



ASX ANNOUNCEMENT
ASX Code: **BDR**

5 April 2011

TUCANO GOLD ORE RESERVE – CONTAINED GOLD 1.22 Moz

Highlights

- Maiden Tucano Ore Reserve produced in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves, December 2004 (the JORC Code) of **1.22 million troy ounces (Moz)** contained gold.
- Maiden open pit Ore Reserve of **19.0 Mt @ 1.70 g/t gold for 1.04 Moz** contained gold. Stockpile Ore Reserve of **7.4 Mt @ 0.78 g/t gold for 0.18 Moz** contained gold.
- Initial years of production at lower cash costs from use of 'starter pits'. For example, preliminary pit shell data for a Tapereba AB starter pit is indicating **3.1 Mt @ 2.39 g/t gold for 242 koz at cash costs of US\$417/oz.**
- **The open pit Ore Reserve does not include any provision for the significant amount of iron mineralisation within and adjacent to the open pits which is subject to current negotiations for a Joint Mining Agreement with Anglo American plc. This will have a materially positive impact on both cash costs and Ore Reserves as all of the extensive iron mineralisation is treated as waste in the current gold pit optimisations. Negotiations for a Joint Mining Agreement of gold and iron mineralisation with Anglo American plc are well advanced.**
- Numerous drill results are yet to be included in the resource or reserve models including **14 m @ 19.9 g/t gold, 15 m @ 7.6 g/t gold and 17.6 m @ 11.6 g/t gold from Tapereba AB.** Up to 6 drill rigs will continue to aggressively expand the mineral resources beneath the pits as well as target near mine and regional prospects such as Duck Head and Sucuriju.
- An updated Ore Reserve to include new gold drill results and the iron mineralisation resource model, which will have a significant positive effect on cash operating costs, is anticipated to be released in the June 2011 quarter.
- Recently completed RC drilling of all stockpiles indicates a positive grade reconciliation in the order of 13%, which will further add to the value of the stockpiles reducing cash operating costs of these stockpiles by approximately US\$100/oz.

Beadell's Managing Director, Peter Bowler commented "This is an exciting and important step for Beadell as we look forward to the Definitive Feasibility Study (DFS) to be released shortly. It is anticipated that a decision to commence construction of a 3.5 Mtpa Gold CIL plant will immediately follow to ensure gold production in early 2012. This Maiden Ore Reserve will be very quickly superseded and is likely to be improved upon in the areas of size, strip ratio, grade and cash costs once the iron mineralisation resource, which is currently being modelled, is incorporated into our business model to reflect an anticipated Joint Mining Agreement with Anglo American plc. Also our recent round of drilling adds to our confidence in significantly improving the reserve of this outstanding ore body".

Physicals	Open pit	Stockpile	Total
Total material – Pit and surface stockpiles (million tonnes)	148.0	7.4	155.3
Strip Ratio – (tonnes waste/ tonnes ore)	6.8	0	4.9
Ore (million tonnes)	19.0	7.4	26.4
Gold Grade (g/t)	1.70	0.78	1.44
Contained gold (000' ounces)	1039	184	1224
Milling recovery	91.34%	87.0%	90.7%
Recovered gold (000' ounces)	949	160	1110
Operating Costs & Surplus	Open pit	Stockpile	Total
Mining cost (US\$/tonne)	11.02	2.06	8.52
Milling cost (US\$/tonne, including processing, surface haulage and grade control)	17.89	12.17	16.30
Administration cost (US\$/tonne)	2.55	2.55	2.55
Total operating cost per tonne (US\$/tonne)	31.46	16.78	27.37
Total operating cost per ounce (US\$/oz)	631	770	651
Operating surplus at US\$1050 / oz (million, pre 2% royalty and tax)	398	45	443
Operating surplus at spot price \$1430 / oz (\$US million, pre 2% royalty and tax)	758	106	864

Table 1. Key results of the Ore Reserve study.

Tucano Ore Reserve

The maiden Tucano Ore Reserve totalling **26.4 Mt @ 1.44 g/t gold for 1.22 Moz** contained gold comprises an Open pit Ore Reserve of **19 Mt @ 1.7 g/t gold for 1.04 Moz** contained gold sourced from four open pits, Urucum, Tapereba AB, Tapereba C and Tapereba D along the 7 km long Tucano trend (Table 2).

