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BEADELL DISCOVERY MAY HERALD NEW AUSTRALIAN GOLD PROVINCE

65 m @ 0.83 g/t GOLD FROM 10 m, INCLUDING 5 m @ 5.1 g/t GOLD FROM 35 m

Beadell Resources Limited (“**Beadell**”) is delighted to announce that first pass Reverse Circulation (**RC**) drilling at the Handpump prospect in the West Musgrave Complex, Western Australia, has intersected significant gold mineralisation in rhyolitic breccia. Five-metre composite analyses from hole number HPC001 reported **65 m @ 0.83 g/t** gold from 10 m, including a central high grade interval of **5 m @ 5.1 g/t** gold from 35 m depth within a zone of **15 m @ 2.3 g/t** gold from 30 m (Figures 1, 2 & 3).

The significance of this discovery cannot be understated as it represents the first economic gold intersection in the Mesoproterozoic Musgrave block and may herald the beginning of a completely new and sparsely explored gold province in Australia.

“This RC drill intersection is the most significant in Beadell’s short two year existence” Beadell’s Managing Director Peter Bowler said. “The West Musgrave area is largely unexplored and has the potential to host gold mineralisation of a significant size. We look forward to receiving the remainder of the drill results over the coming weeks and our team is already planning a follow-up drilling program early in the New Year”

Gold mineralisation at the Handpump prospect is associated with a north-dipping hydrothermal rhyolitic breccia which is completely open in all directions. Results from a further 5 RC holes which intersected the breccia are currently awaited. Results have been received for 2 other RC holes: drill holes HPC002 and HPC003 were inclined to the north but interpreted geology now indicates a dip to the north. As a result, these holes did not intersect the breccia and have not tested the down dip position of the mineralisation. (Figure 1 & 2).

The main breccia that hosts the mineralisation in HPC001 was also intersected in HPC004 and HPC005 with analyses still pending. Wide zones of brecciation, alteration and sulphidation were intersected in both of these holes. Previous surface costean rock chip sampling by Beadell indicates that the breccia and the mineralisation is northwest-striking and dipping to the north over a known strike length in excess of 300 m. The northwest and southeast strike extensions of the mineralised breccia are completely open.

