



# Notice of Annual General Meeting and Explanatory Memorandum

Annual General Meeting to be held at  
Level 2, 16 Ord Street, West Perth  
on Monday, 29 November 2010 commencing at 9:30am

**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.

Annual Report 2010 can be viewed online at [www.beadellresources.com.au/view/news/annual-report](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 Level 2, 16 Ord Street, West Perth on Monday, 29 November 2010 commencing at 9:30am 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 financial year ended 30 June 2010, together with the Directors' and Auditors' report for that period.

#### **ORDINARY BUSINESS**

##### **Resolution 1 – Re-election of Mr Robert Watkins**

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

*"That Mr Robert Watkins, 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 2 – Re-election of Mr Craig Readhead**

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

*"That Mr Craig Readhead, being a director appointed since the last Annual General Meeting and who retires in accordance with Clause 6.3(j) of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, be elected as a Director of the Company."*

##### **Resolution 3 – Re-election of Mr Jim Jewell**

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

*"That Mr Jim Jewell, being a director appointed since the last Annual General Meeting and who retires in accordance with Clause 6.3(j) of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, be elected as a Director of the Company."*

##### **Resolution 4 – Approval of the Remuneration Report (non-binding resolution)**

To consider and, if thought fit, pass the following resolution as a non binding ordinary resolution:

*"That for the purposes of Section 250R(2) of the Corporation Act and for all other purposes, the Company accept the Remuneration Report (which is contained in Beadell 2010 Annual Report) as tabled."*

Short explanation: Section 250R(2) of the Corporations Act requires the Remuneration Report be tabled and that Shareholders be given the opportunity to cast a non-binding vote on the Remuneration Report. Please refer to the Explanatory Memorandum for further details.

##### **Resolution 5 – Renewal of Employee Option Scheme (EOS)**

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

*"That for the purposes of Exception 9(b) of ASX Listing Rule 7.2 and for all other purposes, the issue of options under the terms of the Beadell Resources Limited Employee Option Scheme (EOS) and the terms of the EOS, as detailed in the Explanatory Memorandum accompanying this notice of annual general meeting, be approved."*

##### **Resolution 6 – Approval of Issue of Options to Mr Peter Bowler**

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 Employee Option Scheme, the Shareholders of the Company approve the granting of 10,000,000 options over ordinary shares to Mr Peter Bowler, the Managing Director of the Company, 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 Robert Watkins**

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 5,000,000 options over ordinary shares to Mr Robert Watkins, an Executive Director of the Company, 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 Dr Michael Donaldson**

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 Dr Michael Donaldson, a Director of the Company, 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 Craig Readhead**

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 1,000,000 options over ordinary shares to Mr Craig Readhead, Chairman of the Company, 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 Jim Jewell**

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 Jim Jewell, a Director of the Company, 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.

## **SPECIAL BUSINESS**

### **Resolution 11 – Renewal of Proportional Takeover Provisions**

To consider and, if thought fit, pass the following resolution as a special resolution:

*"That the proportional takeover provisions contained in Schedule 5 of the Company's Constitution be renewed for a period of three years from the date of the Meeting."*

**Short Explanation:** The Company's Constitution currently contains provisions dealing with proportional takeover bids. Schedule 5 ceased to have effect on 9 August 2010. The Directors consider that it is appropriate to renew Schedule 5 for a further term of three years, the maximum period permitted by law.

### **Resolution 12 – Proposed Amendment of Constitution**

To consider and, if thought fit, pass the following resolution as a special resolution:

*"That, pursuant to section 136 of the Corporations Act and for all other purposes, with effect from the close of this Meeting, the Constitution of the Company be amended as follows:*

*"replace paragraph 10.1(a) with the following:*

*(a) To the extent permitted by law and subject to any rights or restrictions attached to a class of Shares, the Company may pay Dividends as the Directors resolve as appropriate. The Directors may fix the time for payment for Dividends. The Company does not incur a debt merely by fixing the amount or time for payment of a dividend. A debt arises only when the time fixed for payment arrives. The decision to pay a dividend may be revoked by the Directors at any time before then."*

## **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**

### **Voting Exclusion Statements**

*Resolution 5: Approval of Employee Option Scheme*

As required by ASX Listing Rule 7.2, Exception 9(b) and ASX Listing Rule 10.14, the Company will disregard any votes cast by or on behalf of a Director of the Company or an associate of a Director of the Company (except a Director who is ineligible to participate in the Employee Option Scheme). 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.

*Resolution 6 to 10: Approval to Issue Options to Mr Peter Bowler, Mr Robert Watkins, Dr Michael Donaldson, Mr Craig Readhead and Mr Jim Jewell*

The Company will disregard any votes cast by or on behalf of a Director of the Company or 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.

