Beadell Resources Limited

ABN 50 125 222 291

Interim Financial Report

31 December 2009

Contents

Competent Persons Statement

The information in this report relating to Exploration Results and Mineral Resources is based on information compiled by Mr Robert Watkins who is a member of the Australian Institute of Mining and Metallurgy and has sufficient exploration experience which is relevant to the various styles of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Watkins is a full time employee of Beadell Resources Limited. Mr Watkins consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Directors' Report

The Directors present their report together with the consolidated interim financial report of Beadell Resources Limited ("the Company") and of the Group, being the Company and its subsidiaries, for the six months ended 31 December 2009 and the auditor's independent review report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the interim period are:

Non-executive

- Dr Michael Donaldson (Chairman) Director since 2007

Executive

- Mr Peter Bowler Director since 2007
- Mr Robert Watkins Director since 2007

REVIEW OF OPERATIONS

The principal activity of the Group during the period was to conduct mineral exploration. There were no significant changes in the nature of the activities of the Group during the six months ended 31 December 2009.

During the period to 31 December 2009 the Group conducted gold exploration activities on key exploration targets and continues to assess its exploration targets in Australia and Brazil.

The Group has evaluated and pursued potential acquisitions and investments in the resource sector during the period and continues to assess future potential acquisition opportunities, including gold producing assets.

Exploration and acquisition activities

Amapári acquisition

Details of the Acquisition

On 28 January 2010 the Company announced that a conditional sale and purchase agreement has been executed with New Gold Inc (New Gold) to acquire 100% of the issued capital of New Gold's Brazilian subsidiary Mineração Pedra Branca do Amapári Ltd (MPBA) which includes the Amapári Gold Mine (Amapári) and a royalty of 1% of gross revenue (net of 2% federal tax) received from the sale of iron ore from certain tenements forming part of the Amapá Iron Ore Project for US$63 million (Acquisition) via a cash and scrip deal. Both projects are located at Serra do Navio, Amapá State, Brazil.

The consideration for the Acquisition is US$63 million of which US$48 million is attributed to Amapári and US$15 million is attributed to the Royalty. The consideration will be satisfied by the issue of fully paid ordinary shares in the Company to the value of US$17 million (Consideration Shares) and the balance (US$46 million) will be paid in cash.

The Company intends to fund the cash component of the Acquisition consideration by conducting an equity raising of approximately $75 million via an institutional bookbuild in March 2010 (Placement).

Macquarie Capital Advisers Limited has been engaged as Sole Lead Manager to the Placement. Demonstrating support for the Company and the Acquisition, Macquarie Capital Group and FICC have committed to subscribe for $10 million of the Company's shares ($5 million each) at the bookbuild price up to $0.25 per share, subject to certain conditions.

In addition to the Placement, the Company is offering its shareholders the opportunity to participate in a Share Purchase Plan to raise up to $5 million at the same issue price as the Placement, at a record date to be determined prior to the Placement.

The Consideration Shares will be issued to New Gold at the same issue price as the Placement. New Gold has entered into a 12 month voluntary escrow arrangement in relation to the Consideration Shares, demonstrating New Gold's support for both the Company and the Amapári asset.

Directors' Report (continued)

Exploration and acquisition activities (continued)

Amapári acquisition (continued)

Amapári Gold Project

The Amapári site is located in Amapá State in northern Brazil, covering approximately 2,500 km^2 of mostly contiguous exploration licences and a mining concession. The nearest major populated centre to the Amapári site is Macapá, situated on the northern bank of the Amazon River. Road access to the site is via 100 km of paved road from Macapá to Porto Grande followed by 116 km of unpaved road.

Amapári is a significant gold development opportunity with total JORC resources totalling 2.9 million ounces including a 1.2 million ounce open pit resource (pit optimisation at US$1,000 gold price) and approximately 2,500 km^2 of highly prospective surrounding tenements. The Acquisition includes existing gold inventory which has an estimated value of US$7 million (at a spot gold price of US$1,100 per ounce) and a modern fleet of earthmoving equipment capable of mining 3.0 million tonnes of ore and 12 million tonnes of waste per annum.

