



ACN 125 222 291

Annual Report 2009



09

CORPORATE DIRECTORY

Directors

Mike Donaldson Non-Executive Chairman
Peter Bowler Managing Director
Rob Watkins Executive Director Exploration

Company Secretary

Greg Barrett

Corporate Details

Beadell Resources Ltd (ABN 50 125 222 291)
Issued Capital 93,600,003 ordinary shares

Registered and Corporate Office

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West Perth WA 6005
Telephone: +61 8 9429 0800
Facsimile: +61 8 9481 3176
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Share Registry

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Level 5
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Adelaide SA 5000
Telephone: 1300 137 515
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Stock Exchange Listing

ASX Ltd
ASX Code: BDR

Auditor

KPMG

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LETTER FROM CHAIRMAN AND MANAGING DIRECTOR



09

From left:

Mike Donaldson *Non-Executive Chairman,*
Greg Barrett *Company Secretary,*
Rob Watkins *Executive Director Exploration,*
Peter Bowler *Managing Director*

Dear Fellow Shareholder

In Beadell's second year as a listed company, we continue to vigorously pursue our stated strategy of elevating Beadell into a high-ranking gold company within the Australian gold industry. The world downturn in global equities, coupled with the reluctance of investors to participate in greenfields gold exploration, has seen our share price languish over the last 12 months. We took decisive action early in November last year to significantly cut costs in all areas: a 20% cut in executive remuneration, along with a 40% reduction in staff numbers, has resulted in your company maintaining a strong cash balance with a pipeline of highly prospective gold exploration and development prospects.

In Western Australia, the Company's 100%-owned Tropicana East project continues to be a focus of our exploration team. There has been significant progress in gaining an understanding of the geology and prospectivity of this area adjacent to the AngloGold/Independence Group's 5 Moz Tropicana gold development project. Our focus on these tenements will increase in intensity this year to deliver a significant gold find for shareholders.

The Company's 100%-owned West Musgrave project, 75 km east of the desert community of Warburton in Western Australia, is also a high priority target with an RC drilling program commencing shortly. Additionally, our exciting joint venture with internationally-respected Anglo American on the newly-acquired Skirmish Hill tenements provides Beadell with a free-carried interest on a project area that is considered highly prospective for nickel sulphide, PGE and copper-gold mineralisation.

Our Tartaruga Project in Brazil continues to demonstrate the ability to transform into a very successful producing gold mine. Outside of the defined resource area, the Tartaruga Project has significant exploration upside with almost no drilling completed beyond the main Mineiro trend. Ongoing exploration at the project will aim to increase the existing gold resource base from 279 000 ounces to over 500 000 ounces prior to a decision to develop the project.

Your executive management team is very much focused on an acquisition which will place Beadell on a sound footing for years to come, and we are continuously reviewing opportunities as they arise. We are well aware that it is imperative for any major acquisitions to be done with a clear focus of growing Beadell into a respected Australian listed gold company.

We strongly believe that gold has an exceptional future as the long term effects of the global financial bailout start to play out. As a result, Beadell, with its experienced management team and strong cash position, is excited about taking full advantage of the opportunities as they arise over the next 12 months.

PETER BOWLER
Managing Director

MIKE DONALDSON
Non-Executive Chairman

EXPLORATION OVERVIEW

Beadell continues to advance its key greenfield exploration projects at the highly-prospective Tropicana East and West Musgrave projects in Western Australia, as well as progress development options for the Tartaruga project in Brazil.

At **Tropicana East** a new 10 km long gold trend named **Hercules Shear Zone** has been broadly defined along a granite gneiss and garnet gneiss contact, 60 km along strike and north east of the 5 M oz Tropicana gold deposit. The Tropicana area is one of the most prospective underexplored regions in Australia and with AngloGold Ashanti progressing the Tropicana deposit into feasibility is likely to become the next major new gold mining district in Australia.

Since listing on the ASX two years ago Beadell has delineated JORC inferred resources totalling **6.1 Mt @ 1.7 g/t gold for 326 000 ounces** of gold at the Tartaruga projects in Brazil and the Reedy Creek project in Victoria.

The focus for the following year will be to increase the resource base at Brazil to over 500 000 ounces moving towards development of the project.

Other key milestones achieved during the year were the rationalisation of the Beadell exploration portfolio to focus on the core exploration projects at Tropicana East, West Musgrave and Brazil. Exploration Joint Ventures were entered into with Anglo American and Meteoric Resources for the Skirmish Hill, and Lake Mackay projects respectively.

The quality of the Beadell exploration portfolio was also recognised by the Western Australian Government with two government grants awarded to co-fund drilling programs at West Musgrave and Lake Mackay under the Exploration Initiative Scheme.

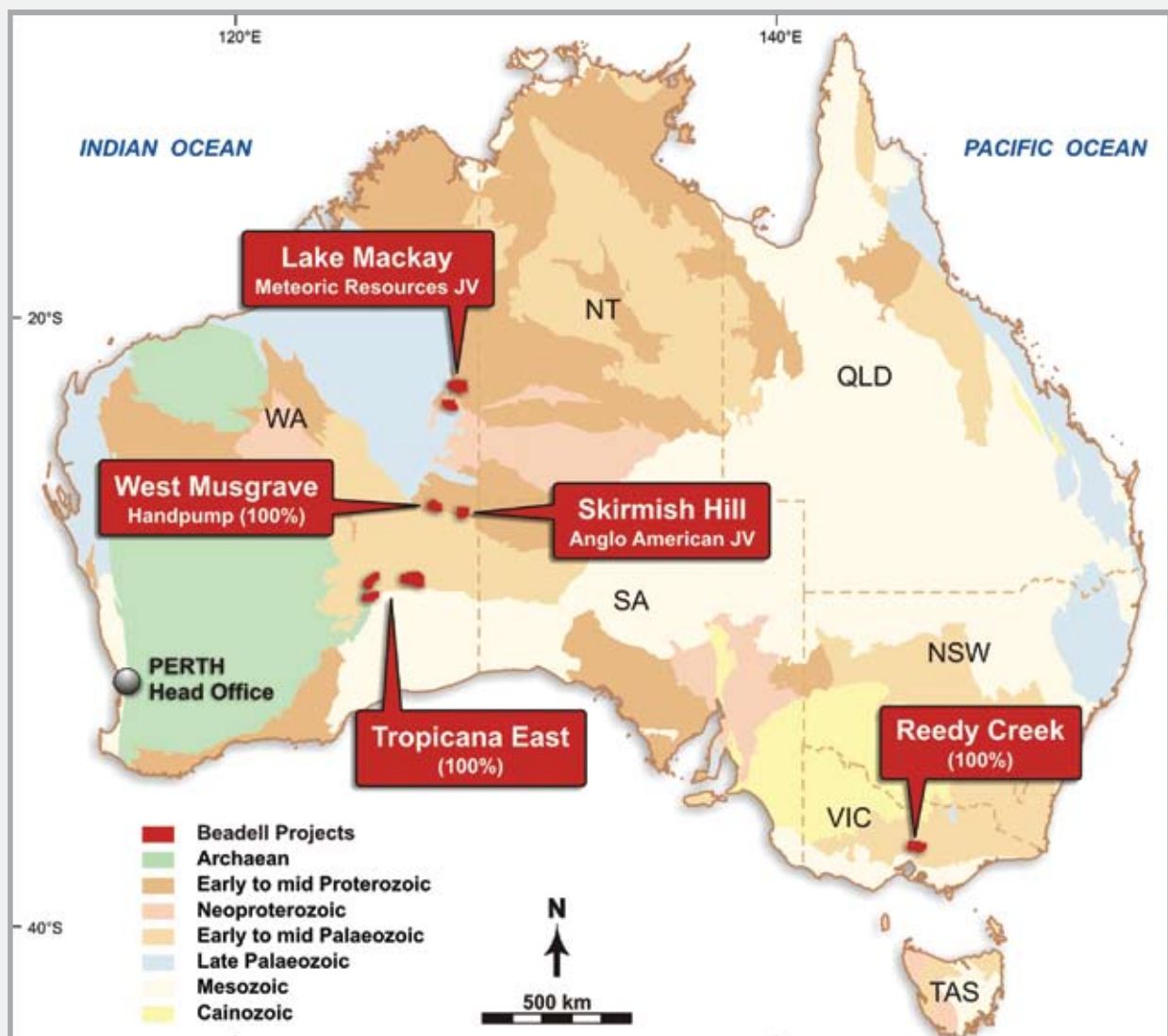


Figure 1. Beadell's Australian Projects.

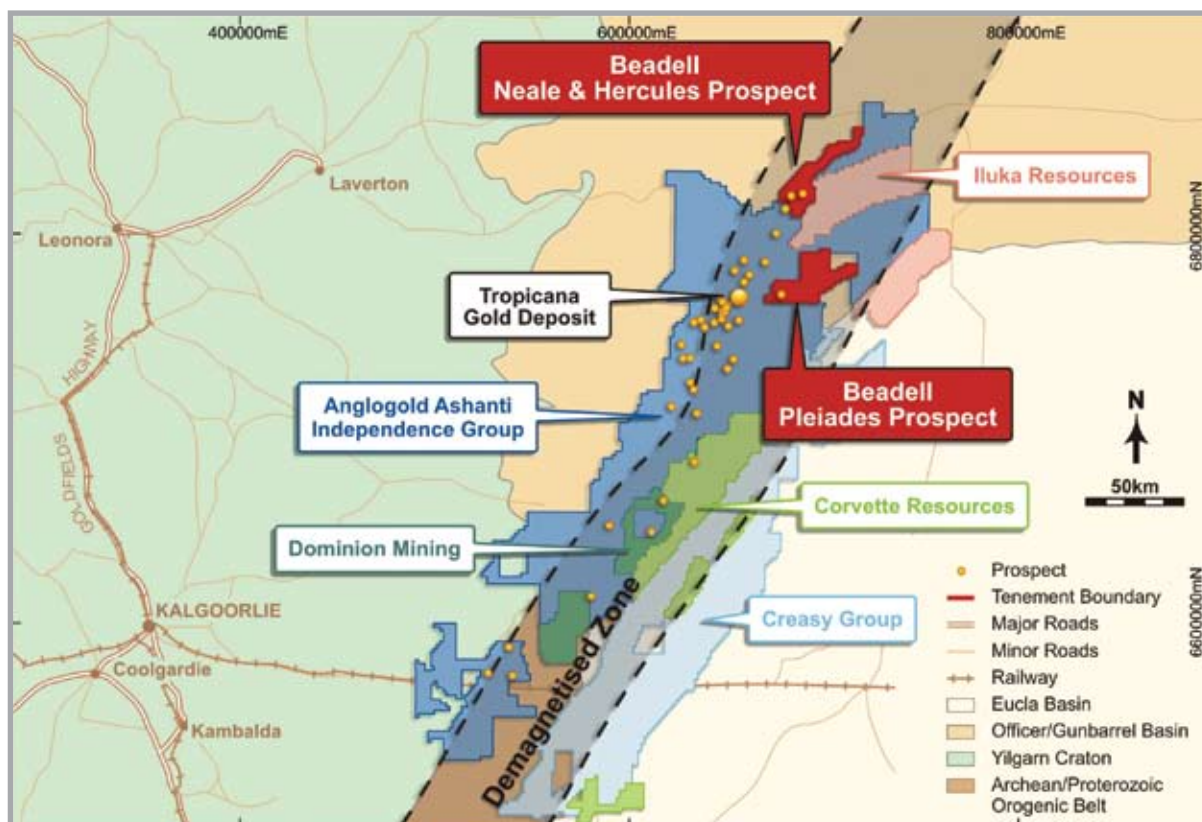


Figure 2. Tropicana East Project Location Map.

The Tropicana East Project is located adjacent to the Anglogold Ashanti/Independence Group 5 Moz Tropicana gold deposit, 350 km north-east of Kalgoorlie in Western Australia. In the last 12 months Beadell has completed Aircore and RC drilling at three prospects including the newly discovered Hercules trend.

Hercules Prospect

A significant new anomalous gold trend was discovered during wide spaced targeted reconnaissance aircore drilling with results including 1 m @ 0.7 g/t gold from 55 m, 1 m @ 0.2 g/t gold from 41 m and 3 m @ 0.1 g/t gold from 42 m on three consecutive wide-spaced drill traverses defining a strike length of at least 1 km. Anomalous gold levels also occur further along strike to the southwest, indicating a potential target zone in excess of 10 km long located along a major granite gneiss/paragneiss contact potentially linking up with the Purple Haze and Voodoo Child anomalies further to the southwest (Figure 3). This linear feature is interpreted to be a major shear zone fluid pathway that has the potential to host Tropicana-style mineralisation.

A first pass RC drilling program intersected widespread silica sericite alteration and moderate level gold anomalism along the Hercules Shear Zone. Importantly, this drilling identified an analogous lithological contact to that hosting the 5 Moz Tropicana gold deposit 60 km to the southwest. The generalised geology of the Hercules trend consists of garnet gneiss to the east, with a thick unit of metachert intersected close to the contact with granite gneiss to the west. Anomalous gold was also intersected two kilometres east of Hercules

where a single RC drill hole, NLC016, targeting a 0.045 g/t gold bottom of hole aircore anomaly associated with a northeast-trending magnetic unit, intersected gold anomalism throughout the hole with results up to 0.3 g/t gold. This result remains open to the northeast and southwest and forms part of the broader Hercules Shear Zone anomaly.

