



16 December 2009

Justin Nelson  
ASX Limited  
Level 25, 91 King William Street  
ADELAIDE SA 5000

Dear Justin

**RE: PRICE AND VOLUME QUERY**

I refer to your letter of 15 December 2009 regarding the trading in securities of Beadell Resources Limited (the "Company").

I refer to the questions raised in your letter and respond:

1. The Company is aware of an ABC radio interview aired on 11 December 2009 in some Western Australian rural areas and again 15 December 2009 in Perth, Western Australia. The interview is with Dr Ian Tyler from the Western Australian geological survey department at the Department of Mines and Petroleum. He speaks positively about the Company's recent announcement on 7 December 2009 "Beadell Discovery May Herald New Australian Gold Province". A summary of the interview can be found on [www.abc.net.au](http://www.abc.net.au) and searching for "Ian Tyler". With reference to the interview and comments made by the interviewer in relation to a "resource", the Company wishes to confirm that the ASX announcement made on 7 December 2009 does not refer to a "resource" within the meaning of JORC.

Although not related to this Price and Volume Query, last night the Company compiled the accompanying ASX Announcement relating to the West Musgrave Project.

As an unintended consequence of receiving the ASX Price and Volume Query, the Company is unable to rely on the exceptions to Listing Rule 3.1 contained in Listing Rule 3.1A. Therefore, the Company advises that, in line with its regular public statements regarding the identification and assessment of value accretive acquisition opportunities, it is currently reviewing some potential acquisition opportunities. These various discussions have not yet reached a stage where the Company can advise the market as to whether or not an acquisition agreement will be reached, or on what terms.



2. The Company is unable to make any announcement at this stage concerning the discussions as outlined above due to the early nature of those discussions and is unable to indicate any time when such announcement could be made, if ever.
3. No.
4. The Company believes that there are no other matters requiring disclosure and that it has complied with the Listing Rules, particularly Listing Rule 3.1.

Yours sincerely

A handwritten signature in black ink that reads "G Barrett". The signature is written in a cursive style with a period at the end.

**GREG BARRETT**  
**Company Secretary**  
**Beadell Resources Ltd**



**ASX**

AUSTRALIAN SECURITIES EXCHANGE

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15 December 2009

Greg Barrett  
Company Secretary  
Beadell Resources Limited  
Level2, 16 Ord Street  
West Perth WA 6005

By email: [greg.barrett@beadellresources.com.au](mailto:greg.barrett@beadellresources.com.au)

Dear Mr Barrett,

**Beadell Resources Limited (the "Company") RE: PRICE QUERY**

We have noted a change in the price of the Company's securities from a close of \$0.12 on 1 December 2009 to an intra-day high of \$0.32 (at the time of writing) today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at [Dion.Silvy@asx.com.au](mailto:Dion.Silvy@asx.com.au) or by facsimile on facsimile number (08) 8216 5099. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30 a.m. E.D.S.T.) on Wednesday, 16 December 2009.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the 's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,



Dion Silvy

**Senior Adviser, Issuers (Adelaide)**



ASX ANNOUNCEMENT  
ASX Code: **BDR**

16 December 2009

**ADDITIONAL GOLD MINERALISED ZONES INTERSECTED AT WEST MUSGRAVE**

**10 m @ 1.04 g/t GOLD FROM 25 m**

Beadell Resources Limited (“**Beadell**”) is pleased to announce that results from the remaining Reverse Circulation (**RC**) holes from the initial seven hole RC drilling program at the Company’s 100% owned West Musgrave, Handpump prospect have intersected additional gold mineralised zones of up to **10 m @ 1.04 g/t** gold from 25 m. These results confirm the existence of a maiden gold discovery in the West Musgrave Complex of Western Australia (Figure 1), where the previously reported first RC hole HPC001 intersected a composite result of **65 m @ 0.83 g/t** gold from 10 m, including a central high grade interval of **5 m @ 5.1 g/t** gold from 35 m depth within a zone of **15 m @ 2.3 g/t** gold from 30 m (See ASX release 7 December 2009).