Immediately following completion of the Acquisition, the Company is proposing to undertake a Feasibility Study to support construction of a 2–2.5 million tonne per annum Carbon in Leach (CIL) processing plant utilising the existing gold elution infrastructure with production expected to resume by the first quarter of 2012.

Iron Ore Royalty

The Amapári project contains significant deposits of Hematite Iron Ore hosted in an extensive Banded Iron Formation that occurs throughout the greenstone belt.

Anglo American plc (70%) and Cliffs Natural Resources Inc (30%) commenced an open pit mining operation and beneficiation plant in December 2007 and are ramping up to a projected 6.5 million tonne per annum of pellet and sinter feed production (from 2009 estimated levels of 3.0 million tonne per annum) which is anticipated to occur between 2011 and 2012.

The mining concession that makes up the Amapá Iron Ore Project is located immediately southeast of the Amapári gold deposits and is hosted in the same Banded Iron Formation.

A 1% gross iron ore revenue royalty (net of 2% federal tax) over the Amapá Iron Ore Project mining concession is currently in place and it is anticipated to generate revenue for MPBA of US$4 million per annum at full capacity.

Western Australia

West Musgrave

Handpump Prospect

A maiden gold discovery was announced on 7 December 2009 heralding the first reported significant gold intersection in the entire Musgrave block located in the sparsely explored central part of Australia.

The first RC drill hole HPC001 in a seven hole initial program intersected 60 m @ 0.9 g/t gold from 13 m including 15 m @ 2.3 g/t gold from 31 m with a high grade core of 5 m @ 4.7 g/t gold from 34 m. The gold mineralisation, associated with a magmatic hydrothermal breccia, was also partly intersected in the top part of HPC005 drilled 100 m away which intersected 7 m @ 1.4 g/t gold from 3 m including 5 m @ 1.7 g/t gold from 5 m. Additional parallel mineralised zones were intersected immediately south of the main mineralised breccia with HPC006 intersecting 11 m @ 1.1 g/t gold from 24 m and 5 m @ 0.9 g/t gold from 101 m.

A follow up RC drilling program recently completed at Handpump has returned results of up to 12 m @ 1.3 g/t gold from 25 m including 5 m @ 2.0 g/t gold with further assay results pending.

The Company was successful in its application for co-funded drilling at the Handpump Prospect under the Western Australian State Government Exploration Initiative Scheme and in July 2009 was granted $57,750 to co-fund the Company's direct drilling costs at the Handpump Prospect.

Directors' Report (continued)

Exploration and acquisition activities (continued)

Western Australia (continued)

West Musgrave (continued)

Skirmish Hill Joint Venture

The Skirmish Hill prospect covers an area of 560 km^2 in three contiguous granted tenements 80 km south-east of BHPB's Nebo-Babel nickel deposit. The project is considered highly prospective for nickel sulphide, platinum group elements and copper-gold mineralisation.

Joint venture partner Anglo American have completed flying an extensive airborne electromagnetic (EM) survey using the highly successful proprietary "Spectrem" EM system. The survey covered most of the Company's Skirmish Hill tenure. Results of the survey are anticipated shortly.

Tropicana East

Neale Prospect

At Tropicana East a 10 km long gold trend named the Hercules Shear Zone has been broadly defined 60 km along strike and north east of the 5 million ounce Tropicana gold deposit.

Results from the latest aircore drilling program have highlighted two areas along this trend where significant regolith gold mineralisation has been intersected. The southern zone, targeting a boundinaged package of prospective stratigraphy intersected 4 m @ 0.8 g/t gold from 39 m including 1m @ 1.5 g/t gold from 40 m. This intercept remains completely open for 3 km to the northeast and 1.5 km to the southwest.

A second zone interpreted to represent a splay type structure off the main shear intersected 1 m @ 0.3 g/t gold and 0.05 % copper from 50 m to bottom of the hole within a stripped regolith profile.

Pleiades Lakes Prospect

The Pleiades gold anomaly is located 20 km east of the Tropicana deposit. Previous wide spaced drilling on approximately 250 to 500 m hole spacing has defined a coherent northeast trending zone at greater than 0.01 g/t gold on 4 drill traverses over a strike length in excess of 7 km.

