



## Quarterly Report for Shareholders Period Ending 30 September 2010

**ASX Code:** BDR

**Directors:**

Craig Readhead	Non-Exec. Chairman
Mike Donaldson	Non-Exec. Director
Jim Jewell	Non-Exec. Director
Peter Bowler	Managing Director
Robert Watkins	Exec. Director Geology
Greg Barrett	CFO / Company Sec.

**Corporate Details:**

**Cash at Bank 30 September 2010:** \$19.5 M

**Issued capital:**  
621,937,828 ordinary shares

**ABN**  
50 125 222 291

**Head Office:**

Level 2, 16 Ord Street West Perth 6005  
PO Box 542 West Perth 6872  
Tel: +61 8 9429 0800  
Fax: +61 8 9481 3176

**For further details:**

**Peter Bowler**  
Tel: +61 8 9429 0801  
Email: peter.bowler@beadellresources.com.au

**Greg Barrett**  
Tel: +61 8 9429 0803  
Email: greg.barrett@beadellresources.com.au

**[www.beadellresources.com.au](http://www.beadellresources.com.au)**

**Peter Bowler**  
Managing Director

### HIGHLIGHTS

#### CORPORATE

- **Available Funds** – The Company had cash at bank of \$19,470,000 plus receivables of \$32,460,000 totalling ~\$51,930,000 with no bank debt.
- **Iron Ore Royalty Sale** – The Amapá Iron Ore Royalty was sold to Anglo Pacific Group plc (LSE:APF and TSX:APY) for \$31,250,000 with proceeds expected over the coming weeks.
- **Settlement of Legal Claim** – The Company settled a long standing claim of around \$47,000,000 for \$440,000.

#### BRAZIL

- **Tucano Feasibility Study** – The Tucano definitive feasibility study (DFS) continues to meet key milestones and is expected to be completed in January 2011.
- **Tucano Resource Delineation** – Outstanding results continue to be received from resource extension and delineation drilling and at quarter end 9,000 m of drilling had been completed as part of an initial 25,000 m program.
- **Tucano Outstanding Drill Results** – Exceptionally high grade results continue to be received from the Trough Zone at Tap AB 2. Results reported during the quarter include **6m @ 20.8 g/t gold** from 102 m, **16.4 m @ 11.2 g/t gold** from 35.6 m, **3.7 m @ 26.8 g/t gold** from 95 m and **10.4 m @ 25.6 g/t gold** from 135 m.
- **Tucano Metallurgical Test Work** - The comprehensive metallurgical test work completed during the quarter confirmed recoveries of 96.5% for the oxide ore and 93% for the sulphide ore.
- **Tucano Iron Ore** – Anglo American has commenced an aggressive diamond drilling program on Beadell's tenure with 4 rigs. A maiden Iron Ore resource within Beadell's tenure is expected in the December quarter.

#### AUSTRALIA

- **Tropicana East Project** - A 10,000 m aircore drilling program has just commenced at the Hercules Shear Zone to test a **10 km long** zone of gold where up to **1.5 g/t gold** has been intersected in extremely wide spaced drilling.

## BRAZIL

### Tucano Gold Project (100%)

#### Tucano Feasibility Study

The Tucano definitive feasibility study (DFS) continues to meet key milestones and is on track to be completed in January 2011 and is within budget.

Important milestones completed during the quarter included the completion of all geotechnical field test work, completion of metallurgical testwork for both process plant and waste rock characterisation and finalisation of plant design specifications.

Outstanding items to be completed include the hydrogeology and final engineering designs.

