



ASX ANNOUNCEMENT
ASX Code: BDR

7 January 2010

WEST MUSGRAVE GOLD DISCOVERY CONFIRMED

60 m @ 0.9 g/t gold

including 5 m @ 4.7 g/t gold

Beadell Resources Limited (“**Beadell**”) is pleased to announce that 1 metre resplit results from the 7 hole first pass Reverse Circulation (**RC**) drilling program at the Handpump prospect have confirmed previously reported 5 m composite results (see ASX Releases 7 December 2009 and 16 December 2009). The new results including **15 m @ 2.3 g/t** gold from 31 m including **5 m @ 4.7 g/t** gold from 34 m, **7 m @ 1.4 g/t** from 3 m and **11 m @ 1.1 g/t** from 24 m validate the existence of a completely new gold mineralised system in the West Musgrave province which remains open along strike and at depth.

The discovery drill hole **HPC001** intersected wide zones of brecciation and potassic alteration with a mineralised envelope reporting **60 m @ 0.9 g/t** gold from 13 m. The gold mineralisation shows a distinctly consistent halo effect to the higher grade zones with internal intercepts including **15 m @ 2.3 g/t** from 31 m encompassing a core of mineralisation assaying **5 m @ 4.7 g/t** gold from 34 m (Figure 2 & 3). The gold mineralisation intersected in HPC001 is interpreted to dip steeply to the north and remains completely open at depth and along strike to northwest.

To the southeast a second RC traverse drilled 100 m away only partly tested the interpreted strike of the breccia mineralisation in HPC001 intersecting the mineralisation in the top part of HPC005 which reported **7m @ 1.4 g/t** gold from 3 m depth including **5 m @ 1.7 g/t** gold from 5 m (Figure 2 & 4).

Additional parallel mineralised zones were intersected immediately south of the main mineralised breccia with HPC006 intersecting **11 m @ 1.1 g/t** from 24 m and **5 m @ 0.9 g/t** gold from 101 m (Figure 2 & 3). These additional zones remain completely open along strike to the northwest and at depth.

Gold mineralisation at the Handpump prospect is associated with a magmatic hydrothermal breccia hosted in rhyolite. The mineralisation remains completely open to the northwest of the initial discovery drill hole HPC001 and a follow up RC drilling program is planned to test both the

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northwest extension of the mineralisation under cover and down dip projection of the mineralisation. The planned RC drilling program will commence on the 20 January 2010.

The Handpump prospect has only been partially tested over a strike length of 300 m. Multiple zones of gold mineralisation suggest a larger and as yet undefined mineralised system located along a major geological contact between agglomerate and brecciated rhyolite with vast untested strike extensions under cover (Figure 5). While little is known about the new style of the gold mineralisation it has a distinctly distal magmatic affinity.

The Handpump discovery represents the first definitive gold mineralisation intersected in the entire sparsely explored central Australian Musgrave block and potentially represents the emergence of a new and exciting gold district in Australia.

The RC drilling at Handpump was co-funded by the Western Australian government through the Geological Survey of Western Australia's Exploration Initiative Scheme. Beadell gratefully acknowledges this assistance and encouragement for Greenfields exploration in this frontier region of the state.

"These results have well and truly confirmed the significance of this exciting new discovery in the Musgrave region. We remain extremely encouraged with this district and the eagerly anticipated follow up RC program will commence shortly" said Beadell's Managing Director Peter Bowler.



Figure 1 Handpump Prospect Location Plan.

