseus Mining Ltd
- Ramelius Resources Ltd
- Resolute Mining Ltd
- Saracen Mineral Holdings Ltd
- Silver Lake Resources Ltd
- St Barbara Ltd
- Tribune Resources Ltd
- Westgold Resources Ltd

The number of Performance Rights that vest based on the Company's TSR relative to the Comparator Group is outlined in the following table:

TSR OF COMPANY RELATIVE TO TSRs OF COMPANIES IN THE COMPARATOR GROUP	PROPORTION OF PERFORMANCE RIGHTS THAT VEST
Less than the 50th percentile	0%
50th percentile	50%
Between 50th percentile and 75th percentile	Straight line vesting between 50% and 75%
75th percentile and above	100%

The test date for determining whether the Vesting Conditions have been satisfied (Test Date) will be 31 December 2018.

The Performance Rights will only vest (and the underlying Shares will only be issued) upon the Board making a determination in relation to the Vesting Conditions set out above. Performance Rights that do not vest in accordance with the Board's determination as to vesting will immediately lapse.

If the Board determines that any of the Performance Rights will vest in accordance with the Vesting Conditions (Vesting Performance Rights):

a) the vesting date for 100% of the Vesting Performance Rights will be 31 December 2018; and

b) Shares will be issued by the Company through an automatic exercise, for nil consideration, of the Vesting Performance Rights (on 1 Vesting Performance Right for 1 Share basis) as soon as reasonably practicable after the relevant vesting date for the Vesting Performance Rights.

2018 LTI Plan

The 2018 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.

DIRECTORS' REPORT

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.

	2017	2016	2015	2014	2013
(Loss)/Profit after tax ($'000's)	(101,169)	22,354	(44,345)	13,533	113,549
Results from operating activities ($'000's)	(110,268)	24,282	(20,695)	49,542	99,818
Share price ($/share)	0.18	0.27	0.14	0.225	0.79
EPS ($/share)	(0.08)	0.02	(0.06)	0.02	0.15

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 do not prescribe how remuneration levels are modified year to year.

Non-Executive Directors

On 18 May 2017, shareholders approved an increase on the aggregate remuneration payable to all Non-Executive Directors from $500,000 to $700,000. The last increase was at the 2012 AGM.

As at the end of the year, each non-executive director received 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.

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 $	STI BONUS $	SUPERANNUATION $	VALUE OF OPTIONS $	VALUE OF PERFORMANCE RIGHTS $	TOTAL (BEFORE TAX) $
12 months ended 31 December 2017						
Non-executive directors						
Mr Readhead, Chairman	125,961	-	11,966	-	-	137,927
Dr Adshead-Bell	100,769	-	-	-	-	100,769
Mr Hinze	100,769	-	-	-	-	100,769
Mr Jauristo	100,769	-	-	-	-	100,769
Dr Masterman *(resigned 31 August 2017)*	61,819	-	5,873	-	-	67,692
Executive directors						
Mr Jackson, Managing Director	578,981	120,450	27,500	-	-	726,931
Executives						
Mr Barrett, Company Secretary, CFO	470,785	98,962	27,500	-	-	597,247
Mr Holmes, COO	470,785	98,962	27,500	-	-	597,247
Total realised remuneration (Group)	**2,010,638**	**318,374**	**100,339**	**-**	**-**	**2,429,351**

DIRECTORS' REPORT

16.2.1 REALISED REMUNERATION – AUDITED

	SALARY & FEES $	STI 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) The STI bonus paid in 2017 relates to the 2016 STI approved by the Remuneration, Nomination and Diversity Committee in April 2017.

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) $	2016 STI BONUS (SHORT TERM) $	2017 STI BONUS (SHORT TERM) $	SUPER (POST-EMPLOYMENT) $	SBP OPTIONS $	SBP PERFORMANCE RIGHTS $	TOTAL $	PERFORMANCE RELATED %
12 months ended 31 December 2017								
Non-executive directors								
Mr Readhead, Chairman	125,961	-		11,966	2,546	-	140,473	2%
Dr Adshead-Bell	100,769	-		-	(35,844)	-	64,925	(55%)
Mr Hinze	100,769	-		-	2,546	-	103,315	2%
Mr Jauristo	100,769	-		-	2,684	-	103,453	3%
Dr Masterman *(resigned 31 August 2017)*	61,819	-		5,873	2,546	-	70,238	(274%)
Executive directors								
Mr Jackson, Managing Director	578,981	120,450	60,225	27,500	8,730	113,734	909,620	24%
Executives								
Mr Barrett, Company Secretary, CFO	470,785	98,962	49,481	27,500	-	107,319	754,047	28%
Mr Holmes, COO	470,785	98,962	49,481	27,500	-	62,296	709,024	23%
Total statutory remuneration (Group)	**2,010,638**	**318,374**	**159,187**	**100,339**	**(16,792)**	**283,349**	**2,855,095**	

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) $	2016 STI BONUS (SHORT TERM) $	2017 STI BONUS (SHORT TERM) $	SUPER (POST-EMPLOYMENT) $	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 *(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 *(resigned 14 July 2016)*	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**	

Notes:

(a) The Remuneration, Nomination and Diversity Committee met in April 2017 and resolved to pay a 40% bonus over the STI opportunity. The resolution was passed subsequent to the release of the 2016 Financial Report, consequently the 2016 STI was not included in the 2016 Remuneration Report.

(b) 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.

(c) Options for Dr Adshead-Bell had been provisionally expensed in accordance with accounting standards from the date of issue (being the Board resolution) in 2016. Subsequently, these options were not approved by shareholders at the General Meeting on 18 May 2017 and the expense has been reversed.

16.2.3 RECONCILIATION OF REALISED REMUNERATION TO STATUTORY REMUNERATION

	2017 $	2016 $
Total Realised Remuneration (Group)	2,429,351	2,768,050
Treatment of STI:		
Add: Accounting accrual for STI entitlement	159,187	
Treatment of Share Based Payments:		
Add: Statutory Remuneration accounting expense of options recognised in the period	(16,792)	635,222
Add: Statutory Remuneration accounting expense of performance rights recognised in the period	283,349	89,498
Less: Realised Remuneration valuation of options exercised during the period	-	(475,000)
Total Statutory Remuneration (Group)	**2,855,095**	**3,017,770**

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 and rights 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 period are reported in the tables below.

All options and rights expire on the earlier of their expiry date or termination of the individuals' appointment and have been provided at no cost to recipients.

OPTIONS	NUMBER OF OPTIONS GRANTED IN 2017	GRANT DATE	FAIR VALUE PER OPTION AT GRANT DATE $	EXERCISE PRICE PER OPTION $	EXPIRY DATE	NUMBER OF OPTIONS VESTED IN 2017
Non-executive directors						
Mr Readhead	-	-	-	-	-	875,000
Mr Hinze	-	-	-	-	-	875,000
Mr Jauristo	-	-	-	-	-	875,000
Executive director						
Mr Jackson	-	-	-	-	-	3,000,000
Former KMP						
Dr Masterman *(resigned 31 August 2017)*	-	-	-	-	-	875,000

Notes:

(a) No options were granted or vested to Dr Adshead-Bell, Mr Barrett and Mr Holmes during the period.

DIRECTORS' REPORT

RIGHTS	NUMBER OF RIGHTS GRANTED IN 2017	VESTING CONDITION	GRANT DATE	FAIR VALUE AT GRANT DATE $	EXPIRY DATE
Executive director					
Mr Jackson	1,662,636	BDR's TSR >50th percentile of BDR's comparator group from 1Jan17 - 31Dec18	18-May-17	$0.14	31-Dec-18
Executives					
Mr Barrett	910,681	BDR's TSR >50th percentile of BDR's comparator group from 1Jan17 - 31Dec18	18-May-17	$0.14	31-Dec-18
Mr Holmes	910,681	BDR's TSR >50th percentile of BDR's comparator group from 1Jan17 - 31Dec18	18-May-17	$0.14	31-Dec-18

Notes:

(a) No rights were granted to non-executive directors during the period.

