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CONDITIONAL AGREEMENT TO ACQUIRE AMAPARI GOLD MINE AND IRON ORE ROYALTY IN BRAZIL FROM NEW GOLD INC FOR US\$63 MILLION

(All amounts in Australian dollars unless otherwise noted)

Beadell Resources Limited (**Beadell** or the **Company**) is pleased to announce that a conditional sale and purchase agreement (**SPA**) has been executed with New Gold Inc (NYSE AMEX: NGD; TSX NGD:CA) (**New Gold**) to acquire 100% of the issued capital of New Gold's Brazilian subsidiary Mineração Pedra Branca do Amapari Ltda (**MPBA**) which includes:

- (a) the Amapari Gold Mine (**Amapari**); and
- (b) a royalty of 1% of gross iron ore revenue (net of 2% federal royalty) received from the sale of iron ore from certain tenements forming part of the Amapá Iron Ore Project (**Royalty**);

all located 15 km from the town of Serra do Navio in Amapá State, Brazil for US\$63 million (**Acquisition**) via a cash and scrip deal.

Amapari is a significant gold development opportunity consisting of a 2.9 million ounce resource including a 1.2 million ounce open pit gold resource (pit optimisation at US\$1,000/oz gold price) and approximately 2,500 km² of highly prospective surrounding tenements. The Acquisition includes existing gold inventory valued at US\$7 million (at a spot gold price of US\$1,100 per ounce) and a modern fleet of earthmoving equipment capable of mining 3 million tonnes of ore and 12 million tonnes of waste per annum.

Following completion of the Acquisition, Beadell is proposing to undertake a Feasibility Study to support construction of a 2 to 2.5 million tonne per annum Carbon in Leach (**CIL**) processing plant at Amapari, utilising the existing gold elution infrastructure. The capital cost associated with construction of the CIL plant is estimated to be US\$65 to 80 million and will be verified as part of the Feasibility Study. The Macquarie Fixed Income, Currencies and Commodities Group (**FICC**) of Macquarie Bank Limited (**MBL**) has been engaged to act as sole arranger of the project finance required to fund the development of Amapari, on terms to be agreed at the time. Beadell estimates that production at Amapari will resume by 2012.

The Royalty provides immediate and ongoing cashflow linked to production at the Amapá Iron Ore Project, majority owned and operated by Anglo American plc (70%) and Cliffs Natural Resources Inc (30%). The operation comprises an open pit iron ore mine beneficiation plant and railroad to the Santana Port on the Amazon River. Production was initiated in December 2007

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and is ramping up to a projected 6.5 Mtpa of pellet and sinter feed production (from 2009 estimated levels of 3.0 Mtpa) which is anticipated to occur between 2011 and 2012.

The annual cashflow Beadell will earn from the Royalty is 1% of the gross iron ore revenue (net of 2% federal tax) at the Amapá Iron Ore Project.

Key highlights of the Acquisition include:

- high quality, near term, long life gold project with attractive economics;
- existing processing plant, infrastructure and mining fleet, significantly reducing capital expenditure requirements;
- production forecast of 110,000 – 130,000 ounces per annum with a forecast mine life of 7 – 10 years, following construction and commissioning of the CIL plant;
- significant exploration potential with an aggressive drilling program planned;
- complementary fit with Beadell's existing Tartaruga Gold Project also located in Amapá, Brazil;
- sustainable and regular cashflow via the Royalty;
- management team on site and in Amapá and Rio de Janeiro; and
- a platform for future growth which repositions Beadell as a diversified gold company.

Peter Bowler, Managing Director of Beadell, said “This is an exciting opportunity for Beadell to acquire a major gold project in close proximity to our Tartaruga project. The addition of Amapari to Beadell's existing portfolio will form a strong platform for the Company to deliver upon its objective to become a significant gold production and exploration company in the short to medium term.”

The consideration for the Acquisition is US\$63 million of which US\$48 million is attributed to Amapari and US\$15 million is attributed to the Royalty. The consideration will be satisfied by the issue of fully paid ordinary shares in Beadell to the value of US\$17 million at the prevailing A\$ exchange rate (**Consideration Shares**) and the balance (US\$46 million) will be paid in cash upon closing the Acquisition. In respect of the Consideration Shares, Beadell has 12 months from settlement to obtain an Exemption Order from the relevant Canadian securities authorities with respect to New Gold holding greater than 10% of Beadell's issued capital.