The anomaly is partly transported and hosted within basal gravels, but is also hosted within bedrock saprolite in a north-east orientation, mimicking the underlying orientation of the basement geology. A maximum result of 0.09 g/t gold was recorded in transported cover within the anomaly.

The Pleiades area is interpreted as a major north-east faulted offset of the Tropicana structural domain and is also located along strike of a major linear intrusive complex that trends into Tianshan Goldfields Ltd (previously Corvette Resources Ltd) gold discovery to the southwest

Lake McKay Joint Venture

A Joint Venture Agreement was entered into in August 2009 with Meteoric Resources Ltd (Meteoric). Meteoric can earn an initial 51% equity in the project by completing 7,000 m of RAB/AC drilling by June 2010, and spend $400,000 on exploration over a 3 year period. Under the agreement Meteoric can earn an additional 19% by expending a further $400,000 on exploration within a further 2 years.

Meteoric is in the process of completing necessary heritage surveys prior to carrying out initial exploration including ground geophysical surveys and scout drilling of geophysical targets.

A successful application for co-funded drilling at Lake MacKay was made under the Western Australian State Government Exploration Initiative Scheme and in July 2009 $94,600 was granted to co-fund the direct drilling costs at the Lake MacKay Prospect.

Directors' Report (continued)

Exploration and acquisition activities (continued)

Victoria

A preliminary JORC inferred resource for the Reedy Creek project has been calculated at 609,000 tonnes @ 2.4 g/t gold for 47,000 ounces of gold has been calculated at a lower cut off of 0.5 g/t gold. Excellent potential exists to rapidly expand the resource with further extensional drilling at the Rising Sun and Golden Dyke deposits.

Brazil

Tartaruga

A maiden JORC inferred resource for the Tartaruga project has been calculated at 5,500,000 tonnes @ 1.6 g/t gold for 279,000 ounces of gold at a 0.5 g/t gold lower cut off. Significant potential exists to rapidly grow the resource with further drilling as mineralisation is open at depth and along strike at each of the Mandiocal, Mineiro and Bananal deposits.

Rio de Ouro

A new discovery was reported on 23 November 2009 located only 2 km east of the Mineiro resource and named Rio de Ouro. High grade gold mineralisation was delineated over a 400 m strike length with approximate true width face sample results from artisanal workings including 1.7 m @ 12.5 g/t gold and 1.0 m @ 10.2 g/t gold. Point sample rock chip results included 470 g/t, 192.6 g/t and 105.4 g/t gold.

The Rio de Ouro discovery is located immediately east of the Rio (River) Tartaruga Grande where shallow cover associated with the Amazon basin masks the prospective basement rocks. The cover forms a thin drape of slowly east deepening fluvial sediments which average 2 m thick on top of the new discovery. The landscape is characterised by open cleared farmland with easy access for drill rigs. A first pass RC drilling program is currently being planned and will be expedited as soon as is possible.

The Rio de Ouro discovery remains completely undrilled with no previous drilling completed east of the Tartaruga Grande River. Excellent potential exists to define a significant resource in the area of artisanal mining and to explore for extensions and repetitions of the mineralisation along strike.

A 2 km long contiguous 0.1 g/t gold soil anomaly has been defined at Jucelino only 1.5 km south of the Mineiro and Mandiocal resources areas. The anomaly is located on a parallel mineralised fault zone with maximum results of 0.16 g/t gold in soil and 0.42 g/t gold rock chip.

RESULTS

The condensed consolidated interim statement of comprehensive income shows a loss after tax of $1,665,105 (2008: $2,842,640) for the six months ended 31 December 2009.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the Company's auditors, KPMG, to provide the Directors with a written independence declaration in relation to their review of the financial report for the period ended 31 December 2009. This written independence declaration is set out on page 6 and forms part of this Directors' report for the period ended 31 December 2009.

Signed in accordance with a resolution of the Directors:

Signed at Perth, 3 March 2010.