(b) 799,222 rights granted to Mr Barrett in the financial year ended 31 December 2015 did not meet the performance measures and lapsed on 31 December 2017.

(c) Unvested rights granted in the period contain minimum service period requirements.

16.3.2 ISSUE OF EQUITY INSTRUMENTS GRANTED AS REMUNERATION – AUDITED

During the period, no shares were issued on the exercise of options or on the conversion of performance rights granted to KMP.

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 2017 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	-%	-%	2016
	Options	875,000	21-Jan-16	100%	-%	2017
Dr Adshead-Bell	-	-	-	-	-	-
Mr Hinze	Options	875,000	21-Jan-16	-%	-%	2016
	Options	875,000	21-Jan-16	100%	-%	2017
Mr Jauristo	Options	875,000	21-Jan-16	-%	-%	2016
	Options	875,000	21-Jan-16	100%	-%	2017
Executive director						
Mr Jackson	Options	3,000,000	21-Jan-16	-%	-%	2016
	Options	3,000,000	21-Jan-16	100%	-%	2017
	Rights	1,662,636	18-May-17	-%	-%	2018
Executives						
Mr Barrett	Options	750,000	12-Jun-12	-%	100%	2013
	Options	750,000	12-Jun-12	-%	100%	2014
	Rights	799,222	20-May-15	-%	100%	2017
	Options	2,500,000	18-Nov-15	-%	-%	2015
	Options	2,500,000	18-Nov-15	-%	-%	2016
	Rights	910,681	18-May-17	-%	-%	2018
Mr Holmes	Options	2,500,000	18-Nov-15	-%	-%	2015
	Options	2,500,000	18-Nov-15	-%	-%	2016
	Rights	910,681	18-May-17	-%	-%	2018
Former KMP						
Dr Masterman *(resigned 31 August 2017)*	Options	875,000	21-Jan-16	100%	100%	2017

Notes:

(a) 875,000 options granted to Dr Masterman forfeited, as he resigned from his position as a non-executive director.

(b) 1,500,000 options granted to Mr Barrett lapsed in line with the expiration date of 30 June 2017.

(c) 799,222 rights granted to Mr Barrett in the financial year ending 31 December 2015 lapsed due to failure to meet performance measures.

DIRECTORS' REPORT

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 Jackson	227,781	-	-	-
Executives				
Mr Barrett	124,763	-	-	-
Mr Holmes	124,763	-	-	-
Total	**477,307**	**-**	**-**	**-**

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.

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 17	GRANTED AS COMPENSATION	EXERCISED	LAPSED	FORFEITED	HELD AT 31 DEC 17	VESTED DURING THE PERIOD	VESTED AND EXERCISABLE AT 31 DEC 17
Non-executive directors								
Mr Readhead	1,750,000	-	-	-	-	1,750,000	875,000	1,750,000
Dr Adshead-Bell	-	-	-	-	-	-	-	-
Mr Hinze	1,750,000	-	-	-	-	1,750,000	875,000	1,750,000
Mr Jauristo	1,750,000	-	-	-	-	1,750,000	875,000	1,750,000
Executive director								
Mr Jackson	6,000,000	-	-	-	-	6,000,000	3,000,000	6,000,000
Executives								
Mr Barrett	6,500,000	-	-	1,500,000	-	5,000,000	-	5,000,000
Mr Holmes	5,000,000	-	-	-	-	5,000,000	-	5,000,000
Former KMP								
Dr Masterman *(resigned 31 August 2017)*	875,000	-	-	-	875,000	-	875,000	-

Rights

	HELD AT 1 JAN 17	GRANTED AS COMPENSATION	AWARDED	LAPSED	FORFEITED	HELD AT 31 DEC 17	VESTED DURING THE PERIOD	VESTED AND EXERCISABLE AT 31 DEC 17
Executive Director								
Mr Jackson	-	1,662,636	-	-	-	1,662,636	-	-
Executive								
Mr Barrett	799,222	910,681	-	799,222	-	910,681	-	-
Mr Holmes	-	910,681	-	-	-	910,681	-	-

Rights that lapsed during the year were granted during the financial year ended 31 December 2015.

DIRECTORS' REPORT

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

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to each key management person of the Group during the year are detailed below.

2016 STI	INCLUDED IN REMUNERATION (A) $	VESTED IN YEAR %	FORFEITED IN YEAR (B) %
Executive Director			
Mr Jackson	120,450	40%	60%
Executives			
Mr Barrett	98,962	40%	60%
Mr Holmes	98,962	40%	60%
2017 STI			
Executive Director			
Mr Jackson	60,225	20%	80%
Executives			
Mr Barrett	49,481	20%	80%
Mr Holmes	49,481	20%	80%

Notes:

(a) Amounts included in remuneration for the financial year represent the amount related to the financial year based on achievement of personal goals and satisfaction of specified performance criteria. The Remuneration, Nomination and Diversity Committee approved these amounts in April 2017 and February 2018 respectively.

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

16.5 PAYMENTS TO PERSONS BEFORE TAKING OFFICE – AUDITED

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

16.6 KEY MANAGEMENT PERSONNEL TRANSACTIONS – AUDITED

Movement in shares

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

KMP	HELD AT 1 JANUARY 2017	RECEIVED ON EXERCISE OF OPTIONS	OTHER CHANGES*	HELD AT 31 DECEMBER 2017
Non-executive Directors				
Mr Readhead	3,723,200	-	-	3,723,200
Dr Adshead-Bell	-	-	630,000	630,000
Mr Hinze	384,610	-	-	384,610
Mr Jauristo	256,410	-	-	256,410
Executive Directors				
Mr Jackson	512,820	-	-	512,820
Executives				
Mr Barrett	5,000,000	-	-	5,000,000
Mr Holmes	-	-	-	-
Former KMP				
Dr Masterman *(resigned 31 August 2017)*	1,403,910	-	-	n/a

* 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 2018

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	NOTE	DEC 2017 $'000	DEC 2016 $'000
Assets			
Cash and cash equivalents	*15*	10,136	28,298
Restricted cash		171	283
Prepayments		2,365	1,351
Gold bullion awaiting settlement	*14*	9,496	5,360
Trade and other receivables	*13*	24,907	29,267
Inventories	*10*	29,696	55,464
Total current assets		**76,771**	**120,023**
Trade and other receivables	*13*	18,062	153
Inventories	*10*	-	53,049
Exploration and evaluation assets		451	498
Mineral properties	*12*	31,429	28,428
Property, plant and equipment	*11*	137,270	134,942
Deferred tax assets	*9*	30,820	18,553
Total non-current assets		**218,032**	**235,623**
Total assets		**294,803**	**355,646**
Liabilities			
Trade and other payables	*20*	58,670	44,230
Employee benefits	*18*	4,311	5,129
Borrowings	*16*	55,801	54,637
Provisions	*22*	5,333	4,527
Total current liabilities		**124,115**	**108,523**
Employee benefits	*18*	13	204
Borrowings	*16*	-	6,949
Provisions	*22*	8,209	7,845
Total non-current liabilities		**8,222**	**14,998**
Total liabilities		**132,337**	**123,521**
Net assets		**162,466**	**232,125**
Equity			
Share capital	*21*	303,512	254,435
Reserves	*21*	(22,530)	(4,963)
Accumulated losses		(118,516)	(17,347)
Total equity		**162,466**	**232,125**

