



Notice of Annual General Meeting and Explanatory Memorandum

Annual General Meeting to be held at
the King Street Room of the Rydges Hotel, Perth
on Thursday, 24 May 2012 commencing at 9am (WST)

Beadell Resources Limited
ABN 50 125 222 291

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

2011 Annual Report can be viewed online at:

<http://www.beadellresources.com.au/view/news/annual-report/>

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Beadell Resources Limited will be held at the King Street Room of the Rydges Hotel, corner of King and Hay Streets, Perth on Thursday, 24 May 2012 commencing at 9am WST.

Terms used in this Notice and Explanatory Memorandum are defined in the glossary to this document. The Explanatory Memorandum which accompanies and forms part of this Notice describes the matters to be considered at the Annual General Meeting.

AGENDA

Annual Financial Statements

To receive and consider the Annual Financial Statements for the twelve months ended 31 December 2011, together with the Directors' and Auditors' report for that period.

ORDINARY BUSINESS

Resolution 1 – Approval of the Remuneration Report (non-binding resolution)

To consider and, if thought fit, pass the following resolution as a non-binding **ordinary resolution** in accordance with section 250R(2) of the Corporations Act:

"That the Remuneration Report contained in the Company's Annual Report for the financial year ended 31 December 2011 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. Please refer to the Explanatory Memorandum for further details.

Resolution 2 – Re-election of Mr Jim Jewell

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That Mr Jim Jewell, who retires in accordance with Clause 6.3(c) of the Company's Constitution, and being eligible, be re-elected as a Director of the Company."

Resolution 3 – Re-election of Mr Ross Kestel

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That Mr Ross Kestel, being a director appointed since the last Annual General Meeting and who retires in accordance with Clause 6.3(i) of the Company's Constitution and ASX Listing Rule 14.4,

and being eligible, be elected as a Director of the Company."

Resolution 4 – Increase in non-executive Directors' fees

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, in accordance with clause 6.5(a) of the Constitution and for the purposes of Listing Rule 10.17 and for all other purposes, approval be given that the maximum aggregate remuneration payable to non-executive Directors, as remuneration for their ordinary services as non-executive Directors, be set at \$500,000 per annum."

Resolution 5 – Approval of Issue of Options to Mr Craig Readhead or his nominee

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, and in accordance with the Beadell Resources Limited Employee Option Scheme, the Shareholders of the Company approve the granting of 250,000 options over ordinary shares to Mr Craig Readhead, a Director of the Company or his nominee, in the manner described in the Explanatory Memorandum."

Note: If Shareholders' approval is obtained under Listing Rule 10.14, Shareholders' approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

Resolution 6 – Approval of Issue of Options to Dr Michael Donaldson or his nominee

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, and in accordance with the Beadell Resources Limited Employee Option Scheme, the Shareholders of the Company approve the granting of 150,000 options over ordinary shares to Dr Michael Donaldson, a Director of the Company or his nominee, in the manner described in the Explanatory Memorandum."

Note: If Shareholders' approval is obtained under Listing Rule 10.14, Shareholders' approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

Resolution 7 – Approval of Issue of Options to Mr Jim Jewell or his nominee

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, and in accordance with the Beadell Resources Limited Employee Option Scheme, the Shareholders of the Company approve the granting of 1,500,000 options over ordinary shares to Mr Jim Jewell, a Director of the Company or his nominee, in the manner described in the Explanatory Memorandum.”

Note: If Shareholders’ approval is obtained under Listing Rule 10.14, Shareholders’ approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

Resolution 8 – Approval of Issue of Options to Mr Ross Kestel or his nominee

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, and in accordance with the Beadell Resources Limited Employee Option Scheme, the Shareholders of the Company approve the granting of 500,000 options over ordinary shares to Mr Ross Kestel, a Director of the Company or his nominee, in the manner described in the Explanatory Memorandum.”

Note: If Shareholders’ approval is obtained under Listing Rule 10.14, Shareholders’ approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

Resolution 9 – Approval of Issue of Options to Mr Peter Bowler or his nominee

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, and in accordance with the Beadell Resources Limited Employee Option Scheme, the Shareholders of the Company approve the granting of 1,500,000 options over ordinary shares to Mr Peter Bowler, a Director of the Company or his nominee, in the manner described in the Explanatory Memorandum.”

Note: If Shareholders’ approval is obtained under Listing Rule 10.14, Shareholders’ approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

Resolution 10 – Approval of Issue of Options to Mr Robert Watkins or his nominee

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, and in accordance with the Beadell Resources Limited Employee Option Scheme, the Shareholders of the Company approve the granting of 1,500,000 options over ordinary shares to Rob Watkins, a Director of the Company or his nominee, in the manner described in the Explanatory Memorandum.”

Note: If Shareholders’ approval is obtained under Listing Rule 10.14, Shareholders’ approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

Resolution 11 – Ratification of March Placement Shares

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve the issue and allotment of 58,097,806 Shares at \$0.73 per Share (**March Placement Shares**) as further described in the Explanatory Memorandum.”*

OTHER BUSINESS

To transact any other business which may be properly brought before the Meeting in accordance with the Company’s Constitution and the Corporations Act.

NOTES

Requisite majorities

Resolutions 1 through 11 are ordinary resolutions and will be passed only if supported by a simple majority of the votes cast by Shareholders entitled to vote on the resolutions.

Voting exclusion statements

Resolution 1: Approval of the Remuneration Report (non-binding resolution).

The Company will disregard any votes cast by or on behalf a member of the Key Management Personnel of the Company or their Closely Related Parties.

However, a person described above may cast a vote on Resolution 1 if:

- a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and

- b) the vote is not cast on behalf of a person described above.

As a result of amendments to the Corporations Act, the Chairman of the Meeting is not entitled to vote undirected proxies on this resolution relating to the Remuneration Report.

If you appoint the Chairman as your proxy and wish to support this resolution, please mark "X" in the box as provided in Step 2 on the Proxy Form.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1.

Resolution 4: Increase in non-executive Directors fees
The Company will disregard any votes cast on these Resolutions by or on behalf of a Director of the Company and any associate of a Director. The Company, however, need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a member of Key Management Personnel and their Closely Related Parties (other than as the Chairman of the Meeting) may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote. If you appoint the Chairman as your proxy and wish to support this resolution, please mark "X" in the box as provided in Step 2 on the Proxy Form. The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 4.

Resolution 5 to 10: Approval to issue Options to Mr Craig Readhead, Dr Michael Donaldson, Mr Jim Jewell, Mr Ross Kestel, Mr Peter Bowler and Mr Robert Watkins.

The Company will disregard any votes cast on these Resolutions by or on behalf of a Director of the Company, his nominee and any associate of those persons. The Company, however, need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a member of Key Management Personnel and their Closely Related Parties (other than as the Chairman of the Meeting) may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote. If you appoint the Chairman

as your proxy and wish to support this resolution, please mark "X" in the box as provided in Step 2 on the Proxy Form. The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolutions 5 to 10.