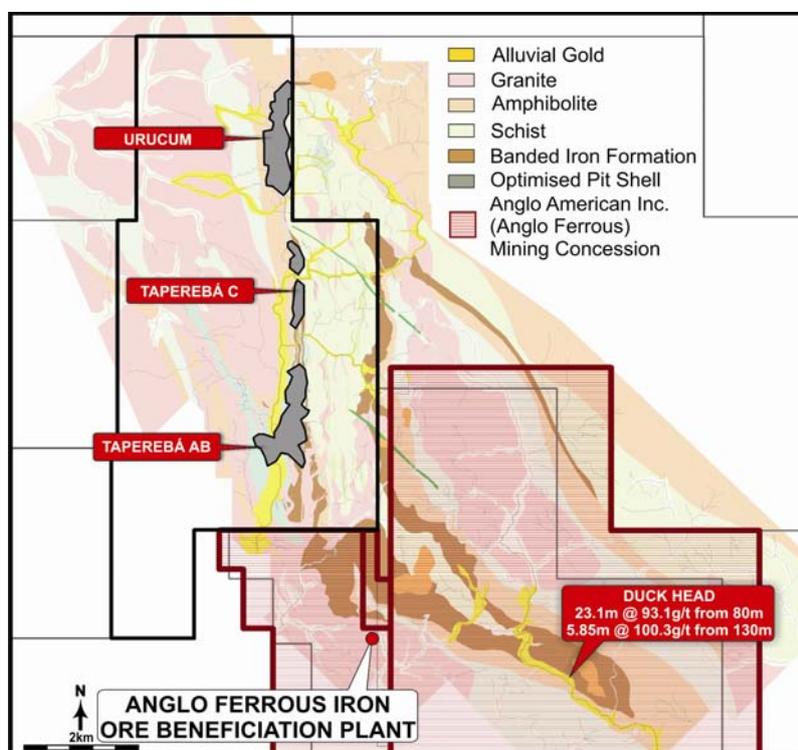
The comprehensive metallurgical testwork carried out during the quarter comprised an extensive selection of oxide and sulphide samples from 20 diamond drill holes specifically targeted for the test work across the main deposits. A total of 2.5 tonnes of samples were air freighted to Australia and analysed at Ammtec Laboratories in Perth.

After analysing these results, it has been resolved to proceed with a plant design optimised to grind the ore to  $P_{80}$ s of 75 micron with 24 hour leach duration. Indicative recovery numbers of **96.5% for the oxide ore** and **93% for the sulphide ore** are now included into the feasibility study which continues apace.

Preliminary work is indicating open pits will contain a split of 47% oxide ore and 52% sulphide ore. Taking into account the additional large inventory of Spent Ore and Low Grade Stockpiles (7.4 million tonnes), all of which are oxide, an estimated total treated ore inventory split of 62% oxide and 38% sulphide is likely.

#### Tucano Approvals

Submissions to recommence mining at Tucano have been placed with the respective government authorities for both mining and environmental with all approvals expected during the December quarter.



#### Tucano Resource Delineation Drilling

Impressive results continue to be received from resource extension and delineation drilling and at quarter end over 9,000 m of drilling had been completed as part of an initial 25,000 m program. A total of 5 drill rigs continue to operate on double shift making good progress on defining the Tucano resource for the Definitive Feasibility Study.

An updated JORC resource encompassing all the announced results will be released in early November 2010.

Figure 1. Plan showing location of Amapári gold deposits and interpreted geology

### Tap AB1 Broad High Grade Results

Reverse Circulation drilling at the southern most lodes at Tap AB have intersected shallow, broad zones of gently west dipping gold mineralisation. Approximate true width results include **33 m @ 4.3 g/t gold** from 4 m and **19 m @ 4.5 g/t gold** from 3 m including **6 m @ 12.8 g/t gold** from 8m.

### Tap AB2 High Grade Trough Zone Results

Exceptionally high grade results continue to be received from the Trough Zone at Tap AB 2 where a plus 160 m long contiguous high grade shoot exists and remains only sparsely drilled at depth (Figure 2&3).

Results reported during the quarter include **6m @ 20.8 g/t gold** from 102 m, **16.4 m @ 11.2 g/t gold** from 35.6 m, **3.7 m @ 26.8 g/t gold** from 95 m and **10.4 m @ 25.6 g/t gold** from 135 m.

A majority of the new results from the Trough Zone are from below the base of previous optimised pits, highlighting the potential for

this high grade mineralisation to fall within a the new pit optimisation when incorporated into the resource.

### Tap AB3 Results from the Saddle

The Taperebá AB3 zone is separated from the Taperebá AB2 zone by a saddle or ridge from previous mining for the heap leach operation, however new results in including **5.1 m @ 8.2 g/t gold** from 162.9 m and **3.5 m @ 14.9 g/t gold** from 100.9 m and **14.5 m @ 3.8 g/t gold** from 87.9 m are likely to have a significant positive impact on the resource model.