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 2017

	NOTE	DEC 2017 $'000	DEC 2016 $'000
Revenue		211,067	239,845
Cost of sales	*6*	(296,963)	(191,913)
Gross margin		**(85,896)**	**47,932**
Other income		502	118
Administrative expenses		(20,318)	(19,094)
Project exploration and evaluation expenses		(854)	(1,449)
Impairment losses		(2,881)	(2,239)
Other expenses		(821)	(986)
Results from operating activities		**(110,268)**	**24,282**
Finance income		315	10,644
Finance expense		(5,936)	(4,491)
Net finance (expense)/income	*8*	**(5,621)**	**6,153**
(Loss)/Profit for the period before income tax		**(115,889)**	**30,435**
Income tax benefit/(expense)	*9*	14,720	(8,081)
(Loss)/Profit for the period after income tax		**(101,169)**	**22,354**
Other comprehensive profit/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	*8*	(18,767)	37,310
Other comprehensive (loss)/profit for the period net of tax		**(18,767)**	**37,310**
Total comprehensive (loss)/profit for the year		**(119,936)**	**59,664**
Earning per share:			
Basic (loss)/earnings per share ($)	*17*	(0.08)	0.02
Diluted (loss)/earnings per share ($)	*17*	(0.08)	0.02

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 2017

	NOTE	SHARE CAPITAL $'000	TRANSLATION RESERVE $'000	SHARE BASED PAYMENTS RESERVE $'000	OPTION PREMIUM RESERVE $'000	TAX RESERVE $'000	ACCUMULATED LOSSES $'000	TOTAL EQUITY $'000
Balance at 1 January 2017		254,435	(36,136)	15,953	3	15,217	(17,347)	232,125
Total comprehensive income for the period								
Loss for the period		-	-	-	-	-	(101,169)	(101,169)
Other comprehensive income								
Foreign currency translation differences	*8*	-	(18,767)	-	-	-	-	(18,767)
Total other comprehensive income		**-**	**(18,767)**	**-**	**-**	**-**	**-**	**(18,767)**
Total comprehensive income for the period		**-**	**(18,767)**	**-**	**-**	**-**	**(101,169)**	**(119,936)**
Transactions with owners recorded directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares		50,903	-	-	-	-	-	50,903
Equity transaction costs		(1,826)	-	-	-	-	-	(1,826)
Share based payments	*19*	-	-	1,200	-	-	-	1,200
Total contributions by and distributions to owners		**49,077**	**-**	**1,200**	**-**	**-**	**-**	**50,277**
Balance as at 31 December 2017		**303,512**	**(54,903)**	**17,153**	**3**	**15,217**	**(118,516)**	**162,466**

The notes are an integral part of these 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	*19*	-	-	1,929	-	-	-	1,929
Transfer to tax reserve	*21*	-	-	-	-	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 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	DEC 2017 $'000	DEC 2016 $'000
Cash flow from operating activities		
(Loss)/Profit for the year	(101,169)	22,354
Adjustments for:		
Depreciation	35,907	41,188
Net impairment losses	2,881	2,239
Net loss on sale of plant and equipment	421	669
Ore inventory NRV write-down	63,773	-
Net finance costs/(income)	5,621	(6,153)
Equity-settled share-based payment transactions	1,200	1,929
Income tax (benefit)/expense	(14,720)	8,081
	(6,086)	**70,307**
Changes in:		
Inventories	3,222	(50,980)
Gold bullion awaiting settlement	(4,136)	(302)
Trade and other receivables	(13,548)	(12,563)
Prepayments	(1,015)	(404)
Trade and other payables	14,440	6,042
Provisions and employee benefits	162	5,870
Net cash (used in)/from operating activities	**(6,961)**	**17,970**
Cash flow from investing activities		
Interest received	315	1,972
Payments for property, plant and equipment and mineral properties	(49,501)	(31,142)
Net cash used in investing activities	**(49,186)**	**(29,170)**
Cash flow from financing activities		
Transfers from restricted cash held for security	112	4,776
Proceeds from issue of share capital, net of transaction costs	48,739	47,350
Proceeds from exercise of options	338	500
Repayment of loans and borrowings	(36,029)	(23,182)
Proceeds from loans and borrowings	30,152	-
Interest paid on loans	(4,078)	(1,872)
Net cash from financing activities	**39,234**	**27,572**
Net (decrease)/increase in cash and cash equivalents	(16,913)	16,372
Cash and cash equivalents 1 January	28,298	9,721
Effect of exchange rate fluctuations on cash held	(1,249)	2,205
Cash and cash equivalents 31 December	**10,136**	**28,298**

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 2017 to 31 December 2017 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 2018.

(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 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 consolidated financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group held cash on hand and on deposit as at 31 December 2017 of $10,136,000 and has a net working capital deficit, inclusive of provisions, of $47,344,000. For the period ended 31 December 2017 the Group incurred a loss after income tax of $101,169,000 including impairments of $2,881,000 and inventory net realisable value adjustments of $63,800,000. Cash outflows from operations and investment activities were $56,147,000.

As at 31 December 2017 the Group was in breach of a loan covenant on its Santander-Itaú facility. The Group has not obtained a waiver for this breach from Santander-Itaú and has not been notified of a default under the terms of the agreement at the date of this report.

Subsequent to year end, the Group has received investment committee approval from Sprott Private Resource Lending (Collector), L.P (Sprott) to be provided with a senior secured credit facility up to US$60 million (Credit Facility), to be drawn down in one advance of up to US$40 million (Tranche 1) and a second tranche of up to US$20 million (Tranche 2), to be used for operating and capital expenditures related to the Tucano Gold Mine, retirement of the existing secured loan facility, repayment of unsecured debts and payables, and for working capital purposes. The Credit Facility has a four year tenor and is subject to mutually satisfactory documentation and other conditions precedent. The expected completion date of Tranche 1 is 31 March 2018 or such other date as mutually agreed and such date as mutually agreed for Tranche 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The directors consider the going concern basis of preparation to be appropriate based on forecast cash flows. The cash flow forecast also depends on successful sulphide and oxide mining operations, processing activities and the completion of capital projects in accordance with management's schedule and cost, and achieving forecast gold price and foreign exchange assumptions. The forecasts include the timely and successful commissioning of the plant upgrade by July 2018 to allow for the processing of increased sulphide ore as planned. Critical to achieving forecast cash flows is the Group's ability to achieve forecast gold production. The Group has a reasonable expectation that such production forecasts will be achieved through a combination of improved recoveries following the plant upgrade and accessing higher grade ore reserves.

On the basis the Sprott Credit facility is completed as expected, the cash flow forecast also depends on the successful rolling of unsecured bank facilities of $23.0 million and continued support from our mining services contractor regarding repayment of the unsecured $9.7 million loan payable and some or all of aged past invoices of $28.2 million, to enable cash flow forecasts to be achieved. The unsecured bank facilities have a successful history of being rolled and the Directors expect this to continue. Should operations not successfully achieve operating and capital forecasts, including the continued support from the unsecured lenders and the mining contractor in respect of past invoices, the Group will require additional funding in the form of debt or equity or a combination of the two. Negotiation for additional equity and debt funding will be progressed as required and the Directors have a reasonable expectation that such additional funding can be secured.

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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, 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 earlier.

AASB 9 Financial Instruments 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 does not expect the implementation of this standard to have a material impact on the financial statements.

AASB 15 Revenue from Contracts with Customers 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 is assessing the impact of the new rules on the timing of revenue recognition where recognition of gold sales revenue will depend on the passing of control rather than the passing of risk and rewards. The Group is still assessing the impact of this standard, but it is likely that gold bullion awaiting settlement will no longer be recognised. Revenue will be recognised when settlement occurs.