Beadell is assuming all liabilities associated with MPBA and any potential claims, some of which are further detailed in the Appendix. Beadell has accounted for these potential claims in the purchase price for the Acquisition.

Beadell intends to fund the cash component of the Acquisition consideration by conducting an equity raising of approximately \$75 million via an institutional placement in February 2010 (**Placement**). Macquarie Capital Advisers Limited (**MCAL**) has been engaged as Sole Lead Manager to the Placement. FICC and Macquarie Capital Group Limited (**Macquarie Capital**) have committed to subscribe for a total \$10 million of Beadell shares (\$5 million each) at the bookbuild price up to \$0.25 per Share, subject to a number of conditions including successful completion of the Placement and the Acquisition. However, if the bookbuild price is greater than \$0.25, FICC and Macquarie Capital will be unable to subscribe for the Beadell shares. Reflecting FICC and Macquarie Capital's involvement and commitment to the transaction, Beadell will, following completion of the Placement, grant Macquarie Capital and FICC 5 million unlisted options each (**Options**). Each Option has a term of 4 years, converts into 1 Beadell share and will have an exercise at 25% above the final bookbuild price.

In addition to the Placement, Beadell proposes to offer its shareholders the opportunity to participate in a Share Purchase Plan to raise up to \$5 million at the same issue price as the

Placement, at a record date to be determined prior to the Placement. Further details in relation to the Placement and the Share Purchase Plan will be provided in due course.

The Consideration Shares will be issued to New Gold at the same issue price as the Placement. New Gold has agreed to enter into a 12 month Voluntary Escrow Arrangement in relation to the Consideration Shares, also demonstrating New Gold's support for both Beadell and the Amapari asset. Randall Oliphant, New Gold's Executive Chairman, said "We are pleased with this transaction as it provides the company with meaningful cash proceeds while still participating in Amapari's future success as a Beadell shareholder. New Gold views this as an opportunity to successfully monetize the Amapari asset which will provide the company further flexibility as it pursues other growth opportunities."

Completion of the Acquisition is subject to a number of conditions precedent including successful completion of the Placement and Beadell Shareholder approval of the Acquisition, the issue of shares to New Gold and the issue of shares to investors pursuant to the Placement. Details of the Shareholder Meeting and a Notice of Meeting will be provided to Shareholders in the next week. Beadell Management, who hold approximately 24% of the shares of the Company, have committed to financially support the transaction, subject to obtaining the necessary regulatory approvals to fulfil this commitment. The Shareholder Meeting is expected to be held in early March 2010 with settlement of the Acquisition scheduled to occur shortly thereafter.

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Competency Statement

The information in this report relating to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Robert Watkins who is a member of the Australian 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 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Watkins is a full time employee of the company and he consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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This document should not be considered as a disclosure document of New Gold and investors in New Gold securities should not rely on information contained herein with respect to their investment decisions in New Gold securities. New Gold takes no responsibility for the information contained herein

Exchange Rates

*For the purposes of this announcement, the following approximate exchange rates have been applied;
1 Australian Dollar = 0.9 United States Dollar and 1 Australian Dollar = 1.6 Brazilian Reals*

APPENDIX: ACQUISITION OVERVIEW

Amapari

The Amapari site is located in Amapá State in northern Brazil, covering approximately 2,500 km² of mostly contiguous exploration licences and a mining concession. The nearest major populated centre to the Amapari site is Macapá, situated on the northern bank of the Amazon River (Figure 1).

Road access to the site is via 100 km of paved road from Macapá to Porto Grande followed by 116 km of unpaved road. The site is just north of the equator, with annual rainfall averaging 2,370 mm. The Amapari Mine site is currently powered by a 13.8 KVa substation sourced from the Caoraci Nunes hydroelectric power station in Porto Grande.



Figure 1. Location plan of Amapari Gold Project

History of the Project

Gold mineralisation was discovered at Amapari in 1994 by Anglo American who completed intensive exploration from 1995 to 2002. A feasibility study by AngloGold on the oxide resources was completed in October 2002. The property was acquired by EBX Gold Ltd (**EBX**) in May 2003. EBX carried out a feasibility study based on the AngloGold feasibility study for the oxide mineral resources and produced a pre-feasibility study for the mining of the sulphide mineral resources. The property was acquired by Wheaton River Minerals Ltd. (which later merged with Goldcorp Inc.) in January 2004. The Operational License for the Amapari mining concession was issued on 25 February 2005. On 15 February 2007, Peak Gold Ltd (which later merged with New Gold) entered into an agreement with Goldcorp Inc. (**Goldcorp**) to acquire the Amapari mine. The company completed the acquisition on April 3, 2007. Mine construction was initiated