#### **Requisite majorities**

Resolutions 1 to 10 are ordinary resolutions and will be passed only if supported by a majority of the votes cast by Shareholders entitled to vote on the resolutions.

Resolutions 11 and 12 are special resolutions and will be passed only if supported by at least 75% of the total votes cast by Shareholders entitled to vote on the resolution.

#### **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.

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

#### **“Snap-shot” Time**

The Company may specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting.

The Company’s directors have determined that all shares of the Company that are quoted on ASX at 9:30am WST on Saturday, 27 November 2010 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 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

25 October 2010

## **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 Annual Report 2010.

### **Financial Statements and Reports**

As required under Section 317 of the Corporations Act, the Annual Financial Statements, the Directors' Report and the Auditors' Report ("**Annual Financial Statements**") for the financial year ending 30 June 2010 will be laid before the Annual General Meeting.

The Annual Financial Statements are included in the Company's 2010 Annual Report, a copy of which can be accessed online at [www.beadellresources.com.au/view/news/annual-report](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.

### **Resolutions 1 to 3 – Re-election of Mr Robert Watkins, Mr Craig Readhead and Mr Jim Jewell**

Clause 6.3(c) of the Company's Constitution provides that one third of the Directors in office must retire at each annual general meeting.

Accordingly, Mr Robert Watkins 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.

ASX Listing Rule 14.4 and Article 6.3(j) of the Company's Constitution requires a Director (other than the Managing 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 Craig Readhead and Mr Jim Jewell, who were appointed by the Directors as non-executive chairman and non-executive director of the Company respectively since the last annual general meeting, will retire and offer themselves for election.

Further information on Mr Craig Readhead and Mr Jim Jewell can be found in the Annual Report 2010.

### **Resolution 4 – Approval of the Remuneration Report**

The Corporation Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. This report is incorporated in the Directors' Report in the Company's Annual Report 2010 and sets out the Company's remuneration arrangements for the Directors and Officers of the Company.

However, Shareholders should note that the vote on Resolution 4 is not binding to the Company or its

Directors. Shareholders will be provided with the opportunity to ask questions of the Directors in relation to the Remuneration Report of the Company.

### **Resolution 5 – Renewal of Employee Option Scheme (EOS)**

#### **Background**

The Board is seeking Shareholders' approval for the EOS for the purposes of ASX Listing Rule 7.2, Exception 9(b).

A summary of the terms of the EOS was set out in the prospectus of the Company dated 10 August 2007, more than 3 years ago. Accordingly, the Board now seeks the approval of Shareholders under ASX Listing Rule 7.2 Exception 9(b) which will mean that the issue of Options under the EOS will be exempted from the 15% annual limit on the issue of new securities without prior Shareholder approval for a period of three years from the date of the passing of the Resolution 5.

#### *Overview of the EOS Rules and terms and conditions*

The main features of the EOS (and the terms and conditions to be attached to the EOS) are summarised as follows:

1. **Purpose of EOS:** The purpose of the EOS is to provide employees of the Company with an opportunity to acquire an ownership interest in Beadell.
2. **Eligible Participants:** The eligible participants under the EOS are full time employees and part-time employees (including Directors) of the Company and its associated body corporate.
3. **Limits on Entitlements:** The maximum number of Options that is issuable under the EOS when combined with:
  - a) the number of Shares which would be issued if all the current Options issued under any employment incentive scheme be exercised;
  - b) the number of Shares which have been issued as a result of the exercise of Options issued under any employee incentive scheme, where the Options were issued during the preceding five years;
  - c) all other Shares issued during the previous five years pursuant or any other employee incentive scheme of the Companybut disregarding any offer made, Options or Shares issued by way of or as a result of:
  - d) an offer to a person situated at the time of receipt of the offer outside Australia; or
  - e) an offer that was an excluded offer or invitation within the meaning of the Corporations Act as it stood prior to the commencement of Schedule 1 of the Corporate Law Economic Reform Program Act 1999;
  - f) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or

an offer made under a disclosure document, must not exceed 5% of the total number of issued Shares unless otherwise determined by the

Directors in their absolute discretion. In making such a determination, the Directors may offer to eligible employees Options under the EOS, up to a maximum of 10% of the total issued shares of the Company provided that the issue is made in accordance with the requirements of Chapter 6D of the Corporations Act.

