ASX ANNOUNCEMENT
ASX Code: BDR

10 May 2011

DEFINITIVE FEASIBILITY STUDY COMPLETED - TUCANO

Beadell Resources Limited (**Beadell**) is delighted to announce the results of the Definitive Feasibility Study (**DFS**) completed by Ausenco Ltd (ASX Code: AAX) with support from SRK Ltd and delivered to the Board on its 100% owned Tucano Gold Project in Brazil. This an important step as the Company transitions to a significant gold producer with first gold production forecast in the March 2012 quarter. An EPCM contract is currently being finalised and will be announced when executed.

Beadell's Managing Director, Peter Bowler commented "We are now positioned for outstanding growth over the coming years as we rapidly bring Tucano into production. With our 6 rigs currently onsite continuously expanding our reserve and resource numbers 24 hours a day, coupled with the advanced discussions progressing with a third party to compensate us for mining the huge tonnages of iron ore that are present in our gold pits which will result in a significant improvement in the project economics and reserve magnitude, I'm confident Beadell will emerge as a high ranking participant within the ASX gold sector. Our committed team is singularly focused on growing the Company for the benefit of all Stakeholders."

Key DFS Findings

Operating Parameters

MINING		TOTAL
Ore Mined ex-pit	tonnes	19,044,416
Grade ex-pit	g/t gold	1.70
Total material movement ex-pit	tonnes	148,112,308
Stripping ratio (open pits)	waste/ore	6.8:1
Stockpile ore	tonnes	7,353,000
Stockpile grade	g/t gold	0.87
Stripping ratio (stockpile)	waste/ore	0:1
Stripping ratio (overall including stockpile)	**waste/ore**	**4.9:1**

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MILLING			TOTAL
Tonnes milled	tonnes		26,397,416
Grade (including stockpiles)	g/t gold		1.47
Recovery	%		90.6
Recovered gold	ounces		1,126,135
Annual throughput	tonnes		3,500,000

PRODUCTION			TOTAL
Mine life	years		7.6
Max annual production	ounces	(yr 2)	180,184
Min annual production	ounces	(yr 7)	130,899
Avg annual production (steady state)	ounces		150,000
LOM cash costs (US$557/oz early years)	US$/oz		618

- DFS open pit Whittle optimisations have been undertaken at US$1,050/oz;
- Mining will be undertaken by conventional excavator and truck methods incorporating the Company's existing and extensive mobile fleet;
- Cash operating costs are low for the initial years of the mine life (**$557 per ounce**) due to the high percentage of oxide ore and low strip ratio;
- The proposed CIL plant is both conventional in construction and operation;
- Beadell has nominated to crush and process 3.5Mt/yr of ore from a combination of open pit and stockpile ore sources;
- Designs utilising only indicated resources have also been generated at US$1,200/oz resulting in the following total mineral inventory within these open pits (indicated and inferred resources) of:
  - Ore: 32.18Mt
  - Grade 1.41g/t
  - Contained gold of 1.46Moz

None of the Company's pit optimisations take into account the significant amount of inferred resources both within and directly beneath the current pit shells. Infill drilling of these inferred resources will materially enhance the future reserve position.

Additionally, the DFS has made no reference or allowance for the extensive iron ore resources which are prevalent within the current pit shells. Negotiations are well advanced with a third party to utilise this large and valuable friable itabirite iron ore. The inclusion of this ore into the pit optimisations will enable the Company to report a significant jump in project economics and the reserve magnitude.

Capital Costs

Several capex funding options are being progressed. Positive discussions are continuing regarding the provision of very attractive development bank style funding from a Brazilian bank. Also, competitive indicative terms sheets have been received from the selected group of Australian and international banks for the provision of a traditional project finance facility.

INITIAL CAPITAL COSTS – CIL PLANT AND TAILINGS		TOTAL
Process plant	US$'000	65,196
Tailings storage	US$'000	3,927
On site infrastructure	US$'000	2,866
Indirects (EPCM, temp construction facilities)	US$'000	18,607
Contingency and owners cost	US$'000	11,204
Other	US$'000	3,188
Recoverable sales taxes	US$'000	-5,594
Total capital cost	**US$'000**	**99,394**
Cash expended at 31 March 2011	US$'000	-3,520
Remaining cost to complete	**US$'000**	**95,874**

PRE COMMISSIONING MOBILE EQUIPMENT CAPEX		TOTAL
New mobile equipment	US$'000	9,137
Refurbishment of existing mobile equipment	US$'000	3,120

- Existing mine site location requires minimal infrastructure capex;
- Existing gold processing infrastructure allows low cost establishment of the CIL plant;
- Existing mobile fleet allows mining to commence instantly and with minimal capex for the first 12 months of operation;
- The construction lead time of the CIL plant is approximately 10 months;
- The 7MW SAG mill has already been ordered from Outotec;
- Long lead items already ordered so that the earliest possible CIL plant completion date can be achieved.

Financial Analysis

GOLD PRICE @ US$1,400/oz		TOTAL
Revenue	US$'000	1,576,589
NPV @ 5% (before tax and 2% royalties)	US$'000	489,977
IRR (before tax and 2% royalties)	%	79
Payback period	months	11
Cash operating surplus @ US$1,200/oz (before tax and royalties)	US$'000	655,411
Cash operating surplus @ US$1,500/oz (before tax and royalties)	**US$'000**	**993,251**

- DFS reflects no benefit from an iron ore joint operating agreement;
- SUDAM tax benefits anticipated, reducing income tax from 34% to 15.25% for funds retained in Brazil.

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