Physical parameters for the DFS are presented in Table 1 and Appendix 1.

The gold reserves all occur within designed optimised open pits within 200 m of the surface. All gold Mineral Resource remains open along strike and at depth.

Tapereba AB Open pit Ore Reserve totals **4.3 Mt @ 2.15 g/t gold for 300 koz** contained gold representing the highest grade of the Open pit Ore Reserves and will be preferentially mined in the initial first few years of the operation to maximise the head grade through the mill.

Pit designs to maximise early cash flows also include the scheduling of starter pits at Tapereba AB, Urucum and Tapereba C focussing on higher grade oxide material. The pit design shows that starter pits will provide high grade gold to the plant in the initial years of operation, including **3.1 Mt @ 2.39 g/t gold for 242 koz** contained gold from Tapereba AB.

The Urucum open pit Ore Reserve totalling **13.0 Mt @ 1.57 g/t gold for 658 koz** contained gold represents the backbone ore source for the Tucano project. The Urucum deposit comprises a 2.5 km long mineralised zone which comprises a southern zone and a northern zone.

Scheduling of the pits highlights that the southern zone will be preferentially mined as it contains a higher grade reserve of **9.6 Mt @ 1.69 g/t gold for 521 koz** contained gold.

Tapereba C is the central deposit along the Tucano trend comprising an Ore Reserve of **1.3 Mt @ 1.58 g/t gold for 68 koz** contained gold. The deposit provides a good source of oxide mineralisation and remains open at depth and along strike, requiring additional drilling to expand the Mineral Resource and Ore Reserve.

Tapereba D comprises a small Ore Reserve of 0.3 Mt @ 1.38 g/t gold for 14 koz contained gold located adjacent to the Tucano processing plant site. Tapereba D will be mined in the project development stage and used for in pit tailings disposal as part of the initial valley fill tailings area.

Operating surplus, exclusive of royalties and taxes, totals **\$443M**, based on a US\$1,050 gold price per troy ounce used in the pit optimisations and cash flow forecasts. Operating surplus cash flows at the gold spot price of US\$1,430/oz total **US\$864M**. Total operating cost for the Life of Mine is estimated to be US\$651 per ounce, with initial years of operation being of considerably lower cost due to processing higher grade oxide material within starter pits. These cash costs are likely to reduce materially upon the execution of a Joint Mining Agreement with Anglo American plc over the coming months.

Tucano	Proved			Probable			Total			Cut-off Grade g/t Au
	Tonnes (million)	Grade g/t Au	Ounces ('000)	Tonnes (million)	Grade g/t Au	Ounces ('000)	Tonnes (million)	Grade g/t Au	Ounces ('000)	
Urucum Oxide				3.2	1.21	124	3.2	1.21	124	0.63
Tapereba AB Oxide				2.5	2.14	173	2.5	2.14	173	0.60
Tapereba C Oxide				1.1	1.53	53	1.1	1.53	53	0.64
Tapereba D Oxide				0.3	1.30	12	0.3	1.3	12	0.37
Total Oxide				7.1	1.59	362	7.1	1.59	362	0.61
Urucum Sulphide				9.8	1.69	534	9.8	1.69	534	0.72
Tapereba AB Sulphide				1.8	2.17	127	1.8	2.17	127	0.68
Tapereba C Sulphide				0.3	1.77	15	0.3	1.77	15	0.72
Tapereba D Sulphide				0.0	1.97	2	0	1.97	2	0.45
Total Sulphide				11.9	1.76	677	11.9	1.76	677	0.71
Spent Ore	5.8	0.75	140				5.8	0.75	140	0.59
Low Grade	1.5	0.89	44				1.5	0.89	44	0.59
Total Stockpiles	7.4	0.78	184				7.4	0.78	184	0.59
Total Tucano	7.4	0.78	184	19	1.70	1039	26.4	1.44	1224	0.65

Table 2. Beadell JORC Reserve

Updated Mineral Resource and Ore Reserve

The maiden Tucano open pit Ore Reserve, based solely on Indicated Resources in the open pit optimisations is considered to be an interim Ore Reserve. Beadell is immediately moving towards an updated Mineral Resource and Ore Reserve, to include outstanding results not yet incorporated into the mineralisation models. These results, from the higher grade Tapereba AB deposit include **14 m @ 19.9 g/t gold, 15 m @ 7.6 g/t gold and 17.6 m @ 11.6 g/t gold** are all immediately below the current optimised open pit which is effectively bottoming out on the high grade indicated material. Inclusion of these and other new results, in addition to the impending inclusion of iron ore into the optimisation process, are expected to materially grow the reserve base and improve the economics.

