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ASX ANNOUNCEMENT

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CONDITIONAL AGREEMENT TO ACQUIRE THE OUTSTANDING 30% INTEREST IN THE CRACOW GOLD MINE AND WAIVER OF LION'S PRE-EMPTIVE RIGHT

Beadell Resources Limited (“**Beadell**” or the “**Company**”) has signed a conditional agreement to acquire Lion Selection Ltd’s (“**Lion**”) 30% joint venture stake in the Cracow Gold Mine (“**Cracow**”) in Queensland, Australia (the “**Lion Conditional Agreement**”). The Lion Conditional Agreement is in addition to the conditional agreement announced on 4 April 2008 between Newcrest Mining Limited (“**Newcrest**”) and Beadell to acquire Newcrest's 70% interest in Cracow.

Under the terms of the Lion Conditional Agreement, Lion has agreed to sell its 30% joint venture interest to Beadell for a total consideration of A\$80 million. Both Lion and Newcrest have provided the consents and waivers of their respective pre-emptive rights over their joint venture interests in Cracow in respect of the proposed sales to Beadell. This will allow Beadell to consolidate ownership of the Cracow Gold Mine for the first time since gold production recommenced in late 2004.

Beadell will fund the acquisition of Lion’s stake through a combination of debt and a placement of new Beadell shares, in part made directly to Lion. In aggregate, the Lion Conditional Agreement will result in the total size of Beadell’s proposed equity capital raising to fund the acquisition of Newcrest's 70% interest being marginally increased. The terms of the equity capital raising and the acquisition of Cracow are subject to Beadell shareholder approval.

The Company will soon dispatch to its shareholders a Supplementary Notice of Meeting and Explanatory Statement which sets out updated information which includes the Lion Conditional Agreement and related funding issues.

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Capital Raising Update

In total, the Company will undertake an equity and debt raising of A\$300 million to fund the two Cracow acquisitions. Beadell intends to raise the equity components of the Newcrest and Lion acquisitions through an undocumented accelerated equity placement to sophisticated investors, as well as a direct equity placement to Lion of A\$15 million. Newcrest has agreed, if required, to subscribe to Beadell shares worth the lesser of A\$50m or 19.9% of Beadell's expanded diluted share capital post the equity raising.

In addition, Beadell plans to raise debt as part of the acquisition consideration. Preparations for this financing have already begun, and Beadell has received letters of support from two qualified lenders. Beadell expects to complete the drawdown of the debt shortly after completing the proposed equity capital raising.

Any gold hedging that may be required to facilitate debt finance will be implemented by purchasing gold puts leaving full exposure to gold price upside.

Merrill Lynch and Morgan Stanley have been engaged to act as joint lead managers to the proposed equity capital raising to fund the acquisition.

Lion's 30% Joint Venture Interest Acquisition Conditions

The acquisition of Lion's 30% interest in Cracow is conditional on Beadell:

- successfully completing the proposed equity raising (which, in turn, is conditional on Beadell shareholder approval); and
- securing appropriate debt.

In addition certain other conditions must be met:

- Indophil Resources NL waives the conditions of its takeover bid for Lion relating to the sale of Lion's assets, or that bid lapses or is withdrawn; or
- Lion obtains the approval of its shareholders for the sale of its interest in Cracow.

The acquisition of the 70% Newcrest interest is not conditional on Beadell securing financing to acquire Lion Selection's 30% interest.

An Outstanding Investment Opportunity

Beadell's Managing Director Peter Bowler said, "The opportunity for Beadell to consolidate ownership of the Cracow Gold Mine is the best case outcome for our existing and future shareholders. Cracow is one of the highest quality gold mines in Australia and will generate immediate cash flows for our shareholders. The two acquisitions will propel Beadell from an explorer to a reliable low risk producer with exposure to gold price upside. This opportunity enables Beadell to debt finance a significant portion of the acquisition which greatly increases the upside leverage for our shareholders.

We will immediately initiate an enhanced drill program at Cracow to realise the full potential of the highly prospective epithermal system which exists close to the current infrastructure. Cracow also enables us to fully exploit the projects we currently have in Australia and Brazil which may lead to further rapid growth."

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.

Important Statement

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This announcement contains references to certain intentions, expectations, future plans, strategy and prospects of Beadell, which are based on certain assumptions which may or may not be met or on which views may differ and which may be affected by known and unknown risk, and which may or not be achieved. No representation, warranty or guarantee, express or implied, is made as to the fairness, accuracy, completeness, reliability or correctness of the information, opinions and conclusions contained in this announcement. Since anticipated events may not occur as expected and variations may be material, actual results may be different from those forecast. To the maximum extent permitted by law, none of Beadell, Merrill Lynch International (Australia) Ltd, Morgan Stanley Australia Limited, their affiliates and their respective directors, employees or agents, nor any other person, accepts any liability, including without limitation any liability arising from fault or negligence on the part of any of them or any other person, for any loss (including without limitation consequential loss, direct, indirect or consequential loss or damage or loss or damage arising by negligence) arising from the use of or reliance on this announcement or its contents or otherwise arising in connection with it. The forecasts used in this announcement are still subject to change.

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