AASB 16 Leases will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance lease have been removed. The new standard requires a lessee to recognise assets (the right to use the leased item) and liabilities (obligations to make lease repayments). Short term leases (less than 12 months) and leases of low value assets are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted. The Group is still assessing 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 2017, the ageing of trade and other receivables that were not impaired was as follows:

	DEC 2017 $'000	DEC 2016 $'000
Neither past due nor impaired	6,971	2,173
Total	**6,971**	**2,173**

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 2017 $'000	DEC 2016 $'000
Australia			
Cash and cash equivalents		4,846	14,857
Restricted cash		44	44
Trade and other receivables		45	34
		4,935	14,935
Brazil			
Cash and cash equivalents		5,290	13,441
Restricted cash		127	239
Gold bullion awaiting settlement		9,496	5,360
Trade and other receivables		6,926	2,139
		21,839	21,179
Total			
Cash and cash equivalents	*15*	10,136	28,298
Restricted cash		171	283
Gold bullion awaiting settlement	*14*	9,496	5,360
Trade and other receivables	*13*	6,971	2,173
Exposure to credit risk		**26,774**	**36,114**

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 2017						
Trade and other payables	(58,670)	(58,670)	(58,670)	-	-	-
Borrowings	(55,801)	(55,801)	(55,801)	-	-	-
Balance as at 31 December	**(114,471)**	**(114,470)**	**(114,470)**	**-**	**-**	**-**
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)**	**-**

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As at 31 December 2017, the Group was in breach of a Santander – Itaú Facility financial covenant. As a result of the breach, contractual cash flows in relation to that Facility have been presented above as payable in 6 months or less as required by accounting standards. The Company continues to adhere to the Facility's repayment schedule as agreed. Accordingly, the January 2018 US$2.5 million dollar repayment has been made as scheduled. Please refer to going concern in note 2(d) for further information.

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 2017, 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 following table demonstrates the Group's exposure to foreign currency risk at the end of the year;

	DEC 2017 US$'000	DEC 2016 US$'000
Cash and cash equivalents	1,845	7,470
Gold bullion awaiting settlement	7,557	3,913
Trade and other payables	(86)	(888)
Borrowings	(36,044)	(37,350)
Statement of financial position exposure	**(26,728)**	**(26,855)**

Sensitivity analysis

Assuming all other variables remain constant, a 10% strengthening of the Brazilian Real at 31 December 2017 against the United States Dollar would have resulted in an reduced loss of $3,616,000 (2016: $4,101,000 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	
	2017	2016	2017	2016
BRL 1 : USD	0.3133	0.2855	0.3019	0.3073

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 2017 $'000	DEC 2016 $'000
Fixed rate instruments		
Financial assets	3,044	7,283
Financial liabilities	(46,126)	(51,912)
Net fixed rate instruments	**(43,082)**	**(44,629)**
Variable rate instruments		
Financial assets	7,263	21,298
Financial liabilities	-	-
Net variable rate instruments	**7,263**	**21,298**

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 before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

SENSITIVITY	100BP INCREASE DEC 2017 $'000	100BP DECREASE DEC 2017 $'000	100BP INCREASE DEC 2016 $'000	100BP DECREASE DEC 2016 $'000
Interest bearing instruments	(270)	270	(394)	394
Cash flow sensitivity (net)	(270)	270	(394)	394

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.

Please refer to going concern in note 2(d) for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. OPERATING SEGMENTS

The Group has one reportable segment, 'Brazilian operations', which is the Group's strategic business unit.

INFORMATION ABOUT REPORTABLE SEGMENT PROFIT/(LOSS)	BRAZIL $'000
12 months ended 31 December 2017	
External revenues	211,067
Project finance interest expenses	(4,078)
Unrealised foreign exchange loss	(1,035)
(Impairment of) segment assets	(2,881)
Depreciation and amortisation	(35,907)
Reportable segment (loss)/profit before income tax	**(95,163)**
12 months ended 31 December 2016	
External revenues	239,845
Project finance interest expenses	(3,965)
Unrealised foreign exhange gain	10,301
(Impairment of) segment assets	(1,971)
Depreciation and amortisation	(41,188)
Reportable segment profit/(loss) before income tax	**50,451**

Revenue from one major customer of the Group was approximately $211 million during the year ended 31 December 2017 (2016: $239 million).

RECONCILIATION OF REPORTABLE SEGMENT PROFIT/(LOSS)	DEC 2017 $'000	DEC 2016 $'000
Total (loss)/profit for reportable segments	(95,163)	50,451
Unallocated amounts		
- Corporate income	146	33
- Corporate expenses	(20,872)	(20,049)
Consolidated (loss)/profit before tax	**(115,889)**	**30,435**

INFORMATION ABOUT REPORTABLE SEGMENT ASSETS, LIABILITIES AND CAPITAL EXPENDITURE	BRAZIL $'000
2017	
Reportable segment assets	284,358
Reportable segment liabilities	121,141
Reportable segment capital expenditure	42,952
2016	
Reportable segment assets	327,096
Reportable segment liabilities	112,797
Reportable segment capital expenditure	34,185

RECONCILIATION OF REPORTABLE SEGMENT ASSETS AND LIABILITIES	DEC 2017 $'000	DEC 2016 $'000
Total assets for reportable segments	284,358	327,096
Unallocated amounts		
- Corporate assets	10,445	28,550
Consolidated assets	**294,803**	**355,646**
Total liabilities for reportable segments	121,141	112,797
Unallocated amounts		
- Corporate liabilities	11,196	10,724
Consolidated liabilities	**132,337**	**123,521**

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 2017 $'000	NON-CURRENT ASSETS DEC 2017 $'000	REVENUES DEC 2016 $'000	NON-CURRENT ASSETS DEC 2016 $'000
Australia	-	48	-	94
Brazil	211,067	187,159	239,845	216,972
Unallocated amounts	-	30,825	-	18,557
Balance at the end of the period	**211,067**	**218,032**	**239,845**	**235,623**

6. COST OF SALES

	DEC 2017 $'000	DEC 2016 $'000
Costs of production	256,423	146,043
Royalties	4,633	4,682
Depreciation, amortisation and depletion	35,907	41,188
Cost of Sales	**296,963**	**191,913**

Costs of production include a $63.8 million net realisable value adjustment in respect of low grade ore stockpiles (2016: nil). Refer to note 10 for further information.

7. PERSONNEL EXPENSES

	NOTE	DEC 2017 $'000	DEC 2016 $'000
Wages, salaries and benefits		30,020	27,618
Contributions to defined contribution plans		6,245	6,549
Increase in liability for annual leave		1,843	2,165
Other personnel expenses		3,897	2,810
Share-based payment transactions	*19*	1,200	1,929
Personnel expenses		**43,205**	**41,071**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. FINANCE INCOME AND EXPENSE

	DEC 2017 $'000	DEC 2016 $'000
Recognised in profit and loss		
Interest income	315	343
Interest expense	(4,078)	(3,965)
Net foreign exchange (loss)/gain	(1,035)	10,301
Unwind of discount of site restoration provision	(314)	(264)
Transaction costs	(509)	(262)
Net finance(expense)/income	**(5,621)**	**6,153**
Recognised directly in equity		
Foreign currency translation differences for foreign operations	(18,767)	37,310
Finance (loss)/income recognised directly in equity, net of tax	**(18,767)**	**37,310**