Resolution 11: Ratification of March Placement Shares

The Company will disregard any votes cast on Resolution 11 by any person who participated in the issue and any of their associates, unless:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxies

Please note that:

- a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- b) a proxy can be an individual or a body corporate;
- c) a proxy need not be a member of the Company; and
- d) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

In order to record a valid vote, members will need to take the following steps:

- a) Custodian voting - For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions; or
- b) Complete and lodge the proxy form with the Company at the address or facsimile number specified below, along with any power of attorney or notarially certified copy of a power of attorney (if the proxy form is signed pursuant to a power of attorney) to:

Beadell Resources Limited
c/- Computershare Investor Services Pty Ltd
GPO Box 242
Melbourne VIC 3001

or facsimile 1800 783 447 (within Australia) or +613 9473 2555 (outside Australia)

so that it is received not later than **9:00am (WST) on Tuesday, 22 May 2012**, being not less than 48 hours prior to the commencement of the meeting. Proxy forms received later than this time will be invalid.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

“Snap-shot” time

The Company’s directors have determined that all shares of the Company that are quoted on ASX at 5:00pm WST on 22 May 2012 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the shares at that time.

Corporate representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of Corporate Representative form is available upon request from the Company Secretary.

Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting.

By Order of the Board of Directors

Greg Barrett
Company Secretary
Beadell Resources Limited

16 April 2012

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting.

The purpose of this Explanatory Memorandum is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Memorandum should be read in conjunction with the Notice of Annual General Meeting and the Company's 2011 Annual Report.

Financial statements and reports

As required under section 317 of the Corporations Act, the Annual Financial Statements for the 12 months ended 31 December 2011 will be laid before the Annual General Meeting.

The Annual Financial Statements are included in the Company's 2011 Annual Report, a copy of which can be accessed online at: <http://www.beadellresources.com.au/view/news/annual-report/>. Shareholders will be given the opportunity to ask questions and make comments about the reports or the Company generally, but there will be no formal resolution submitted to the Annual General Meeting.

Resolution 1 – Approval of the Remuneration Report

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company.

The Remuneration Report forms part of the Directors' Report included in the 2011 Annual Report. The Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior management of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior management of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior management of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

However, Shareholders should note that the vote on Resolution 1 is advisory only and is not binding on the Company or its Directors. However, the Board will take

the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company. Shareholders will be provided with the opportunity to ask questions of the Directors in relation to the Remuneration Report of the Company.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 by marking either "For", "Against" or "Abstain" on the Proxy Form. If you appoint the Chairman as your proxy and wish to support Resolution 1, please mark "X" in the box as provided in Step 2 of the proxy form. The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1.

The Board of Directors unanimously recommends that Shareholders vote in favour of Resolution 1.

Resolution 2 – Re-election of Mr Jim Jewell

Clause 6.3(c) of the Constitution provides that one third of the Directors in office must retire at each annual general meeting but a Director who retires under this clause is eligible for re-election at that meeting as provided in clause 6.3(f) of the Constitution.

Accordingly, Mr Jim Jewell retires in accordance with Clause 6.3(c) of the Company's Constitution and, being eligible, offers himself for re-election as a Director of the Company.

Further information of Mr Jim Jewell can be found in the 2011 Annual Report.

The Board of Directors, other than Mr Jim Jewell, unanimously recommends that Shareholders vote in favour of Resolution 2.

Resolution 3 – Re-election of Mr Ross Kestel

Listing Rule 14.4 and clause 6.3(i) of the Constitution requires a Director who was appointed by the Directors, to retire from office at the next annual general meeting and stand for election at that meeting.

Accordingly, Mr Ross Kestel, who was appointed by the Directors as a non-executive director of the Company since the last annual general meeting, will retire and offer himself for re-election.

Further information on Mr Ross Kestel can be found in the 2011 Annual Report.

The Board of Directors, other than Mr Ross Kestel, unanimously recommends that Shareholders vote in favour of Resolution 3.

Resolution 4 – Increase in non-executive Directors fees

Clause 6.5(a) of the Constitution and Listing Rule 10.17 require that approval from Shareholders be sought for the Company to increase the maximum aggregate amount of fees payable to non-executive Directors from \$250,000 per annum to \$500,000 per annum.

The maximum aggregate amount of fees payable to non-executive Directors includes superannuation contributions made for the benefit of non-executive Directors and any fees that a non-executive Director chooses to sacrifice on a pre-tax basis.

The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for non-executive Directors for the following reasons:

- a) to reflect the growth of the Company to its current market capitalisation of approximately \$500 million;
- b) to reflect the increase in the number of non-executive Directors drawing from the remuneration pool;
- c) to remunerate Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates;
- d) to ensure the Company maintains the ability to remunerate competitively and attract and retain high calibre non-executive Directors; and
- e) to allow for some growth in non-executive Directors' remuneration in the future to reflect market competitiveness for non-executive Directors with the skills and experience appropriate for the Company's business.

The maximum aggregate fees payable to Directors has not been increased since 2007. It is not intended to fully utilise the increased aggregate fees in the immediate future, however, subject to the passing of Resolution 4, the Company intends to increase the annual remuneration for each of the non-executive Directors effective from 1 July 2012, which details are set out in the Explanatory Memorandum.

The Board considers that the total maximum amount payable to the non-executive Directors of the Company in remuneration is reasonable and commensurate with the role of directors of publicly listed companies of similar size and complexity, having regard to the duties and responsibilities of the position.

Remuneration for each Director is for the 12 months ended 31 December 2011 is detailed in the 2011 Annual Report.

The non-executive Directors (Mr Readhead, Mr Donaldson, Mr Jewell and Mr Kestel) have an interest in this Resolution and accordingly do not make a recommendation to Shareholders as to how to vote. Mr Bowler and Mr Watkins have no interest in this Resolution and recommend that Shareholders vote in favour of Resolution 4. The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 4.

Resolution 5 – Approval of Issue of Options to Mr Craig Readhead

Resolution 5 seeks the approval of Shareholders for the issue of 250,000 Options to Mr Craig Readhead or his nominee(s). The issue of Options is pursuant to the Beadell EOS.

The Board resolved by circular resolution on 16 April 2012 to issue unlisted Options to the Directors and employees under the Company's EOS, including Mr Craig Readhead.

These Options are intended to provide a long-term incentive and align Mr Readhead's interests with those of Shareholders, in seeking to maximize the value of the Company.

Requirement for Shareholders' Approval

As set out above, Listing Rule 10.14 requires the Company to seek shareholder approval before issuing options to Directors under an incentive scheme such as Beadell's EOS.

Once approval is obtained pursuant to Listing Rule 10.14, Beadell is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 10.11. Similarly, shareholder approval will not be required under Listing Rule 7.1.

The issue of the Options to Mr Readhead, being a Director of the Company, also requires shareholders' approval for the purposes of Chapter 2E of the Corporations Act.