4. **Individual Limits:** The EOS does not set out a maximum number of Options that may be made issuable to any one person or company. However, the Directors may limit the total number of Options which may be exercised under the Scheme in any one year.
5. **Consideration Payable:** Options will be issued free of charge to eligible employees. The exercise price of the Options shall be as the Directors in their absolute discretion determine, provided that it shall not be less than that amount which is equal to 90% of the average market price of the Shares in the 5 days in which sales in the Shares were recorded immediately preceding the day on which the Directors resolve to offer the Options.
6. **Term and Lapse:** All Options with a common expiry date shall have the same exercise price and right to participate in the issue of securities by the Company.
7. **Lapse:** Unless the Directors in their absolute discretion determine otherwise, Options shall lapse upon the earlier of:
  - a) the expiry of the exercise date;
  - b) the Option holder ceasing to be an eligible employee by reason of dismissal, resignation or termination of employment, office or services for any reason;
  - c) the expiry of 30 days after the Option holder ceases to be an eligible employees by reason of retirement; or
  - d) determination by the Directors that the Option holder has acted fraudulently, dishonestly or in breach of his or her obligations to the Company or an Associated Body Corporate.
8. **Entitlement** – Each Option entitles the holder to subscribe for and be issued with one Share.
9. **Takeover Bid or Change of Control:** Upon:
  - a) the service of a bidder's statement or like document on the Company;
  - b) a change of control of the Company; or
  - c) the despatch of a notice of meeting to consider a scheme of arrangement pursuant to section 411 of the Corporations Act,(being a **Trigger Event**), the Directors may determine:
  - d) that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the

Options shall lapse to the extent they have not been exercised; or

- e) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.
10. **Alteration in Share Capital:** If there is a reconstruction of the issued share capital of the Company, all rights of the Option holders are to be changed in a manner consistent with the Listing Rules.
  11. **No Participation Rights:** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.
  12. **Amendments to EOS:** The Board may at any time and from time to time by resolution alter the EOS. However, any amendment to the EOS is subject to any restrictions or procedural requirements relating to the amendment or the rules of an employee incentive scheme imposed by the Listing Rules or applicable securities laws.

#### Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by any Director entitled to receive any Options under the EOS or an associate of any of those persons.

#### Resolution 6 – Approval of Issue of Options to Mr Peter Bowler

As advised to ASX on 20 July 2010, Resolution 6 seeks the approval of Shareholders for the issue of 10,000,000 options to Mr Peter Bowler or his nominee(s). The issue of options is pursuant to the Beadell EOS.

The Board resolved at its Board Meeting on 20 July 2010 to issue unlisted options to Directors and employees under the Company's EOS.

Following the acquisition of the Tucano Gold Project and Amapa Iron Ore Royalty, the Board expanded and a Remuneration and Nomination Committee was formed comprising three non-executive Directors. To assist with the benchmarking of the relevant salaries of the Directors, the Committee commissioned an independent remuneration report. The issue of options is consistent with the recommendations of the remuneration report and industry practice.

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

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, approval will not be required under Listing Rule 7.1.

Chapter 2E of the Corporations Act requires shareholder approval where a "public company" seeks to give a "financial benefit" to a "related party". Directors are considered to be related parties within the meaning of the Corporations Act. The options to be issued to Peter Bowler will constitute a financial benefit 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:

- (a) Mr Bowler 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 Mr Bowler (or his nominee) is the granting of an aggregate of 10,000,000 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 25 October 2010 was \$0.52 (being the last practicable date prior to the date of finalising this Explanatory Memorandum). However, the Board resolution and subsequent announcement of the proposed issue of Options to Mr Bowler occurred on 20 July 2010. The closing price for Shares traded on ASX on 19 July 2010 (being the last trading prior day to the announcement of the Option issue of Mr Bowler) was \$0.20 and the VWAP for the 30 calendar days up to 19 July 2010 was approximately \$0.18 per Share. The highest and lowest price which the Company's shares traded on ASX over the 12 month period ending on 19 July 2010 was \$0.40 and \$0.08 respectively;
- (d) as at 25 October 2010 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), the number of ordinary shares held in the Company notified to ASX Limited by Mr Bowler was 12,543,333. Should Mr Bowler become entitled and exercise all of his options, he would hold approximately 3.6% of the ordinary voting shares in the Company (assuming no other option holder exercised their options and no further issues of securities took place) and the shareholding of existing Shareholders would be diluted by 1.6% (based on the number of Shares currently on issue);
- (e) if all of the Directors exercise their options, which are the subject of Resolutions 6 to 10, the shareholding of existing Shareholders would be diluted by approximately 2.7% (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 \$381,500 plus a performance bonus of

up to 28% of his base. The Board has not made any further decision on the future remuneration package of Mr Bowler;