9. INCOME TAX

Current income tax

	DEC 2017 $'000	DEC 2016 $'000
Income tax benefit/(expense)		
Current tax expense	-	(1,797)
Adjustment for prior period	-	(702)
Deferred tax benefit/(expense)	14,720	(5,582)
Income tax benefit/(expense)	**14,720**	**(8,081)**
Numerical reconciliation between tax benefit/(expense) and pre-tax accounting (loss)/profit		
Pre-tax accounting profit for the period	(115,889)	30,435
Income tax expense at the Group's tax rates (Australia: 30%, Brazil: 34%)	38,933	(10,878)
Expenditure not allowable for tax purposes	(2,418)	(1,816)
Temporary differences not recognised	(751)	(210)
Current year losses for which no deferred tax asset was recognised	(1,514)	(2,366)
Utilisation of carry forward losses	-	2,909
Application of tax incentives	(19,530)	4,982
Adjustment for prior period	-	(702)
Income tax benefit/(expense)	**14,720**	**(8,081)**

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

Recognised deferred tax balances

	DEC 2017 $'000	DEC 2016 $'000
Recognised tax assets/(liabilities)		
Property, plant and equipment	(5,188)	(3,602)
Mineral properties	(758)	(769)
Trade and other receivables	3,359	3,718
Trade, other payables and employee benefits	2,529	2,705
Inventories	9,828	166
Borrowings	(812)	(2,213)
Provisions	1,486	1,887
Tax effect losses	20,376	16,661
Net deferred tax assets	**30,820**	**18,553**

	DEC 2017 $'000	DEC 2016 $'000
Recognised deferred tax assets		
Opening balance	18,553	20,108
Recognised in profit or loss	14,720	(5,582)
Effect of movement in exchange rates	(2,453)	4,027
Balance at the end of the period	**30,820**	**18,553**

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

Unrecognised deferred tax balances

	DEC 2017 $'000	DEC 2016 $'000
Unrecognised deferred tax assets		
Deductible/(assessable) temporary differences	1,465	1,402
Tax effect carry forward losses (Australia)	22,483	20,230
Tax effect carry forward losses (Brazil)	1,101	1,052
Balance at the end of the period	**25,049**	**22,684**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INVENTORIES

	DEC 2017 $'000	DEC 2016 $'000
Spare parts, raw materials and consumables - at cost	13,122	22,278
Ore stockpiles - at cost	9,451	80,087
Gold in circuit - at cost	3,971	4,607
Gold bullion - at cost	3,152	1,541
Balance at the end of the period	**29,696**	**108,513**
Current	29,696	55,464
Non current	-	53,049
Balance at the end of the period	**29,696**	**108,513**

Net realisable value

Ore stockpiles are valued at the lower of cost and net realisable value (NRV). The Group has recognised a write down to NRV of $6.9 million in June 2017 and a further $56.9 million in December 2017 (total of $63.8 million) in cost of goods sold in respect of its low grade ore stockpiles.

The carrying value of low grade stockpiles is modelled using assumptions with respect to planned usage, future processing costs and forecast market prices. In anticipation of the completion of the Tucano plant upgrade, the Group has amended its life of mine processing plan deferring the timing of expected processing of low grade stockpiles.

Considering the amended processing plan, together with revised assumptions regarding future processing costs and forecast gold prices, the Group determined an adjustment in respect of the carrying value of its low grade stockpiles was necessary. While an adjustment has been recognised in respect of the low grade stockpiles, they continue to form part of the life of mine processing plan at Tucano.

All other inventories are held at cost at reporting date.

11. PROPERTY, PLANT AND EQUIPMENT

31 DECEMBER 2017	BUILDINGS & INFRASTRUCTURE $'000	PLANT & EQUIPMENT $'000	FIXTURES & FITTINGS $'000	TOTAL $'000
Cost				
Opening balance	36,267	192,118	1,574	229,959
Additions	13,889	18,588	147	32,624
Transfers from ore stockpiles	11,822	-	-	11,822
Disposals	(1,674)	(804)	(641)	(3,119)
Effect of movements in exchange rates	(5,324)	(18,533)	(96)	(23,953)
Balance at 31 December 2017	**54,980**	**191,369**	**984**	**247,333**
Depreciation and impairment				
Opening balance	(5,572)	(89,055)	(390)	(95,017)
Depreciation	(5,174)	(24,484)	(513)	(30,171)
Disposals	1,674	398	722	2,794
Effect of movements in exchange rates	914	11,399	18	12,331
Balance at 31 December 2017	**(8,158)**	**(101,742)**	**(163)**	**(110,063)**
Carrying amount				
Opening balance	30,695	103,063	1,184	134,942
Balance at 31 December 2017	**46,822**	**89,627**	**821**	**137,270**

During the year a portion of ore stockpiles used in the construction of the ROM pad were transferred from inventory to property, plant and equipment, for an amount of $11.8 million. These stockpiles have been included in additions and will be amortised over the life of mine.

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**

12. MINERAL PROPERTIES

	DEC 2017 $'000	DEC 2016 $'000
Cost		
Opening balance	28,428	17,734
Additions	10,328	9,676
Amortisation of mineral properties	(4,593)	(3,315)
Effect of movements in exchange rates	(2,734)	4,333
Balance at the end of the period	**31,429**	**28,428**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE AND OTHER RECEIVABLES

	DEC 2017 $'000	DEC 2016 $'000
Other receivables	6,971	2,173
VAT taxes	35,998	27,247
Balance at the end of the period	**42,969**	**29,420**
Current	24,907	29,267
Non current	18,062	153
Balance at the end of the period	**42,969**	**29,420**

Other receivables

The Company is disputing a change by the State of Amapá to the calculation of a gold royalty and has made an application to the Federal Supreme Court of Brazil for the matter to be heard.

In connection with the application, the Company has made a Judicial Deposit with the State Supreme Court, for an amount of $4.7 million to prevent the addition of any fines or penalties, pending the outcome of a Federal Supreme Court decision.

The Company and its Brazilian counsel are confident of a ruling in the Company's favour and expect that the Judicial Deposit will be returned in full at the conclusion of the case.

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. The Group expects that Pis-Cofins assets will be recovered through the Group generating future federal company tax liabilities, which can 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 $2,867,000 (2016: $1,719,000) 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 $9,496,000 (2016: $5,360,000) and comprised 5,746 ounces (2016: 3,328 ounces) at a weighted average realisable value of $1,653 per ounce (2016: $1,610 per ounce).

15. CASH AND CASH EQUIVALENTS

	DEC 2017 $'000	DEC 2016 $'000
Bank balances	10,136	28,298
Cash and cash equivalents in the statement of cash flows	10,136	28,298

16. BORROWINGS

	DEC 2017 $'000	DEC 2016 $'000
Unsecured loans	33,124	26,553
Secured loans	22,677	35,033
Balance at the end of the period	**55,801**	**61,586**
Current	55,801	54,637
Non current	-	6,949
Balance at the end of the period	**55,801**	**61,586**

Santander – Itaú Facility

In June 2017, the Company amended its Santander – Itaú Facility repayment schedule, reducing its debt repayment obligations.

Prior to the amendment the Company had four scheduled quarterly repayments of US$5 million remaining, ending in January 2018. The repayment schedule was amended as follows:

- US$2.5 million repayments due in July 2017, January 2018, July 2018 and October 2018; and
- US$5 million repayments due in January 2019 and April 2019.

The balance of the Santander – Itaú Facility as at 31 December 2017 is $22 million (US$17.5 million).

Interest payments are also payable quarterly and are calculated by applying 5.9% per annum to the outstanding balance.

The facility is secured by a charge over the Tucano mining concession.

As at 31 December 2017, the Group was in breach of a Santander – Itaú Facility financial covenant. As a result of the breach, $12.8 million (US$10 million) of the liability was reclassified from non current to current liabilities at 31 December 2017 as required by accounting standards. The Company continues to adhere to the Facility's repayment schedule as agreed. Accordingly, the January 2018 US$2.5 million dollar repayment has been made as scheduled and a further US$5 million is scheduled for payment in 2018. Refer to going concern in note 2(d) for further information.