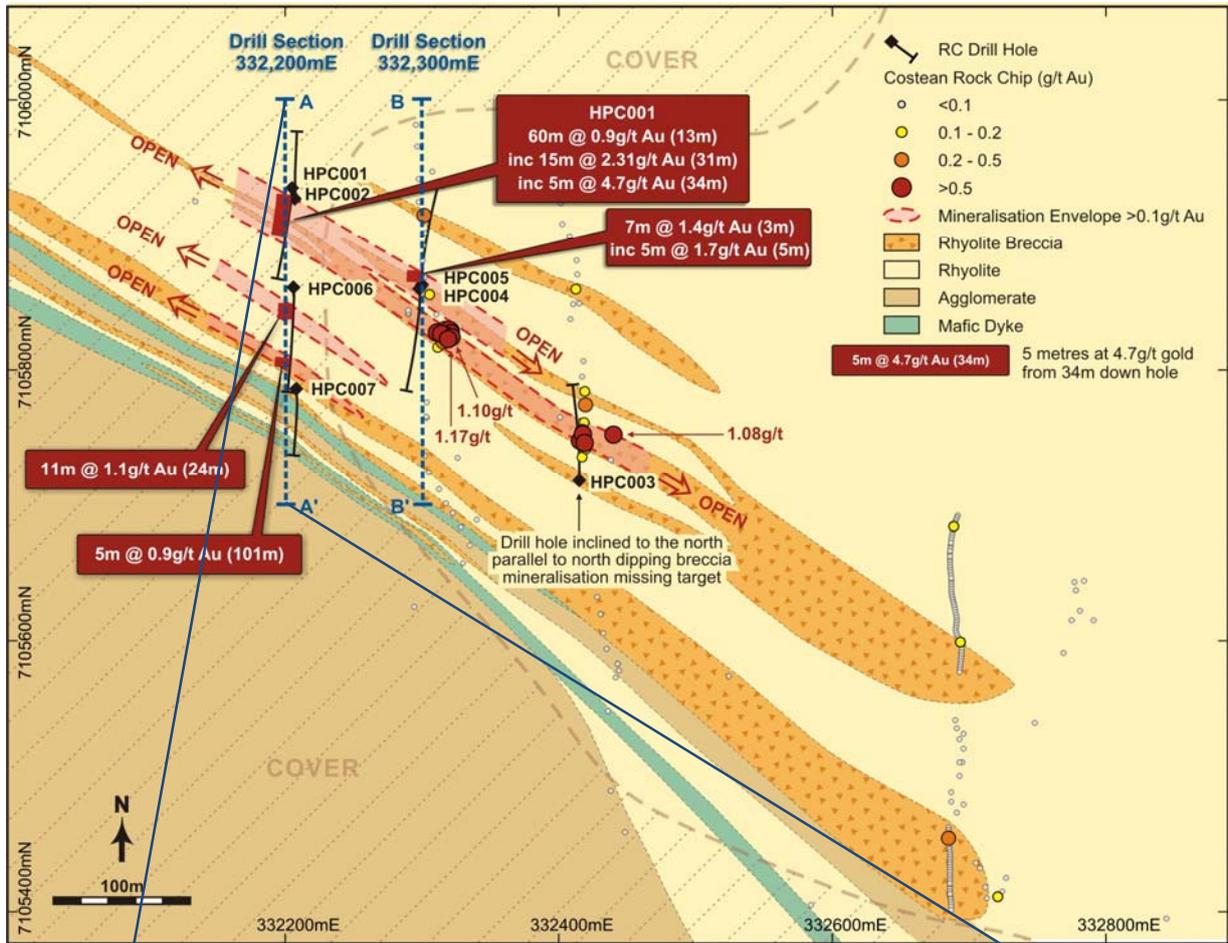


Figure 2. Handpump Prospect Interpreted Geology, Drill Hole and Costean Location Plan.