- (g) the primary purpose of the grant of the Director 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 Director Options. The amount that would be raised by the exercise of all Director Options by Mr Bowler is set at \$1,875,000. The funds raised (if any) from exercise of the Director 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 Director 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	10,000,000 options over ordinary shares.
Vesting conditions	Upon both of the following conditions being fulfilled: <ul style="list-style-type: none"> <li>a) One year after the grant of the options; and</li> <li>b) upon a decision to mine Tucano Gold Project being made.</li> </ul>
Option price	Nil.
Exercise price	\$0.1875 representing a premium of 25% to the price of shares offered under equity raising which was completed to acquire the Tucano Gold Project and Amapa Iron Ore Royalty.
Expiry date	30 June 2014.
Details of prior issues	Consistent with Listing Rule 10.15.4, the following persons have received securities under Beadell's EOS since its adoption in 2007: <ul style="list-style-type: none"> <li>a) Mr Bowler who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009;</li> <li>b) Mr Watkins who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009; and</li> <li>c) Dr Michael Donaldson who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009.</li> </ul>

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 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 Mr Bowler. The Company used the Black-Scholes valuation method in valuing these options. Further details of Mr Bowler's remuneration are contained in the 2010 Annual Report.

For accounting purposes, option valuation details are as follows:

Closing Share Price at 25 October 2010*	\$0.52
Volatility	63%
Dividend yield (estimate)	0%
Expiry date	30 June 2014
Exercise (strike) price	\$0.1875
Risk free rate	5%
Option value	\$3,878,115
Number of options issued (in capacity as a director)	10,000,000
Employee benefit expense for Mr Bowler's options	\$3,878,115

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

#### 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) recommend that Shareholders vote in favour of resolution 6.

#### Resolution 7 – Approval of Issue of Options to Mr Robert Watkins

Resolution 7 seeks the approval of Shareholders for the issue of 5,000,000 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 at its Board Meeting on 20 July 2010 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' 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, 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:

- Mr Watkins is a related party of the Company to whom approval of proposed Resolution 7 would permit financial benefits to be given;
- the nature of the financial benefit to be given to Mr Watkins (or his nominee) is the granting of an aggregate of 5,000,000 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 25 October 2010 was \$0.52 (being the last practicable date prior to the date of finalising this Explanatory Memorandum). However, the Board resolution and subsequent announcement of the proposed issue of Options to Mr Watkins occurred on 20 July 2010. The closing price for Shares traded on ASX on 19 July 2010 (being the last trading prior day to the announcement of the Option issue of Mr Watkins) was \$0.20 and the VWAP for the 30 calendar days up to 19 July 2010 was approximately \$0.18 per Share. The highest and lowest price which the Company's shares traded on ASX over the 12 month period ending on 19 July 2010 was \$0.40 and \$0.08 respectively;
- as at 25 October 2010 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), the number of ordinary shares held in the Company notified to ASX Limited by Mr

Watkins was 6.650,001. Should Mr Watkins become entitled and exercise all of his options, he would hold approximately 1.9% of the ordinary voting shares in the Company (assuming no other option holder exercised their options and no further issues of securities took place) and the shareholding of Shareholders would be diluted by 0.8% (based on the number of Shares currently on issue);

- (e) if all of the Directors exercise their options, which are the subject of Resolutions 6 to 10, the shareholding of existing Shareholders will be diluted by approximately 2.7% (based on the number of Shares currently on issue);
- (f) Mr Watkins' current remuneration package, before taking into account the proposed grant of the Options is \$283,400 plus a performance bonus of up to 20% of his base. The Board has not made any further decision on the future remuneration package of Mr Watkins;
- (g) the primary purpose of the grant of the Director 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 Director Options. The amount that would be raised by the exercise of all Director Options by Mr Watkins is set at \$937,500. The funds raised (if any) from exercise of the Director 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 Director Options upon the terms proposed; and
- (j) Mr Watkins 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 Robert Watkins (or his nominee).
Number to be issued	5,000,000 options over ordinary shares.
Vesting conditions	Upon both of the following conditions being fulfilled: <ul style="list-style-type: none"> <li>a) One year after the grant of the options; and</li> <li>b) upon a decision to mine Tucano Gold Project being made.</li> </ul>
Option price	Nil.
Exercise price	\$0.1875 representing a premium of 25% to the price of shares offered under equity raising which was completed to acquire the Tucano Gold Project and Iron Ore Royalty.
Expiry date	30 June 2014.
Details of prior issues	Consistent with Listing Rule 10.15.4, the following persons have received

securities under Beadell's EOS since its adoption in 2007:

- a) Mr Bowler who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009;
- b) Mr Watkins who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009; and
- c) Dr Michael Donaldson who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009.

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 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. Further details of Mr Watkins' remuneration are contained in the 2010 Annual Report.