Additional statutory and ASX Listing Rule disclosures

Corporations Act Chapter 2E approval

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the proposed grant of Options to Mr Readhead:

- (a) Mr Readhead is a related party of the Company to whom approval of proposed Resolution 5 would permit financial benefits to be given;
- (b) the nature of the financial benefit to be given to Mr Readhead (or his nominee) is the granting of an aggregate of 250,000 Options for no issue price;
- (c) in respect of the proposed exercise price of the Options, the last price which Shares in the Company traded on ASX on 11 April 2012 was \$0.66 (being the last practicable date prior to the date of finalising this Explanatory Memorandum);
- (d) as at 11 April 2012 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), the number of securities held in the Company notified to ASX by Mr Readhead was 12,000 Shares and 1,000,000 options to subscribe for Shares at \$0.1875 per Share before 30 June 2014. Should Mr Readhead become entitled and exercise all of his Options the subject of Resolution 5, he would hold approximately 0.03% of the Shares in the Company (assuming Mr Readhead did not exercise the other options that he currently holds and no other optionholder (whether of Options or other options) exercised their options and no further issues of securities took place) and the shareholding of Shareholders would be diluted by 0.03% (based on the number of Shares currently on issue);
- (e) if all of the Directors exercise their Options, which are the subject of Resolutions 5 to 10, the shareholding of existing Shareholders will be diluted by approximately 0.75% (based on the number of Shares currently on issue);

- (f) Mr Readhead's current remuneration package, before taking into account the proposed grant of the Options is \$130,000;
- (g) the primary purpose of the grant of the Options to Mr Readhead is not to raise capital, but to form part of his remuneration package;
- (h) no funds will be raised from the issue of the Options. The amount that would be raised by the exercise of all Options by Mr Readhead is estimated at \$182,500 (based on the closing share price of the Company of \$0.66 per share as at 11 April 2012, being the last practicable date prior to finalising this Explanatory Memorandum). The funds raised (if any) from exercise of the Options will be used for general working capital purposes;
- (i) there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed; and
- (j) Mr Readhead must contribute his own money to the Company to fund the exercise price of the Options.

ASX Listing Rule 10.15

The Company provides the following information under Listing Rule 10.15:

Eligible Recipient	Mr Craig Readhead (or his nominee).
Number to be issued	250,000 Options
Vesting conditions	Upon both of the following conditions being fulfilled: <ul style="list-style-type: none"> a) one year after the grant of the Options; and b) achieving commercial production of gold at Tucano. The Company intends to lodge an announcement with the ASX when commercial gold production is achieved.
Option issue price	Nil.
Exercise price	Set at a 10% premium to the closing share price of the Company on the date of grant of the Options. After the Meeting the Company intends to lodge an announcement with the ASX when the exercise price of the Options has been determined.
Expiry date	5 years from the date of grant of the Options.
Details of prior issues	Consistent with Listing Rule 10.15.4, no persons have received securities under Beadell's EOS since Shareholders' approval was last obtained for the issue of options under the EOS to Directors on 29 November 2010.
Persons entitled to participate in	The persons referred to in Listing Rule 10.14 who are entitled to participate in Beadell's EOS include

EOS	a full or part time employee of the Company and its related bodies corporate, a Director and or a consultant of the Company, determined as eligible by the Board from time to time.
Timing of issues	The issue of the Options is contingent upon this approval. The issue will be made as soon as possible following approval but in any event within 12 months from the date of the Annual General Meeting.
Loans	There is no intention for the Company to grant a loan in relation to the Options or acquisition of shares under the Options.
Voting Exclusion Statement	A voting exclusion statement for Resolution 5 is included in the Notice of Annual General Meeting.

Additional Valuation Information

Consistent with applicable accounting standards, the Company discloses the following information concerning the value of the Options to be issued to Mr Readhead. The Company used the Black-Scholes valuation method in valuing these Options.

For accounting purposes, Option valuation details are as follows:

Closing Share Price at 11 April 2012*	\$0.66
Volatility**	62.29%
Dividend yield**	0%
Expiry date***	24 May 2017
Exercise (strike) price**	\$0.73
Risk free rate**	3.45%
Option value	\$0.35
Number of Options issued (in capacity as a Director)	250,000
Employee benefit expense for Mr Readhead's Options	\$87,879.99

*This is a valuation reference point which is the last practicable date prior to the date of finalising this Explanatory Memorandum.

**This input has been estimated based on the available information as at 11 April 2012 which is the last practicable date prior to the date of finalising this Explanatory Memorandum.

***This is an estimated expiry date, assuming the Options are granted on the date of the Meeting.

Other Implications for the Company

Corporate Governance

The Board is aware that the Listing Rules set out best practice recommendations for ASX listed companies,

including a suggestion that non-executive Directors should not receive options or bonus payments.

It is important to note that these guidelines are not prescriptions and do not require a "one size fits all" approach to corporate governance. In the Board's view, the guideline is inappropriate to the Company's circumstances, where the preservation of the Company's cash resources is paramount and the retention of high quality and well credentialed non-executive Directors is considered important to the ongoing development of the Company's Tucano Gold Project.

Directors' Recommendation

For the reasons set out in more detail above, each of the Directors (excluding Mr Readhead who will not make a recommendation due to a material personal interest in the subject matter of the resolution) recommends that Shareholders vote in favour of Resolution 5.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 5.

Resolution 6 – Approval of Issue of Options to Dr Michael Donaldson

Resolution 6 seeks the approval of Shareholders for the issue of 150,000 Options to Dr Michael Donaldson or his nominee(s). The issue of Options is pursuant to the Beadell EOS.

As noted above, the Board resolved by circular resolution on 16 April 2012 to issue unlisted Options to the Directors and employees under the Company's EOS, including Dr Michael Donaldson.

These Options are intended to provide a long-term incentive and align Dr Donaldson's interests with those of Shareholders, in seeking to maximize the value of the Company.

Requirement for Shareholders' Approval

As set out above, Listing Rule 10.14 requires the Company to seek shareholder approval before issuing options to Directors under an incentive scheme such as Beadell's EOS.

Once approval is obtained pursuant to Listing Rule 10.14, Beadell is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 10.11. Similarly, shareholder approval will not be required under Listing Rule 7.1.

The issue of the Options to Dr Donaldson, being a Director of the Company, also requires shareholders' approval for the purposes of Chapter 2E of the Corporations Act.

Additional statutory and ASX Listing Rule disclosures

Corporations Act Chapter 2E approval

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the proposed grant of Options to Dr Donaldson:

- (a) Dr Donaldson is a related party of the Company to whom approval of proposed Resolution 6 would permit financial benefits to be given;
- (b) the nature of the financial benefit to be given to Dr Donaldson (or his nominee) is the granting of an aggregate of 150,000 Options for no issue price;
- (c) in respect of the proposed exercise price of the Options, the last price which Shares in the Company traded on ASX on 11 April 2012 was \$0.66 (being the last practicable date prior to the date of finalising this Explanatory Memorandum);
- (d) as at 11 April 2012 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), the number of securities held in the Company notified to ASX by Dr Donaldson was 1,733,333 Shares, 500,000 options to subscribe for Shares at \$0.12 per Share before 30 June 2013 and 500,000 options to subscribe for Shares at \$0.1875 per Share before 30 June 2014. Should Dr Donaldson become entitled and exercise all of his Options the subject of Resolution 6, he would hold approximately 0.02% of the Shares in the Company (assuming Dr Donaldson did not exercise the other options that he currently holds and no other optionholder (whether of Options or other options) exercised their options and no further issues of securities took place) and the shareholding of Shareholders would be diluted by 0.02% (based on the number of Shares currently on issue);
- (e) if all of the Directors exercise their Options, which are the subject of Resolutions 5 to 10, the shareholding of existing Shareholders will be diluted by approximately 0.75% (based on the number of Shares currently on issue);
- (f) Dr Donaldson's current remuneration package, before taking into account the proposed grant of the Options is \$70,000;
- (g) the primary purpose of the grant of the Options to Dr Donaldson is not to raise capital, but to form part of his remuneration package;
- (h) no funds will be raised from the issue of the Options. The amount that would be raised by the exercise of all Options by Dr Donaldson is estimated at \$109,500 (based on the closing share price of the Company of \$0.66 per share as at 11 April 2012, being the last practicable date prior to finalising this Explanatory Memorandum). The funds raised (if any) from exercise of the Options will be used for general working capital purposes;
- (i) there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed; and
- (j) Dr Donaldson must contribute his own money to the Company to fund the exercise price of the Options.

ASX Listing Rule 10.15

The Company provides the following information under Listing Rule 10.15:

Eligible Recipient	Dr Michael Donaldson (or his nominee).
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Number to be issued	150,000 Options
Vesting conditions	Upon both of the following conditions being fulfilled: a) one year after the grant of the Options; and b) achieving commercial production of gold at Tucano. The Company intends to lodge an announcement with the ASX when commercial gold production is achieved.
Option issue price	Nil.
Exercise price	Set at a 10% premium to the closing share price of the Company on the date of grant of the Options. After the Meeting the Company intends to lodge an announcement with the ASX when the exercise price of the Options has been determined.
Expiry date	5 years from the date of grant of the Options.
Details of prior issues	Consistent with Listing Rule 10.15.4, no persons have received securities under Beadell's EOS since Shareholders' approval was last obtained for the issue of options under the EOS to Directors on 29 November 2010.
Persons entitled to participate in EOS	The persons referred to in Listing Rule 10.14 whom are entitled to participate in Beadell's EOS include a full or part time employee of the Company and its related bodies corporate, a Director and or a consultant of the Company, determined as eligible by the Board from time to time.
Timing of issues	The issue of Options is contingent upon this approval. The issue will be made as soon as possible following approval but in any event within 12 months from the date of the Annual General Meeting.
Loans	There is no intention for the Company to grant a loan in relation to the Options or acquisition of Shares under the Options.
Voting Exclusion Statement	A voting exclusion statement for Resolution 6 is included in the Notice of Annual General Meeting.

Additional Valuation Information

Consistent with applicable accounting standards, the Company discloses the following information concerning the value of the Options to be issued to Dr Donaldson. The Company used the Black-Scholes valuation method in valuing these Options.

For accounting purposes, Option valuation details are as follows:

Closing Share Price at 11 April 2012*	\$0.66
Volatility**	62.29%
Dividend yield**	0%
Expiry date***	24 May 2017
Exercise (strike) price**	\$0.73
Risk free rate**	3.45%
Option value	\$0.35
Number of Options issued (in capacity as a Director)	150,000
Employee benefit expense for Dr Donaldson's Options	\$52,727.99

*This is a valuation reference point which is the last practicable date prior to the date of finalising this Explanatory Memorandum.

**This input has been estimated based on the available information as at 11 April 2012 which is the last practicable date prior to the date of finalising this Explanatory Memorandum.

***This is an estimated expiry date, assuming the Options are granted on the date of the Meeting.

Other Implications for the Company

Corporate Governance

The Board is aware that the Listing Rules set out best practice recommendations for ASX listed companies, including a suggestion that non-executive Directors should not receive options or bonus payments.

It is important to note that these guidelines are not prescriptions and do not require a "one size fits all" approach to corporate governance. In the Board's view, the guideline is inappropriate to the Company's circumstances, where the preservation of the Company's cash resources is paramount and the retention of high quality and well credentialed non-executive Directors is considered important to the ongoing development of the Company's Tucano Gold Project.

Directors' Recommendation

For the reasons set out in more detail above, each of the Directors (excluding Dr Donaldson who will not make a recommendation due to a material personal interest in the subject matter of the resolution) recommends that Shareholders vote in favour of Resolution 6.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 6.

Resolution 7 – Approval of Issue of Options to Mr Jim Jewell

Resolution 7 seeks the approval of Shareholders for the issue of 1,500,000 Options to Mr Jim Jewell or his

nominee(s). The issue of Options is pursuant to the Beadell EOS.

As noted above, the Board resolved by circular resolution on 16 April 2012 to issue unlisted Options to Directors and employees under the Company's EOS, including Mr Jim Jewell.

These Options are intended to provide a long-term incentive and align Mr Jewell's interests with those of Shareholders, in seeking to maximize the value of the Company.

Requirement for Shareholders' Approval

As set out above, Listing Rule 10.14 requires the Company to seek shareholder approval before issuing options to Directors under an incentive scheme such as Beadell's EOS.

Once approval is obtained pursuant to Listing Rule 10.14, Beadell is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 10.11. Similarly, shareholder approval will not be required under Listing Rule 7.1.

The issue of the Options to Mr Jewell, being a Director of the Company, also requires shareholders' approval for the purposes of Chapter 2E of the Corporations Act.

Additional statutory and ASX Listing Rule disclosures

Corporations Act Chapter 2E approval

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the proposed grant of Options to Mr Jewell:

- (a) Mr Jewell is a related party of the Company to whom approval of proposed Resolution 7 would permit financial benefits to be given;
- (b) the nature of the financial benefit to be given to Mr Jewell (or his nominee) is the granting of an aggregate of 1,500,000 Options for no issue price;
- (c) in respect of the proposed exercise price of the Options, the last price which Shares in the Company traded on ASX on 11 April 2012 was \$0.66 (being the last practicable date prior to the date of finalising this Explanatory Memorandum);
- (d) as at 11 April 2012 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), the number of securities held in the Company notified to ASX by Mr Jewell was 410,000 Shares and 500,000 options to subscribe for Shares at \$0.1875 per Share before 30 June 2014. Should Mr Jewell become entitled and exercise all of his Options the subject of Resolution 7, he would hold approximately 0.21% of the Shares in the Company (assuming Mr Jewell did not exercise the other options that he currently holds and no other optionholder (whether of Options or other options) exercised their options and no further issues of securities took place) and the shareholding of Shareholders would be diluted by 0.21% (based on the number of Shares currently on issue);

- (e) if all of the Directors exercise their Options, which are the subject of Resolutions 5 to 10, the shareholding of existing Shareholders will be diluted by approximately 0.75% (based on the number of Shares currently on issue);
- (f) Mr Jewell's current remuneration package, before taking into account the proposed grant of the Options is \$70,000;
- (g) the primary purpose of the grant of the Options to Mr Jewell is not to raise capital, but to form part of his remuneration package;
- (h) no funds will be raised from the issue of the Options. The amount that would be raised by the exercise of all Options by Mr Jewell is estimated at \$1,095,000 (based on the closing share price of the Company of \$0.66 per share as at 11 April 2012, being the last practicable date prior to finalising this Explanatory Memorandum). The funds raised (if any) from exercise of the Options will be used for general working capital purposes;
- (i) there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed; and
- (j) Mr Jewell must contribute his own money to the Company to fund the exercise price of the Options.