### Urucum First Drill Results Received

Resource delineation drilling has commenced at Urucum with results received from the first two drill holes intersecting multiple zones of gold mineralisation including **5 m @ 2 g/t gold** from 58 m, **7.8 m @ 1.7 g/t gold** from 67 m and **4.7 m @ 1.5 g/t gold** from 107.8 m. Urucum represents the largest of the known deposits at Tucano and further resource definition drilling is underway.

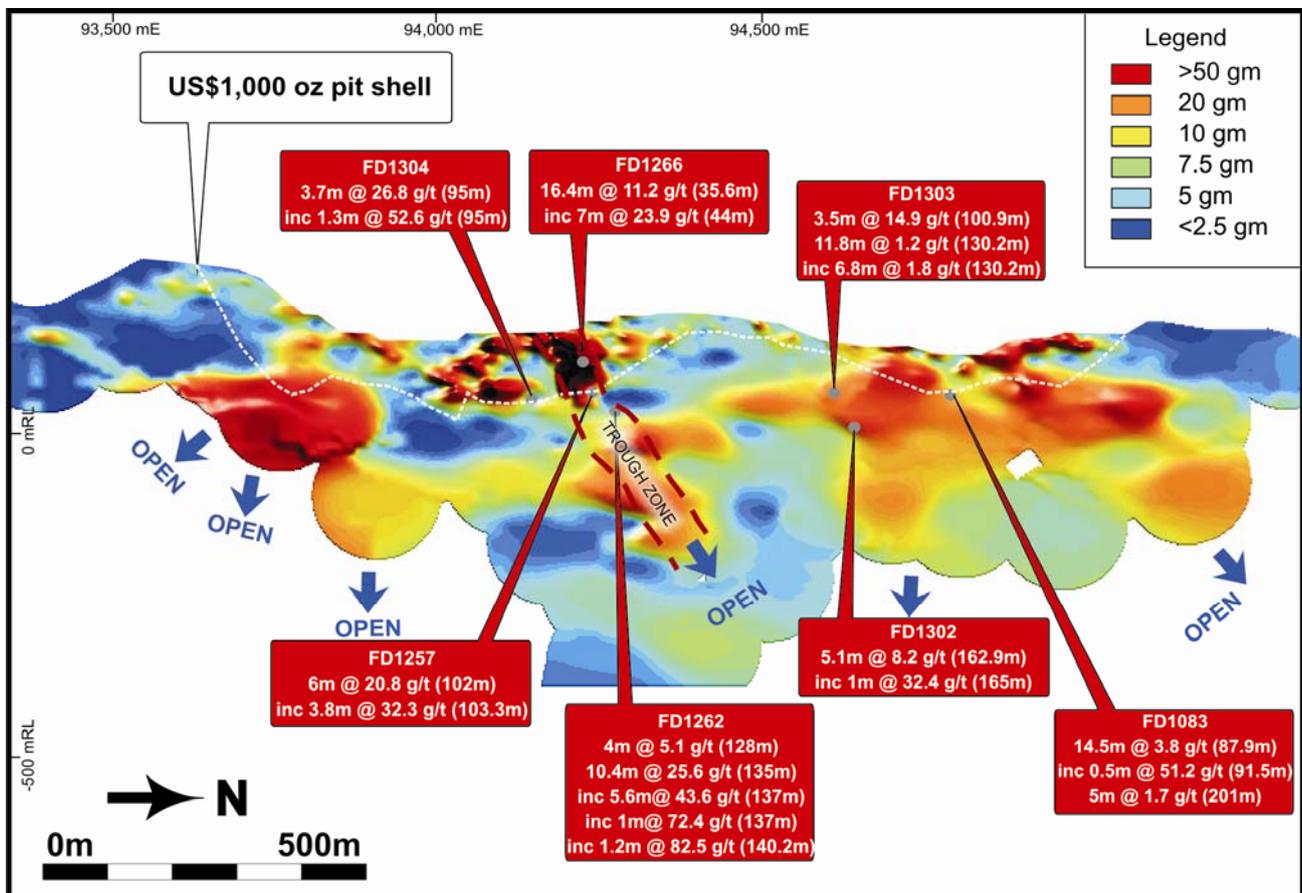


Figure 2. Taperebá AB long section showing location of new drill results for the Quarter