The Hercules Shear Zone has been traversed by only six drill lines over the 10 km strike with five of the six lines intersecting >0.05 g/t gold. The Hercules gold anomaly occurs beneath 30 to 40 m of barren transported cover with basement rocks generally stripped of any significant saprolite development. Aircore drill penetration into the prospective basement is generally restricted to only a few metres, resulting in limited geochemical dispersion.

The Hercules Trend remains highly prospective and sparsely explored for Tropicana-style mineralisation and the next stage of exploration will focus on systematic infill drilling of the 10 km anomalous corridor between the southern tenement boundary near Purple Haze and the northeast extension of the Hercules trend.

TROPICANA EAST

(Continued)

Neale Prospect

The Neale prospect consists of two sub-parallel zones of northeast-trending gold anomalism, each over 2 km in strike length. Transported cover averaging 10 m thick overlies moderately weathered basement with some saprolite development.

The western zone is hosted within variably-altered and strongly-deformed felsic schist with minor iron oxide after disseminated sulphide observed in the weathered bedrock. Intersections greater than 0.1 g/t gold occur on three drill sections over a strike length of 600 m. Results from the western zone include 1 m @ 0.3 g/t gold from 27 m in NL01940, and 1 m @ 0.2 g/t gold from 53 m in NL0231. The eastern zone is hosted within mafic and felsic gneiss forming a coherent linear northeast-trending anomaly over a 3 km strike length. Previous aircore drilling along this trend intersected supergene-type gold with results up to 1 m @ 0.7 g/t gold from 23 m.

Limited first pass RC drilling of the Neale prospect intersected broad zones of sericite alteration with a maximum composite result of 5 m @ 0.15 g/t gold in hole NLC013 from the western zone.

RC Drilling Hercules Prospect, September 2009.



RC Drilling Neale Prospect, September 2009.

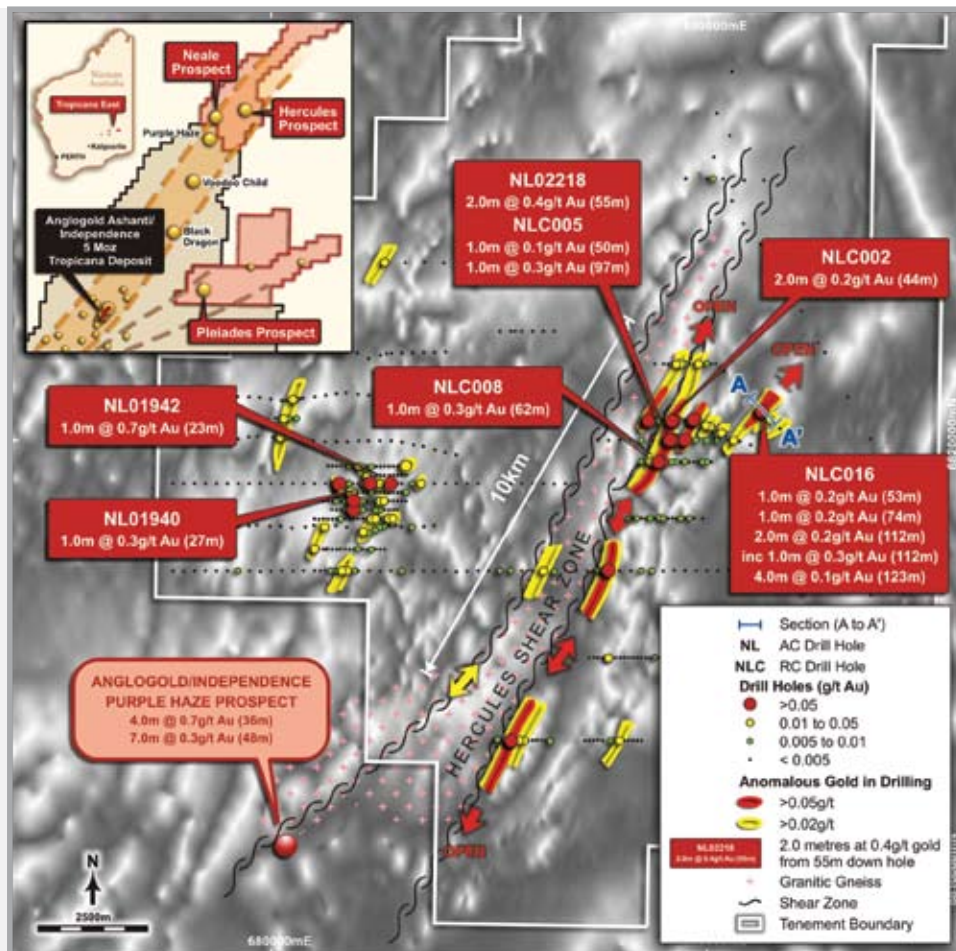


Figure 3. Tropicana East - Neale & Hercules prospects Location Map and Aeromagnetic image.

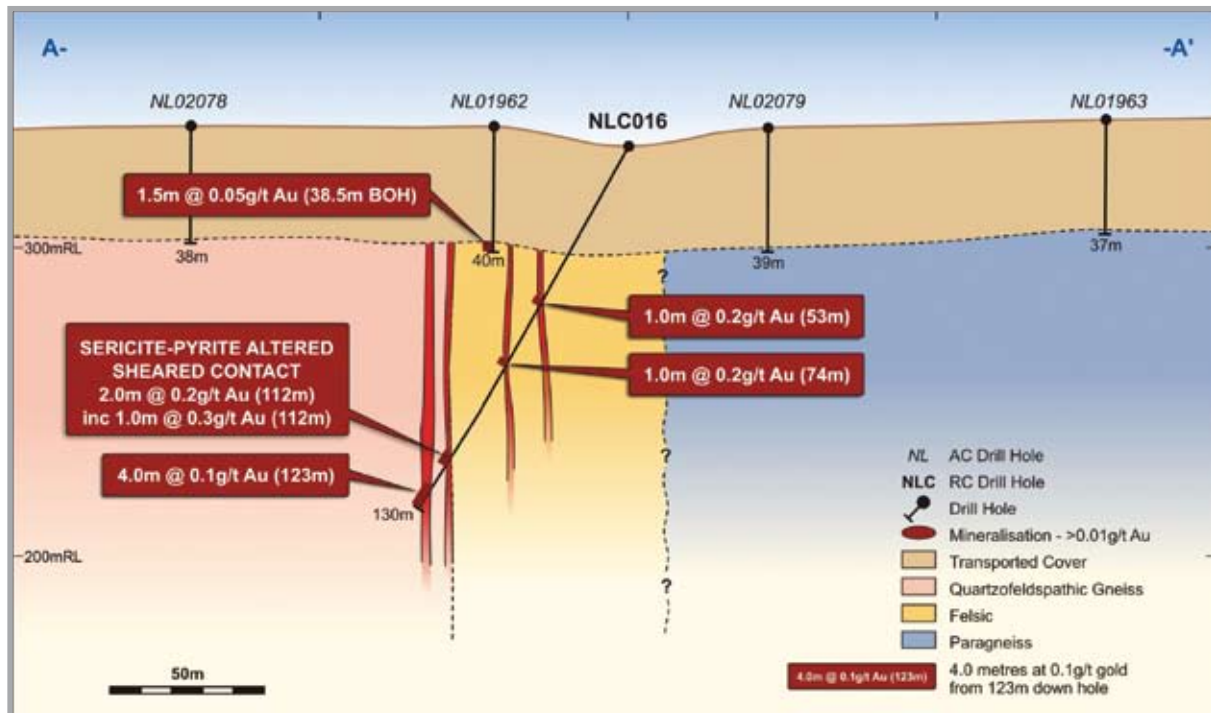


Figure 4. Tropicana East – Hercules Drill Section.

Pleiades Prospect

Wide spaced aircore drilling on approximately 1 km by 250 m hole spacing at Pleiades Lakes has intersected a large low tenor gold anomaly 20 km east of the Tropicana deposit (Figure 5). The coherent north-east trending anomaly at greater than 0.01 g/t gold has been intersected on 4 drill traverses over a strike length in excess of 7 km. The anomaly is partly transported and

hosted within basal gravels, but is also hosted within bedrock saprolite in a north-east orientation, mimicking the underlying orientation of the basement geology. A maximum result of 0.09 g/t gold was recorded in transported cover within the anomaly. The Pleiades area is interpreted to represent a major north-east faulted offset of the Tropicana structural domain.

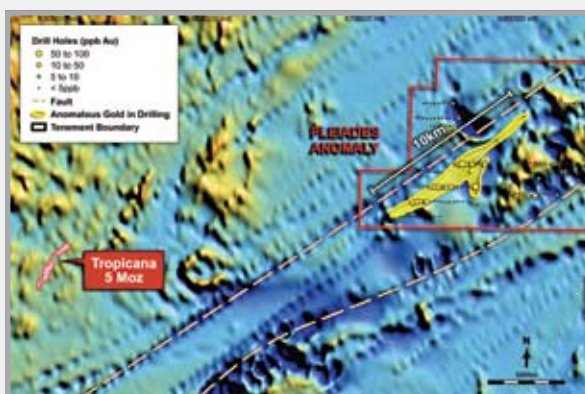


Figure 5. Pleiades Prospect Location Map and Aeromagnetics.



Exploration Camp – Pleiades Prospect.

WEST MUSGRAVE

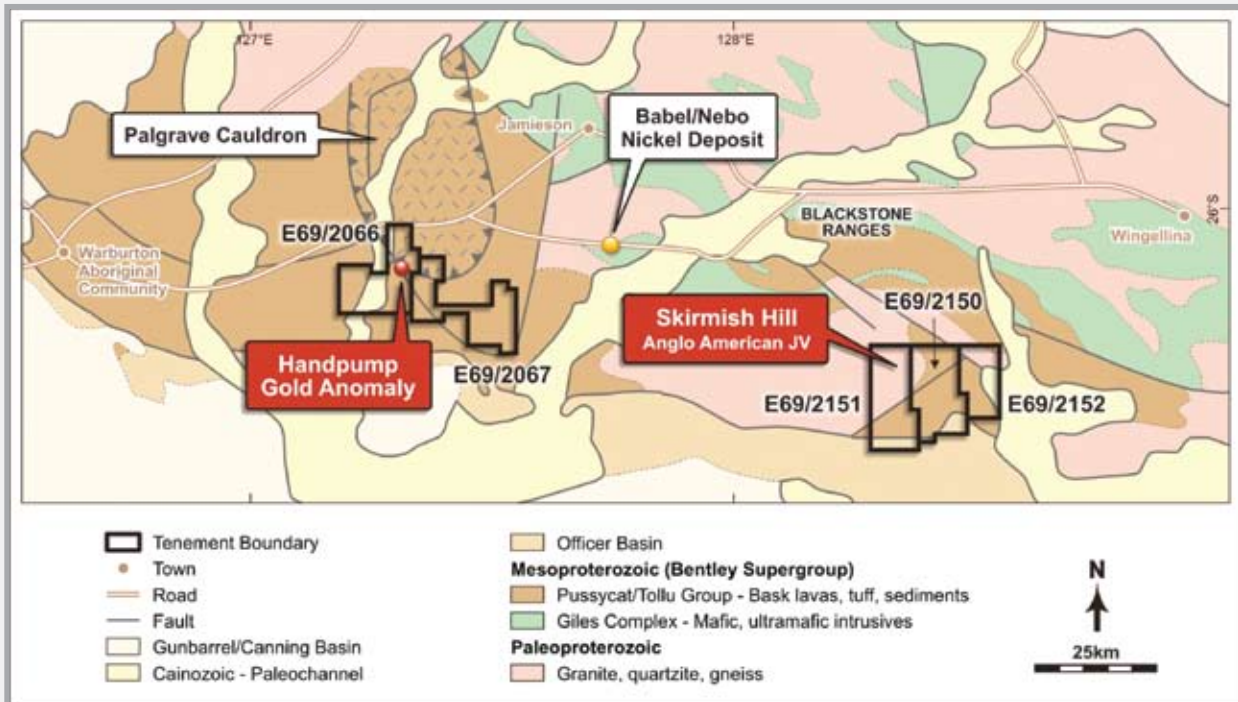


Figure 6. West Musgrave – Handpump & Skirmish Hill Projects Location Map and Interpreted Geology.

Handpump Prospect

The Handpump project is located 75 km east of Warburton in the remote central eastern part of Western Australia (Figure 1, 6) close to the borders with South Australia and Northern Territory. The Musgrave Complex forms a large belt of Mesoproterozoic rocks stretching in an east-west direction from the northern part of South Australia across into Western Australia.

A large circular aeromagnetic feature is interpreted as a major collapse caldera ('Palgrave Cauldron') represents a target for copper and gold mineralisation. At the southern tip of the cauldron, the 'Handpump' gold soil anomaly discovered by WMC Resources Limited in the 1990s is the main target of Beadell's exploration activity in the West Musgrave.

In the last 12 months detailed mapping and sampling has identified the outcropping source of the soil anomaly with numerous composite rock chip samples assaying greater than 0.5 g/t gold up to a maximum of 1.2 g/t gold associated with a brecciated and silica-K feldspar-pyrite altered rhyolite (Figure 7).

Definitive testing of the outcropping breccia zone will be facilitated by RC drilling over the coming year. The drilling will be co-funded by the Western Australian government as part of the successful application to the Exploration Initiative Scheme (EIS).