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 currently being planned to test both the northwest extension of the mineralisation under cover and down dip projection of the mineralisation. The planned RC drilling program will commence in January 2010 subject to regulatory approvals. All results reported to date are from 5 m composite samples and field crews are currently retrieving individual one metre samples for analysis and reporting.

The nature and orientation of the gold mineralisation are at an early stage of interpretation due to the limited drill hole information, however a combination of outcropping mineralisation and drill hole intercepts indicate a northwest strike and a steep northeast dip.

In addition to the main mineralised zone intersected in HPC001 further mineralised breccia zones were intersected in HPC006 with results of **10 m @ 1.04 g/t** from 25 m and **5 m @ 0.56 g/t** from 100 m (Figure 2 & 3). Extensions to these new zones will be tested with the next phase of RC drilling.

The main mineralised breccia zone intersected in HPC001 has only been partly tested on one other RC traverse 100 m to the east where drill holes HPC004 and HPC005 intersected composite results of **5 m @ 0.53 g/t** gold from surface and **5 m @ 1.41 g/t** gold from 5 m respectively (Figure 2 & 4). A reinterpretation of the geology in the area has shown breccia zones, alteration and gold mineralisation to dip more steeply to the north than previously

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thought. Drill hole HPC003 located a further 100 m to the east failed to intersect the north dipping breccia zone due to being inclined to the north and therefore the main breccia also remains completely open to the southeast as well as northwest (Figure 2).

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 untested strike extensions under cover to the northwest. To the southeast outcropping breccia has been identified and a continuous 2 m rock chip costean sampling 300 m to the southeast of the nearest RC drilling has identified two separate zones of gold mineralisation. The first zone is interpreted to lie along strike of the main breccia zone and anomalous rock chip results returned a maximum result of 2 m @ 0.15 g/t. A second anomalous zone up to 25 m wide recorded a maximum value of 2 m @ 0.29 g/t (Figure 2). These potential strike extensions are yet to be drill tested however are readily accessible, and will be targeted with follow up RC drilling. Extensive infill surface sampling and detailed mapping of this area will be completed.

“We are extremely encouraged by these early stage drill results from this exciting new discovery in the Musgrave region and the geological team looks forward to an extensive follow up RC program as soon as possible in the New Year. Coupled with our other core projects located at Tropicana East in Western Australia, and the recent new gold discovery at our Tartaruga Project in Brazil, 2010 is certainly shaping up as an exciting year” said Beadell’s Managing Director Peter Bowler.



Figure 1 Handpump Prospect Location Plan.