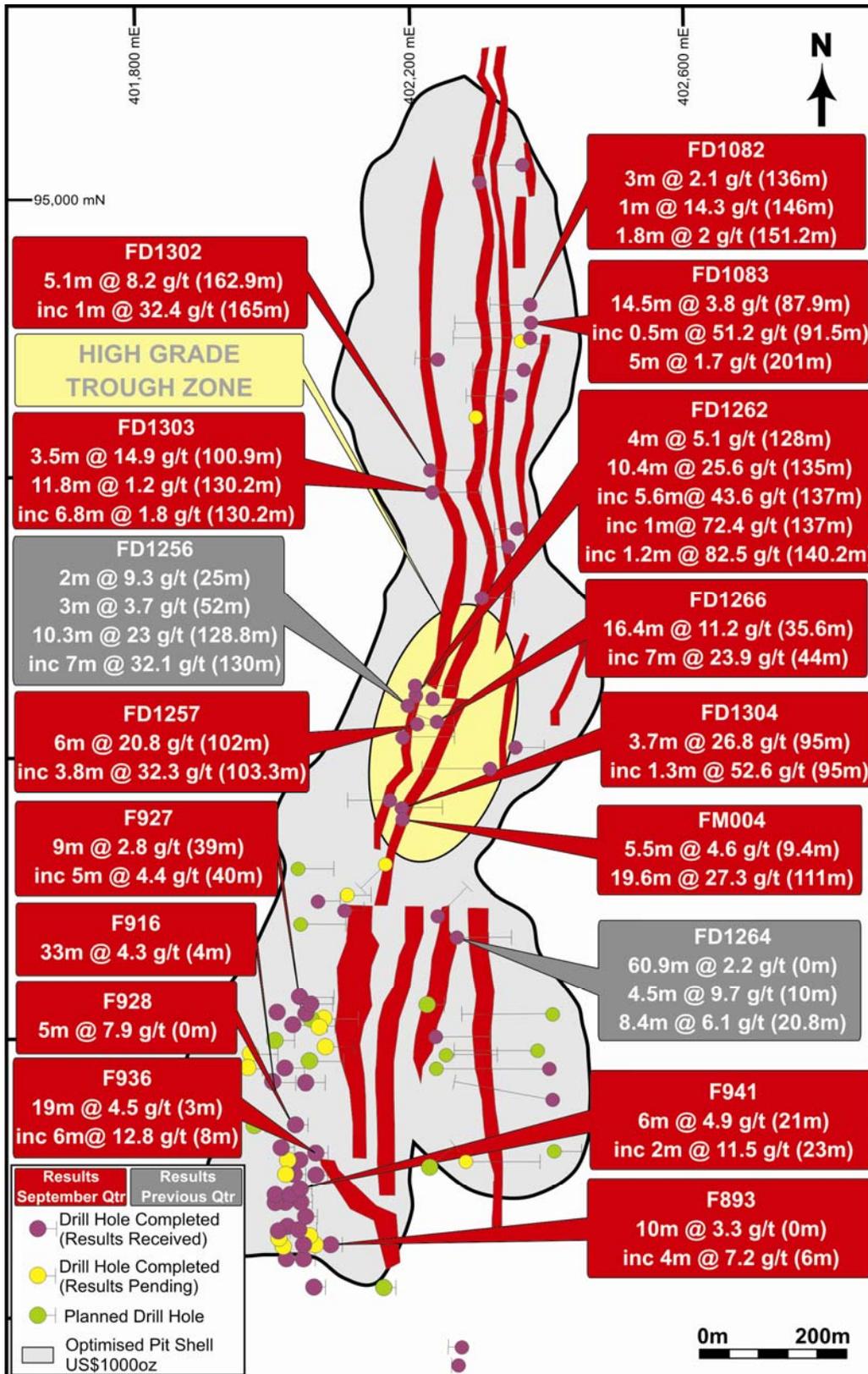


Figure 3. Tapereba AB Plan showing location of new drill results received this Quarter.