Primer Prospect

A large circular molybdenum soil anomaly several kilometres in diameter is located 3 km southeast of the Handpump prospect. Infill soil sampling, rock chip sampling and mapping has outlined sporadic outcrop of the same style of hydrothermally-altered and brecciated rhyolite as hosts the Handpump mineralisation. Up to 0.14 g/t gold occurs in soil samples from a 500 m x 100 m spaced survey.



Paul Tan, Exploration Manager Australia with a group of indigenous elders, whilst carrying out heritage survey. West Musgraves September 2009.

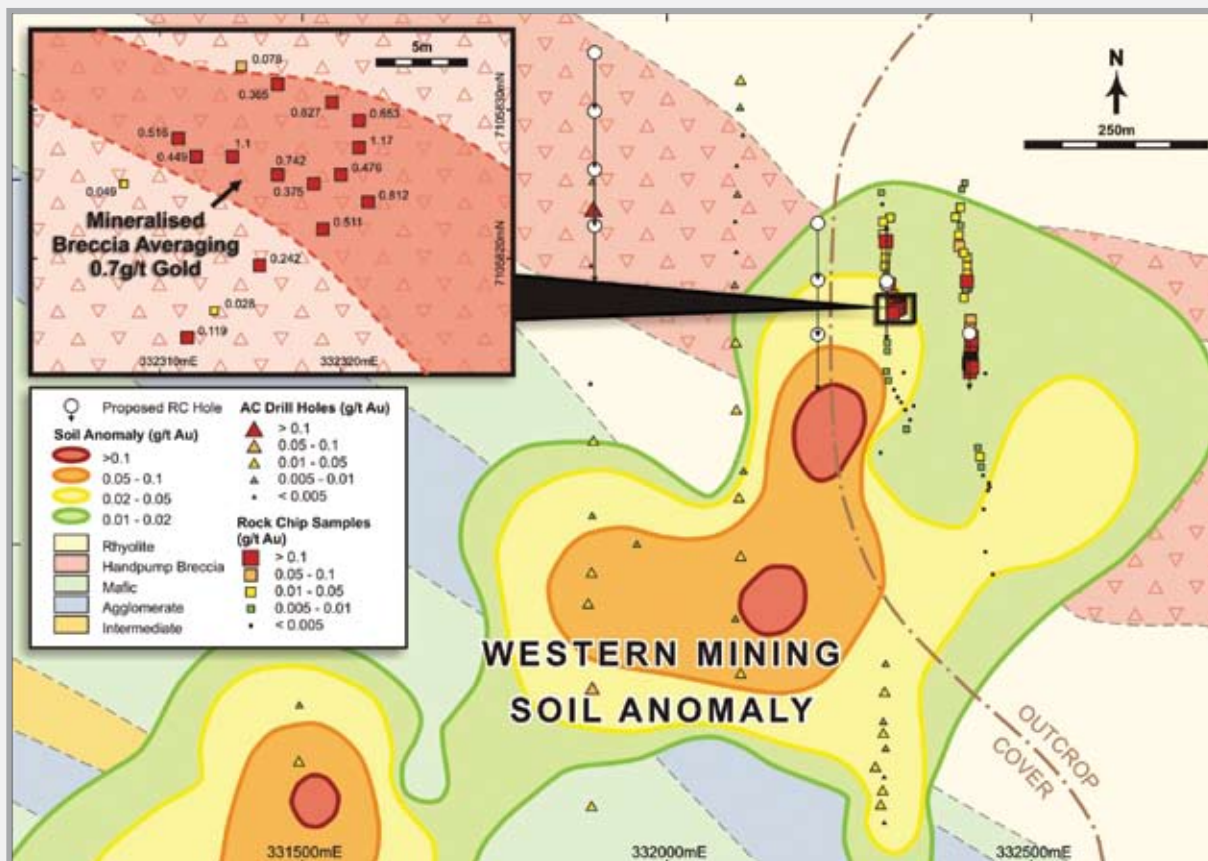


Figure 7. West Musgrave - Handpump Prospect showing anomalous rock costean results and soil anomaly.

Skirmish Hill Project

An Option and Joint Venture Agreement has been entered into with Anglo American Exploration (Australia) Pty Ltd ("Anglo American") on Beadell's 100% owned Skirmish Hill Project in the West Musgrave region of Western Australia. Anglo American can elect to exercise the Option and earn an initial 51% equity in the project by the expenditure of \$1 million within 3 years and earn an additional 24% by the additional expenditure of \$2 million in an additional 4 year period.

The Skirmish Hill project covers an area of 560 km² in three contiguous granted tenements 80 km south-east of BHPB's Nebo-Babel nickel deposit (Figure 6). The project is considered highly prospective for nickel sulphide, platinum group elements, and copper-gold mineralisation.

Anglo American is planning an extensive geophysical survey in the form of a regional airborne electromagnetic (EM) survey using the highly successful proprietary "Spectrem" EM system. This will be the first time the Spectrem EM system has been flown in Australia. The survey is planned to cover most of the Skirmish Hill tenure in search of geophysical anomalies that may represent metal sulphide bodies.



Handpump mineralised breccia.



Anglo American 'Spectrem' airborne electromagnetic system.

LAKE MACKAY

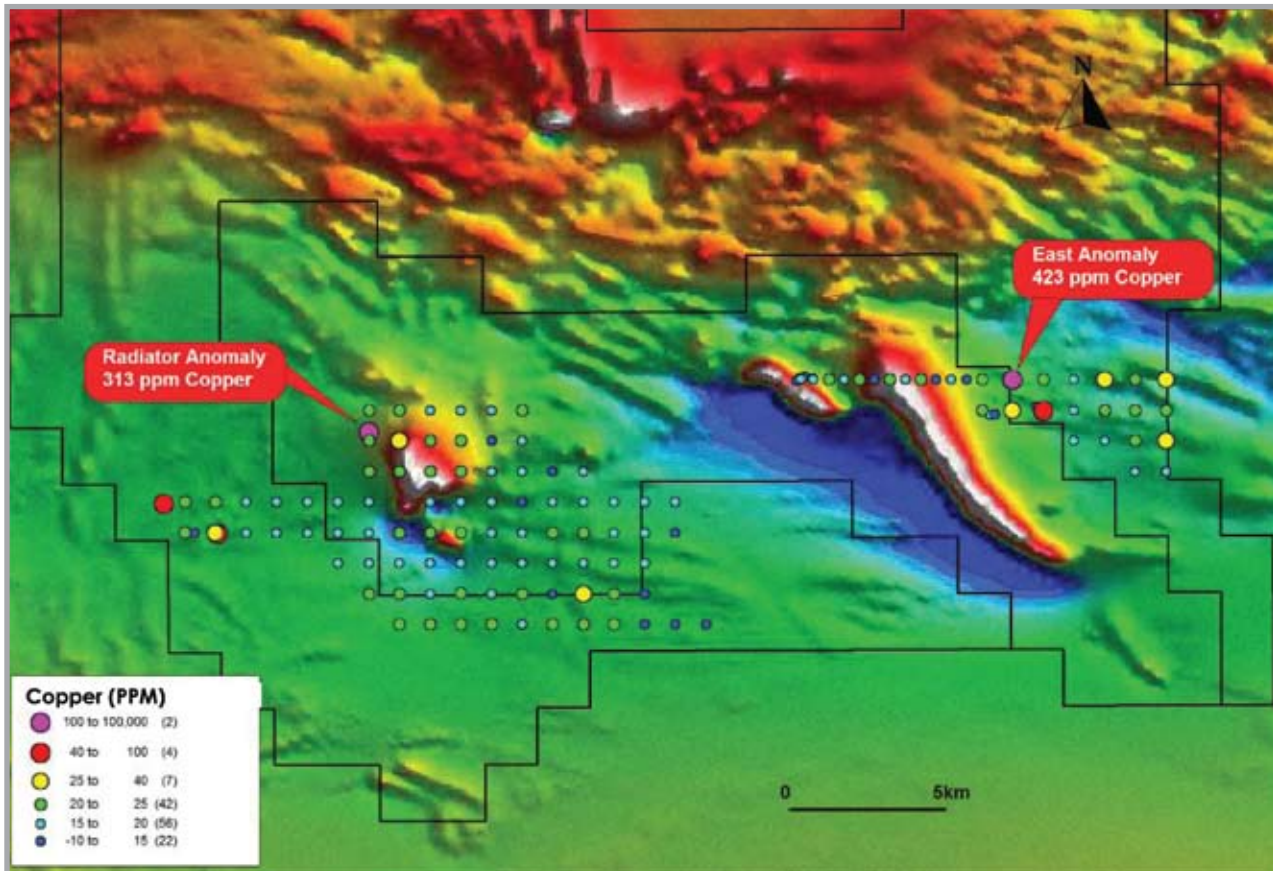


Figure 8. Dwarf Well Aeromagnetic image with 1 km x 1 km soil sampling copper results.

The Lake Mackay project (see Figure 1) was farmed out in August 2009 to Meteoric Resources Ltd (MEI) who can earn an initial 51% equity in the project by completing 7000 m of RAB/AC drilling by June 2010, and spend \$400 000 on exploration over a 3 year period. Under the agreement MEI can earn an additional 19% by expending a further \$400 000 on exploration within a further 2 years.

Beadell was awarded a Western Australian government grant to co-fund first pass aircore drilling at Lake Mackay targeting Iron Oxide Copper Gold (IOCG) mineralisation in this previously unexplored but highly prospective belt. The Lake Mackay project covers an area of 840 km² over two adjacent project areas named Dwarf Well and Mt Webb. Key coincident aeromagnetic and gravity geophysical anomalies have been identified within the project areas and will be the focus of exploration.



Reconnaissance work, Lake Mackay Project July 2009.

Dwarf Well Prospect

The Dwarf Well prospect encompasses two distinct coincident 'bullseye' magnetic and gravity anomalies which are considered to be highly prospective for IOCG type mineralisation. First pass field work was completed at Dwarf Well in May 2009 with wide spaced, 1 km x 1 km magnetic lag sampling believed to be first ever field reconnaissance work by anyone in this region.

The western geophysical anomaly named 'Radiator' is completely covered by aeolian sand, however a single metre-wide outcrop immediately northwest of the geophysical anomaly contained brecciated fine grained felsic rock with abundant iron oxides and elevated copper of 313 ppm.

Limited work was completed on the eastern geophysical anomaly, however a single traverse across the northern part identified widespread brecciated and altered felsic rocks with disseminated iron oxides. While no outcrop was observed directly over the geophysical anomalies a highly anomalous soil result of 423 ppm copper with coincident elevated gold of 5 ppb is situated east of the geophysical anomaly (Figure 8).

Mt Webb Prospect

First pass soil sampling, rock chip sampling and geological / regolith mapping was undertaken at the Mt Webb prospect in May 2009. Magnetic lag and sieved soil samples were collected on a 1 km x 1 km grid with a highest gold result of 6 ppb gold. The area is characterised by shallow aeolian sand cover with sporadic outcrop. Widespread deformation and alkali alteration was observed in the volcanic and granitic rocks associated with the Mt Webb granite and coeval Pollock Hills volcanic indicating a good source and host rock setting for IOCG mineralisation.



Magnetic lag sampling at Dwarf Well.



Exploration Manager Paul Tan at Mt Webb.

VICTORIA

Reedy Creek Prospect

The Reedy Creek Project is located 70 km north of Melbourne in Victoria and is accessible via the Hume Highway adjacent to Kilmore. The project is located within the Melbourne geological zone consisting of Siluro-Devonian turbidites intruded by Late Devonian granite and diorite dykes.

Gold and antimony mineralisation within the project is hosted by northeast and northwest-trending quartz diorite dyke sets, interpreted to represent a ring dyke-type structure.

Drilling completed by Beadell in 2008 resulted in the classification of a preliminary inferred JORC resource of **609 000 t @ 2.4 g/t** gold for **47 000 ounces** calculated at a lower cutoff of 0.5 g/t using Ordinary Kriging.

The mineralisation remains open at depth with excellent potential to define additional ore shoots within the 800 m strike between Golden Dyke and Apollo. A best result at the central Rising Sun area recorded 8 m @ 12.5 g/t from 66 m which remains open (Figure 9).

A work program is in the final stages of approval to complete a major resource drill out which would entail the drilling of 32 shallow RC holes totalling 4000 m of drilling. A Cultural Heritage Management Plan has been approved for this work including a Heritage survey of the area.



Reedy Creek Project, Historic Golden Dyke Stope.