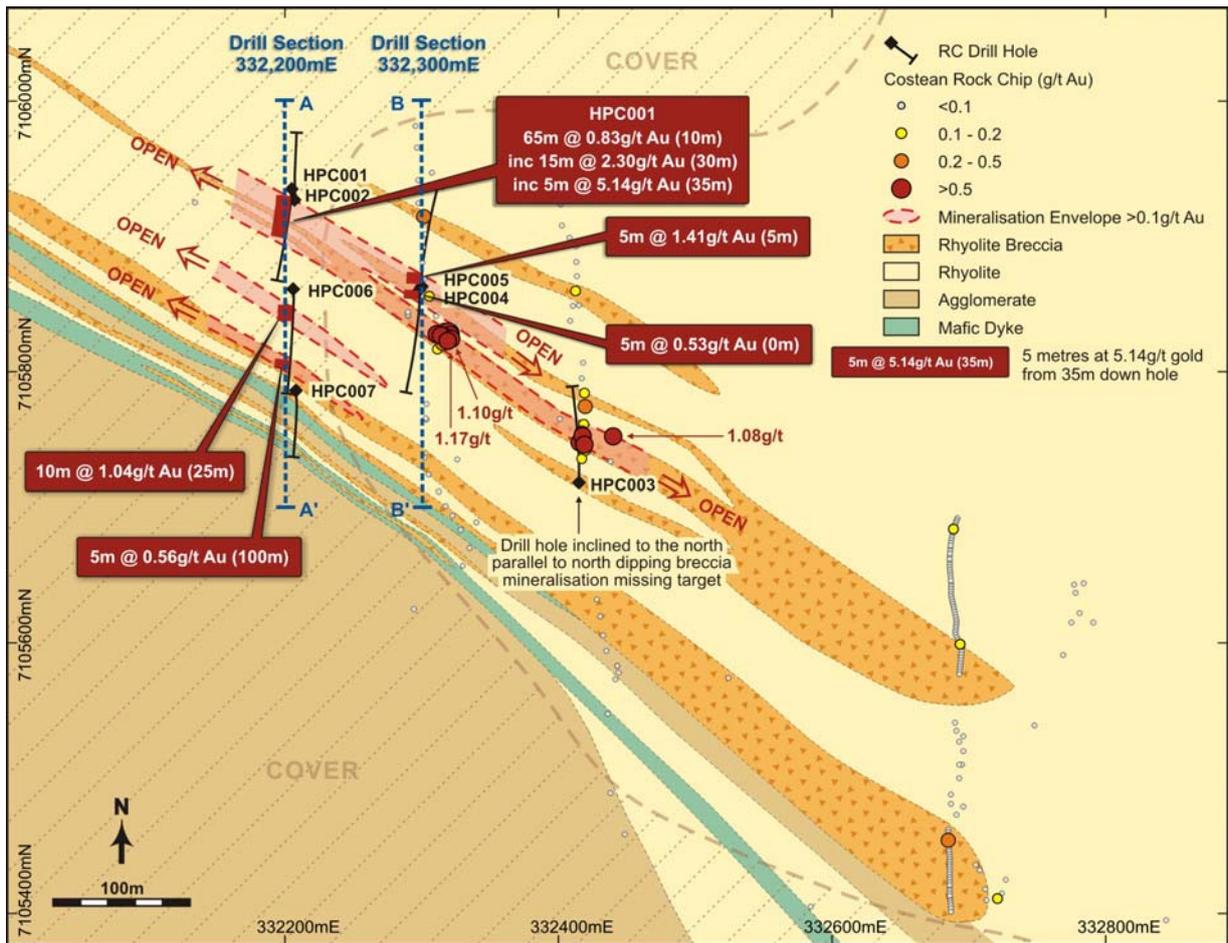


Figure 2. Handpump Prospect Interpreted Geology, Drill Hole and Costean Location Plan.