For accounting purposes, option valuation details are as follows:

Closing Share Price at 25 October 2010*	\$0.52
Volatility	63%
Dividend yield (estimate)	0%
Expiry date	30 June 2014
Exercise (strike) price	\$0.1875
Risk free rate	5%
Option value	\$1,939,057
Number of options issued (in capacity as a Director)	5,000,000

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Employee benefit expense \$1,939,057  
for Mr Watkins' options

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

#### 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 7.

#### Resolution 8 – Approval of Issue of Options to Dr Michael Donaldson

Resolution 8 seeks the approval of Shareholders for the issue of 500,000 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 at its Board Meeting on 20 July 2010 to issue unlisted options to 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, 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 8 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 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 25 October 2010 was \$0.52 (being the last practicable date prior to the

date of finalising this Explanatory Memorandum). However, the Board resolution and subsequently announcement of the proposed issue of Options to Dr Donaldson occurred on 20 July 2010. The closing price for Shares traded on ASX on 19 July 2010 (being the last trading prior day to the announcement of the Option issue of Dr Donaldson) was \$0.20 and the VWAP for the 30 calendar days up to 19 July 2010 was approximately \$0.18 per Share. The highest and lowest price which the Company's shares traded on ASX over the 12 month period ending on 19 July 2010 was \$0.40 and \$0.08 respectively;

- (d) as at 25 October 2010 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), the number of ordinary shares held in the Company notified to ASX Limited by Dr Donaldson was 2,233,333. Should Dr Donaldson become entitled and exercise all of his options, he would hold approximately 0.4% of the ordinary voting shares in the Company (assuming no other option holder exercised their options and no further issues of securities took place) and the shareholding of Shareholders would be diluted by 0.1% (based on the number of Shares currently on issue);
- (e) if all of the Directors exercise their options, which are the subject of Resolutions 6 to 10, the shareholding of existing Shareholders will be diluted by approximately 2.7% (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 \$49,050. The Board has not made any further decision on the future remuneration package of Dr Donaldson;
- (g) the primary purpose of the grant of the Director 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 Director Options. The amount that would be raised by the exercise of all Director Options by Dr Donaldson is set at \$93,750. The funds raised (if any) from exercise of the Director 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 Director Options upon the terms proposed; and
- (j) Dr Donaldson 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

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Eligible Recipient	Dr Michael Donaldson (or his nominee).
Number to be issued	500,000 options over ordinary shares.
Vesting conditions	Upon both of the following conditions being fulfilled: a) One year after the grant of the

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	options; and
	b) upon a decision to mine Tucano Gold Project being made.
Option price	Nil.
Exercise price	\$0.1875 representing a premium of 25% to the price of shares offered under equity raising which was completed to acquire the Tucano Gold Project and Iron Ore Royalty.
Expiry date	30 June 2014.
Details of prior issues	Consistent with Listing Rule 10.15.4, the following persons have received securities under Beadell's EOS since its adoption in 2007: <ul style="list-style-type: none"> <li>a) Mr Bowler who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009;</li> <li>b) Mr Watkins who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009; and</li> <li>c) Dr Michael Donaldson who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009.</li> </ul>
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 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. Further details of Dr Donaldson's remuneration are contained in the 2010 Annual Report.

For accounting purposes, option valuation details are as follows:

Closing Share Price at 25 October 2010*	\$0.52
Volatility	63%
Dividend yield (estimate)	0%
Expiry date	30 June 2014
Exercise (strike) price	\$0.1875
Risk free rate	5%
Option value	\$193,906
Number of options issued (in capacity as a Director)	500,000
Employee benefit expense for Dr Donaldson's Options	\$193,906

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

#### Other Implications for the Company

##### Corporate Governance

The Board is aware that the ASX 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 8.

##### Resolution 9 – Approval of Issue of Options to Mr Craig Readhead

Resolution 9 seeks the approval of Shareholders for the issue of 1,000,000 options to Mr Craig Readhead or his nominee(s). The issue of options is pursuant to the Beadell EOS.