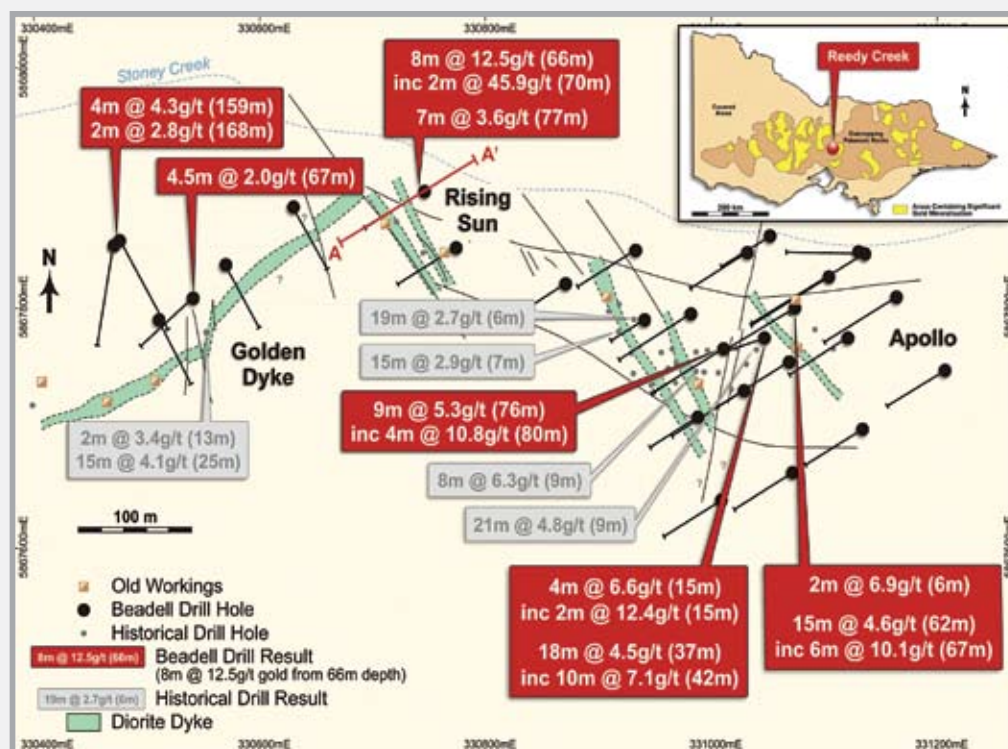


Figure 9. Reedy Creek Project – Clonbinane RC drill hole results.

BRAZIL

Tartaruga Project

The Tartaruga project is located in the State of Amapa in northern Brazil, 160 km north of Macapa along the main sealed highway leading to French Guyana. The project comprises a Mining Concession application DNPM 851.439/1980 covering 20 000 ha.

In 2008 Beadell completed a major diamond drilling program of over 4000 m in 38 drill holes targeting the main known mineralised zones at Mineiro, Mandiocol and Bananal which form a continuous mineralised trend over a strike length in excess of 2 km (Figure 11). The drilling defined a JORC inferred resource of **5.5 Mt @ 1.6 g/t gold for 279 000 ounces**. A higher grade core of mineralisation at a 1.5 g/t lower cut off is estimated at **2.1 Mt @ 2.7g/t for 185 000 ounces**. The mineralisation remains open in all directions with excellent potential to rapidly increase the resource with additional drilling.

The Tartaruga project is characterised by an open undulating lateritic landform with all the gold resources located on previously cleared grazing farmland.

All previous drilling on the project, totalling over 10 000 m, has been diamond drilling however there is a great opportunity to use more conventional aircore and RC drilling techniques to cost effectively explore and delineate additional resources at the project.

Options to develop the Tartaruga project are currently being considered with scoping engineering and optimisation studies indicating a robust open pit project at current gold prices. Optimal pit shells at the adjoining Mineiro and Mandiocol deposits are modelled to produce 2.8 Mt @ 1.8 g/t gold for 151 000 oz (Figure 12). Both open pit models bottom in high-grade mineralisation which remain open at depth. Potential to develop a complimentary underground operation at the base of the optimised pits is now being investigated.

Outside of the known resource areas the Tartaruga project has significant exploration upside with almost no drilling completed outside of the main Mineiro trend even though extensive alluvial and hardrock garimpeiro workings exist throughout the project area. Ongoing exploration at the project will aim to increase the resource base to over 500 000 oz of gold prior to a decision to develop the project.

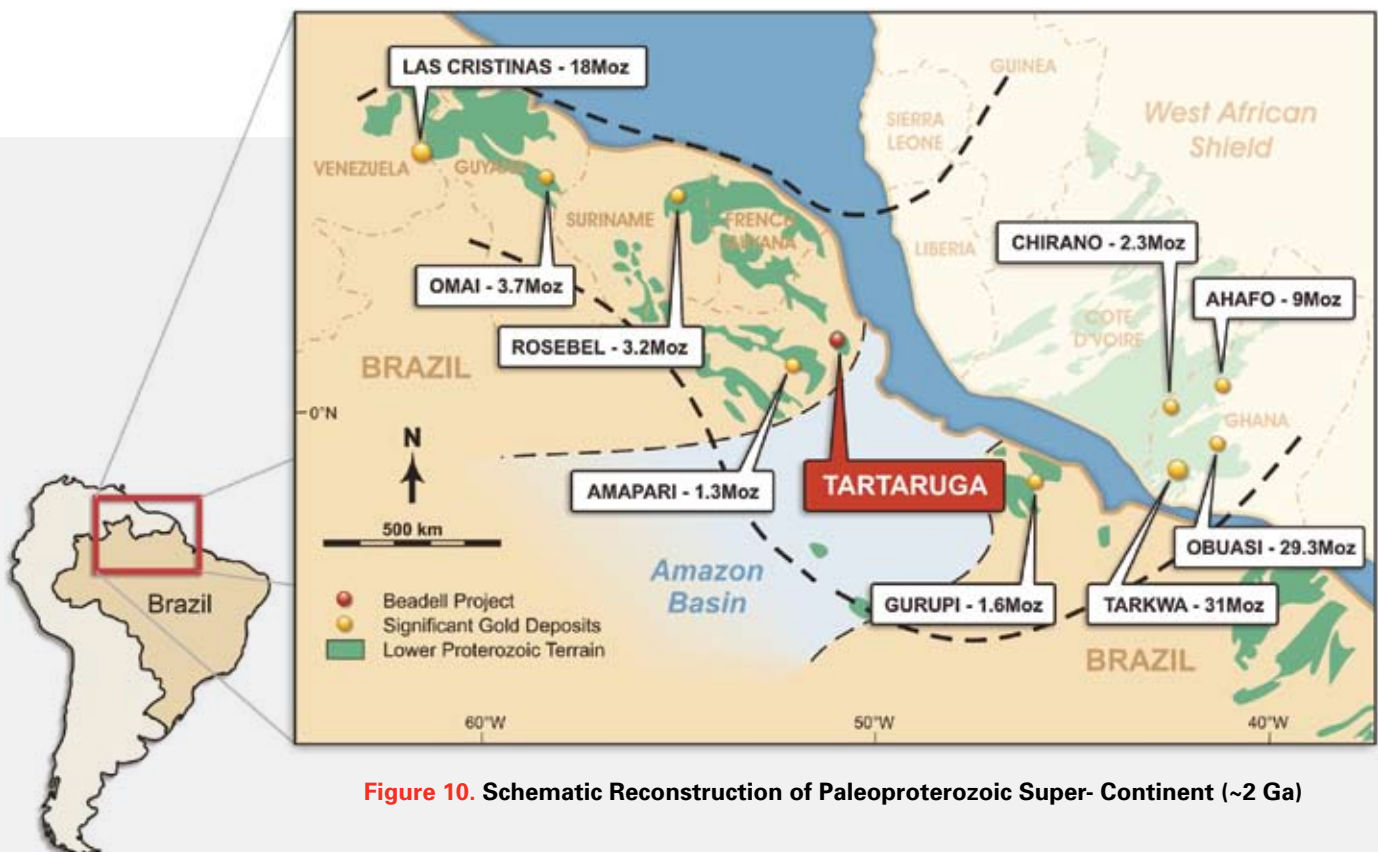


Figure 10. Schematic Reconstruction of Paleoproterozoic Super- Continent (~2 Ga)

BRAZIL

(Continued)

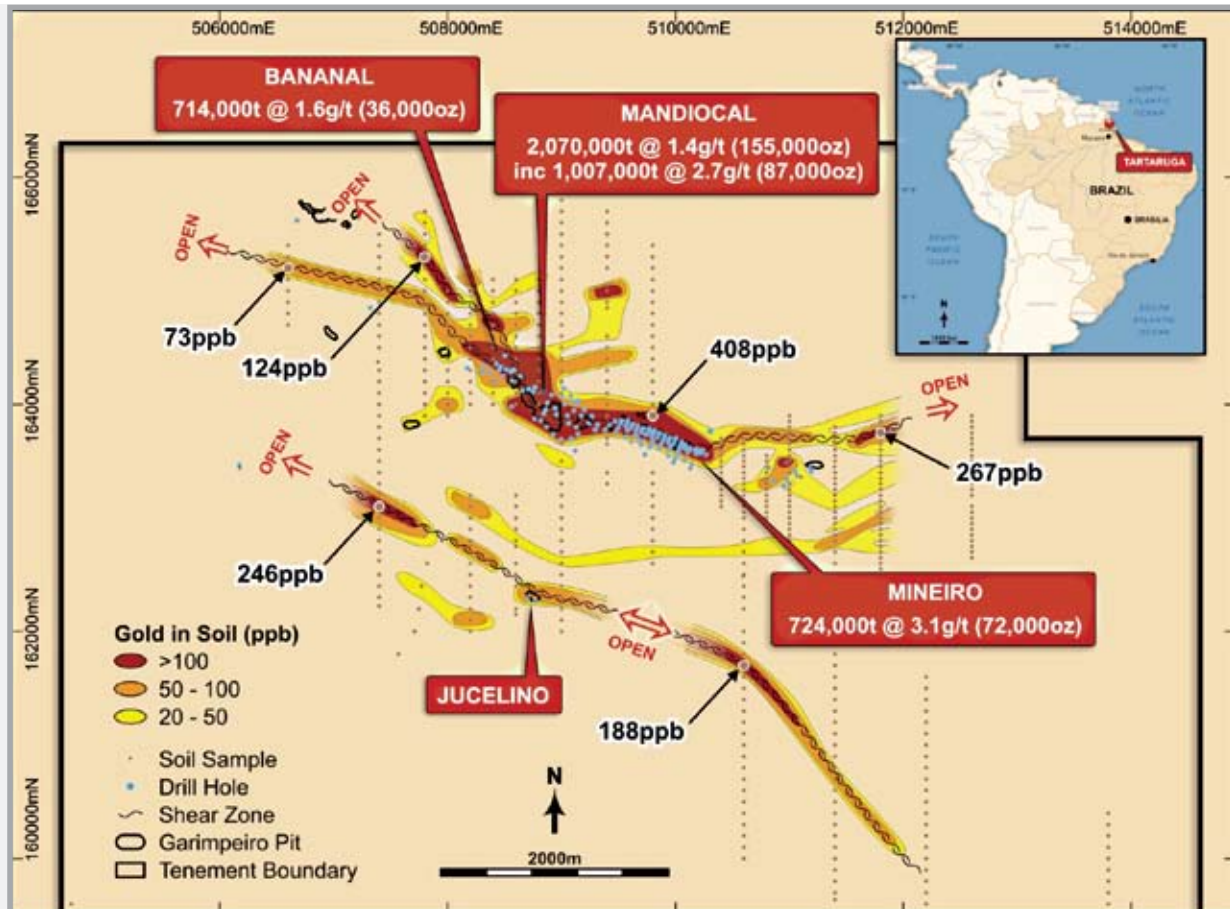


Figure 11. Tartaruga Project Location Plan with drill hole and soil locations.

Mineiro Shear Zone

The Mineiro Shear Zone encompasses all the current JORC inferred resources of Mineiro Zeta, Mandiocall and Bananal which form a continuous mineralised trend over approximately 2 km strike length open to the east and west (Figure 11). The gold mineralisation is hosted within a tabular shear 1 to 13 m wide, semi-conformable with a shallowly southwest-dipping quartzite.

The central Mandiocall deposit has been drilled to a nominal 80 m x 80 m spacing delineating a flat lying supergene layer and a high grade central core of primary mineralisation plunging shallowly to the south. A total JORC inferred resource for Mandiocall is estimated at **3.4 Mt @ 1.4 g/t for 155 000 ounces of gold** at a 0.5 g/t lower cut off with a higher grade core of mineralisation in the supergene and main Mandiocall zones of **1.0 Mt @ 2.7 g/t for 87 000 ounces of gold** using a 1.5 g/t lower cut off. The highest grade approximate true width results, including **0.4 m @ 68.7 g/t gold** from 105.6m and **2.3 m @ 10.7 g/t gold** from 99m, remain open at depth and form an excellent target for additional open



Field Assistant Monteiga at project entrance.

pit or underground resources. Several narrow hanging wall structures hosted within felsic to intermediate volcanic rocks were intersected, however due to the limited number of drill hole pierce points they have not been included in the modelled resource. The surface projection of the hangingwall structures appears to have been the focus of shallow garimpeiro mining from the Mandiocal pit.

The Mineiro Zeta deposit adjoins the Mandiocal deposit and forms a continuous mineralised zone over 700 m of strike.

The deposit has a JORC inferred resource of 1.3 Mt @ 2.0 g/t for 88 000 ounces of gold at a 0.5 g/t gold lower cut-off, with a high grade zone showing good continuity

containing an inferred resource of 0.7 Mt @ 3.1 g/t for 72 000 ounces of gold. The Mineiro deposit has excellent open pitable potential with the mineralisation exposed at the surface by numerous shallow pits between 2 and 10 m deep.

The Mineiro shear zone has excellent potential to host additional resources with recently completed wide spaced soil sampling indicating that the mineralisation extends over a 5 km strike and is open to the east and west with a highest result of 0.27 g/t gold (Figure 11). A spot high soil result of 0.41 g/t gold 100 m north of Mineiro Zeta also remains untested by drilling.