Peter R. Bowler

PETER BOWLER
Managing Director

Auditor's independence declaration

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Beadell Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Graham Hogg
Partner

Perth

3 March 2010

Condensed consolidated interim statement of financial position

	Note	31 December 2009 $	30 June 2009 $
Assets			
Cash and cash equivalents		3,809,315	5,082,114
Prepayments		66,042	68,492
Trade and other receivables		136,602	103,039
Total current assets		4,011,959	5,253,645
Exploration and evaluation assets		3,440,525	3,440,525
Property, plant and equipment	*8*	261,193	311,759
Other non-current assets		250,000	250,000
Total non-current assets		3,951,718	4,002,284
Total assets		7,963,677	9,255,929
Liabilities			
Trade and other payables		569,145	279,573
Employee benefits		90,428	78,878
Total current liabilities		659,573	358,451
Total liabilities		659,573	358,451
Net assets		7,304,104	8,897,478
Equity			
Share capital		18,044,525	18,044,525
Reserves		169,002	97,271
Accumulated losses		(10,909,423)	(9,244,318)
Total equity		7,304,104	8,897,478

The notes set out on pages 11 to 14 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of comprehensive income

For the six months ended 31 December

	Note	31 December 2009 $	31 December 2008 $
Revenue			
Rental income		231,626	155,269
Other income		64,914	-
Administrative expenses		(871,821)	(922,051)
Project exploration and evaluation expenses		(1,166,902)	(1,754,380)
Impairment of exploration and evaluation assets		-	(588,568)
Results from operating activities		(1,742,183)	(3,109,730)
Finance income		77,078	267,090
Net finance income		77,078	267,090
Loss for the period before income tax		(1,665,105)	(2,842,640)
Income tax expense		-	-
Loss for the period after income tax		(1,665,105)	(2,842,640)
Other comprehensive income (loss)			
Foreign currency translation differences		496	(2,174)
Other comprehensive income (loss) for the period, net of income tax		496	(2,174)
Total comprehensive loss for the period		(1,664,609)	(2,844,814)
Loss attributable to:			
Equity holders of the Company		(1,665,105)	(2,842,640)
Loss for the period		(1,665,105)	(2,842,640)
Total comprehensive loss attributable to:			
Equity holders of the Company		(1,664,609)	(2,844,814)
Total comprehensive loss for the period		(1,664,609)	(2,844,814)
Loss per share:			
Basic Loss per share		(0.02)	(0.03)
Diluted Loss per share		(0.02)	(0.03)

The notes set out on pages 11 to 14 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

	Note	Share capital $	Translation reserve $	Share based payments reserve $	Option premium reserve $	Accumulated losses $	Total equity $
For the six months ended 31 December 2008							
Balance at 1 July 2008		18,044,525	16,915	72,804	3,000	(5,335,309)	12,801,935
Total comprehensive loss for the period							
Loss for the period		-	-	-	-	(2,842,640)	(2,842,640)
Other comprehensive loss							
Foreign currency translation differences		-	(2,174)	-	-	-	(2,174)
Total other comprehensive loss		-	(2,174)	-	-	-	(2,174)
Total comprehensive loss for the period		-	(2,174)	-	-	(2,842,640)	(2,844,814)
Transactions with owners recorded directly in equity							
Contributions by and distributions to owners							
Share based payments		-	-	3,257	-	-	3,257
Total contributions by and distributions to owners		-	-	3,257	-	-	3,257
Balance as at 31 December 2008		18,044,525	14,741	76,061	3,000	(8,177,949)	9,960,378
For the six months ended 31 December 2009							
Balance at 1 July 2009		18,044,525	4,875	89,396	3,000	(9,244,318)	8,897,478
Total comprehensive loss for the period							
Loss for the period		-	-	-	-	(1,665,105)	(1,665,105)
Other comprehensive loss							
Foreign currency translation differences		-	496	-	-	-	496
Total other comprehensive loss		-	496	-	-	-	496
Total comprehensive loss for the period		-	496	-	-	(1,665,105)	(1,664,609)
Transactions with owners recorded directly in equity							
Contributions by and distributions to owners							
Share based payments	*9*	-	-	71,235	-	-	71,235
Total contributions by and distributions to owners		-	-	71,235	-	-	71,235
Balance as at 31 December 2009		18,044,525	5,371	160,631	3,000	(10,909,423)	7,304,104