ASX Listing Rule 10.15

The Company provides the following information under Listing Rule 10.15:

Eligible Recipient	Mr Jim Jewell (or his nominee).
Number to be issued	1,500,000 Options
Vesting conditions	Upon both of the following conditions being fulfilled: <ul style="list-style-type: none"> a) one year after the grant of the Options; and b) achieving commercial production of gold at Tucano. The Company intends to lodge an announcement with the ASX when commercial gold production is achieved.
Option issue price	Nil.
Exercise price	Set at a 10% premium to the closing share price of the Company on the date of grant of the Options. After the Meeting the Company intends to lodge an announcement with the ASX when the exercise price of the Options has been determined.
Expiry date	5 years from the date of grant of the Options.
Details of prior issues	Consistent with Listing Rule 10.15.4, no persons have received securities under Beadell's EOS since Shareholders' approval was last obtained for the issue of options under the EOS to Directors on 29

November 2010.

Persons entitled to participate in EOS	The persons referred to in Listing Rule 10.14 whom are entitled to participate in Beadell's EOS include a full or part time employee of the Company and its related bodies corporate, a Director and or a consultant of the Company, determined as eligible by the Board from time to time.
Timing of issues	The issue of Options is contingent upon this approval. The issue will be made as soon as possible following approval but in any event within 12 months from the date of the Annual General Meeting.
Loans	There is no intention for the Company to grant a loan in relation to the Options or acquisition of Shares under the Options.
Voting Exclusion Statement	A voting exclusion statement for Resolution 7 is included in the Notice of Annual General Meeting.

Additional Valuation Information

Consistent with applicable accounting standards, the Company discloses the following information concerning the value of the Options to be issued to Mr Jewell. The Company used the Black-Scholes valuation method in valuing these Options.

For accounting purposes, Option valuation details are as follows:

Closing Share Price at 11 April 2012*	\$0.66
Volatility**	62.29%
Dividend yield**	0%
Expiry date***	24 May 2017
Exercise (strike) price**	\$0.73
Risk free rate**	3.45%
Option value	\$0.35
Number of Options issued (in capacity as a Director)	1,500,000
Employee benefit expense for Mr Jewell's Options	\$527,279.93

*This is a valuation reference point which is the last practicable date prior to the date of finalising this Explanatory Memorandum.

**This input has been estimated based on the available information as at 11 April 2012 which is the last practicable date prior to the date of finalising this Explanatory Memorandum.

***This is an estimated expiry date, assuming the options are granted on the date of the Meeting.

Other Implications for the Company

Corporate Governance

The Board is aware that the Listing Rules set out best practice recommendations for ASX listed companies, including a suggestion that non-executive Directors should not receive options or bonus payments.

It is important to note that these guidelines are not prescriptions and do not require a "one size fits all" approach to corporate governance. In the Board's view, the guideline is inappropriate to the Company's circumstances, where the preservation of the Company's cash resources is paramount and the retention of high quality and well credentialed non-executive Directors is considered important to the ongoing development of the Company's Tucano Gold Project.

Directors' Recommendation

For the reasons set out in more detail above, each of the Directors (excluding Mr Jewell who will not make a recommendation due to a material personal interest in the subject matter of the resolution) recommends that Shareholders vote in favour of Resolution 7.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 7.

Resolution 8 – Approval of Issue of Options to Mr Ross Kestel

Resolution 8 seeks the approval of Shareholders for the issue of 500,000 Options to Mr Ross Kestel or his nominee(s). The issue of Options is pursuant to the Beadell EOS.

As noted above, the Board resolved by circular resolution on 16 April 2012 to issue unlisted Options to Directors and employees under the Company's EOS, including Mr Ross Kestel.

These Options are intended to provide a long-term incentive and align Mr Kestel's interests with those of Shareholders, in seeking to maximize the value of the Company.

Requirement for Shareholders' Approval

As set out above, Listing Rule 10.14 requires the Company to seek shareholder approval before issuing options to Directors under an incentive scheme such as Beadell's EOS.

Once approval is obtained pursuant to Listing Rule 10.14, Beadell is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 10.11. Similarly, shareholder approval will not be required under Listing Rule 7.1.

The issue of the Options to Mr Kestel, being a Director of the Company, also requires shareholders' approval for the purposes of Chapter 2E of the Corporations Act.

Additional statutory and ASX Listing Rule disclosures

Corporations Act Chapter 2E approval

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is

provided to Shareholders to enable them to assess the proposed grant of Options to Mr Kestel:

- (a) Mr Kestel is a related party of the Company to whom approval of proposed Resolution 8 would permit financial benefits to be given;
- (b) the nature of the financial benefit to be given to Mr Kestel (or his nominee) is the granting of an aggregate of 500,000 Options for no issue price;
- (c) in respect of the proposed exercise price of the Options, the last price which Shares in the Company traded on ASX on 11 April 2012 was \$0.66 (being the last practicable date prior to the date of finalising this Explanatory Memorandum);
- (d) as at 11 April 2012 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), Mr Kestel holds no securities in the Company. Should Mr Kestel become entitled and exercise all of his Options the subject of Resolution 8, he would hold approximately 0.07% of the Shares in the Company (assuming no other optionholder (whether of Options or other options) exercised their options and no further issues of securities took place) and the shareholding of Shareholders would be diluted by 0.07% (based on the number of Shares currently on issue);
- (e) if all of the Directors exercise their Options, which are the subject of Resolutions 5 to 10, the shareholding of existing Shareholders will be diluted by approximately 0.75% (based on the number of Shares currently on issue);
- (f) Mr Kestel's current remuneration package, before taking into account the proposed grant of the Options is \$70,000;
- (g) the primary purpose of the grant of the Options to Mr Kestel is not to raise capital, but to form part of his remuneration package;
- (h) no funds will be raised from the issue of the Options. The amount that would be raised by the exercise of all Options by Mr Kestel is estimated at \$365,000 (based on the closing share price of the Company of \$0.66 per share as at 11 April 2012, being the last practicable date prior to finalising this Explanatory Memorandum). The funds raised (if any) from exercise of the Options will be used for general working capital purposes;
- (i) there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed; and
- (j) Mr Kestel must contribute his own money to the Company to fund the exercise price of the Options.