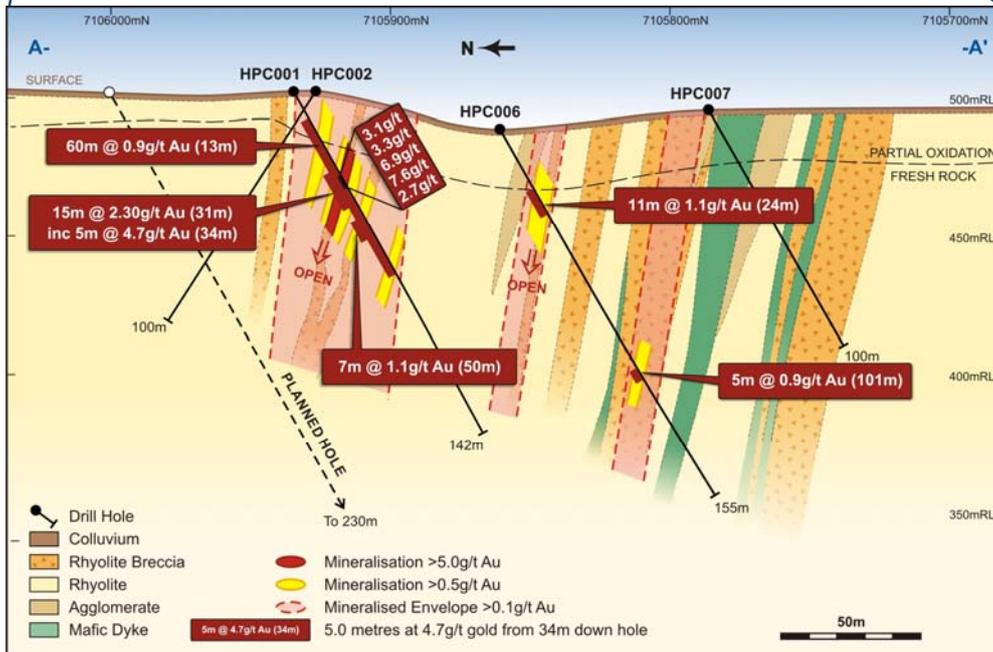


Figure 3. Handpump Prospect 332200E Drill Section.

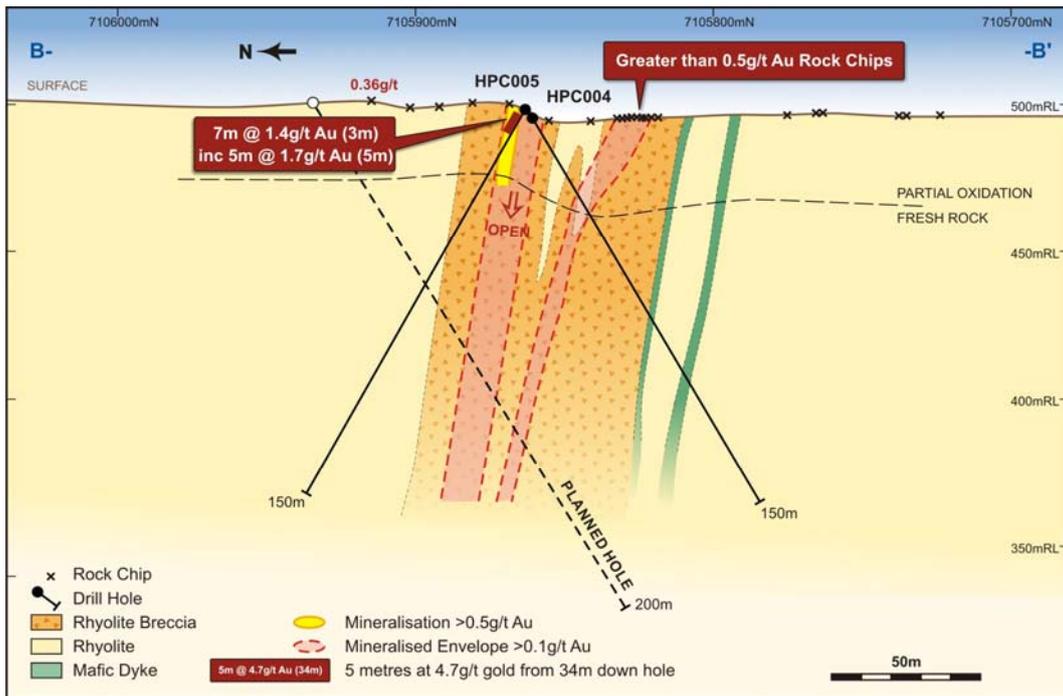


Figure 4 Handpump Prospect 332300E Drill Section.