## Tucano Iron Ore

During the Quarter an agreement was reached with Anglo Pacific Group plc for the sale of the Amapá Iron Ore Royalty over production for the adjacent Anglo American Iron Ore Mine.

The sale of the Iron Ore royalty has no effect on the substantial benefit that a potential joint mining agreement to co mine gold and iron ore will have on the economics of the Tucano

project. Discussions have commenced with Anglo American to realise the significant cost savings that arise from shared waste stripping costs particularly within the Tap AB and Tap C pits where significant quantities of ore grade itabirite iron ore exist within and adjacent to the areas of gold mineralisation.

Anglo American is currently completing a major drilling program with up to 4 rigs on Beadell's tenure. A maiden iron ore resource

from Beadell's tenure is expected in the December quarter.

## Tartaruga Project (100%)

The Tartaruga project is located only 120 km north east of the Tucano project and contains existing resources of 5.5 Mt @ 1.6 g/t gold and the new undrilled Rio de Ouro discovery. Preparations for a resource delineation drilling program are ongoing.

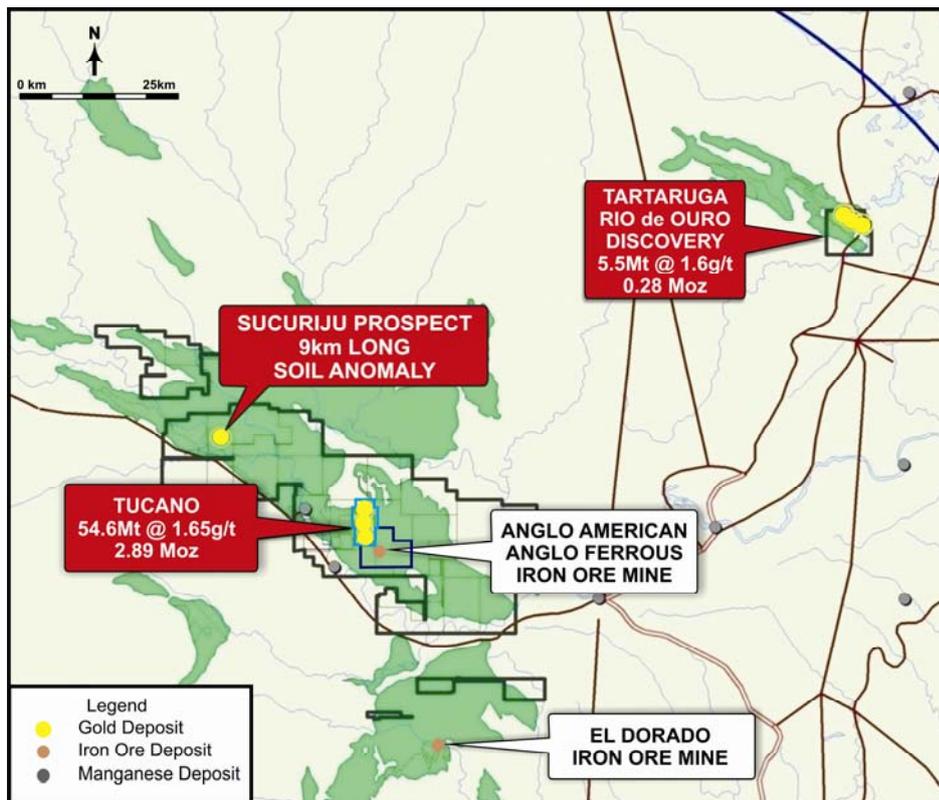


Figure 4. Tartaruga and Tucano location plan

## WESTERN AUSTRALIA

### West Musgrave Project (100%)

#### Handpump

All permits and site earthworks for a 5,000m RC and diamond drilling program have been completed. Delays in securing an RC rig have caused the commencing date of the drilling to be postponed until first quarter of 2011.

#### Skirmish Hill Joint Venture

On ground field work has commenced at Skirmish Hill with Anglo American commencing a detailed auger sampling program.