ASX Listing Rule 10.15

The Company provides the following information under Listing Rule 10.15

Eligible Recipient	Mr Ross Kestel (or his nominee).
Number to be issued	500,000 Options
Vesting conditions	Upon both of the following conditions being fulfilled:

	a) one year after the grant of the Options; and
	b) achieving commercial production of gold at Tucano. The Company intends to lodge an announcement with the ASX when commercial gold production is achieved.
Option issue price	Nil.
Exercise price	Set at a 10% premium to the closing share price of the Company on the date of grant of the Options. After the Meeting the Company intends to lodge an announcement with the ASX when the exercise price of the Options has been determined.
Expiry date	5 years from the date of grant of the Options.
Details of prior issues	Consistent with Listing Rule 10.15.4, no persons have received securities under Beadell's EOS since Shareholders' approval was last obtained for the issue of options under the EOS to Directors on 29 November 2010.
Persons entitled to participate in EOS	The persons referred to in Listing Rule 10.14 whom are entitled to participate in Beadell's EOS include a full or part time employee of the Company and its related bodies corporate, a Director and or a consultant of the Company, determined as eligible by the Board from time to time.
Timing of issues	The issue of Options is contingent upon this approval. The issue will be made as soon as possible following approval but in any event within 12 months from the date of the Annual General Meeting.
Loans	There is no intention for the Company to grant a loan in relation to the Options or acquisition of Shares under the Options.
Voting Exclusion Statement	A voting exclusion statement for Resolution 8 is included in the Notice of Annual General Meeting.

Additional Valuation Information

Consistent with applicable accounting standards, the Company discloses the following information concerning the value of the Options to be issued to Mr Kestel. The Company used the Black-Scholes valuation method in valuing these Options.

For accounting purposes, Option valuation details are as follows:

Closing Share Price at 11 April 2012*	\$0.66
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Volatility**	62.29%
Dividend yield**	0%
Expiry date***	24 May 2017
Exercise (strike) price**	\$0.73
Risk free rate**	3.45%
Option value	\$0.35
Number of Options issued (in capacity as a Director)	500,000
Employee benefit expense for Mr Kestel's Options	\$175,279.93

*This is a valuation reference point which is the last practicable date prior to the date of finalising this Explanatory Memorandum.

**This input has been estimated based on the available information as at 11 April 2012 which is the last practicable date prior to the date of finalising this Explanatory Memorandum.

***This is an estimated expiry date, assuming the options are granted on the date of the Meeting.

Other Implications for the Company

Corporate Governance

The Board is aware that the Listing Rules set out best practice recommendations for ASX listed companies, including a suggestion that non-executive Directors should not receive options or bonus payments.

It is important to note that these guidelines are not prescriptions and do not require a "one size fits all" approach to corporate governance. In the Board's view, the guideline is inappropriate to the Company's circumstances, where the preservation of the Company's cash resources is paramount and the retention of high quality and well credentialed non-executive Directors is considered important to the ongoing development of the Company's Tucano Gold Project.

Directors' Recommendation

For the reasons set out in more detail above, each of the Directors (excluding Mr Kestel who will not make a recommendation due to a material personal interest in the subject matter of the resolution) recommends that Shareholders vote in favour of Resolution 8.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 8.

Resolution 9 – Approval of Issue of Options to Mr Peter Bowler

Resolution 9 seeks the approval of Shareholders for the issue of 1,500,000 Options to Mr Peter Bowler or his nominee(s). The issue of Options is pursuant to the Beadell EOS.

As noted above, the Board resolved by circular resolution on 16 April 2012 to issue unlisted Options to Directors and employees under the Company's EOS, including Mr Peter Bowler.

These Options are intended to provide a long-term incentive and align Mr Bowler's interests with those of Shareholders, in seeking to maximize the value of the Company.

Requirement for Shareholders' Approval

As set out above, Listing Rule 10.14 requires the Company to seek shareholder approval before issuing options to Directors under an incentive scheme such as Beadell's EOS.

Once approval is obtained pursuant to Listing Rule 10.14, Beadell is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 10.11. Similarly, shareholder approval will not be required under Listing Rule 7.1.

The issue of the Options to Mr Jewell, being a Director of the Company, also requires shareholders' approval for the purposes of Chapter 2E of the Corporations Act.

Additional statutory and ASX Listing Rule disclosures

Corporations Act Chapter 2E approval

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the proposed grant of Options to Mr Bowler:

- Mr Bowler is a related party of the Company to whom approval of proposed Resolution 9 would permit financial benefits to be given;
- the nature of the financial benefit to be given to Mr Bowler (or his nominee) is the granting of an aggregate of 1,500,000 Options for no issue price;
- in respect of the proposed exercise price of the Options, the last price which Shares in the Company traded on ASX on 11 April 2012 was \$0.66 (being the last practicable date prior to the date of finalising this Explanatory Memorandum);
- as at 11 April 2012 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), the number of securities held in the Company notified to ASX by Mr Bowler was 12,543,333 Shares, 500,000 options to subscribe for Shares at \$0.35 per Share before 30 June 2012, 500,000 options to subscribe for Shares at \$0.50 per Share before 30 June 2012, 500,000 options to subscribe for Shares at \$0.12 per Share before 30 June 2013 and 10,000,000 options to subscribe for Shares at \$0.1875 per Share before 30 June 2014. Should Mr Bowler become entitled and exercise all of his Options, the subject of Resolution 9 he would hold approximately 0.21% of the Shares in the Company (assuming Mr Bowler did not exercise the other options that he currently holds and no other optionholder (whether of Options or other options) exercised their options and no further issues of securities took place) and the shareholding of Shareholders would be diluted by 0.21% (based on the number of Shares currently on issue);
- if all of the Directors exercise their Options, which are the subject of Resolutions 5 to 10, the shareholding of existing Shareholders will be

diluted by approximately 0.75% (based on the number of Shares currently on issue);

- (f) Mr Bowler's current remuneration package, before taking into account the proposed grant of the Options is \$550,000 plus a performance bonus of up to \$100,000;
- (g) the primary purpose of the grant of the Options to Mr Bowler is not to raise capital, but to form part of his remuneration package;
- (h) no funds will be raised from the issue of the Options. The amount that would be raised by the exercise of all Options by Mr Bowler is estimated at \$1,095,000 (based on the closing share price of the Company of \$0.66 per share as at 11 April 2012, being the last practicable date prior to finalising this Explanatory Memorandum). The funds raised (if any) from exercise of the Options will be used for general working capital purposes;
- (i) there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed; and
- (j) Mr Bowler must contribute his own money to the Company to fund the exercise price of the Director Options.

ASX Listing Rule 10.15

The Company provides the following information under Listing Rule 10.15:

Eligible Recipient	Mr Peter Bowler (or his nominee).
Number to be issued	1,500,000 Options
Vesting conditions	Upon both of the following conditions being fulfilled: <ul style="list-style-type: none"> a) one year after the grant of the Options; and b) achieving commercial production of gold at Tucano. The Company intends to lodge an announcement with the ASX when commercial gold production is achieved.
Option issue price	Nil.
Exercise price	Set at a 10% premium to the closing share price of the Company on the date of grant of the Options. After the Meeting the Company intends to lodge an announcement with the ASX when the exercise price of the Options has been determined.
Expiry date	5 years from the date of grant of the Options.
Details of prior issues	Consistent with Listing Rule 10.15.4, no persons have received securities under Beadell's EOS since Shareholders' approval was last obtained for the issue of options under the EOS to Directors on 29

November 2010.