As noted above, the Board resolved at its Board Meeting on 20 July 2010 to issue unlisted options to 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, 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 9 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 1,000,000 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 25 October 2010 was \$0.52 (being the last practicable date prior to the date of finalising this Explanatory Memorandum). However, the Board resolution and subsequent announcement of the proposed issue of Options to Mr Readhead occurred on 20 July 2010. The closing price for Shares traded on ASX on 19 July 2010 (being the last trading prior day to the announcement of the Option issue of Mr Readhead) was \$0.20 and the VWAP for the 30 calendar days up to 19 July 2010 was approximately \$0.18 per Share. The highest and lowest price which the Company's shares traded on ASX over the 12 month period ending on 19 July 2010 was \$0.40 and \$0.08 respectively;
- (d) as at 25 October 2010 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), the number of ordinary shares held in the Company notified to ASX Limited by Mr Readhead was 12,000. Should Mr Readhead become entitled and exercise all of his options, he would hold approximately 0.2% of the ordinary voting shares in the Company (assuming no other option holder exercised their options and no further issues of securities took place) and the shareholding of Shareholders would be diluted by 0.2% (based on the number of Shares currently on issue);
- (e) if all of the Directors exercise their options, which are the subject of Resolutions 6 to 10, the shareholding of existing Shareholders will be diluted by approximately 2.7% (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 \$72,500. The Board has not made any further decision on the future remuneration package of Mr Readhead;
- (g) the primary purpose of the grant of the Director 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 Director Options. The amount that would be raised by the exercise of all Director Options by Mr Readhead is set at \$187,500. The funds raised (if any) from exercise of the Director 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 Director Options upon the terms proposed; and
- (j) Mr Readhead 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 Craig Readhead (or his nominee).
Number to be issued	1,000,000 options over ordinary shares.
Vesting conditions	Upon both of the following conditions being fulfilled: <ul style="list-style-type: none"> <li>c) One year after the grant of the options; and</li> <li>d) upon a decision to mine Tucano Gold Project being made.</li> </ul>
Option issue price	Nil.
Exercise price	\$0.1875 representing a premium of 25% to the price of shares offered under equity raising which was completed to acquire the Tucano Gold Project and Iron Ore Royalty .
Expiry date	30 June 2014.
Details of prior issues	Consistent with Listing Rule 10.15.4, the following persons have received securities under Beadell's EOS since its adoption in 2007: <ul style="list-style-type: none"> <li>a) Mr Bowler who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009;</li> <li>b) Mr Watkins who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009; and</li> <li>c) Dr Michael Donaldson who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009.</li> </ul>

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 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. Further details of Mr Readhead's remuneration are contained in the 2010 Annual Report.

For accounting purposes, option valuation details are as follows:

Closing Share Price at 25 October 2010*	\$0.52
Volatility	63%
Dividend yield (estimate)	0%
Expiry date	30 June 2014
Exercise (strike) price	\$0.1875
Risk free rate	5%
Option value	\$387,811
Number of options issued (in capacity as a Director)	1,000,000
Employee benefit expense for Mr Readhead's Options	\$387,811

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

#### Other Implications for the Company

##### Corporate Governance

The Board is aware that the ASX 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 9.

#### Resolution 10 – Approval of Issue of Options to Mr Jim Jewell

Resolution 10 seeks the approval of Shareholders for the issue of 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 at its Board Meeting on 20 July 2010 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, 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:

- Mr Jewell is a related party of the Company to whom approval of proposed Resolution 10 would permit financial benefits to be given;
- the nature of the financial benefit to be given to Mr Jewell (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 25 October 2010 was \$0.52 (being the last practicable date prior to the date of finalising this Explanatory Memorandum). However, the Board resolution and subsequent announcement of the proposed issue of Options to Mr Jewell occurred on 20 July 2010. The closing price for Shares traded on ASX on 19 July 2010 (being the last trading prior day to the announcement of the Option issue of Mr Jewell) was \$0.20 and the VWAP for the 30 calendar days up to 19 July 2010 was approximately \$0.18 per Share. The highest and lowest price which the Company's shares traded on ASX over the 12 month period ending on 19 July 2010 was \$0.40 and \$0.08 respectively;
- (d) as at 25 October 2010 (being the last practicable date prior to the date of finalising this Explanatory Memorandum), the number of ordinary shares held in the Company notified to ASX Limited by Mr Jewell was 410,000. Should Mr Jewell become entitled and exercise all of his options, he would hold approximately 0.1% of the ordinary voting shares in the Company (assuming no other option holder exercised their options and no further issues of securities took place) and the shareholding of Shareholders would be diluted by 0.1% (based on the number of Shares currently on issue);
- (e) if all of the Directors exercise their options, which are the subject of Resolutions 6 to 10, the shareholding of existing Shareholders will be diluted by approximately 2.7% (based on the number of Shares currently on issue);
- (f) Mr Jewell's current remuneration package as a non executive director, before taking into account the proposed grant of the Options is \$48,000. The Board has not made any further decision on the future remuneration package of Mr Jewell;
- (g) the primary purpose of the grant of the Director 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 Director Options. The amount that would be raised by the exercise of all Director Options by Mr Jewell is set at \$93,750. The funds raised (if any) from exercise of the Director 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 Director Options upon the terms proposed; and
- (j) Mr Jewell 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 Jim Jewell (or his nominee).
Number to be issued	500,000 options over ordinary shares.
Vesting	Upon both of the following conditions