Unsecured facilities

The Group's unsecured facilities comprise a non-interest bearing $9.7 million loan payable to MACA Limited and $23 million (US$18 million) in unsecured bank facilities. The Group's $23 million unsecured bank facilities are interest bearing at a weighted average rate of 4.31% per annum and are repayable by November 2018. These loans have a history of being rolled and it is the expectation of the Company that this continues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. LOSS PER SHARE

Basic loss per share

The basic loss per share for the period is $0.08 (2016 earnings per share: $0.02). The calculation of loss per share at 31 December 2017 was based on the consolidated loss attributable to ordinary shareholders of $101,169,000 (2016 profit: $22,354,000) and a weighted average number of ordinary shares outstanding of 1,203,621,922 (2016: 1,002,157,739) calculated as follows:

Loss attributable to ordinary shareholders (basic)

	DEC 2017 $'000	DEC 2016 $'000
(Loss)/Profit for the period	(101,169)	22,354
(Loss)/Profit attributable to ordinary shareholders	(101,169)	22,354

Weighted average number of ordinary shares (basic)

WEIGHTED AVERAGE EFFECTS	DEC 2017 SHARES	DEC 2016 SHARES
Opening balance	1,057,567,540	798,657,280
Effect of shares issued	146,054,382	203,500,459
Weighted average number of ordinary shares at the end of the period	1,203,621,922	1,002,157,739

Diluted loss per share

The Company does not have any potential ordinary shares whose conversion to ordinary shares would have a dilutive effect on basic loss per share and as such diluted loss per share is equal to basic loss per share. Potential ordinary shares of the Company consist of 41,050,000 share options and performance rights of 11,046,999 issued as share based payments (refer to note 21).

In accordance with AASB 133 'Earnings per Share' these options and performance rights have been excluded from the calculation of diluted loss per share due to the antidilutive effect.

18. EMPLOYEE BENEFITS

	DEC 2017 $'000	DEC 2016 $'000
Salaries, wages and benefits accrued	1,978	3,007
Leave liabilities	2,346	2,326
Total employee benefits	**4,324**	**5,333**
Current	4,311	5,129
Non current	13	204
Total employee benefits	**4,324**	**5,333**

19. 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 2017		DEC 2016	
	OPTIONS	WAEP	OPTIONS	WAEP
Opening balance	45,725,000	$0.28	22,050,000	$0.26
Options granted during the period	-	$0.00	28,000,000	$0.29
Options exercised during the period	(1,500,000)	$0.23	(2,500,000)	$0.20
Options forfeited during the period	(3,425,000)	$0.49	(1,825,000)	$0.25
Options outstanding at the end of the period	**40,800,000**	**$0.27**	**45,725,000**	**$0.28**
Options exercisable at the end of the period	**38,300,000**	**$0.25**	**32,600,000**	**$0.25**

The following table illustrates the exercise of Employee Share Option Plan 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 2017			
750,000	17-Jan-17	0.20	0.31
750,000	17-Jan-17	0.25	0.31
Period ending 31 December 2016			
2,500,000	30-Aug-16	0.20	0.39

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The outstanding balance of Employee Share Option Plan options as at 31 December 2017 is represented by:

NUMBER OF OPTIONS	GRANT DATE	VESTING	EXPIRING	STRIKE PRICE PER OPTION	CONTRACTUAL LIFE (YEARS)	FAIR VALUE PER OPTION
Key management personnel						
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
5,625,000	21-Jan-16	Vested	31-Dec-19	$0.25	3.95	$0.06
Other employees						
4,275,000	18-Nov-15	Vested	31-Dec-18	$0.20	3.12	$0.06
4,275,000	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
1,000,000	18-Jan-16	Vested	31-Dec-18	$0.20	2.95	$0.07
1,000,000	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	Vested	31-Dec-19	$0.25	3.86	$0.11
2,500,000	27-Sep-16	Vested	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 2017 is represented below:

NUMBER OF OPTIONS	GRANT DATE	VESTING CONDITIONS OF UNVESTED OPTIONS
2,500,000	27-Sep-16	Employees must be in the Group’s employment as at 30 September 2018

Employee share options forfeited during the period ended 31 December 2017

875,000 options exercisable at $0.25; 375,000 options exercisable at $0.37 and 375,000 options exercisable at $0.43 were forfeited as a result of failure to meet vesting conditions.

1,800,000 options exercisable at $0.65, expiring 30 June 2017 were not exercised and expired in accordance with their terms.

Recognised as employee costs – Employee Share Option Plan

	DEC 2017 $’000	DEC 2016 $’000
Opening balance	13,881	12,133
Share options granted - equity settled	718	1,822
Share options forfeited - equity settled	(254)	(74)
Share based payments reserve	**14,345**	**13,881**

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 2017 RIGHTS	DEC 2016 RIGHTS
Opening balance	1,598,444	2,200,228
Performance Rights granted during the period	9,448,555	-
Performance Rights lapsed during the period	(1,598,444)	(601,784)
Performance Rights outstanding at the end of the period	**9,448,555**	**1,598,444**

Performance Rights granted during the period

9,448,555 Performance Rights were granted to Key Management Personnel and employees on 18 May 2017. The plan allows each Performance Right vesting to be converted to one fully paid ordinary share in the Company for nil cash consideration. In order for any Performance Rights to vest, the Group's Total Shareholder Return (TSR) must be positive and at or above the 50th percentile of a comparator group of companies TSR's over a performance period from 1 January 2017 to 31 December 2018. Following assessment of the Group's TSR against the comparator group on 31 December 2018 (Test Date), the awarded Performance Rights, if any, will vest on the Test Date. TSR measures the growth for the financial year in the price of shares plus cash distributions notionally reinvested in shares.

The grant of Performance Rights during the period was measured using the Monte Carlo pricing model. The following table lists the weighted average inputs to the model used to determine the fair value for rights granted for the year ended 31 December 2017.

	2017 PERFORMANCE RIGHTS PLAN
Contractual life (years)	1.62
Market value of underlying shares on date of issue	$0.24
Performance period (years)	2.00
Expected volatility of the underlying shares	80.74%
Risk free rate applied	1.58%
Fair value per right at grant date	$0.14

Performance Rights lapsed during the period ended 31 December 2017

1,598,444 Performance Rights, vesting 31 December 2017 lapsed as performance measures have not been achieved.

Recognised as employee costs – Performance Rights Plan

	DEC 2017 $'000	DEC 2016 $'000
Opening balance	950	771
Performance rights granted	736	179
Performance rights reserve	1,686	950

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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 2017 OPTIONS	DEC 2016 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 2017 $'000	DEC 2016 $'000
Opening balance	1,123	1,123
Share options granted - equity settled	-	-
Share based payments recognised	**1,123**	**1,123**

20. TRADE AND OTHER PAYABLES

	DEC 2017 $'000	DEC 2016 $'000
Trade payables	39,362	24,744
Accruals	16,972	17,904
Other payables	2,336	1,582
Balance at the end of the period	**58,670**	**44,230**
Current	58,670	44,230
Non current	-	-
Balance at the end of the period	**58,670**	**44,230**

21. CAPITAL AND RESERVES

ORDINARY SHARE CAPITAL	DEC 2017 '000 SHARES	DEC 2016 '000 SHARES	DEC 2017 $'000	DEC 2016 $'000
On issue at the beginning of the period	1,057,567	798,657	254,435	206,585
Exercise of share options	1,500	2,500	338	500
Issued for cash	174,363	256,410	48,739	47,350
On issue at the end of the period (net of transaction costs)	1,233,430	1,057,567	303,512	254,435

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 19 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.