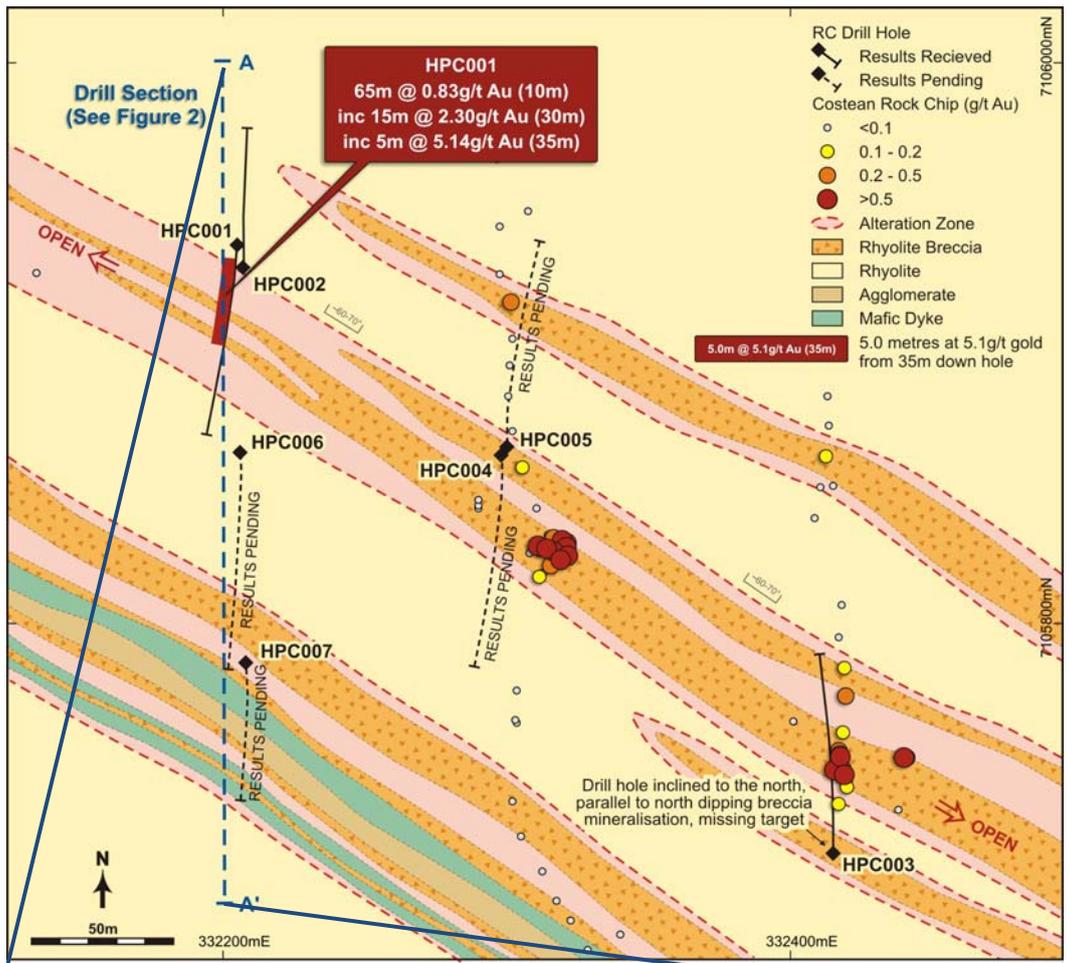


Figure 1. Handpump prospect interpreted geology and drill holes location plan.

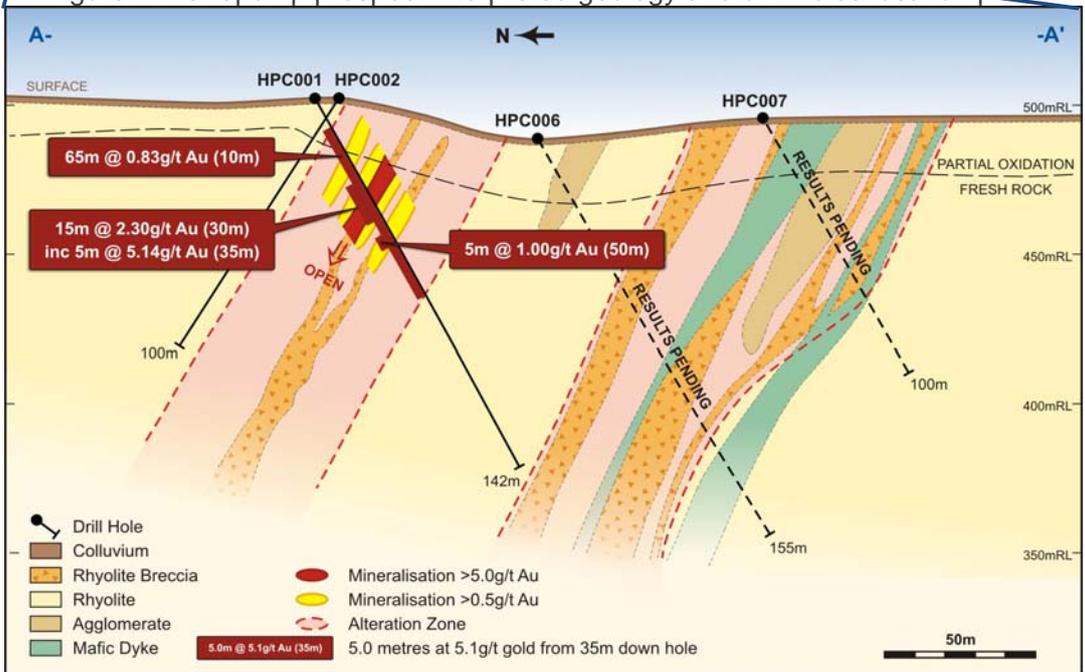


Figure 2 Handpump prospect RC drill section 332200E.