in July of 2004 and gold production commenced in late 2005. The Amapari Mine was operated as an open-pit and heap leach operation by MPBA until 2 January 2009, when surface mining operations were suspended and the mine was placed on a care and maintenance basis. Particularly instrumental in the decision to cease operations at the end of 2008 was the increasing occurrence of transition material in the pits and the inability to process this material economically under the current processing set-up. The transition material is mineralisation at the bottom of the strongly oxidized boundary that has not been weathered as much as the upper saprolite. It is much harder and thus requires drilling and blasting and additional primary crushing. It is also less amenable to heap leaching.

Exploitation of the oxide mineral reserves to the cessation of mining operations at the end of 2008 was by conventional open-pit mining and heap leaching of agglomerated crushed ore. Operations carried out in 2008 were in the Taperebá AB, Taperebá C and Urucum pits.

Mining from two small pits at Taperebá D was completed in 2006. To the end of 2008, total life-of-mine production was in excess of 8.8 million tonnes of ore mined with production of approximately 292,000 ounces of gold.

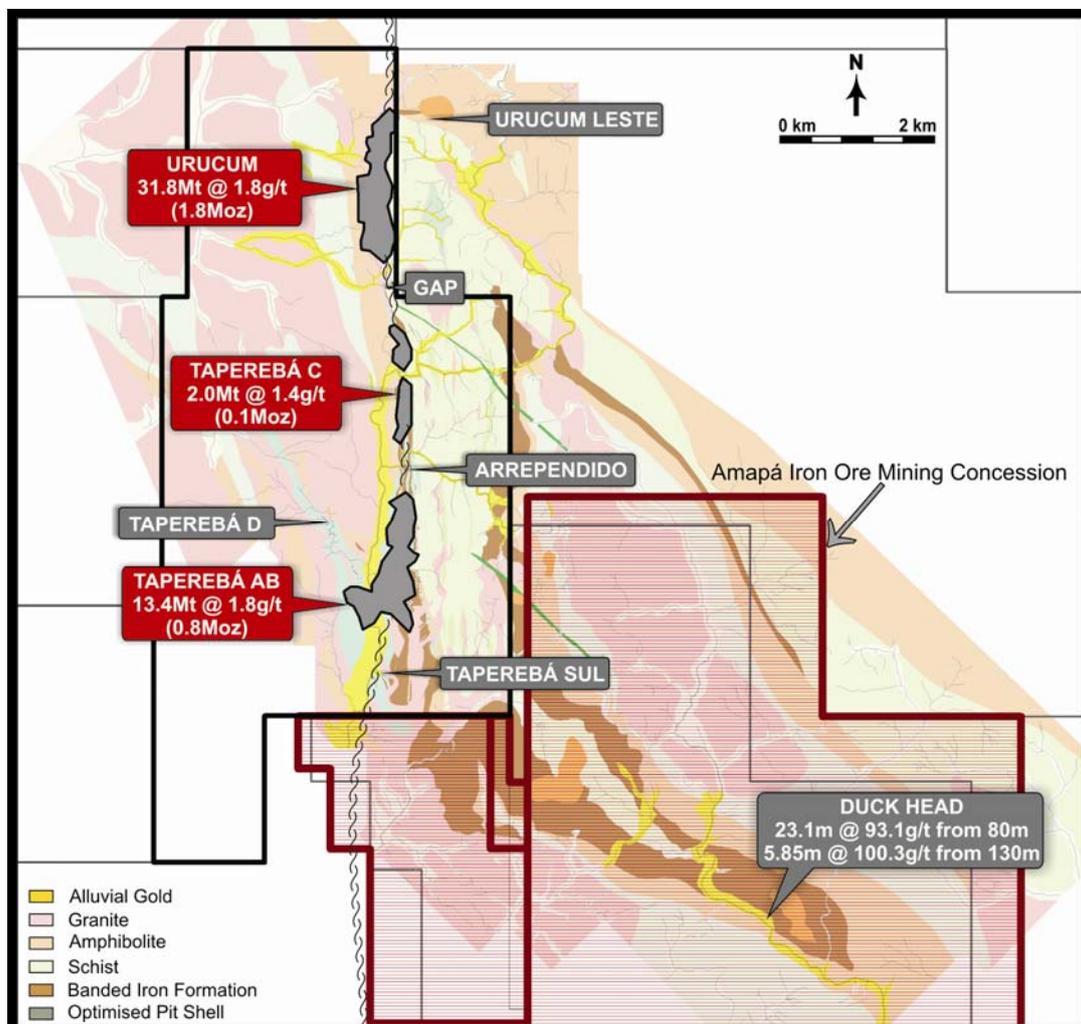


Figure 2. Plan showing location of Amapari gold deposits and interpreted geology

Geology

The Amapari Mine area is located within the Guyana Craton in what has been described as the Maroni-Itacaiunas Mobile Belt, a tectonic unit running from Venezuela through the Guyanas and into Amapá and Para States. The western part of the area is underlain by basement gneiss and the balance is underlain by ortho-amphibolite and meta-sedimentary rocks of the Vila Nova Group. These units are intruded by granitic pegmatites, diabase dykes and gabbro.

Gold mineralisation is associated with iron and carbonate-rich units of the chemical sedimentary unit known as the William Formation, within the Vila Nova Group. This unit comprises of a basal calc-magnesian domain of carbonate schist and calcsilicates, and an iron domain of banded iron formations (**BIF**). The locus for the mineralisation on the property comprising the Amapari mine site is a north-south shear zone exhibiting intense hydrothermal alteration, particularly silicification and sulphidation, bearing auriferous pyrrhotite and pyrite. The alteration is most intense in BIF, followed by amphibolite, carbonate schist and calc-silicate rocks.

The mineralisation occurs in a series of deposits over a 7 km strike length of the shear zone (Figure 2).