The open pit design also contains **1.3 Mt @ 1.33 g/t for 57,000 oz** potentially contained gold of Inferred Resources within the final pit designs limits. This Inferred Resource material is currently classified as waste in the DFS. Drilling is underway to convert these Inferred Resources into a higher category Mineral Resource classification (e.g. Indicated Resource classification) in order to improve the future Ore Reserve position.

In addition, RC drilling of all the current stockpiles has recently been completed and an updated Ore Reserve is being prepared. An across the board grade increase of **13%** has been observed from the mean assay data already in hand. This will have a significant positive impact on the margin for processing these stockpiles.

Development Timeline - First gold production forecast for Q1 2012

The completion of the debt financing package is expected by June quarter 2011. Significant progress towards construction has already been made with forward ordering of long lead time items, including SAG mill and crusher. A decision to mine is expected to be made shortly followed by the commencement of construction. Earthworks have already commenced. First gold production is anticipated to occur during the first quarter of 2012.

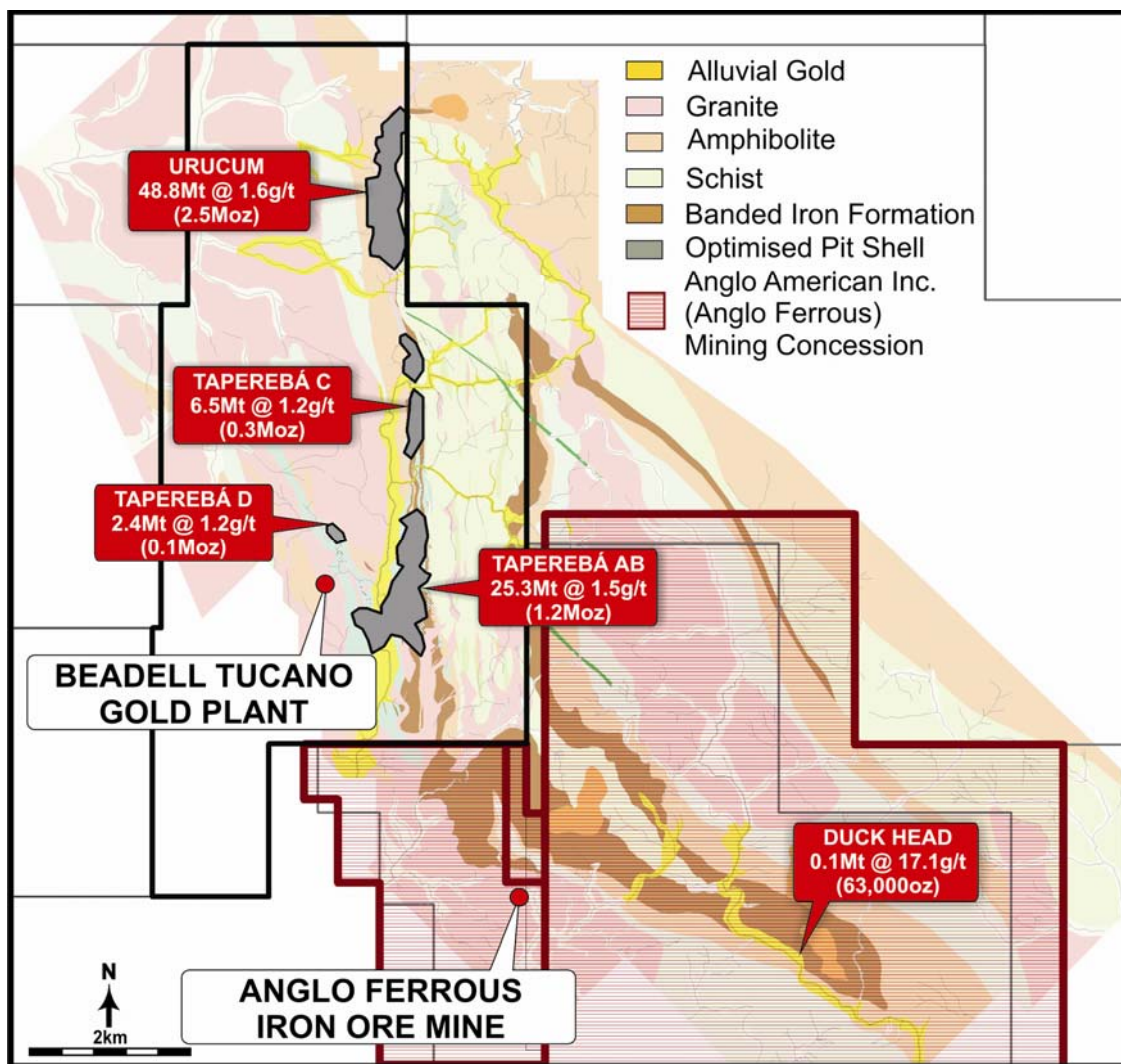


Figure 1. Tucano Deposit Locations

Appendix 1.

Reserve Parameters for Tucano Deposits.

- Whittle pit optimisation software was used to generate the final pit designs.
- The pit optimisation was based on geotechnical slope recommendations, which included allowances for the placement of haul roads and geotechnical berms.
- The geotechnical recommendations assume drained or partially drained slope conditions that include pit dewatering and depressurisation measures. These measures are considered technically possible considering the site conditions but have not yet been proven in the field.
- The mining model used a regularisation process to generate the diluted grades for the Selective Mining Unit (SMU) of 4m in X, 4m in Y and 2m in the Z direction.
- Densities were based on lithological modelling and derived from an extensive database of specific gravity measurements.
- Mining costs were estimated for an owner operator scenario.
- The processing costs and processing recoveries were provided by Ausenco and allocated by material type for the pit optimisation purposes.
- The gold recoveries for this ore reserve were based on test work data trends for 80% passing sizes of approximately 115 microns for the initial 3.5 years and 100 microns thereafter.