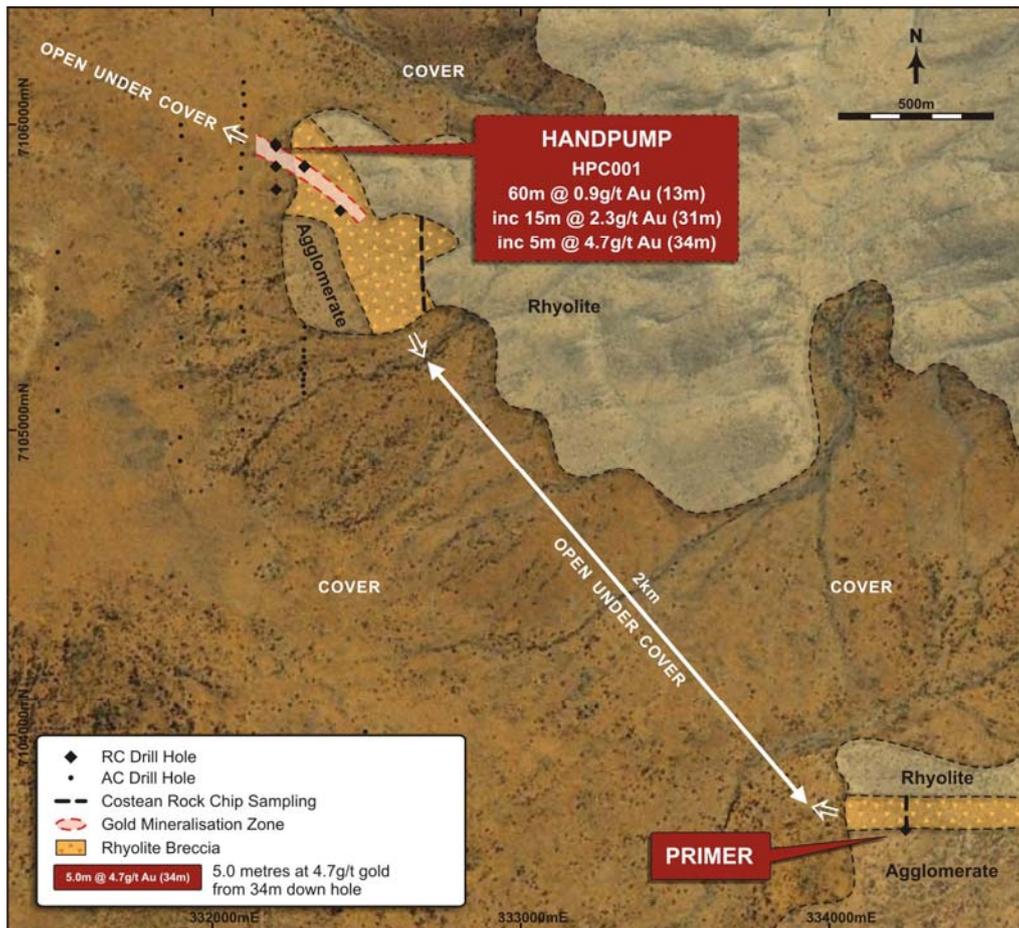


Figure 5 Handpump Prospect 332300E Drill Section

Hole	Easting	Northing	From (m)	To (m)	Length (m)	Gold (g/t)
HPC001	332205E	7105935N	13	73	60	0.9*
			14	26	12	0.6
			31	46	15	2.3
			Incl. 34	39	5	4.7
			50	57	7	1.1
HPC003	332415E	7105718N	3	5	2	0.6
HPC005	332300E	7105863N	3	10	7	1.4
			Incl. 5	10	5	1.7
HPC006	332206E	7105861N	24	35	11	1.1
			101	106	5	0.9

*Mineralised envelope calculated at 0.1 g/t cut off

Table 1. Significant RC Drill Results from Handpump Discovery.

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Competency Statement

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