The Urucum deposit is in the northern part of the zone and Taperebá is in the southern part. Higher grades are associated with the more intensely hydrothermally altered rocks. Deep tropical weathering and oxidation has produced near-surface saprolitic mineral deposits overlying the primary sulphide mineralisation. The primary mineralisation consists of a series of sulphide-bearing lenses which strike north and north-northwest, and dip 60 to 80° east except for the western zone in Taperebá AB1 pit which dips shallowly 45° west. Individual lenses achieve a thickness of between 5 and 25 metres. Sulphide content ranges from 5% to 10% and is mostly pyrrhotite and pyrite. Chalcopyrite, sphalerite, galena, arsenopyrite and marcasite occur in lesser amounts. Sulphides are found also as disseminations and fracture fillings on the margins of the mineralised bodies. Gold occurs as free gold, not tied into the crystal lattice of the sulphide minerals (and, is therefore more easily liberated during processing). Intense tropical weathering, reaching down 100 to 130 metres, has formed saprolite consisting mainly of iron oxides and hydroxides, clay and silica. These saprolite bodies follow the strike, dip and plunge of the massive sulphides. As well, extensive blankets of gold-bearing colluvium, up to 10 metres thick made up of laterite/saprolite fragments in a ferruginous clay-sand mix, overlie the saprolite. Together, gold-bearing saprolite and colluvium are referred to as “oxide mineralisation”.

Gold deposits such as those at Amapari are typically encountered in greenstone belts of meta-sedimentary/volcanic rocks in Archaean-Proterozoic terranes worldwide and, specifically, in the Guyana Shield areas north of Brazil. Locally, some mineralised zones indicate high temperature hydrothermal activity with skarn-type characteristics.

Resources and development potential

Mineral resources for the Amapari project are divided into open pit and underground resources based on detailed scoping level analysis of cost inputs to derive cut off grades (see Table 1 below). Total resources for the project are **54.6 Mt @ 1.65 g/t gold for 2.9 Moz**. This includes open pit resources totalling **26.3 Mt @ 1.45 g/t gold for 1.2 Moz** based on optimised pit shells using a US\$1,000 gold price from the three main deposits of Urucum, Taperebá AB and Taperebá C (Figure 2). The open pit resources are based on optimised pit shells using a US\$1,000 gold price. Metallurgical testwork completed to date indicates free milling oxide and sulphide ore with expected recoveries of between 90 and 95%. A conventional CIL processing facility to liberate the gold is considered to be the most appropriate extraction technique.