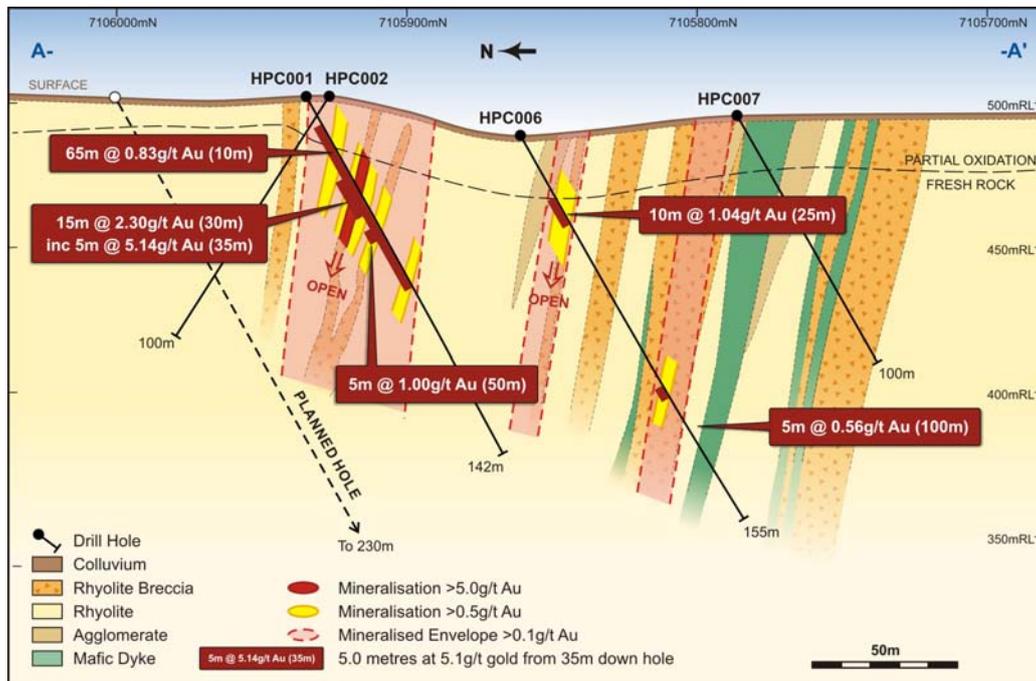


Figure 3. Handpump Prospect 332200E Drill Section.

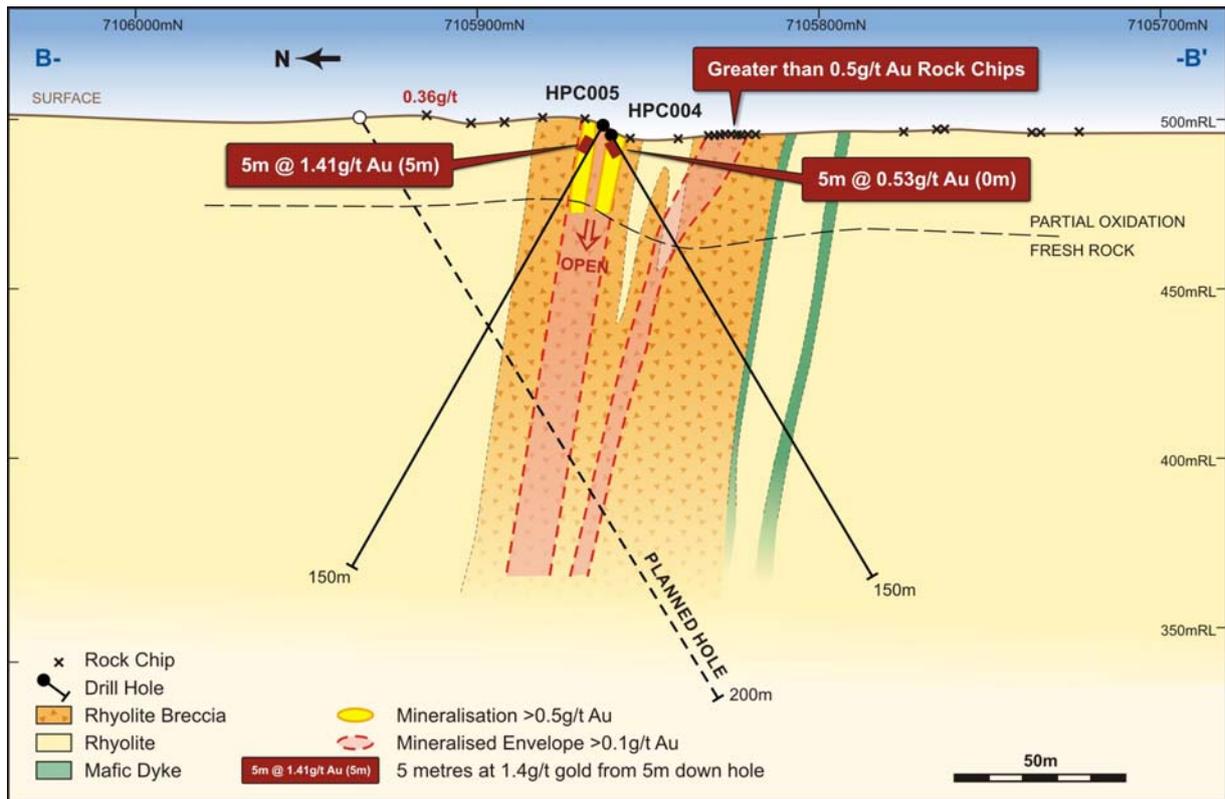


Figure 4 Handpump Prospect 332300E Drill Section.

**For further information please contact:**

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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.*