22. PROVISIONS

	SITE RESTORATION $'000	COMMUNITY FUND $'000	OTHER $'000	TOTAL $'000
Balance at beginning of the period	7,845	2,678	1,849	12,372
Unwind of discount on site restoration costs	297	-	-	297
Provisions made during the period	972	1,961	1,948	4,881
Provisions used during the period	-	(2,429)	(430)	(2,859)
Effect of movements in exchange rates	(729)	(248)	(172)	(1,149)
Balance at end of the period	**8,385**	**1,962**	**3,195**	**13,542**
Current	446	1,962	2,925	5,333
Non Current	7,939	-	270	8,209
Balance at the end of the period	**8,385**	**1,962**	**3,195**	**13,542**

The Group's provisions principally comprise provisions for site restoration of $8,385,000 (2016: $7,845,000) and community fund contributions of $1,962,000 (2016: $2,678,000).

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 Brazilian risk free discount rate of 10.09% (2016: 11.67%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

23. CONTINGENCIES

Following the acquisition of the Tucano Gold Project in 2010, the Group assumed a claim relating to environmental damages to William Creek. The alleged damage is related to the modification of the creek's riverbed, soiling and sedimentation.

In January 2018 the Amapá State Court ordered the Group to pay a fine of R$6 million plus interest and inflation to the State Environmental Fund. No liability has been recognised in relation to this decision based on legal advice received and as the Group intends to appeal.

24. RELATED PARTIES

Key management personnel compensation

The key management personnel compensation is as set out below.

	DEC 2017 $	DEC 2016 $
Short-term employee benefits	2,488,199	2,197,440
Post-employment benefits	100,339	95,610
Share based payments	266,557	724,720
Key management personnel compensation	2,855,095	3,017,770

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 (2016: none) with related parties.

25. GROUP ENTITIES

The Group's principal subsidiaries at 31 December 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

ULTIMATE PARENT AND SUBSIDIARIES	COUNTRY OF INCORPORATION	INTEREST 2017	INTEREST 2016
Parent entity			
Beadell Resources Ltd	Australia		
Subsidiaries			
Beadell Resources Mineração Ltda (ii)	Brazil	100%	100%
Beadell (Brazil) Pty Ltd (i) (ii)	Australia	100%	100%
Beadell (Brazil 2) Pty Ltd (i) (ii)	Australia	100%	100%
Beadell Brasil Ltda (ii)	Brazil	100%	100%

Notes:

(i) These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with ASIC Corporations (Wholly owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission. For further information refer to note 27.

(ii) These entities are considered to be material controlled entities of the Group.

26. SUBSEQUENT EVENTS

Sprott Secured Credit Facility

The Group has received credit approval from Sprott Private Resource Lending (Collector), L.P. (Sprott) to be provided with a senior secured credit facility up to US$60 million (Credit Facility), to be completed by 31 March 2018 on completion of legal documentation. Key terms of the Credit Facility are:

- 4 year tenor
- 2 year amortisation holiday
- Annual interest rate of 6.75% plus the greater of US 3-month LIBOR or 1.25%
- No commitment fee
- Early repayment flexibility
- No mandatory hedging requirements
- Low number of options with strike price to reflect 30% premium to Beadell's share price
- Fixed production-linked payment of US$10 per ounce of gold on 50% of production in Years 2 through 4, capped at 225,000 gold ounces.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. PARENT ENTITY GUARANTEES

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 2017 $'000	DEC 2016 $'000
Other income	146	21,736
Administrative expenses	(9,117)	(9,915)
Project exploration and evaluation expenses	(125)	(747)
Impairment losses	(51,386)	(269)
Depreciation, amortisation and depletion	(2,942)	(2,749)
Results from operating activities	**(63,424)**	**8,056**
Finance income	315	1,815
Finance expense	(5,344)	(5)
Net finance (expense)/income	**(5,029)**	**1,810**
(Loss)/Profit for the period before income tax	**(68,453)**	**9,866**
Income tax recovery	-	-
(Loss)/Profit for the period after income tax	**(68,453)**	**9,866**
Other comprehensive (loss)/profit	**-**	**-**
Other comprehensive (loss)/profit for the period net of tax	**(68,453)**	**9,866**
Total comprehensive (loss)/profit for the period	**(68,453)**	**9,866**

STATEMENT OF FINANCIAL POSITION	DEC 2017 $'000	DEC 2016 $'000
Assets		
Cash and cash equivalents	4,845	14,857
Restricted cash	44	44
Prepayments	184	161
Trade and other receivables	39	29
Total current assets	**5,112**	**15,091**
Trade and other receivables	6	5
Property, plant and equipment	48	94
Investments	168,767	184,155
Total non-current assets	**168,821**	**184,254**
Total assets	**173,933**	**199,345**
Liabilities		
Trade and other payables	965	372
Employee benefits	814	573
Borrowings	9,675	17,553
Total current liabilities	**11,454**	**18,498**
Employee benefits	13	204
Total non-current liabilities	**13**	**204**
Total liabilities	**11,467**	**18,702**
Net assets	**162,466**	**180,643**
Equity		
Share capital	303,512	254,435
Reserves	17,156	15,957
Accumulated losses	(158,202)	(89,749)
Total equity	**162,466**	**180,643**

Brazilian subsidiary guarantee

The parent entity has guaranteed, to an unrelated party, the performance of a subsidiary in Brazil in relation to a mining services contract. In the event of default, the terms of the contract allow the contractor to demand payment from the parent. The contract is due to complete by 30 November 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. AUDITORS' REMUNERATION

	DEC 2017 $'000	DEC 2016 $'000
Audit services		
KPMG Australia		
Audit and review of financial reports	165,000	165,000
Overseas KPMG firms		
Audit and review of financial reports	111,412	112,585
Audit services	**276,412**	**277,585**

29. PARENT ENTITY

As at and during the period ending 31 December 2017 the parent company of the Group was Beadell Resources Ltd.

	DEC 2017 $'000	DEC 2016 $'000
Result		
Loss for the period	(58,447)	(141)
Other comprehensive income	-	-
Total comprehensive loss	**(58,447)**	**(141)**
Financial position		
Current assets	5,113	15,091
Total assets	173,934	189,338
Current liabilities	11,455	18,498
Total liabilities	11,468	18,702
Net assets	**162,466**	**170,636**
Equity		
Share capital	303,512	254,435
Reserves	17,156	15,957
Accumulated losses	(158,202)	(99,756)
Total equity	**162,466**	**170,636**

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 27.

30. CAPITAL COMMITMENTS

Tucano plant upgrade

As announced in May 2017, the Group is undertaking a plant upgrade at Tucano for an estimated total capital cost of US$27.6 million. As at 31 December 2017, the remaining capital commitment in order to complete and commission the plant upgrade is estimated at US$18.495 million. The plant upgrade is expected to be completed and commissioned by mid 2018.

Mining services contract

Under the terms of a mining services contract , should the contract be terminated before its contractual end date of November 2019, the Group will be required, unless otherwise agreed by the contractor, to purchase the contractors equipment at the Tucano site at its written down value at the date of termination.

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 2017 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 25 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 2017.

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 2018

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 of Beadell Resources Limited for the financial year ended 31 December 2017 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

Graham Hogg
Partner
Perth
28 February 2018

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 2017 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 2017
- 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
- Valuation of non-current assets.

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.