Brazil	Measured			Indicated			Inferred			Total		
Amapari	Tonne ('000)	g/t Au	Oz ('000)	Tonne ('000)	g/t Au	Oz ('000)	Tonne ('000)	g/t Au	Oz ('000)	Tonne ('000)	g/t Au	Oz ('000)
Urucum	551	1.32	23	11,680	1.44	539	3,676	1.11	131	15,907	1.36	693
Tapereba AB	1,263	2.18	88	5,886	1.53	290	1,245	1.49	60	8,393	1.62	438
Tapereba C	234	1.55	12	1,078	1.40	48	708	1.43	33	2,020	1.43	93
Total Open Pit	2,048	1.87	123	18,644	1.46	877	5,629	1.24	224	26,320	1.45	1,224
Urucum				1,875	2.14	129	14,038	2.26	1,020	15,913	2.25	1,149
Tapereba AB				2,023	2.26	147	2,949	1.99	189	4,972	2.10	336
Total Underground				3,898	2.20	276	16,987	2.21	1,209	20,885	2.21	1,485
Spent Ore	5,808	0.75	140							5,808	0.75	140
Low Grade	1,545	0.89	44							1,545	0.89	44
Total Stockpile	7,353	0.78	184							7,353	0.78	184
Total Amapari	9,400	1.02	308	22,542	1.59	1,153	22,616	1.97	1,432	54,558	1.65	2,893

Table 1. Amapari Mineral Resources

Mineral resources were calculated as at 31 December 2008 using a combination of Ordinary Kriging (OK) and Multiple Indicated Kriging (MIK) methodology prepared on the basis of a US\$1,000 per ounce gold price. The resources have been divided into open pit and underground based on detailed scoping study cost indications to derive a cut off grade of between 0.48g/t gold and 0.61g/t gold for open pit resources and 1.3g/t gold for underground resources.

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Exploration potential

The Amapari project covers approximately 2,500 km² of highly prospective and sparsely explored greenstone terrain. In the near mine area significant exploration potential exists along the 7 km strike of the three deposits of Urucum, Tapereba AB and Tapereba C in the gap between the deposits where only limited drilling is present. Significant exploration upside also exists in the deeper untested plunges of the main ore bodies. Several other targets have been identified in the near mine area within trucking distance of the plant including the Duckhead prospect where diamond drill intersections including **23.1 m @ 93.1 g/t** gold from 80.9 m and **5.85 m @ 100.3 g/t** from 130 m have been obtained.

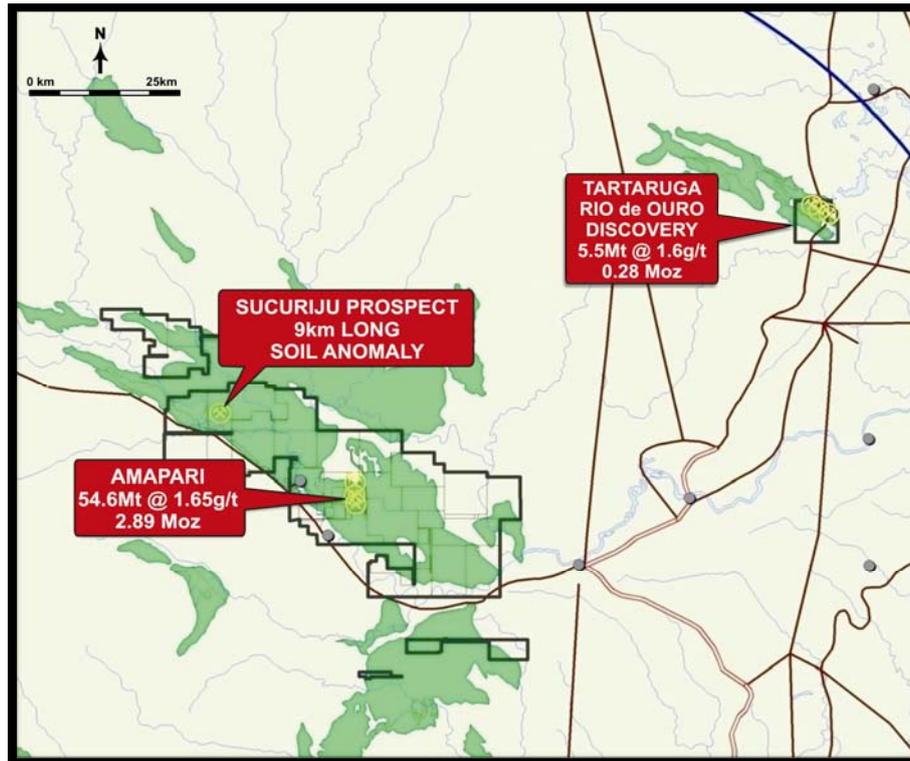


Figure 3. Amapari project location map

Regionally there are numerous geochemical and geophysical targets that remain sparsely explored and very little drilling has been completed outside of the Amapari near mine area. Of particular note is the Sucuriju prospect located 35 km to the northwest where a 9 km long north striking surface geochemical anomaly of comparable size to the Amapari Mine footprint is at a very early stage of exploration (Figure 3). Extensive Garimpeiro alluvial workings indicate significant gold enrichment in this area. A large coincident resistivity and chargeability anomaly has been generated by an Induced Polarisation (IP) survey over the southern portion of the Suricuju prospect in an area covered by duricrust laterite on a topographic high.