The notes set out on pages 11 to 14 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

For the six months ended 31 December

	Note	31 December 2009 $	31 December 2008 $
Cash flows from operating activities			
Cash receipts from customers		293,116	184,781
Cash paid to suppliers and employees		(765,578)	(952,872)
Net cash used in operating activities		(472,462)	(768,091)
Cash flows from investing activities			
Interest received		109,634	250,840
Payments for evaluation and exploration expenditure		(881,149)	(1,651,229)
Cash paid as security for bank guarantees		-	(96,303)
Payments for acquisition of property, plant and equipment	*8*	(1,500)	(11,664)
Payments for acquisition of exploration assets		(27,818)	-
Refunded deposit for the acquisition of mine assets		-	2,000,000
Net cash provided by / (used in) investing activities		(800,833)	491,644
Net cash used in financing activities		-	-
Net decrease in cash and cash equivalents		(1,273,295)	(276,447)
Cash and cash equivalents at 1 July		5,082,114	6,345,989
Effect of exchange rate fluctuations on cash held		496	(2,174)
Cash and cash equivalents at 31 December		3,809,315	6,067,368

The notes set out on pages 11 to 14 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Beadell Resources Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the period ended 31 December 2009 comprises the Company and its subsidiaries (together referred to as the "Group").

2. Statement of Compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual report of the Group as at and for the year ended 30 June 2009.

The condensed consolidated interim financial report was approved by the Board of Directors on 3 March 2010.

3. Significant accounting policies

Except as described below, the accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated annual financial report as at and for the year ended 30 June 2009.

(a) Change in accounting policy

(i) Presentation of financial statements

The Group has adopted AASB 101 *Presentation of Financial Statements* (Financial Years 2009/10) which applies to reporting periods beginning on or after 1 January 2009. As a result, the Group presents in the condensed consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the condensed consolidated statement of comprehensive income. This presentation has been applied in these condensed consolidated interim financial statements as at and for the six month period ended 31 December 2009.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(ii) Operating segments

The Group has adopted AASB 8 *Operating Segments (Prior to Calendar 2009)* which applies to reporting periods beginning on or after 1 January 2009. As a result, the Group determines and presents operating segments based on the information that is provided to the Board, who is the Group's chief operating decision maker. Previously operating segments were determined and presented in accordance with AASB 114 *Segment Reporting*.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Board to make decisions about the allocation of resources to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise predominantly of administrative expenses. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Notes to the condensed consolidated interim financial statements

3. Significant accounting policies (continued)

(a) Change in accounting policy (continued)

(ii) Operating segments

Comparative information has been re-presented so that it is in conformity with the new standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

(b) Accounting policies for new transactions and events

(i) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions of the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

4. Operating segments

The Group has two reportable segments; 'Australian exploration and evaluation' and 'Brazilian exploration and evaluation', which are the Group's strategic business units. The strategic business units are managed separately because they are governed by different regulatory regimes. For each of the strategic business units, the Board reviews internal management reports on a monthly basis.

Information about reportable segment loss for the six months ended 31 December

	Brazil $	Australia $	Total $
2009			
External revenues	-	57,300	57,300
Reportable segment loss before income tax	(228,135)	(881,467)	(1,109,602)
2008			
External revenues	-	-	-
Reportable segment loss before income tax	(344,814)	(1,998,134)	(2,342,948)

Reconciliation of reportable segment loss	31 December 2009 $	31 December 2008 $
Total loss for reportable segments	(1,109,602)	(2,342,948)
Unallocated amounts		
Corporate external revenues	316,318	155,269
Corporate expenses	(871,821)	(654,961)
Consolidated loss before income tax	(1,665,105)	(2,842,640)

Information about reportable segment assets

	Brazil $	Australia $	Total $
As at 31 December 2009			
Reportable segment assets	787,734	3,015,729	3,803,463
As at 30 June 2009			
Reportable segment assets	798,728	3,031,519	3,830,247