Persons entitled to participate in EOS	The persons referred to in Listing Rule 10.14 whom are entitled to participate in Beadell's EOS include a full or part time employee of the Company and its related bodies corporate, a Director and or a consultant of the Company, determined as eligible by the Board from time to time.
Timing of issues	The issue of Options is contingent upon this approval. The issue will be made as soon as possible following approval but in any event within 12 months from the date of the Annual General Meeting.
Loans	There is no intention for the Company to grant a loan in relation to the Options or acquisition of Shares under the Options.
Voting Exclusion Statement	A voting exclusion statement for Resolution 9 is included in the Notice of Annual General Meeting.

Additional Valuation Information

Consistent with applicable accounting standards, the Company discloses the following information concerning the value of the Options to be issued to Mr Bowler. The Company used the Black-Scholes valuation method in valuing these Options.

For accounting purposes, Option valuation details are as follows:

Closing Share Price at 11 April 2012*	\$0.66
Volatility**	62.29%
Dividend yield**	0%
Expiry date***	24 May 2017
Exercise (strike) price**	\$0.73
Risk free rate**	3.45%
Option value	\$0.35
Number of Options issued (in capacity as a Director)	1,500,000
Employee benefit expense for Mr Bowler's Options	\$527,279.93

*This is a valuation reference point which is the last practicable date prior to the date of finalising this Explanatory Memorandum.

**This input has been estimated based on the available information as at 11 April 2012 which is the last practicable date prior to the date of finalising this Explanatory Memorandum.

***This is an estimated expiry date, assuming the options are granted on the date of the Meeting.

Directors' Recommendation

For the reasons set out in more detail above, each of the Directors (excluding Mr Bowler who will not make a recommendation due to a material personal interest in the subject matter of the resolution) recommends that Shareholders vote in favour of Resolution 9.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 9.

Resolution 10 – Approval of Issue of Options to Mr Robert Watkins

Resolution 10 seeks the approval of Shareholders for the issue of 1,500,000 Options to Mr Robert Watkins or his nominee(s). The issue of Options is pursuant to the Beadell EOS.

As noted above, the Board resolved by circular resolution on 16 April 2012 to issue unlisted Options to Directors and employees under the Company's EOS, including Mr Robert Watkins.

These Options are intended to provide a long-term incentive and align Mr Watkins's interests with those of Shareholders, in seeking to maximize the value of the Company.

Requirement for Shareholders' Approval

As set out above, Listing Rule 10.14 requires the Company to seek shareholder approval before issuing options to Directors under an incentive scheme such as Beadell's EOS.

Once approval is obtained pursuant to Listing Rule 10.14, Beadell is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 10.11. Similarly, shareholder approval will not be required under Listing Rule 7.1.

The issue of the Options to Mr Watkins, being a Director of the Company, also requires shareholders' approval for the purposes of Chapter 2E of the Corporations Act.

Additional statutory and ASX Listing Rule disclosures

Corporations Act Chapter 2E approval

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the proposed grant of Options to Mr Watkins:

- (a) Mr Watkins is a related party of the Company to whom approval of proposed Resolution 10 would permit financial benefits to be given;
- (b) the nature of the financial benefit to be given to Mr Watkins (or his nominee) is the granting of an aggregate of 1,500,000 Options for no issue price;
- (c) in respect of the proposed exercise price of the Options, the last price which Shares in the Company traded on ASX on 11 April 2012 was \$0.66 (being the last practicable date prior to the date of finalising this Explanatory Memorandum);

- (d) as at 11 April 2012 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), the number of securities held in the Company notified to ASX by Mr Watkins was 6,150,001 Shares, 500,000 options to subscribe for Shares at \$0.35 per Share before 30 June 2012, 500,000 options to subscribe for Shares at \$0.50 per Share before 30 June 2012, 500,000 options to subscribe for Shares at \$0.12 per Share before 30 June 2013 and 5,000,000 options to subscribe for Shares at \$0.1875 per Share before 30 June 2014. Should Mr Watkins become entitled and exercise all of his Options the subject of Resolution 10, he would hold approximately 0.21% of the Shares in the Company (assuming Mr Watkins did not exercise the other options that he currently holds and no other option holder (whether of Options or other options) exercised their Options and no further issues of securities took place) and the shareholding of Shareholders would be diluted by 0.21% (based on the number of Shares currently on issue);
- (e) if all of the Directors exercise their Options, which are the subject of Resolutions 5 to 10, the shareholding of existing Shareholders will be diluted by approximately 0.75% (based on the number of Shares currently on issue);
- (f) Mr Watkins's current remuneration package, before taking into account the proposed grant of the Options is \$325,000 plus a performance bonus of up to \$85,000.
- (g) the primary purpose of the grant of the Options to Mr Watkins is not to raise capital, but to form part of his remuneration package;
- (h) no funds will be raised from the issue of the Options. The amount that would be raised by the exercise of all Options by Mr Watkins is estimated at \$1,095,000 (based on the closing share price of the Company of \$0.66 per share as at 11 April 2012, being the last practicable date prior to finalising this Explanatory Memorandum). The funds raised (if any) from exercise of the Options will be used for general working capital purposes;
- (i) there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed; and
- (j) Mr Watkins must contribute his own money to the Company to fund the exercise price of the Options.

ASX Listing Rule 10.15

The Company provides the following information under Listing Rule 10.15:

Eligible Recipient	Mr Robert Watkins (or his nominee).
Number to be issued	1,500,000 Options
Vesting conditions	Upon both of the following conditions being fulfilled: <ul style="list-style-type: none"> a) one year after the grant of the Options; and b) achieving commercial production of gold at Tucano. The Company intends to lodge an

	announcement with the ASX gold when commercial production is achieved.
Option issue price	Nil.
Exercise price	Set at a 10% premium to the closing share price of the Company on the date of grant of the Options. After the Meeting the Company intends to lodge an announcement with the ASX when the exercise price of the Options has been determined.
Expiry date	5 years from the date of grant of the Options.
Details of prior issues	Consistent with Listing Rule 10.15.4, no persons have received securities under Beadell's EOS since Shareholders' approval was last obtained for the issue of options under the EOS to Directors on 29 November 2010.
Persons entitled to participate in EOS	The persons referred to in Listing Rule 10.14 whom are entitled to participate in Beadell's EOS include a full or part time employee of the Company and its related bodies corporate, a Director and or a consultant of the Company, determined as eligible by the Board from time to time.
Timing of issues	The issue of Options is contingent upon this approval. The issue will be made as soon as possible following approval but in any event within 12 months from the date of the Annual General Meeting.
Loans	There is no intention for the Company to grant a loan in relation to the Options or acquisition of shares under the Options.
Voting Exclusion Statement	A voting exclusion statement for Resolution 10 is included in the Notice of Annual General Meeting.

Additional Valuation Information

Consistent with applicable accounting standards, the Company discloses the following information concerning the value of the Options to be issued to Mr Watkins. The Company used the Black-Scholes valuation method in valuing these Options.