conditions	being fulfilled:
	<ul style="list-style-type: none"> <li>a) One year after the grant of the options; and</li> <li>b) upon a decision to mine Tucano Gold Project being made.</li> </ul>
Option price	Nil.
Exercise price	\$0.1875 representing a premium of 25% to the price of shares offered under equity raising which was completed to acquire the Tucano Gold Project and Iron Ore Royalty.
Expiry date	30 June 2014.
Details of prior issues	<p>Consistent with Listing Rule 10.15.4, the following persons have received securities under Beadell's EOS since its adoption in 2007:</p> <ul style="list-style-type: none"> <li>a) Mr Bowler who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009;</li> <li>b) Mr Watkins who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009; and</li> <li>c) Dr Michael Donaldson who was granted 500,000 options by the Company pursuant to the EOS on 25 November 2009.</li> </ul>
Persons entitled to participate in EOS	In compliance with Listing Rule 10.15.4A, 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 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. Further details of Mr Jewell's remuneration are contained in the 2010 Annual Report.

For accounting purposes, option valuation details are as follows:

Closing Share Price at 25 October 2010*	\$0.52
Volatility	63%
Dividend yield (estimate)	0%
Expiry date	30 June 2014
Exercise (strike) price	\$0.1875
Risk free rate	5%
Option value	\$193,906
Number of options issued (in capacity as a Director)	500,000
Employee benefit expense for Mr Jewell's Options	\$193,906

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

### Other Implications for the Company

#### *Corporate Governance*

The Board is aware that the ASX 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 10.

#### **Resolution 11 – Renewal of Proportional Takeover Provisions**

Under the Corporations Act, a company is empowered to include in its constitution a provision to enable the company to refuse to register shares acquired under a proportional takeover bid unless a resolution is passed by shareholders in general meeting approving the offer.

The Company's Constitution currently contains provisions dealing with proportional takeover bids. Schedule 5 ceased to have effect on 9 August 2010. The Directors consider that it is appropriate to renew Schedule 5 for a further term of three years.

#### ***Proportional takeover bids***

A proportional takeover bid is an off market takeover offer sent to all Shareholders but only in respect of a

specified portion of each Shareholder's Shares in the Company (i.e. less than 100%). Accordingly, if a Shareholder accepts in full the offer under a proportional takeover bid, the Shareholder will dispose of the specified portion of the Shareholder's Shares and retain the balance of the Shares.

#### ***Effect of proposed proportional takeover provision***

The effect of Schedule 5 is that if a proportional takeover bid is made to Shareholders, the Directors are obliged to convene a meeting of Shareholders to be held 15 days or more before the offer closes. The purpose of the meeting is to vote upon a resolution to approve the proportional takeover bid. For the resolution to be approved, it must be passed by a simple majority of votes at the meeting, excluding votes of the bidder and its associates.

If no such resolution is voted on within the required timeframe, the resolution is deemed to have been approved. This, in effect, means that Shareholders as a body may only prohibit a proportional takeover bid by rejecting such a resolution.

If the resolution is approved or deemed to have been approved, transfers of Shares under the proportional takeover bid (provided they are in all other respects in order for registration) must be registered.

If the resolution is rejected, registration of any transfer of Shares resulting from that proportional takeover bid is prohibited and the offer is deemed by the Corporations Act to have been withdrawn.

The renewed Schedule 5 will expire three years after its adoption unless renewed by a further special resolution of Shareholders.

The proportional takeover provision does not apply to a full takeover bid.

#### ***Reasons for proposing the resolution***

The Directors consider that Shareholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid may result in effective control of the Company changing hands without Shareholders having the opportunity of disposing of all their Shares. Shareholders could be at risk of passing control to the offer or without payment of an adequate control premium for all their Shares whilst leaving themselves as part of a minority interest in the Company.

If Resolution 11 is passed, Schedule 5 can prevent this occurring by giving Shareholders the opportunity to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

#### ***Presently proposed acquisitions***

As at the date of this Explanatory Memorandum, no Director of the Company is aware of any proposal by any person to acquire or increase the extent of a substantial interest in the Company.

#### ***Potential advantages and disadvantages for the Directors and shareholders***

The Directors consider that it is a potential advantage to all Shareholders that they have the opportunity to consider and vote upon any proposed proportional takeover bid. For a proportional takeover bid to be approved, it must be approved by more than half of the

Shares voted at the meeting excluding the Shares of the bidder and its associates, and accordingly the existence of Schedule 5 is likely to cause an intending bidder to formulate its offer in a way that would be attractive to a majority of Shareholders. It may also have the effect of not allowing control of the Company to pass without payment of a control premium.