Considerable exploration potential also exists within the tenement package for extensions of the iron ore mineralisation with extensive occurrences of the same Banded Iron Formation (BIF) unit which hosts the active iron ore mining area operated by Anglo American.

Infrastructure

The Amapari project has significant infrastructure in place associated with the open pit and heap leach operation which was placed on care and maintenance in January 2009. All three deposits have established mining and haul road access including a fully operational and well maintained mining fleet with a capacity to mine 3 million tonnes of ore and 12 million tonnes of waste per year. Existing infrastructure also includes grid power, airstrip, accommodation village, workshops and a gold extraction circuit that will be incorporated into the new plant design.

Occupational Health and Safety, Environment and Social

All environmental licences and operating permits are in place for ongoing feasibility study and exploration work. Surface and ground water monitoring includes solids in suspension and water quality controls. Hydro seeding of pit walls and waste dumps has proven to be very effective at stabilising and regenerating native vegetation. Ongoing reclamation and rehabilitation work is being undertaken on the previously disturbed areas.

A strong relationship and established network support with local community is already present at Amapari as a result of the previous operating mine at the site. Social and Community Funds for self-sustainable projects that generate employment and income have been implemented with significant funds already distributed to community trusts.

Brazil has a long history of mining and an educated mining culture. The National Department of Mineral Production (**DNPM**) controls the legal framework by which the government monitors and supervises exploitation of mineral resources within the country. Brazilian mining legislation is well established and of comparable level of sophistication to first class mining jurisdictions around the world with the DNPM operating at both a federal and a state level.

Litigation and Claims

Beadell has been advised that MPBA has had legal claims in the amount of approximately \$47 million filed in Brazilian courts which allege that MPBA has adversely impacted the quality of William Creek causing economic loss and health concerns. These claims are being vigorously defended by MPBA and the directors believe that the maximum probable loss is likely to be a fraction of the amount claimed.

A tax claim has been received by MPBA for approximately \$9 million. Beadell has been advised that MPBA has lodged an appeal to the effect that the tax payable should be \$3.3 million.

Beadell has been advised of one criminal law suit against MPBA in respect of an alleged environmental crime (damages to archaeological sites) and five ongoing police investigations of MPBA relating to environmental matters, bidding process irregularities and fraud. The investigations do not entail, in and of themselves, any financial contingency, but if criminal suits are commenced (and in respect of the criminal suit that has commenced) the potential consequences, including fines, may adversely impact MPBA.

Beadell is aware of two infraction notices imposing fines on MPBA including one for \$1.8 million and another for \$0.6 million which it intends to take actions to revoke or reduce. Also, claims in the amounts of approximately \$1.7 million and approximately \$1.5 million have been filed in Brazilian courts against MPBA alleging rents are payable for the occupation of land where Amapari was developed. Again, the claims are being vigorously defended and settlement opportunities may be explored. MPBA is involved in various other claims, legal proceedings and complaints arising in the ordinary course of business.

Beadell cannot reasonably predict the likelihood or outcome of these actions. These potential claims have been reflected in the purchase price for the Acquisition.

Royalty

The Amapari project contains significant deposits of Hematite Iron Ore hosted in an extensive Banded Iron Formation that occurs throughout the greenstone belt. Anglo American plc and Cliffs Natural Resources Inc commenced an open pit mining operation and beneficiation plant in December 2007 and is ramping up to a projected 6.5 Mtpa of pellet and sinter feed production (from 2009 estimated levels of 3.0Mtpa) which is anticipated to occur between 2011 and 2012. The mining concession that makes up the Amapá Iron Ore Project is located immediately southeast of the Amapari gold deposits and is hosted in the same Banded Iron Formation (Figure 2). A 1% gross iron ore revenue royalty (net of 2% federal tax) over the Amapá Iron Ore Project mining concession is currently in place.