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Going concern basis of accounting	
Refer to Note 2(d) to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
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: • The Group's forecast sales, production volumes, production costs and capital expenditure levels included within the Group's cash flow forecasts. This included feasibility to achieve forecast in light of previous production challenges • Impact of expected gold prices and forecast US Dollar, Brazilian Real and Australian Dollar foreign exchange rates to cash flows projected • The Group's ability to refinance and roll existing bank debt and payables to its mining services contractor, and finance its capital expansion. We focussed on the nature of planned methods to achieve this, feasibility and status/progress of those plans. As disclosed in Note 2(d), subsequent to year end, the Group has received investment committee approval from Sprott Private Resource Lending (Collector), L.P (Sprott) to be provided with a senior secured credit facility up to US$60 million (Credit Facility) to be drawn down in one	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, feasibility reports 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 production information, mine plans and feasibility reports – 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 – 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 reviewed historical trends and read correspondence with existing and potential financiers to understand and assess the options available to the Group including new debt facilities, renegotiation or rolling forward of existing debt facilities, potential waivers in meeting financial loan covenants and negotiation of additional/revised funding arrangements

INDEPENDENT AUDITOR'S REPORT

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advance of up to US$40 million (Tranche 1) and a second tranche of up to US$20 million (Tranche 2) • The Group's ability to raise additional funds from shareholders or other parties and the projected timing thereof, as required. This included source of funds, availability of debt or equity funding, feasibility and status/progress of securing those funds. 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.	• We evaluated the ability and likelihood of continued support from the Group's mining services contractor and the unsecured financiers, through correspondence and historical trends • We read correspondence and evaluated the investment committee approved term sheet with Sprott to assess the likelihood, timing and sufficiency of funding • We read relevant correspondence with the Group's broker to understand and assess the Group's ability to raise additional shareholder funds • 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 ($9,451,000)	
Refer to Note 6 and 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: • Management's estimate of the low quantity of gold contained within the ore stockpiles on hand at 31 December 2017 which 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, production assumptions 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.	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 and to changed production profile assumptions resulting from the plant upgrade underway. This was to inform our evaluation of the forecast 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

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Other critical inputs to the model, showing recent volatility, include: • Forecast gold prices used in the estimate of sales proceeds; and • Forecast US Dollar to Brazilian Real exchange rates and forecast Brazil inflation applied in the model. The Group recognised a write down to estimated net realisable value to low grade ore stockpiles of $63.8 million during the year as a result of its changed production profile, deferring the timing of expected processing of the lower grade stockpiles, and revised assumptions of future processing costs and forecast gold prices.	• 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 considerations and impairment of non-current assets • We recalculated the net realisable value adjustment of $63.8 million against the recorded amount disclosed • We assessed the appropriateness and sufficiency of the disclosures in the Financial Report against the requirements of the accounting standards.

Value of non-current assets (A$166,362,000)

Refer to Note 11 and 12 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The value of non-current assets comprising property, plant and equipment, exploration and evaluation assets and mineral properties was considered a key audit matter due to: • The size of the balance of these non-current assets (being 57% of total assets) • The level of judgment required by us in evaluating the Group's assessment of impairment. The assessment of impairment of the Group's non-current assets, applies significant judgments through the use of assumptions in a fair value less costs of disposal model. These judgments include: • Forecast sales, production levels, production costs and capital expenditure • Expected gold prices • Discount rate • Life of mineral reserves. In assessing this key audit matter, we involved senior team members and valuation specialists.	Our procedures included: • We considered the appropriateness of adopting fair value less costs of disposal methodology by assessing the discounted cash flow forecast model to acceptable valuation techniques • We assessed the integrity of the fair value less costs of disposal model used • We assessed the accuracy of previous forecasts by the Group to inform our evaluation of forecasts incorporated in the fair value less costs of disposal model • We evaluated the sensitivity of the value of non-current assets by considering downside scenarios against reasonably possible changes to the key judgments, such as forecast commodity prices and the discount rate, to determine the assumptions that we focused our testing on • We assessed key judgments underlying the discounted cash flows (including forecast sales, production levels and production costs) based on historical performance and planned changes. This included the feasibility to achieve forecasts in light of previous production challenges and evaluating the consistency of forecast cash flows to mine plans and feasibility reports

INDEPENDENT AUDITOR'S REPORT

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	• We compared the forecast cash flows and capital expenditure contained in the fair value less costs of disposal model to Board approved forecasts • We compared expected gold prices to published views of the market commentator on future trends • We analysed the life of mineral reserves based on the views of an external expert engaged by the Group • Working with our valuation specialists, we independently developed a discount rate range considered comparable using publicly available market data for comparable entities.

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 letter from the Chairman and Chief Executive Officer, Highlights Report, Tucano Gold Mine-Brazil Report, Exploration Report, Resource and Reserves Report, Corporate Report, Corporate Responsibility Report and Additional Shareholder 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.

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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.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Beadell Resources Limited for the year ended 31 December 2017, 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 2017.

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

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KPMG

Graham Hogg
Partner
Perth
28 February 2018

ADDITIONAL SHAREHOLDER INFORMATION

AS AT 29 MARCH 2018

a) Substantial Shareholders lodged with the Company:

NAME OF ORDINARY SHAREHOLDER	NUMBER OF SHARES HELD	% OF SHARES HELD
BlackRock Group	143,048,483	11.59%
Prudential Plc	99,580,079	8.07%
Commonwealth Bank of Australia	67,311,839	5.46%
Van Eck Associates Corporation	63,437,635	5.14%

b) Listing of 20 Largest Shareholders

RANK	NAME OF ORDINARY SHAREHOLDER	NUMBER OF SHARES HELD	% OF SHARES HELD
1	HSBC Custody Nominees (Australia) Limited	347,707,799	28.19
2	J P Morgan Nominees Australia Limited	280,260,385	22.72
3	HSBC Custody Nominees (Australia) Limited-GSCO ECA	42,076,697	3.41
4	Citicorp Nominees Pty Limited	33,764,918	2.74
5	Lujeta Pty Ltd <Margaret A/C>	21,774,155	1.77
6	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	20,114,469	1.63
7	National Nominees Limited	16,798,666	1.36
8	BNP Paribas Noms Pty Ltd <DPP>	10,610,733	0.86
9	National Nominees Limited <DB A/C>	10,492,291	0.85
10	Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	6,670,060	0.54
11	Merrill Lynch (Australia) Nominees Pty Limited	6,276,812	0.51
12	Buttonwood Nominees Pty Ltd	6,249,171	0.51
13	Mr Peppi Schiano Dicola	6,000,000	0.49
14	Hookipa Pty Ltd <G Barrett Family A/C>	5,000,000	0.40
15	HSBC Custody Nominees (Australia) Limited - A/C 2	4,626,308	0.38
16	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	3,551,474	0.29
17	Mr Robert Holmes Watkins	3,132,950	0.25
18	Lujeta Pty Ltd <The Margaret Account>	3,074,000	0.25
19	Cainero Investments Pty Ltd <Cainero Super Fund A/C>	3,050,000	0.25
20	Hengolo Pty Ltd <C L Readhead Super A/C>	2,650,000	0.21

c) Distribution of Shareholders

RANGE	TOTAL HOLDERS	UNITS	% ISSUED CAPITAL
1 - 1,000	577	194,440	0.02
1,001 - 5,000	1,179	3,650,722	0.30
5,001 - 10,000	977	8,080,562	0.66
10,001 - 100,000	2,732	105,769,074	8.58
100,001 - 9,999,999,999	905	1,115,736,049	90.46
Rounding			**-0.02**
Total	**6,370**	**1,233,430,847**	**100.00**

d) Number of Shareholders Holding Less than a Marketable Parcel is 1,972.

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
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	1
17,900,000	$0.25	31 December 2019	15
2,500,000	$0.63	30 September 2020 *(vesting 30 September 2018)*	1

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