For accounting purposes, Option valuation details are as follows:

Closing Share Price at 11 April 2012*	\$0.66
Volatility**	62.29%
Dividend yield**	0%
Expiry date***	24 May 2017
Exercise (strike) price**	\$0.73

Risk free rate**	3.45%
Option value	\$0.35
Number of Options issued (in capacity as a Director)	1,500,000
Employee benefit expense for Mr Watkins's Options	\$527,279.93

*This is a valuation reference point which is the last practicable date prior to the date of finalising this Explanatory Memorandum.

**This input has been estimated based on the available information as at 11 April 2012 which is the last practicable date prior to the date of finalising this Explanatory Memorandum.

***This is an estimated expiry date, assuming the options are granted on the date of the Meeting.

Directors' Recommendation

For the reasons set out in more detail above, each of the Directors (excluding Mr Watkins who will not make a recommendation due to a material personal interest in the subject matter of the resolution) recommends that Shareholders vote in favour of Resolution 10.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 10.

Resolution 11 – Ratification of March Placement Shares

As announced on 5 March 2012, the Company conducted a placement to sophisticated and professional investors (as defined in sections 708(8) and 708(11) of the Corporations Act respectively) (**March Placement**) in Australia, North America and Europe with Casimir Capital L.P. acting as the sole book runner and global lead manager for the March Placement.

The net proceeds from the March Placement were used by the Company for the following purposes:

- to facilitate the engineering, procurement and construction of the magnetic separation plant for the Tucano Gold Project;
- as working capital until the first gold pour of the Tucano Gold Project which includes accelerated mining on the high grade starter pits; and
- to conduct an accelerated resource and reserve drilling program with the newly purchased T685 Schramm RC Rig.

The March Placement comprised the issue of 58,097,806 Shares at the issue price of \$0.73 for each March Placement Share, raising approximately \$42.41 million.

Listing Rule 7.4

As Shares issued under the March Placement were issued within the Company's placement capacity under Listing Rule 7.1, it was issued without the requirement for Shareholder approval.

Listing Rule 7.4 allows a company to seek the approval of its shareholders for an issue of securities after the

issue has been made without approval under Listing Rule 7.1. The Company now seeks Shareholder approval to ratify the issue of the March Placement Shares. Approval of this resolution will provide the Company with the flexibility to issue further securities as required.

The following information is required by Listing Rule 7.5 in relation to the issue of the March Placement Shares.

- (a) The number of the March Placement Shares issued by the Company was 58,097,806 Shares.
- (b) The issue price for the March Placement Shares was \$0.73 for each March Placement Share.
- (c) The March Placement Shares rank equally in all respects with the Company's existing Shares.
- (d) The March Placement Shares were issued and allotted to professional and sophisticated investors.
- (e) The funds raised from the issue of the March Placement Shares were used by the Company for the following purposes:
 - to facilitate the engineering, procurement and construction of the magnetic separation plant for the Tucano Gold Project;
 - as working capital until the first gold pour of the Tucano Gold Project which includes accelerated mining on the high grade starter pits; and
 - to conduct an accelerated resource and reserve drilling program with the newly purchased T685 Schramm RC Rig.

The Directors intend to vote in favour of Resolution 11 (subject to any applicable voting exclusions) and unanimously recommend that Shareholders vote in favour of Resolution 11.

GLOSSARY

The following terms and abbreviations used in this Explanatory Memorandum have the following meaning:

2011 Annual Report: The annual report of the Company for the 12 months ended 31 December 2011.

Annual Financial Statements: the financial statements, directors' report and auditors' report contained in the Annual Report.

Associate: Has the meaning given to that term in sections 11 to 17 of the Corporations Act.

ASX: ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX.

Board: The board of directors of the Company.

Closely Related Party of a member of Key Management Personnel means:

- a) a spouse or child of the member;
- b) a child of the member's spouse;

- c) a dependent of the member or the member's spouse;
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- e) an entity the member controls; or
- f) a person prescribed by the Corporations Regulations 2001 (Cth).

Company or **Beadell:** Beadell Resources Limited ABN 50 125 222 291.

Company Secretary: company secretary of the Company.

Constitution: The constitution of the Company.

Corporations Act: *Corporations Act 2001 (Cth)*.

Director: A member of the Board.

EOS: Beadell Employee Option Scheme with the terms as set out in the Explanatory Memorandum.

Explanatory Memorandum means the Explanatory Memorandum accompanying the Notice of Annual General Meeting.

Key Management Personnel: has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (executive or otherwise) of the Company.

Listing Rules: the listing rules of the ASX.

March Placement: Issue of March Placement Shares.

March Placement Share: A Share which is the subject of Resolution 11.

Meeting or **Annual General Meeting:** The meeting convened by the Notice.

Notice or **Notice of Annual General Meeting:** The notice convening the Annual General Meeting which accompanies this Explanatory Memorandum.

Option: An option to acquire a Share, which is the subject of Resolutions 5 to 10.

Remuneration Report: the remuneration report incorporated in the directors' report in the Annual Report which sets out the Company's remuneration arrangements for the Directors and officers of the Company.

Resolution: A resolution included in the Notice.

Shareholders: Holders of Shares.

Shares: Fully paid ordinary shares in the capital of the Company.

WST: Western Standard Time, being the time in Perth, Western Australia.



000001 000 BDR
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 137 515
(outside Australia) +61 3 9415 4667

Proxy Form

For your vote to be effective it must be received by 9:00am (Perth time) Tuesday, 22 May 2012

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Beadell Resources Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Beadell Resources Limited to be held at the King Street Room of the Rydges Hotel, corner of King and Hay Streets, Perth WA on Thursday, 24 May 2012, at 9:00am (Perth time) and at any adjournment of that meeting.

STEP 2

Important for Items 1, 4, 5, 6, 7, 8, 9 & 10 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default
 By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 1, 4, 5, 6, 7, 8, 9 & 10 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Items 1, 4, 5, 6, 7, 8, 9 & 10, the Chairman of the Meeting will not cast your votes on Items 1, 4, 5, 6, 7, 8, 9 & 10 and your votes will not be counted in computing the required majority if a poll is called on these items. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 3 below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Items 1, 4, 5, 6, 7, 8, 9 & 10).

The Chairman of the Meeting intends to vote all available proxies in favour of Items 1, 4, 5, 6, 7, 8, 9 & 10 of business.

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 1, 4, 5, 6, 7, 8, 9 & 10 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Items 1, 4, 5, 6, 7, 8, 9 & 10 are connected directly or indirectly with the remuneration of a member of key management personnel **or even if the Chairman of the Meeting has an interest in the outcome of these items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.**

STEP 3 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS	For	Against	Abstain
1 Approval of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Jim Jewell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Ross Kestel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Increase in non-executive Directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of Issue of Options to Mr Craig Readhead	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of Issue of Options to Dr Michael Donaldson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ORDINARY BUSINESS	For	Against	Abstain
7 Approval of Issue of Options to Mr Jim Jewell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval of Issue of Options to Mr Ross Kestel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Approval of Issue of Options to Mr Peter Bowler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Approval of Issue of Options to Mr Robert Watkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Ratification of March Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 <input style="width: 90%; height: 25px;" type="text"/>	Securityholder 2 <input style="width: 90%; height: 25px;" type="text"/>	Securityholder 3 <input style="width: 90%; height: 25px;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____