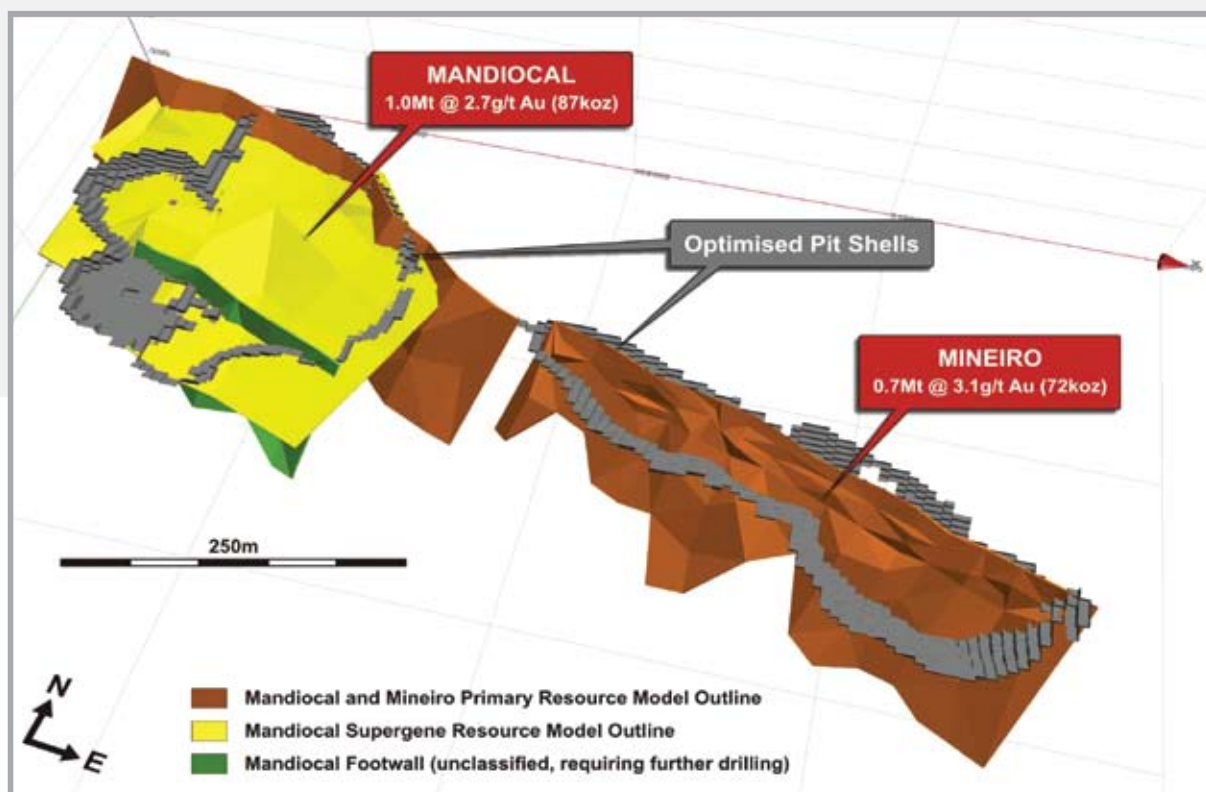


Figure 12. Tartaruga 3D image looking NW showing pit optimisation and resource outlines.

BRAZIL

(Continued)



Mandiocal Pit facing East.



**Sealed Road from State Capital,
Macapa to Tartaruga project.**

Jucelino Shear Zone

A major new gold-anomalous corridor named the Jucelino Shear Zone has been identified by regional soil sampling on approximately 800 m by 100 m spacing, 2 km south of and parallel to the main Mineiro Shear Zone (Figure 11). Anomalous soil results have been recorded over 6 km length with the highest result of 0.25 g/t gold remaining open to the west. A result of 0.19 g/t gold was recorded 1.7 km east and along strike of the Jucelino pit, opening up a large area with potential for mineralisation.

The Jucelino trend is characterised by an undulating terrain with abundant, but generally shallow cover sequences of alluvium and laterite. Beadell completed two diamond holes beneath the Jucelino pit in 2008; these holes intersected a series of steeply dipping and deformed felsic to gabbroic rocks with significant zones of alteration, sulphidation and anomalous gold up to 1.3 g/t gold.



RESERVES & RESOURCES



Brazil Tartaruga	Tonnes '000	Grade (g/t)	Ounces '000	Top Cut (g/t)	Lower Cut (g/t)
Mineiro High Grade	862	2.8	77	40	0.5
Mineiro Low Grade	485	0.7	10	9	0.5
Sub Total Mineiro	1,346	2.0	88		0.5
Mandioal Main Zone	2,070	1.4	91	30	0.5
Mandioal Supergene	1,012	1.6	53	10	0.5
Mandioal Colluvium	358	1.0	11	uncut	0.5
Sub Total Mandioal	3,440	1.4	155		0.5
Bananal	714	1.6	36	10	0.5
Total Brazil Tartaruga	5,500	1.6	279		0.5
Australia Reedy Creek	Tonnes '000	Grade (g/t)	Ounces '000	Top Cut (g/t)	Lower Cut (g/t)
Apollo Oxide	137	2.6	11	20	0.5
Apollo Fresh	400	2.2	29	20	0.5
Sub Total Apollo	537	2.3	40	20	0.5
Rising Sun Fresh	34	3.8	4	20	0.5
Sub Total Rising Sun	38	3.5	4	20	0.5
Golden Dyke Oxide	8	2.8	1	20	0.5
Golden Dyke Fresh	26	2.5	2	20	0.5
Sub Total Golden Dyke	34	2.6	3	20	0.5
Total Australia Reedy Creek	609	2.4	47	20	0.5
Beadell Total	6,105	1.7	326		0.5

Table 1. Beadell Inferred JORC Resources.

The information in this report relating to Exploration Results and Mineral Resources is based on information compiled by Mr Robert Watkins and Mr Paul Tan who are members of the Australian Institute of Mining and Metallurgy and have 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 and Mr Tan are full time employees of Beadell Resources Ltd. Mr Watkins and Mr Tan consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The Mineiro, Mandioal, Bananal, Apollo, Rising Sun and Golden Dyke mineral resources were estimated using Ordinary Kriging. The Mandioal Supergene and Mandioal Colluvium resources were estimated using Inverse Distance

TENENMENT SCHEDULE

Interests in mining tenements.

At the date of the Directors' Report, the Company's interests in significant mining and exploration tenements were as follows:

Location	Description	Area (Sq km)	Interest %
Tropicana (WA)	E38/1913	467	100
Tropicana (WA)	E39/1203	219	100
Tropicana (WA)	E69/2585	210.2	100
Musgrave (WA)	E69/2066	216	100
Musgrave (WA)	E69/2067	216	100
Musgrave (WA)	E69/2150	215.4	100
Musgrave (WA)	E69/2151	215.4	100
Musgrave (WA)	E69/2152	129.3	100
Vernon (WA)	E69/2326	603	100
Vernon (WA)	E69/2327	604	100
Vernon (WA)	E69/2328	603	100
Lake MacKay (WA)	E80/3820	261	100
Lake MacKay (WA)	E80/3821	191	100
Lake MacKay (WA)	E80/3822	443	100
Lake MacKay (WA)	E80/3823	636	100
Lake Torrens (SA)	EL 3489	775	100
Reedy Creek (VIC)	EL 4460	71	100
Reedy Creek (VIC)	EL 4987	485	100
Brazil, Tartarugalzhino	DNPM . 851.439/1980	96	100

DIRECTORS' REPORT

For the year ended to 30 June 2009

The directors present their report together with the financial report of Beadell Resources Limited ("the Company") and of the Group, being the Company and its subsidiaries, for the year ended 30 June 2009 and the auditor's report thereon.

1. DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Name and qualifications

Experience, special responsibilities and other Directorships

Dr Michael Donaldson

BA (Hons), PhD

Chairman

Independent Non-Executive Director

Appointed 31 July 2007

Dr Donaldson has over 25 years experience in the minerals industry, including 15 years with WMC in nickel, gold and base metals. Dr Donaldson was the Exploration Manager of Coolgardie Gold NL, and General Manager Exploration of Sons of Gwalia Ltd and Ashton Mining Ltd. Most recently Dr Donaldson was the General Manager Mapping with the Geological Survey of Western Australia. Dr Donaldson is currently a Non Executive Director of Territory Resources Limited. He is a Member of the Australian Institute of Geoscientists, the Society of Exploration Geologists, and the Geological Society of Australia.

Mr Peter Bowler

Dip Farm Management (Hons)

Managing Director

Appointed 3 May 2007

Mr Bowler has most recently been the Managing Director of Agincourt Resources Limited and was instrumental in driving its rapid growth. He was also a founding Director of Nova Energy Limited. As Managing Director of Agincourt, he facilitated the takeover by Oxiana Limited in April 2007. Mr Bowler was previously the Director of Operations for Agincourt and responsible for all facets of the Wiluna Gold Operation including contract negotiations, overseeing feasibility studies, employee health and welfare, completion of sensitive heritage clearances with local indigenous communities, environmental management and business development.

Mr Robert Watkins

BSc (Hons), MAusIMM

Exploration Director

Appointed 3 May 2007

Mr Watkins is the former Exploration Manager for Agincourt and has over 15 years exploration experience in Australia and Africa with Placer Dome Asia Pacific Limited and Delta Gold Limited. He has a recent track record of exploration success in Australia, Indonesia and Brazil. Mr Watkins is a member of the Australasian Institute of Mining and Metallurgy.

2. COMPANY SECRETARY

Mr Gregory Barrett CA, FFin, B.Comm has held the position of company secretary since 2007. Mr Barrett is a member of the Institute of Chartered Accountants and a Fellow of the Financial Services Institute of Australasia. He has over 15 years management, corporate advisory, finance and accounting experience working for several listed and unlisted public companies for which he has held the role as company secretary for over ten years. He is the former finance executive and Company Secretary for Agincourt Resources Limited and had previously worked for KPMG before specialising in the mining industry. Mr Barrett is also the Company's Chief Financial Officer.

3. DIRECTORS' MEETINGS

The number of directors' meetings and number of meetings attended by each director in the capacity of director of the Company from beginning to end of the financial year are:

Director	Board Meetings	
	A	B
Dr Michael Donaldson	6	6
Mr Peter Bowler	6	6
Mr Robert Watkins	6	6

A – Number of meetings attended **B** – Number of meetings held while in office

DIRECTORS' REPORT

For the year ended to 30 June 2009 (continued)

4. CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

4.1 BOARD OF DIRECTORS

Role of the board

The Board's primary role is the protection and enhancement of long-term shareholder value, to this end, the Company has established functions reserved to the board and those delegated to senior executives, as set out in the Board's Charter are located on the Company's website (www.beadellresources.com.au), in summary;

- The Board is responsible for the overall corporate governance of the Group including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals, ensuring the integrity of internal control and management information systems and approving and monitoring financial and other reporting.
- The Board has delegated responsibility for the operation and administration of the Company to the Managing Director and the executive management team. The Board Charter supports this delegation of responsibility by formally defining the specific functions reserved for the Board and those matters delegated to management.

The Company's Statement on Board and Management Functions is available on the Company's website.

Board processes

The Company does not have any formally constituted committees of the Board of Directors. The size and scope of the Company's activities does not justify the establishment of separate or special committees. All roles which may have been dealt with by any special committees have been assumed by the board and matters which might have been dealt with by those special committees are subject to regular scrutiny at full board meetings.

The Board regularly and closely monitors the Company's financial performance and ensures that accurate and timely reporting systems are established.

The Board has implemented internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations.

The full Board currently holds six scheduled meetings each year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise. No Director participates in any deliberation regarding his own remuneration or related issues.

The agenda for meetings is prepared in conjunction with the Chairman, Executive Directors and Company Secretary. Standing items include the financial reports, strategic matters, governance and compliance. Submissions are circulated in advance. Executives are regularly involved in board discussions and directors are in continual contact with the wider group of employees.

Independent professional advice and access to company information

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified adviser at the Group's expense. The director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other members of the board.

Composition of the board

The names of the directors of the Company in office at the date of this report are set out in the Directors' report on page 17 of this report. The composition of the board is determined using the following principles:

- a minimum of three directors, but no more than 10 directors,
- a maximum period of 3 years service, eligible for re-election,
- one third of all directors must retire at each annual general meeting, and are eligible for re-election.

The Board's policy for determining the selection and appointment of new directors includes consideration of:

- the quality of the individual,
- background of experience and achievement,
- compatibility with other Board members,
- credibility within the Group's scope of activities,
- intellectual ability to contribute to Board's duties, and;
- physical ability to undertake Board's duties and responsibilities,

Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting.

The Board supports the principle of having a majority of independent directors. However, it is mindful that in the early stages of the Company's development other competing priorities which may impact on the Board's structure could be of greater importance, in terms of increasing shareholder value, than having a Board consisting of a majority of independent directors.

The Chairman is a non-executive independent director. The Board considers that the role carried out by the Chairman (Dr Michael Donaldson) is in the best interests of the Company. Dr Donaldson's relevant industry experience of over 30 years is viewed positively by the Board.

4.2 REMUNERATION REPORT - AUDITED

4.2.1 Principles of compensation - audited

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group, including directors of the Company and other executives. Key management personnel comprise the directors of the Company and executives of the Company and the Group.