### Tropicana East Project (100%)

#### Hercules Shear Zone

A 10,000 m aircore drilling program has just commenced at the Tropicana East project to test a **10 km long** zone of gold anomalism known as the Hercules Shear Zone (HSZ) where up to **1.5 g/t gold** has been intersected in extremely wide spaced drilling.

#### Lake Mackay Joint Venture

Joint venture partners Meteoric Resources Ltd continue to progress exploration activities at

Lake Mackay completing magnetic surveys over key geophysical anomalies.

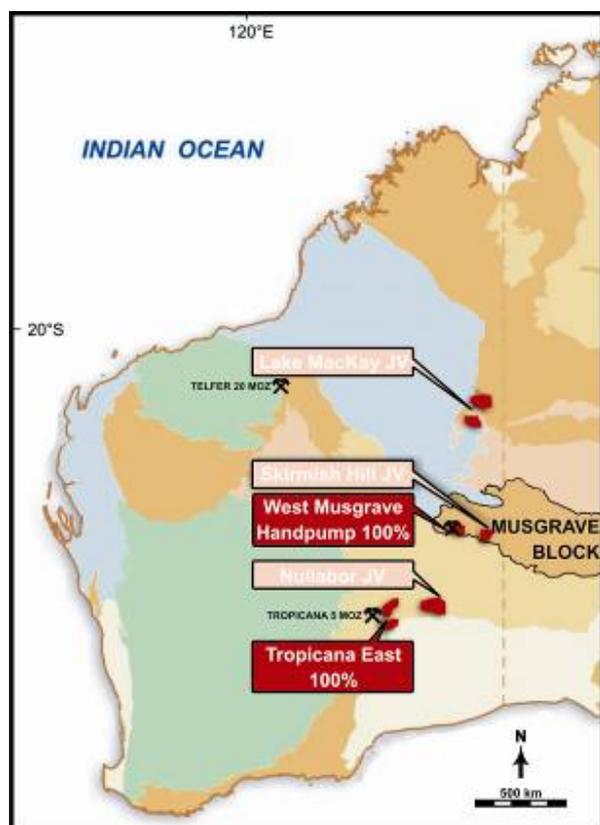


Figure 5. WA project location plan

## CORPORATE & FINANCE

The Company had cash at bank of \$19,470,000 plus receivables of \$32,460,000 totalling ~\$51,930,000 with no bank debt. The sale of the Amapá Iron Ore Royalty accounts for \$31,250,000 of the receivables which will be paid upon the execution of a Deed of Assignment, Assumption and consent by the entities that are parties to the Royalty agreements. This is expected to occur shortly. These proceeds will go towards funding the construction of the CIL Gold Plant at Tucano.

During the quarter the Company settled a long standing claim of around \$47,000,000 for approximately \$440,000. The claim was inherited by Beadell with the acquisition of the Tucano Gold Project and related to an alleged environmental disturbance of the William Creek system several years ago. The Company was advised that the claim was without substantive merit, however in the interest of fostering continuing good relations with the local stakeholders, it was resolved that this course of action will provide greater clarity for the development of the project.

The Company's very strong cash position enables the continued expedited progression of the DFS on the Tucano Gold Project. The cost of the DFS is on budget.

## VICTORIA

### Reedy Creek Project (100%)

An Information Memorandum has been compiled for the sale of the Reedy Creek Gold Project. The Project includes a gold resource inventory of **0.61 Mt @ 2.4 g/t for 47,000 oz.** It is centred on a suite of north east trending dykes renowned for numerous small tonnage but high grade workings. These deposits have barely been exploited in fresh rock.

The Project area retains significant exploration potential. The discovery of the Apollo Prospect at Reedy Creek confirmed the potential for significant gold mineralisation. Drill hole VCRC007 returned a result of 15m @ 4.6g/t gold from 62m including 6m @ 10.1g/t gold from 67m. At the Rising Sun Prospect RC Drill hole VCRC022 intersected a result of 8m @ 12.5g/t gold from 66m and 7m @ 3.6g/t gold.

#### 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 Australasian Institute of Mining and Metallurgy and has sufficient exploration experience which is relevant to the various styles of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Watkins is a full time employee of Beadell Resources 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.