Similar breccias were intersected in HPC006 and HPC007 drilled south of HPC001 and represent a separate breccia target (Figures 1 & 2). Analytical results for these holes are pending. A further mineralised breccia outcrops north of the main breccia, however this has not been tested by the current drill program.

The hydrothermal breccia-hosted gold mineralisation intersected in HPC001 is interpreted as a distal magmatic setting with potassic alteration of wallrock adjacent to the silica dominant breccia matrix. There is a fine-grained biotite and sericite overprint and minor disseminated and vein-selvage pyrite with traces of chalcopyrite. No metallurgical testwork has been completed on the mineralisation, however comparison of aqua regia and fire assay repeat analysis suggests a non-refractory style of mineralisation.

The Handpump rhyolite breccia is located on a contact between rhyolite to the northeast and agglomerate to the southwest. Mapping suggests continuity with the Primer prospect over 2 km to the south, separated by an area of transported cover (Figure 3). The extensive area of rhyolite breccia immediately southeast of the RC drilling at Handpump has similar alteration and brecciation. A costean rock chip sampling program has just been completed in this area to delineate the strike extension of the mineralisation and analytical results are pending. The northwest extension of the mineralisation remains effectively untested as cover masks any surface expression.

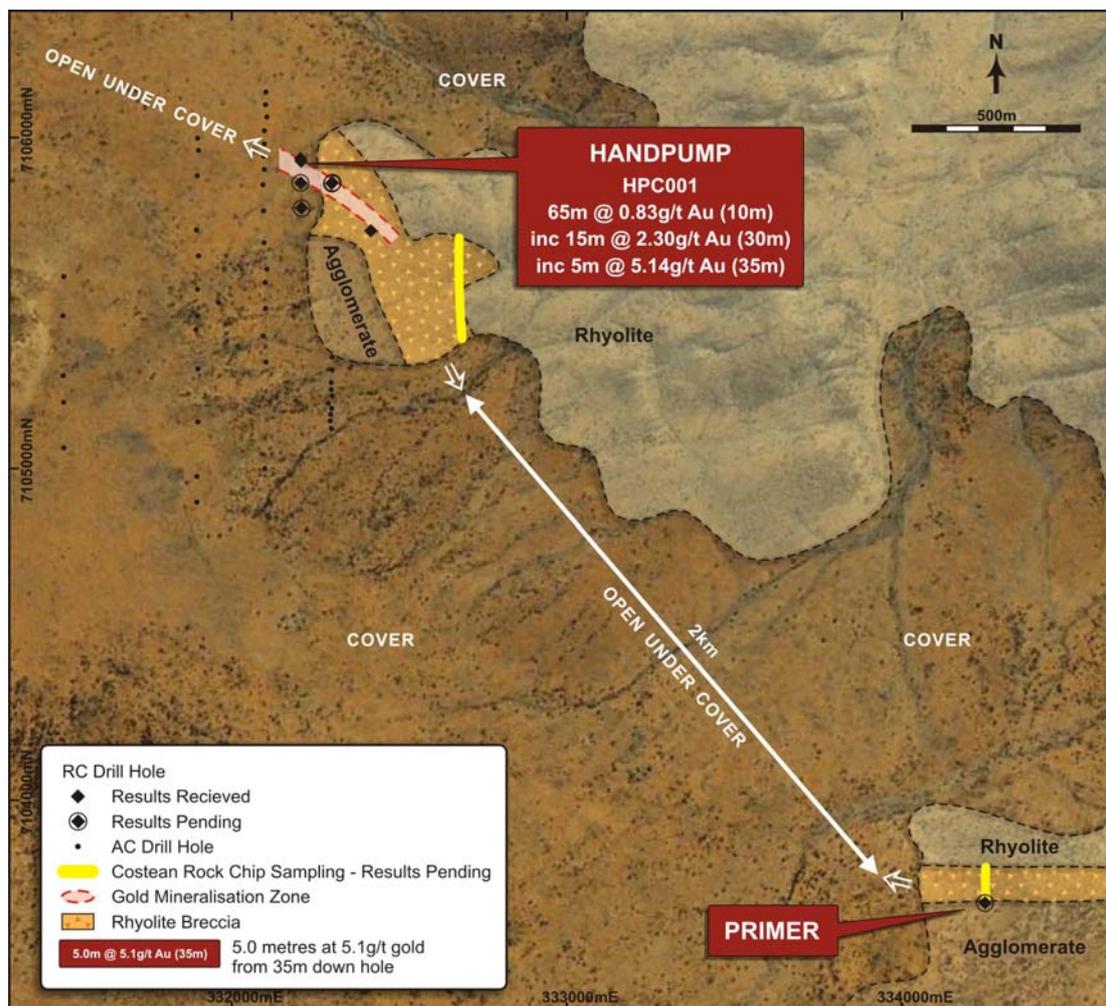


Figure 3. Aerial photograph of Handpump and Primer prospects showing location of drill holes and regional surface geology.

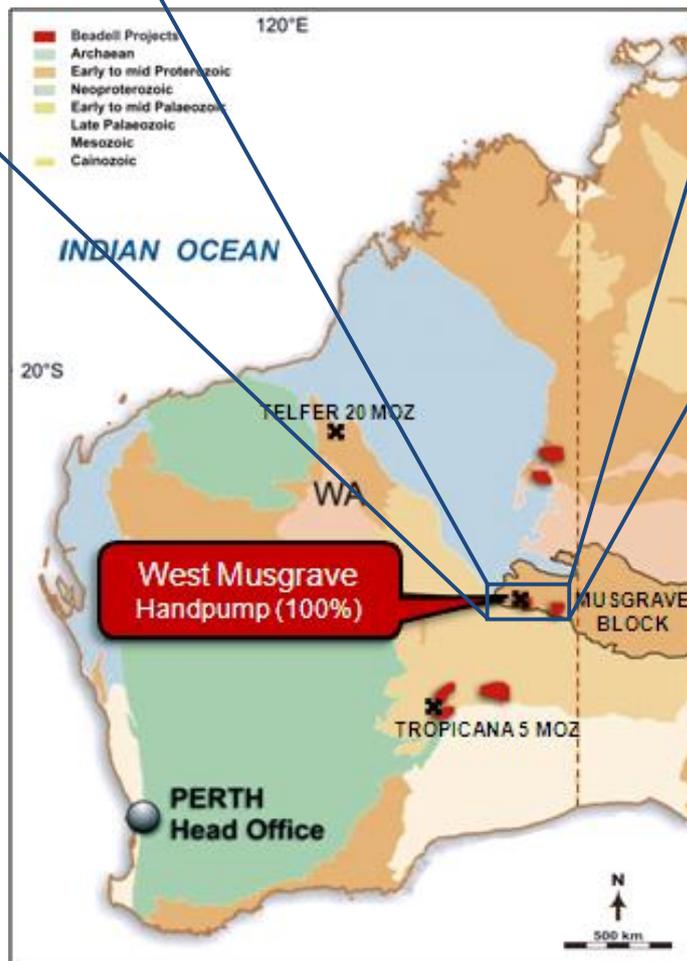
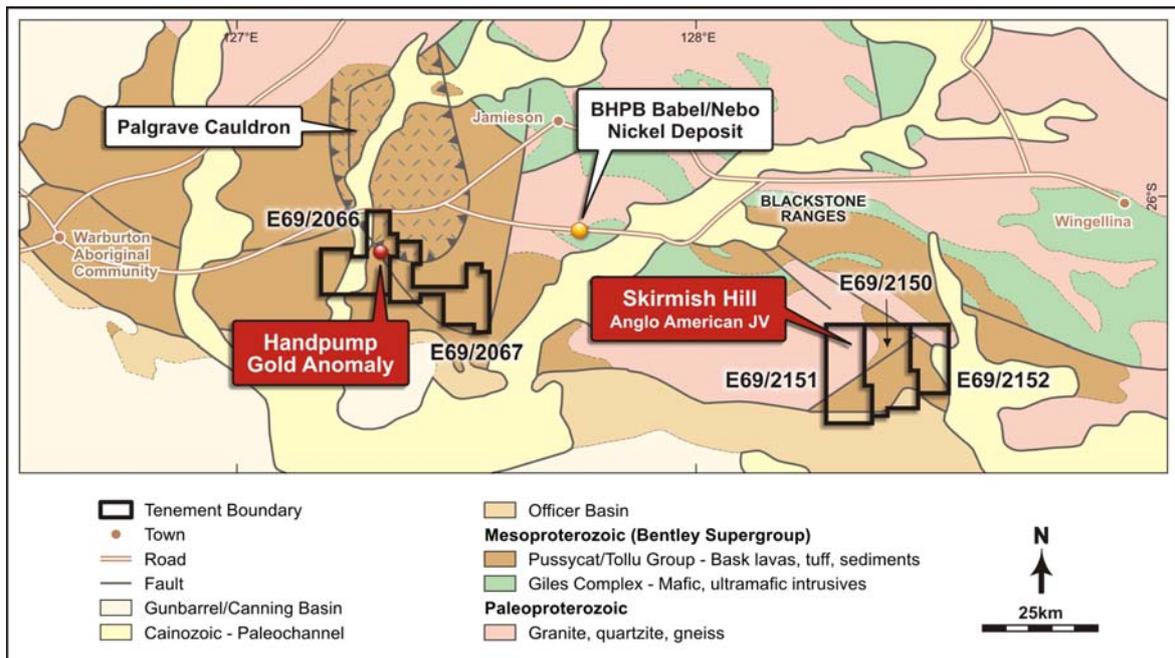