Compensation levels for key management personnel and secretaries of the Company and key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board of Directors determines compensation packages of both the Company and the Group given trends in comparative companies and the objectives of the Company's compensation strategy.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the relevant segment/s' performance;
- the Group's performance regarding exploration and/or acquisition success and the growth in share price and delivering constant returns on shareholder wealth.

Compensation structures may include fixed compensation and share based payments. As at 30 June 2009 compensation structures consist of fixed compensation only.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including

motor vehicles), as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the Board of Directors through a process that considers individual, segment and overall performance of the Group. In addition external consultants may be engaged to provide analysis and advice to ensure the directors' and senior executives' compensation is competitive in the market place.

Performance linked compensation

Key management personnel currently receive no performance based compensation.

Other benefits

Key management personnel are not entitled to receive additional benefits as part of the terms and conditions of their appointment.

Consequences of performance on shareholder wealth

The Group operates in the exploration and evaluation phase, accordingly the only meaningful measure of company performance is change in share price, as set out in the table below:

As at 30 June	2009	2008
Share price	\$0.07	\$0.40

Service contracts

It is the Group's policy that service contracts for key management personnel are unlimited in term and capable of termination by either party with three months' written notice. In the case of wilful or fraudulent misconduct, the Group retains the right to terminate the contract without notice. Key management personnel are entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. Each service contract outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified year to year.

Mr Peter Bowler, Managing Director has a contract dated 24 July 2007 with the Company. In addition to the general terms stated above, the contract requires that Mr Bowler to assume and exercise the powers and perform the usual duties of a managing director and requires Mr Bowler to report to, and provide the Chairman with any relevant information and reports.

Salary and performance review

The Salary and performance of directors and senior executives is evaluated bi-annually. These reviews were conducted during the financial year, in the case of senior executives, the reviews were carried out by the Managing Director, in the case of directors, the reviews were carried out by the Chairman.

DIRECTORS' REPORT

For the year ended to 30 June 2009 (continued)

4.2 REMUNERATION REPORT - AUDITED (CONTINUED)

4.2.2 Directors' and executive officers' remuneration (Company and Consolidated) - audited

Details of the nature and amount of each major element of remuneration of each director of the Company, each of the five named Company executives and relevant Group executives who receive the highest remuneration and other key management personnel are as set out below.

The Company and Group have one executive and accordingly has presented information on this basis.

	Salary & fees \$	Superannuation \$	Total \$
Directors			
Non-Executive Directors			
<i>Michael Donaldson, Chairman</i>	48,555	4,370	52,925
Executive Directors			
<i>Peter Bowler, Managing Director</i>	198,741	17,887	216,628
<i>Robert Watkins, Exploration Director,</i>	194,223	17,480	211,703
Executives			
<i>Gregory Barrett, Company Secretary, CFO</i>	194,223	17,480	211,703
Total compensation: key management personnel (consolidated)	635,742	57,217	692,959
Total compensation: key management personnel (Company)	635,742	57,217	692,959

4.2.3 Details of performance related remuneration - audited

No amount of remuneration during the year ended 30 June 2009 was performance related.

4.2.4 Equity instruments - audited

No equity instruments were granted as compensation to directors or executives during the year ended 30 June 2009. The Board of Directors resolved at a board meeting held on 27 August 2009 to grant each of the Company's directors and executives 500,000 options. Options resolved to be issued to company directors are yet to be granted as they are subject to shareholder approval at the Company's next annual general meeting. The options have an exercise price of \$0.12, vesting on 30 June 2010 and expiring 30 June 2013. The options will be provided at no cost to recipients

4.2.5 Payments to persons before taking office – audited

There were no payments made to persons before taking office during the year ended 30 June 2009.

4.3 RISK MANAGEMENT

The size and scope of the Company's activities does not justify the establishment of a formal documented risk management policy. However, the Company has developed a risk management framework as set out below.

Oversight of the risk management system

All members of the Board are responsible for the oversight of risk management and internal controls to manage the Company's material business risks. The design, implementation and day to day responsibilities of the risk management framework and internal control system rest with management. The Managing Director reports on these matters using an exception reporting basis, to the full Board as part of his report to directors at each Board meeting.

The Managing Director reports annually to the Board regarding the effectiveness of the Company's management of its material business risks. This report has been received in respect of the year ended 30 June 2009.

Risk profile

Given the speculative nature of the Group's business it is subject to general risks and certain specific risks. The major risks arise from such matters as (but not limited to):

- Underlying land tenure mining title;
Several of the Group's projects are located on land:
 - a. on which native title has been determined to exist;
 - b. which is Aboriginal land, and;
 - c. which contains nature reserves.
- Third party risks;
Financial failure, default or contractual non-compliance of a number of third parties, including suppliers and contractors may have a material impact on the Group's operations and performance.
- Sovereign risk;
One of the Group's projects is located in Brazil, there is no assurance that the systems of government and the political system will remain stable and that government regulations relating to foreign investment, repatriation of foreign currency, taxation and the mining industry in Brazil will not be amended or replaced in the future to the detriment of the Group's business.
- Exploration and development risks;
There is no assurance that exploration of the mineral interests currently held by the Group, or any other projects that may be acquired in the future, will result in the discovery of an economically viable mineral deposit. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.
- Operational risks;
The operations of the Group may be affected by various factors which are beyond the control of Group, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration, operational and technical difficulties encountered in exploration, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Group.
- Tenement title;
Interests in tenements in Australia and Brazil are governed by legislation and are evidenced by the granting of licences. Each Australian licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Group could lose title to or its interest in Tenements if

licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise. All tenements are subject to applications for renewal or grant (as the case may be) at the discretion of the relevant government authority. If a Tenement is not renewed or granted, the Group may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that Tenement.

- Environmental risks;
Mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. Future legislation and regulations governing production may impose significant environmental obligations on the Group in relation to mining. Although the Group intends to conduct its operations in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Group to extensive liability.

Risk management framework

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities. The following is a summary of the current areas of risk management strategies the Group has in place:

Financial

There is a budgeting system with an annual budget approved by the Board of Directors. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly. The Group reports its financial results to shareholders on a half yearly basis.

Capital expenditure commitments above a certain amount and non-capital expenditure commitments outside of the approved annual budget must obtain approval from the Managing Director. Where the commitment is in excess of the Managing Directors limits, the commitment must receive Board approval.

Practices have been established to ensure business transactions are properly authorised and executed and financial exposures are controlled. Further details of the Company's policies relating to financial risk management can be found at note 4 of the financial statements.

Operational

The Group has in place a Safety Management Plan. The plan sets out procedures to manage risks in the following areas:

- safety management including procedures and delegated responsibilities;

DIRECTORS' REPORT

For the year ended to 30 June 2009 (continued)

4.3 RISK MANAGEMENT (CONTINUED)

Risk management framework (continued)

Operational (continued)

- emergency procedures;
- occupational rehabilitation, and;
- safety training and education.

The Group also has an Induction Manual containing detailed safety procedures in relation to plant, equipment and raw materials, a code of conduct and an environmental policy.

Insurances

The Group maintains a suite of insurances which are reviewed annually or as appropriate.

Financial reporting

The Managing Director and the Chief Financial Officer have declared, in writing to the board that the Group's financial reports are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial risks.

Environmental regulation

The Company's projects are subject to regulations regarding environmental matters. The Governments and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws. Based on enquiries made, the Board is not aware of any significant breaches during the period covered by this report.

Assessment of effectiveness of risk management

Due to the size and scope of the Company's activities the Board has not established an internal audit department. The Managing Director and Chief Financial Officer are responsible for assessing the effectiveness of the Group's compliance and control systems.

4.4 ETHICAL STANDARDS

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. To this end, the board has established a code of conduct that aims to;

- assist in maintaining confidence in the Group's integrity,
- assist in meeting the Group's legal obligations,
- assist in meeting expectations of the Group's stakeholders, and;
- recognise the responsibility and accountability of directors and employees for reporting and investigating reports of unethical practices.

The Board reviews the Code of Conduct regularly and processes are in place to promote and communicate its requirements. Every employee has a supervisor to whom they may refer any issues arising from their employment.

Code of conduct

The Group has advised each director, manager and employee that they must comply with the Group's Corporate Code of Conduct. The code may be viewed on the Company's website, and covers the following:

- commitment of the Board and management to the corporate code of conduct;
- responsibilities to shareholders and the financial community generally to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community;
- comply with systems of control and accountability which the Company has in place as part of its corporate governance with openness and integrity;
- responsibilities to clients, customers and consumers to comply with all legislative and common law requirements which affect its business, in particular those in respect of occupational health and safety, the environment, native title and cultural heritage;
- employment practices so that the best available staff and consultants with skills carry out vacant positions and to ensure a safe work place and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities;
- responsibilities to the community to recognise, consider and respect environmental issues which arise in relation to the Company's activities and comply with all applicable legal requirements;
- responsibilities to the individual to recognise and respect the rights of individuals and to the best of its ability will comply with the applicable legal rules regarding privacy, privileges, private and confidential information;
- obligations relative to fair trading to deal with others in a way that is fair and will not engage in deceptive practices;
- conflicts of interest;

- compliance with the code so that any breach of compliance with the code is reported as appropriate;
- periodic review of the code, and;
- code of conduct for executives, covering;
 - a. active promotion of the highest standards of ethics and integrity,
 - b. disclosure of any actual or perceived conflicts of interest of a direct or indirect nature,
 - c. respecting the confidentiality of information,
 - d. dealing with the Company's customers, suppliers, competitors and each other,
 - e. protection of the assets of the Company,
 - f. reporting any breach of the code of conduct to the Chairman.
- acquire securities of the Company under a dividend reinvestment, or top-up plan that is available to all holders of securities of the same class;
- acquire, or agree to acquire, shares or options under any employee share or option plan implemented by the Company;
- exercise options granted by the Company (pursuant to any option plan or otherwise), but may only sell all or part of the shares received upon exercise of the options only in accordance with the above Policy and these Procedures.

In the case of Directors only, section 205G of the Corporations Act requires that a Director must notify the Australian Stock Exchange Limited of the acquisition or disposal of any security of the Company. A copy of any such notification should be forwarded by the relevant Director to the Company Secretary within 2 business days of a deal occurring.

Conflict of interest

The Board, management and employees must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Group. Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Chairman in the case of a board member or the Managing Director, the Managing Director in the case of a member of management and a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner for all concerned. Details of director related entity transactions with the Company and the Group are set out in note 23 of to the financial statements.

Trading in general Company securities by directors and employees

The Group's policy regarding the Trading in General Company Securities by Directors and Employees is located on the Company's website. The key elements of the policy are that directors and employees;

- must not deal in any security of the Company whilst in possession of inside information;
- should never engage in short term trading of any securities of the Company, and;
- should advise the Company Secretary, or in his absence, a Director, of any purchase or sale of securities in the Company within 2 business days.

Directors, employees and their associates may;

- not deal in any security of the Company within 5 days prior to the release of:
 - a. the half-yearly financial report to ASX;
 - b. the annual financial report to ASX, and;
 - c. a prospectus for the offer of equity securities in Beadell Resources Limited;
- acquire securities in the Company under a bonus issue made to all holders of securities of the same class;

4.5 COMMUNICATION WITH SHAREHOLDERS

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at annual general meetings. The policy is available on the Company's website and is set out below.

General Communication

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders as follows:

- the annual report is distributed to all shareholders who request a copy. The Board ensures that the annual report includes relevant information about the operations of the Group during the year, changes in the state of affairs of the Group and details of future developments, in addition to the other disclosures required by the Corporations Act;
- the half yearly report contains summarised financial information and a review of the operations of the Group during the period. The half year audited financial report is prepared in accordance with the requirements of applicable Accounting Standards and the Corporations Act and is lodged with the Australian Stock Exchange. The half yearly report is available on the Company's website and sent to any shareholder who requests it;
- the quarterly report contains summarised cash flow financial information and details about the Company's activities during the quarter. The quarterly report is available on the Company's website and is sent to any shareholder who requests it;
- proposed major changes in the Group which may impact on share ownership rights are submitted to a vote of shareholders;

DIRECTORS' REPORT

For the year ended to 30 June 2009 (continued)

4.5 COMMUNICATION WITH SHAREHOLDERS (CONTINUED)

General Communication (continued)

- the Company's website is well promoted to shareholders and shareholders may register to receive updates.

Company website

All of the above information is made available on the Company's website within one day of public release, and is e-mailed to all shareholders who lodge their e-mail contact details with the Company. Information on lodging e-mail addresses with the Company is available on the Company's website.

Participation at the annual general meeting

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment of directors, the granting of options and shares to directors and changes to the constitution. Copies of the constitution are available to any shareholder who requests it.

4.6 DISCLOSURE

Continuous Disclosure

The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases. More details of the policy are available on the Company's website.

In summary, the Continuous Disclosure Policy operates as follows:

- the Company Secretary is responsible for all communications with the ASX;
- the Company must ensure that once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities, the Company must immediately advise ASX of that information;
- the Company acknowledges that it is not required to disclose information to ASX if any of the following applies:

- a reasonable person would not expect the information to be disclosed;
- the information is confidential, and;
- one of the following applies:
 - it would be a breach of a law to disclose the information;
 - the information concerns an incomplete proposal or negotiation;
 - the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - the information is generated for the internal management purposes of the Company, or;
 - the information is a trade secret.

ASX Listing Rule Disclosures

The Company has policies to ensure compliance with ASX Listing Rule disclosure. Managing Director has been appointed as the officer responsible for compliance with these policies.