Notes to the condensed consolidated interim financial statements

4. Operating segments (continued)

Information about reportable segment assets (continued)

Reconciliation of reportable segment assets	31 December 2009 $	30 June 2009 $
Total reportable segment assets	3,803,463	3,830,247
Unallocated amounts		
Corporate assets	4,160,214	5,425,682
Consolidated total assets	7,963,677	9,255,929

5. Government grants

On 27 July 2009 the Company entered into an agreement with the Western Australian State Government and was awarded two drilling grants as part of its royalties for regions exploration incentive scheme (Funding Agreement). Under the terms of the Funding Agreement, amounts are payable as a reimbursement of 50% of direct drilling costs invoiced (Funding Amount) on certain tenements.

The total Funding Amount granted to the Company was $152,350 for drilling to be completed prior to 30 June 2010, of which $38,135 is receivable at 31 December 2009.

6. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 30 June 2009 annual financial report.

7. Subsequent events

On 28 January 2010 the Group executed a conditional sale and purchase agreement with New Gold Inc (New Gold) to acquire 100% of the issued capital of New Gold's Brazilian subsidiary Mineração Pedra Branca do Amapari Ltda (MPBA) for $US63 million. $US46 million will be payable cash and $US17 million in fully paid ordinary shares of the Company, at the prevailing Australian Dollar exchange rates.

To fund the cash component of the acquisition, the Group announced on 28 January 2010 that it intends to conduct an equity raising of approximately $75 million via an institutional placement (Placement).

In addition to the Placement, the Company also announced that it intends to offer its shareholders the opportunity to participate in a Share Purchase Plan to raise up to $5 million at the same issue price as the Placement.

A Notice of Meeting to approve the transaction was sent out to shareholders on 11 February 2010 and has been scheduled for 12 March 2010.

8. Property, plant and equipment

During the six month period ended 31 December 2009 the Group acquired items of property, plant and equipment with a cost of $1,500 (six months ended 31 December 2008: $11,664).

Notes to the condensed consolidated interim financial statements

9. Share based payments

Employee share option scheme

The Group has an established share option programme that entitles management personnel and employees to purchase shares in the entity. All options issued under the scheme are subject to the Company's rules for incentive options. The terms and conditions of the share option plan are disclosed in the consolidated financial report as at and for the year ended 30 June 2009.

The following table illustrates the number and movements in share options issued during the period:

Employee options	
Options outstanding 1 July 2009	935,000
Options granted during the period	2,300,000
Options cancelled during the period	(60,000)
Options outstanding as at 31 December 2009	3,175,000
Exercisable at the end of the period	675,000

Granted options

800,000 options were granted on 27 August 2009 and a further 1,500,000 options granted on 25 November 2009. The options vest on 30 June 2010 and expire on 30 June 2013. The options have a strike price of $0.12 and a weighted average fair value per option at grant date of $0.05.

Weighted average inputs to the model used to determine the fair value of options granted during the period:

Weighted averages	
Market value of the underlying shares	$0.10
Contractual life (years)	3.7
Exercise price of options granted during the period	$0.12
Expected volatility of the underlying shares	72.40%
Risk free rate applied	5.02%

No other features of options granted were incorporated into the measurement of fair value.

Cancelled options

60,000 options were cancelled during the period as a result of failure to meet vesting conditions stated in the terms of the Employee Share Option Scheme.

Directors' Declaration

In the opinion of the Directors of Beadell Resources Limited ("the Company"):

(1) the financial statements and notes set out on pages 7 to 14 are in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the financial position of the Group as at 31 December 2009 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Signed at Perth, 3 March 2010.

PETER BOWLER
Managing Director

Auditor's independent review report

KPMG

Independent auditor's review report to the members of Beadell Resources Limited

We have reviewed the accompanying interim financial report of Beadell Resources Limited (the company), which comprises the condensed consolidated interim statement of financial position as at 31 December 2009, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the half-year period ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year period.

Directors' responsibility for the interim financial report
The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2009 and its performance for the half-year period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Beadell Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's independent review report (continued)

Independence
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Beadell Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance for the half-year period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Graham Hogg
Partner

Perth

3 March 2010