Figure 4 Location plan of Beadell's Handpump Prospect.

Handpump Prospect Background

The Handpump prospect is located 75 km east of Warburton in the remote central eastern part of Western Australia, close to the border with South Australia and Northern Territory (Figure 4). The Musgrave Complex forms a large belt of Mesoproterozoic rocks stretching in an east-west direction from the northern part of South Australia across into Western Australia.

The area was originally targeted by WMC Resources as a conceptual geophysical / geological target focussed on the southern tip of the Palgrave Cauldron which was thought to be a large circular collapse volcanic feature. Widespread de-magnetisation of the rocks at the southern margin of the Palgrave Cauldron was interpreted as due to extensive magmatic hydrothermal alteration, considered to be an excellent geological target for gold mineralisation.

WMC Resources completed regional soil sampling across the project area and identified the Handpump gold anomaly as a 1200 m by 400 m soil anomaly with a peak value of 0.250 g/t gold.

Complex land access issues resulted in little or no follow up of the anomaly until Beadell successfully negotiated a Land Access Agreement with the Yarnangu Ngaanyatjarraku Parna in 2008. The Handpump gold anomaly remained untested for over 10 years, representing one of the largest un-drilled soil anomalies in Western Australia. The recently discovered Tropicana gold deposit was also an historical WMC Resources gold soil anomaly of much lower tenor.

In September 2008 Beadell completed rock chip sampling on two separate lines across an outcropping hydrothermal breccia. The sampling delineated a greater than 0.1 g/t gold mineralised zone up to 58 m in width with highest values of 11 m @ 0.52 g/t gold and 13 m @ 0.64 g/t gold. The anomaly occurs within a greater than 0.05 g/t, open-ended and northwest-trending mineralised corridor over 300 m in width.

At the same time a limited first pass attempt to drill the original soil anomaly with aircore drilling proved ineffective due to the coarse colluvium cover and hard impenetrable bedrock. The aircore drilling predominantly targeted the southwest trending soil anomaly, however it has been determined that the soil anomaly was hosted in transported cover that had shed off the outcropping hill to the northeast of the anomaly.

The RC drilling at Handpump was co-funded by the Western Australian government and the Geological Survey of Western Australia under the Exploration Initiative Scheme. Beadell gratefully acknowledges this assistance and encouragement for Greenfields exploration in this frontier region of the state.

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Competency Statement

The information in this report relating to Exploration Results and Mineral Resources 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 Beadell Resources Ltd. Mr Watkins consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.