4.7 EXTERNAL AUDIT

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company.

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis in accordance with any legal and/or professional standards.

5. PRINCIPAL ACTIVITIES

The principal activity of the Group during the period was to conduct mineral exploration. There were no significant changes in the nature of the activities of the Group during the year ended 30 June 2009.

6. OPERATING RESULTS AND REVIEW OF OPERATIONS

Operating results

The loss after income tax for the period ended 30 June 2009 was \$3,909,000 (2008: \$5,336,000).

Review of operations

During the period and up to the date of this report, the Group has conducted exploration activities on key exploration targets and continues to evaluate and assess its exploration projects in Australia and Brazil.

The Company has evaluated and pursued potential acquisitions and investments in the resources sector during the period and continues to assess future acquisition opportunities.

7. DIVIDENDS

No dividends were declared or paid during the year ended, or since 30 June 2009.

8. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

9. DIRECTORS' INTERESTS

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report are;

Director	Ordinary shares	Options over ordinary shares
Michael Donaldson	1,800,000	-
Peter Bowler	9,110,001	1,000,000
Robert Watkins	5,750,001	1,000,000

Since the end of the financial year the Board of Directors has resolved to issue options to each director named above, these options are discussed in the remuneration report at 4.2.4 of this report.

10. SHARE OPTIONS

Unissued shares under unlisted options related to remuneration

At the date of this report unissued ordinary shares of the Company under option that are related to remuneration are:

Expiry date	Exercise price	Number of shares
30 June 2011	\$0.25	465,000
30 June 2011	\$0.35	210,000
30 June 2012	\$0.30	260,000
30 June 2013	\$0.12	800,000

All options expire on the earlier of their expiry date or if not vested, on termination of the employee's employment.

Unissued shares under unlisted options not related to remuneration

At the date of this report unissued ordinary shares of the Company under option issued to shareholders of the Company are:

Expiry date	Exercise price	Number of shares
30 June 2012	\$0.35	1,500,000
30 June 2012	\$0.50	1,500,000

The options expire on the expiry date and are in escrow until 26 September 2009. Further details are included in the in note 23 to the financial report.

Shares issued on exercise of options

During or since the end of the period to 30 June 2009, the Company issued no ordinary shares as a result of the exercise of options.

11. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group provides insurance to cover legal liability and expenses for the Directors and executive officers of the Company. The Directors' and Officers' Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers. Disclosure of the nature of the liability cover and amount of the premium is subject to a confidentiality clause under the insurance policy.

The Group has not provided any insurance or indemnity for the auditor of the Company.

DIRECTORS' REPORT

For the year ended to 30 June 2009 (continued)

12. NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, has performed no non-audit services in addition to their statutory duties.

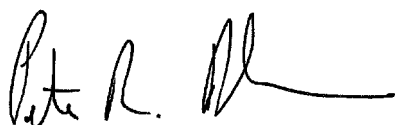
13. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 58 and forms part of the directors' report for the year ended 30 June 2009.

14. ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Peter Bowler', with a long horizontal stroke extending to the right.

PETER BOWLER

Managing Director

Dated at Perth, this 23rd day of September 2009.

BALANCE SHEETS

As at 30 June 2009

		Consolidated		Company	
		2009	2008	2009	2008
	Note	\$'000	\$'000	\$'000	\$'000
Assets					
Cash and cash equivalents	14	5,082	6,346	5,081	6,036
Cash deposits		-	2,000	-	2,000
Prepayments	7	67	729	67	729
Trade and other receivables	13	103	23	103	23
Total current assets		5,252	9,098	5,251	8,788
Exploration and evaluation assets	11	3,441	3,989	2,715	3,263
Trade and other receivables	13	-	-	786	767
Property, plant and equipment	10	313	399	250	330
Other non-current assets	12	250	206	250	206
Total non-current assets		4,004	4,594	4,001	4,566
Total assets		9,256	13,692	9,252	13,354
Liabilities					
Trade and other payables	18	280	799	277	485
Employee benefits	16	79	91	78	83
Total current liabilities		359	890	355	568
Total liabilities		359	890	355	568
Net assets					
		8,897	12,802	8,897	12,786
Equity					
Share capital	20	18,045	18,045	18,045	18,045
Reserves	20	97	93	92	76
Retained earnings	20	(9,245)	(5,336)	(9,240)	(5,335)
Total equity	20	8,897	12,802	8,897	12,786

The notes on pages 31 to 54 are an integral part of these consolidated financial statements.

INCOME STATEMENTS

For the year ended 30 June 2009

	Note	Consolidated		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue					
Rental income		356	-	356	-
Administrative expenses		(1,657)	(1,380)	(1,635)	(1,359)
Project exploration and evaluation expenses		(2,355)	(4,532)	(2,083)	(3,015)
Impairment losses		(646)	-	(646)	-
Results from operating activities	5	(4,302)	(5,912)	(4,008)	(4,374)
Finance income		393	576	723	576
Finance expense		-	-	(620)	(1,537)
Net finance income/(expense)	8	393	576	103	(961)
Loss for the period before income tax					
		(3,909)	(5,336)	(3,905)	(5,335)
Income tax expense	9	-	-	-	-
Loss for the period after income tax		(3,909)	(5,336)	(3,905)	(5,335)
Attributable to:					
Equity holders of the Company	20	(3,909)	(5,336)	(3,905)	(5,335)
Loss for the period		(3,909)	(5,336)	(3,905)	(5,335)
Loss per share:					
Basic Loss per share	15	(0.04)	(0.08)		
Diluted Loss per share	15	(0.04)	(0.08)		

The notes on pages 31 to 54 are an integral part of these consolidated financial statements.

STATEMENTS OF RECOGNISED INCOME AND EXPENSE

For the year ended 30 June 2009

	<i>Note</i>	Consolidated		Company	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Foreign currency translation differences for foreign operations	8	(12)	17	-	-
Income and expense recognised directly in equity		(12)	17	-	-
Loss for the period		(3,909)	(5,336)	(3,905)	(5,335)
Total recognised income and expense for the period	20	(3,921)	(5,319)	(3,905)	(5,335)
Attributable to:					
Equity holders of the Company		(3,921)	(5,319)	(3,905)	(5,335)
Total recognised income and expense for the period		(3,921)	(5,319)	(3,905)	(5,335)

The notes on pages 31 to 54 are an integral part of these consolidated financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2009

	<i>Note</i>	Consolidated		Company	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Cash receipts from customers		356	-	356	-
Cash paid to suppliers and employees		(1,535)	(1,130)	(1,511)	(1,120)
Net cash used in operating activities	14b	(1,179)	(1,130)	(1,155)	(1,120)
Cash flows from investing activities					
Interest received		360	576	360	576
Payments for evaluation and exploration expenditure		(2,377)	(4,521)	(1,794)	(3,321)
Cash paid as security for bank guarantees	12	(44)	(206)	(44)	(206)
Payments for acquisition of property, plant and equipment	10	(12)	(449)	(12)	(377)
Payments for acquisition of exploration assets		-	(176)	-	(176)
Refundable deposit refunded (paid) for the acquisition of mine assets		2,000	(2,000)	2,000	(2,000)
Net cash provided by (used in) investing activities		(73)	(6,776)	510	(5,504)
Cash flows from financing activities					
Proceeds from issue of share and options		-	15,185	-	15,185
Transaction costs paid related to the issue of shares		-	(950)	-	(950)
Loans to subsidiaries		-	-	(310)	(1,576)
Net cash provided by (used in) financing activities		-	14,235	(310)	12,659
Net increase (decrease) in cash and cash equivalents		(1,252)	6,329	(955)	6,035
Cash and cash equivalents at 1 July		6,346	-	6,036	-
Effect of exchange rate fluctuations on cash held		(12)	17	-	1
Cash and cash equivalents at 30 June	14a	5,082	6,346	5,081	6,036

The notes on pages 31 to 54 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS



1. REPORTING ENTITY

Beadell Resources Limited (the "Company") is a company limited by shares and incorporated in Australia, whose shares are publicly traded on the Australian Stock Exchange. The address of the Company's registered office is Level 2, 16 Ord Street, West Perth, Western Australia.

The consolidated financial statements of the Company as at and for the period from 1 July 2008 to 30 June 2009 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 23 September 2009.

b. Basis of measurement

The consolidated financial statements have been prepared on the accruals basis and are based on historical costs and do not take into account changing money values. Cost is based on the fair values of the consideration given in exchange for assets.

c. Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

d. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and

assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- note 4: financial risk management
- note 9: income tax
- note 11: exploration and evaluation assets
- note 13: trade and other receivables
- note 17: share-based payments
- note 22: contingencies

Impairment of exploration and evaluation assets, investment in and loans to subsidiary

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in and loans to subsidiary is dependent on the successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties. The Group undertakes at least on an annual basis, a comprehensive review of these assets. There is significant estimation and judgement in determining the recoverable amounts.

The key areas of this estimation and judgement considered in this review include;

- recent drilling results and reserves and resource estimates,
- environmental issues that may impact the underlying tenements,
- the estimated market value of assets at the review date,
- independent valuations of underlying assets that may be available,
- fundamental economic factors such as commodity prices, exchange rates and current and anticipated operating costs within the industry, and;
- the Group's market capitalisation compared to its net assets.

Information used in the review process is rigorously tested to externally available information as appropriate. In addition, an allocation of the cost associated with acquired mineral rights to individual projects is performed on acquisition. This allocation process requires estimates and judgement by management as to the value of those projects acquired.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities. The Company and Group has not elected to early adopt any accounting standards or amendments.

(a) Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the Company's financial statements, investments in subsidiaries are carried at cost, less provision for impairment.

ii. Transactions and balances eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the operation at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated to the presentation currency at the balance date at the exchange rate at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are stated at fair value in a foreign currency are translated using the exchange rate at the date when fair value was determined.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the income statement.

(c) Financial instruments

i. Derivative financial instruments

The Group does not hold or deal in derivative financial instruments.

ii. Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Impairment of the Group's financial instruments is discussed at note 3(i).

Accounting for finance income and expense is discussed in note 3(l).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Trade and other accounts receivable are stated at amortised cost and are usually settled in no more than 30 days. Trade and other accounts receivable are reviewed on an ongoing basis.

Trade and other payables

Are recognised for amounts to be paid in future periods for goods and services provided to the Group prior to the end of the reporting period and are stated at amortised cost. The amounts are unsecured and typically paid within 30 days of recognition.

Loans

Comprise intercompany loans and receivables, recorded at amortised cost. The treatment of these balances on consolidation is described in note 3(a)(ii).

iii Share Capital

Ordinary shares

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

(d) Revenue

i. Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

(e) Exploration and evaluation expenditure

Exploration and evaluation costs, excluding acquisition costs are expensed as incurred. Acquisition costs are accumulated in respect of each separate area of interest.

Exploration and evaluation assets are only recognised if the rights to the area are current and either:

- i. the acquisition costs are expected to be recouped through successful development and exploitation of the area of interest, or;
- ii. activities in the area of interest have not at the reporting date, reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- i. sufficient data exists to determine technical feasibility and commercial viability, and;
- ii. facts and circumstances suggest the carrying amount exceeds the recoverable amount.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units (CGU's) to which the exploration activity relates. The CGU shall not be larger than the area of interest.

Once technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine property assets within property, plant and equipment.

In the event that an area of interest is abandoned or if the directors consider the exploration and evaluation assets attributable to the area of interest to be of reduced value, the exploration and evaluation assets are impaired in the period in which the assessment is made. Each area of interest is reviewed at each reporting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss. When re-valued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

ii. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

- plant and equipment 2 - 20 years
- fixtures and fittings 5 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(g) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured

at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheet.

(h) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(i) Impairment

i. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss and any subsequent reversals of impairment losses are also recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

iii Non-financial assets

The carrying amounts of the Group's non-financial assets (excluding deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present

iii Non-financial assets (continued)

value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, otherwise known as cash-generating unit ("CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU's are allocated to reduce the carrying amount of assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related, where material, on-costs, such as workers compensation insurance and payroll tax. Non-accumulating benefits, such as sick leave, are expensed as the benefits are taken by the employees.

iii Long-term benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and, where applicable, prior periods plus related on costs; that benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on national government bonds that have maturity dates approximating the terms of the Group's obligations.

iv Share-based payment transactions

The Group provides benefits to employees of the Group in the form of share-based payment transactions, whereby employees render services in exchange for share options. The fair value of employee stock options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The cost of share based payment transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for share based payment transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued)

iv Share-based payment transactions (continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(k) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Finance income and expenses

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance expense comprises impairment losses recognised on financial assets.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Site restoration

Provisions are made for the cost of site restoration relating to areas disturbed during the development and operation of the Group's mine sites. Provisions are made in full for disturbed areas at reporting dates based on estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of restoration includes the current cost of re-contouring, top-soiling, and re-vegetating according to legislative requirements.

The Group currently operates in the exploration and evaluation phase and accordingly no provisions regarding site restoration have been recognised at balance date.

(n) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(o) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(p) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on geographical segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire exploration and evaluation assets, property, plant and equipment, and intangible assets other than goodwill.

(q) Comparative results

Beadell Resources Ltd was incorporated on 3 May 2007 accordingly, the comparative results presented in this report are for the period 3 May 2007 to 30 June 2008.