The Directors consider that it would be an advantage to them to have the opportunity to ascertain the views of Shareholders on any proportional takeover bid.

As to the possible disadvantages of Schedule 5, it may be perceived by some Shareholders that its presence makes a proportional takeover bid less likely to succeed and that therefore the chances of receiving an opportunity to dispose of any part of their Shares would be reduced because potential bidders may be discouraged from making a proportional takeover bid. This may be thought to potentially remove or reduce any speculative element of the market price of the Shares arising from the possibility of a proportional takeover bid. Some Shareholders may consider the presence of Schedule 5 to be an additional restriction on the ability of individual Shareholders to deal freely with their Shares.

During the period in which Schedule 5 has had effect (ie up to 9 August 2010), the advantages and disadvantages set out above have applied.

#### **Directors' recommendation**

The Directors recommend that Shareholders approve the renewal of Schedule 5 of the Constitution and vote in favour of the Resolution 11.

#### **Resolution 12 – Proposed amendment to the Constitution**

Pursuant to section 136 of the Corporations Act, the Company may amend its Constitution by special resolution. If Resolution 12 is passed, the amendments will be effective immediately following this Meeting.

The proposed changes arise as a result of a recent amendment to section 254T of the Corporations Act pursuant to the *Corporations Amendment (Corporate Reporting Reform) Act 2010 (Cth) (Amending Act)*.

The nature of the amendment is as follows:

1. Under the former section 254T of the Corporations Act, a company could only pay dividends out of its profits.
2. The Amending Act replaces the profits test with a new 3 tiered test, which provides that a company must not pay a dividend unless:
  - (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
  - (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
  - (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

Article 10.1(a) of the Company's Constitution mirrors the former section 254T of the Act by providing that the

Company "may pay Dividends as the Directors resolve but only out of profits of the Company". The effect of this is that the Company can only pay a dividend where it satisfies the new 3 tiered test in section 254T of the Act as well as the requirement that dividends only be paid out of the profits of the Company.

This may lead to a situation where, for example, the Company makes an operating loss in a particular financial year but nevertheless has assets exceeding liabilities and satisfies the other requirements under the new section 254T of the Act. In those circumstances, the Company would be restricted from paying a dividend by the Constitution despite satisfying the requirements in section 254T of the Act. The proposed amendment to the Constitution, while limited by reference to the Corporations Act, removes the requirement that dividends only be paid out of the profits of the Company. The effect of this is that the Company will be able to pay a dividend provided that it satisfies the new 3 tiered test in section 254T of the Act.

A copy of the Company's existing Constitution is available at the Company's registered office.

#### **GLOSSARY**

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

**Annual Report 2010:** means the annual report of the Company for the financial year ending 30 June 2010, lodged with ASIC on 30 September 2010.

**ASX:** ASX Limited.

**ASX Listing Rules:** The listing rules of the ASX.

**Board:** The board of directors of the Company.

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

**Constitution:** The constitution of the Company.

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

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

**Director:** A member of the Board.

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

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

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

**Options:** An option to acquire a Share.

**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](http://www.intermediaryonline.com)

**For all enquiries call:**

(within Australia) 1300 556 161  
 (outside Australia) +61 3 9415 4000

**Proxy Form**

**For your vote to be effective it must be received by 9:30am (Perth time) Saturday, 27 November 2010**

**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](http://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:
<b><a href="http://www.investorcentre.com">www.investorcentre.com</a></b>	
<input checked="" type="checkbox"/> Review your securityholding <input checked="" type="checkbox"/> Update your securityholding	<b>Your secure access information is:</b>
<b>SRN/HIN: I999999999</b>	
<b>PLEASE NOTE:</b> 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

I ND

# 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 Level 2, 16 Ord Street, West Perth on Monday, 29 November 2010 at 9:30am (Perth time) and at any adjournment of that meeting.

**Important for Items 6, 7, 8, 9 and 10:** If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 6, 7, 8, 9 and 10 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 6, 7, 8, 9 and 10 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of items 6, 7, 8, 9 and 10 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

## STEP 2 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	Re-election of Mr Robert Watkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Mr Craig Readhead	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Re-election of Mr Jim Jewell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Renewal of Employee Option Scheme (EOS)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Approval of Issue of Options to Mr Peter Bowler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Approval of Issue of Options to Mr Robert Watkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Approval of Issue of Options to Dr Michael Donaldson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		For	Against	Abstain
9	Approval of Issue of Options to Mr Craig Readhead	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Approval of Issue of Options to Mr Jim Jewell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### SPECIAL BUSINESS

11	Renewal of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	Proposed Amendment of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date \_\_\_\_/\_\_\_\_/\_\_\_\_