- The operating costs for the 3.5 Mt/y throughput, used for this Ore Reserve, were calculated based on the unit cost and methodology outlined in the Tucano Definitive Feasibility Study for the 3 Mt/y plant but adjusted as fixed and variable costs for the higher throughput.
- Indicated Resource material blocks were assigned revenue value to drive the pit optimisation shell.
- Inferred Resource material blocks were classified as waste for pit optimisation purposes.
- Final pit designs, inclusive of batter angles, berm widths, geotechnical safety berms and haul roads were generated for each of the deposit areas.
- The Probable Ore Reserve is based on final engineered pit design inventories.
- The open pits are planned to deliver 3.0 Mtpa of Run of Mine (RoM) ore material to the process plant, supplemented by 0.5 Mtpa from the surface stockpiles.
- Pit optimisation and pit design for the Western part of the Tapereba D3 area has been limited by stand-off distances for the processing plant area.
- Base gold revenue for the pit optimisations excluding Tapereba D was US\$1,050 per troy ounce gold. A 2% royalty charge was deducted from this base revenue as selling costs.
- TAPEREB A - D2 and D3 AREA results are based on November 2010 pit designs, which were guided by a pit optimisation run using lower processing costs, higher processing recoveries and a US\$1,300 per troy ounce gold revenue price.

Competency Statement

The information in this report relating to Open Pit Ore Reserves is based on information compiled by Mr Sjoerd Rein Duim who is a member of the Australian 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Duim is a full time employee of SRK Consulting 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 Stockpile 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Watkins is a full time employee of Beadell Resources Ltd 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. The information in this report relating Processing Costs and Processing Recoveries is based on information compiled by Mr Greg Lane who is a member of the Australian 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lane is a full time employee of Ausenco Ltd 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. The information in this report relating to Project Financials is based on information compiled by Mr Mark Jewell who is a member of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the project economics under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jewell is a consultant employed by Beadell Resources 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.

For further information please contact:

Peter Bowler | **Managing Director**

T: +61 8 9429 0801

peter.bowler@beadellresources.com.au

Rob Watkins | **Executive Director Geology**

T: +61 8 9429 0802

rob.watkins@beadellresources.com.au