(r) New standards and interpretations not yet adopted

The following standards and amendments may impact the Group's 30 June 2010 financial statements. The Group has not yet assessed any potential effect on the Group's disclosures.

- AASB 8 *Operating Segments*: introduces the "management approach" to segment reporting.
- Revised AASB 101 *Presentation of Financial Statements*: introduces the "statement of comprehensive income".
- AASB 2008-1 *Amendments to Australian Accounting Standard - Share-based Payment: Vesting Conditions and Cancellations*: impacts share-based payments with non-vesting conditions.

- A16 *Hedges of a Net Investment in a Foreign Operation*: clarifies that hedging can only be applied when the net assets of a foreign operation are recognised in the entity's consolidated financial statements.

4. FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the Company's and Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Company and Group do not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continual basis. The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables, cash and cash equivalents. For the Company it also arises from receivables due from subsidiaries.

Geographically, credit risk is significantly concentrated in Australia.

Cash, cash equivalents and security given

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits. The Group limits its credit risk by holding cash balances and demand deposits with reputable counterparties with acceptable credit ratings.

Security given

Security given comprises cash balances used as security for bank guarantees issued by the Group's bankers (refer note 12). Cash balances given as security are held in demand deposits with reputable counterparties with acceptable credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade and other receivables

Trade and other receivables

The Company has exposure to credit risk in respect of its other receivables and its loans to wholly owned subsidiaries. These balances are further discussed at note 13.

The Group operates in exploration activities; it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Exposure to credit risk

The Group's financial assets represent maximum exposure to credit risk, as set out below.

	<i>Note</i>	Consolidated		Company	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	14	5,082	6,346	5,081	6,036
Security given for bank guarantees	12	250	206	250	206
Other receivables	13	165	23	165	23
Loans to subsidiaries	13	-	-	2,943	2,304
Exposure to credit risk		5,497	6,575	8,439	8,569

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and loan's to its subsidiaries. Impairment losses are discussed at note 13.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate cash reserves from funds raised by the Company in its Initial Public Offering and continuously monitoring forecast and actual cash flows.

The Group does not have any external borrowings. Based on current operating and exploration expenditure requirements, the Company does not anticipate any need to raise additional capital in the next 12 months.

The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	6 months or less
Consolidated	\$'000	\$'000	\$'000
2009			
Trade and other payables	280	280	222
Balance at 30 June 2009	280	280	222
2008			
Trade and other payables	799	799	799
Balance at 30 June 2008	799	799	799

Company	Carrying amount \$'000	Contractual cash flows \$'000	6 months or less \$'000
2009			
Trade and other payables	277	277	221
Balance at 30 June 2009	277	277	221
2008			
Trade and other payables	485	485	485
Balance at 30 June 2008	485	485	485

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Geographically, market risk is significantly concentrated in Australia.

Currency risk

The Group is exposed to currency risk on investments and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian dollar (AUD). The currencies in which these transactions primarily are denominated are the Brazilian real (BRL) and the United States dollar (USD).

The Group does not use derivative instruments to hedge such transactions.

The Company's investment in, and loans to, its subsidiaries are not hedged as these positions are considered to be long term in nature.

Exposure

The Group has no exposure to foreign currency risk at the consolidated level, accordingly, at balance date the Company's exposure was as follows;

Company	BRL \$'000	USD \$'000	Total \$'000
2009			
Subsidiary loans receivable	2,096	847	2,943
Total exposure	2,096	847	2,943

Company	BRL \$'000	USD \$'000	Total \$'000
2008			
Subsidiary loans receivable	1,595	709	2,304
Total exposure	1,595	709	2,304

Sensitivity

A 10 percent strengthening in the AUD against the following currencies at 30 June 2009 would have increased the Company's loss by the amounts shown below, assuming all other variables remain constant.

Currency	Equity		Loss	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
BRL	-	-	-	(145)
USD	-	-	(268)	(64)

A 10 percent weakening of the AUD against the above currencies at 30 June 2009 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

The Group is exposed to interest rate risk on cash and cash equivalents, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group's fixed rate financial securities represent amounts of cash held in term deposits, at fixed interest rates maturing over various periods less than one year, typically three to six months. The Group's variable rate financial securities consist of cash balances held in deposit accounts at variable interest rates with no fixed term.

Profile

At the reporting date the interest rate profile of the Group and Company's interest-bearing financial instruments was:

	Consolidated		Company	
	2009	2008	2009	2008
Interest bearing financial instruments	\$'000	\$'000	\$'000	\$'000
Financial assets	5,332	6,552	5,331	6,242
Total interest bearing financial instruments	5,332	6,552	5,331	6,242

Cash flow sensitivity analysis for financial assets

A change in interest rates of 100 basis points at the reporting date would have increased (decreased) the loss by the amounts shown below. This analysis assumes that all other variables remain constant. For the purposes of this analysis the effect on the Company and the Group are the same, therefore consolidated information has been displayed only.

Sensitivity	100bp increase 2009	100bp decrease 2009	100bp increase 2008	100bp decrease 2008
	\$'000	\$'000	\$'000	\$'000
Financial assets	58	(58)	87	79
Increased (decreased) loss	58	(58)	87	79

Fair values versus carrying amounts

Carrying amounts of financial assets and liabilities equate to their corresponding fair values.

Other market price risk

The Group's financial assets and liabilities are not exposed any other market price risk.

Commodity price risk

The Group operates in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are not exposed to commodity price risk.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a capital base sufficient to allow future exploration of the Group's current projects and evaluation of potential acquisitions. The Group has raised all capital through the issue of equity to fund its administration, exploration and evaluation activities and does not have any external borrowings at balance date. The Group may raise additional capital through the issue of new shares or debt finance for exploration or asset acquisition, should the Group require additional capital to carry out those activities. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

5. SEGMENT REPORTING

The Group operates in one industry, minerals exploration (primary segment), in two geographical segments, being Australia and Brazil (secondary segments).

	Brazil \$'000	Australia \$'000	Unallocated \$'000	Consolidated \$'000
2009				
Segment revenue	-	356	-	356
Segment result	(294)	(4,008)	-	(4,302)
Unallocated items	-	-	393	393
Loss for the period	(294)	(4,008)	393	(3,909)

	Brazil \$'000	Australia \$'000	Unallocated \$'000	Consolidated \$'000
2008				
Segment revenue	-	-	-	-
Segment result	(1,538)	(4,374)	-	(5,912)
Unallocated items	-	-	576	576
Loss for the period	(1,538)	(4,374)	576	(5,336)

	Brazil \$'000	Australia \$'000	Unallocated \$'000	Consolidated \$'000
2009				
Segment assets	788	3,030	-	3,818
Unallocated assets	-	-	5,438	5,438
Total assets	788	3,030	5,438	9,256
Segment liabilities	-	(117)	-	(117)
Unallocated liabilities	-	-	(242)	(242)
Total liabilities	-	(117)	(242)	(359)
Segment capital expenditure	-	52	-	52
Depreciation	6	83	9	98
Impairment	-	646	-	646

	Brazil \$'000	Australia \$'000	Unallocated \$'000	Consolidated \$'000
2008				
Segment assets	795	4,226	-	5,021
Unallocated assets	-	-	8,671	8,671
Total assets	795	4,226	8,671	13,692
Segment liabilities	(313)	(410)	-	(723)
Unallocated liabilities	-	-	(167)	(167)
Total liabilities	(313)	(410)	(167)	(890)
Segment capital expenditure	797	3,585	55	4,437
Depreciation	3	45	2	50
Impairment	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

6. PERSONNEL EXPENSES

	<i>Note</i>	Consolidated		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Wages and salaries		1,199	1,034	1,165	995
Contributions to defined contribution plans		102	90	102	90
Increase in liability for annual leave	16	1	26	6	20
Share-based payment transactions	17	16	73	16	73
Personnel expenses		1,318	1,223	1,289	1,178

7. PREPAYMENTS

		Consolidated		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Drilling services		-	648	-	648
Other prepayments		67	81	67	81
Balance at 30 June		67	729	67	729

8. FINANCE INCOME AND EXPENSE

		Consolidated		Company	
		2009	2008	2009	2008
	Note	\$'000	\$'000	\$'000	\$'000
Recognised in profit or loss					
Interest income on bank deposits		393	576	393	576
Unrealised foreign exchange gains		-	-	330	-
Impairment loss on subsidiary loan receivable	13	-	-	(620)	(1,537)
Net finance income (expense)		393	576	103	(961)
Recognised directly in equity					
Foreign currency translation differences for foreign operations		(12)	17	-	-
Finance income recognised directly in equity, net of tax		(12)	17	-	-
Attributable to:					
Equity holders of the Company		(12)	17	-	-
Finance income recognised directly in equity, net of tax		(12)	17	-	-

9. INCOME TAX

No tax is payable by the Group. Deferred tax assets are brought to account only to the extent required to offset deferred tax liabilities. All other tax losses are not brought to account as it is not probable that future taxable income will be available against which the Group can utilise these benefits. Temporary differences and tax losses do not expire under current tax legislation.

Income Statement

	Consolidated		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current income tax charge	-	-	-	-
Tax expense reported in the income statement	-	-	-	-

Numerical reconciliation between tax loss and pre-tax accounting loss

	Consolidated		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Loss for the period	(3,909)	(5,336)	(3,905)	(5,335)
Income tax benefit using the Company's domestic tax rate of 30%	(1,173)	(1,601)	(1,171)	(1,601)
Income not assessable	(10)	-	(362)	-
Expenditure not allowable for tax purposes	313	160	499	621
Current year losses for which no deferred tax asset was recognised	870	1,441	1,034	980
Income tax reported in the income statement	-	-	-	-

Deferred income tax

	Consolidated		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Tax assets/(liabilities)				
Exploration and evaluation assets	(182)	523	(814)	-
Trade and other receivables	557	-	557	-
Trade and other payables	31	5	31	5
Employee benefits	17	15	17	15
Deductible equity raising costs	228	285	228	285
Prepayments	(21)	(219)	(21)	(219)
Deferred tax (assets) liabilities not brought to account	(630)	(609)	2	(86)
Net deferred tax assets	-	-	-	-

Unrecognised deferred tax balances

Deferred tax balances have not been recognised in respect of the following items

	Consolidated		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets				
Deductible temporary differences	1,465	827	832	306
Tax losses	3,156	1,502	2,533	980
Balance at 30 June	4,621	2,329	3,365	1,286
Deferred tax liabilities				
Assessable temporary differences	(835)	(218)	(834)	(218)
Balance at 30 June	(835)	(218)	(834)	(218)

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated			Company		
	Plant & equipment	Fixtures & fittings	Total	Plant & equipment	Fixtures & fittings	Total
2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Opening balance	424	25	449	352	25	377
Additions	12	-	12	12	-	12
Disposals	-	-	-	-	-	-
Balance at 30 June 2009	436	25	461	364	25	389
Depreciation						
Opening balance	50	-	50	47	-	47
Depreciation for the period	96	2	98	90	2	92
Balance at 30 June 2009	146	2	148	137	2	139
Carrying amount						
Opening balance	374	25	399	305	25	330
Balance at 30 June 2009	290	23	313	227	23	250

	Consolidated			Company		
	Plant & equipment	Fixtures & fittings	Total	Plant & equipment	Fixtures & fittings	Total
2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Balance at incorporation	-	-	-	-	-	-
Additions	424	25	449	352	25	377
Disposals	-	-	-	-	-	-
Balance at 30 June 2008	424	25	449	352	25	377
Depreciation						
Balance at incorporation	-	-	-	-	-	-
Depreciation for the period	50	-	50	47	-	47
Balance at 30 June 2008	50	-	50	47	-	47
Carrying amount						
Balance at incorporation	-	-	-	-	-	-
Balance at 30 June 2008	374	25	399	305	25	330

11. EXPLORATION AND EVALUATION ASSETS

	Consolidated		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Cost				
Opening balance	3,989	-	3,263	-
Acquisitions	40	3,989	40	3,263
Impairment of tenement acquisition costs	(588)	-	(588)	-
Disposals	-	-	-	-
Balance at 30 June	3,441	3,989	2,715	3,263

Exploration and evaluation assets reflect capitalised acquisition costs only. The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest. As part of the Group's regular impairment review of exploration and evaluation assets, a total charge of \$588,000 has been recognised in respect of tenements where,

after considering prevailing market conditions and the potential for mineralisation, the Group is unlikely to renew its exploration rights.

12. OTHER NON-CURRENT ASSETS

	Consolidated		Company	
	2009 \$000	2008 \$000	2009 \$'000	2008 \$'000
Opening balance	206	-	206	-
Security for bank guarantees given	250	206	250	206
Security for bank guarantees released	(206)	-	(206)	-
Balance at 30 June	250	206	250	206

The Group has established a revolving facility with the Company's bankers. The facility has a fully secured limit of \$250,000. The facility has been established for issue bank guarantee's to satisfy the Company's environmental and office lease bond requirements. Bank guarantees have been issued to the Department of Mines and Petroleum of Western Australia, the Department of Energy and Resources of Victoria and to the owners of the Company's corporate offices.

The facility is secured by cash, held in term deposit with the Company's bankers. Interest accruing to the term deposits is payable to the Company. The term deposit cannot be released without the prior consent of the Group's bankers.

13. TRADE AND OTHER RECEIVABLES

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Other receivables	155	-	155	-
Goods and services tax receivable	10	23	10	23
Provision for impairment	(62)	-	(62)	-
Balance at 30 June	103	23	103	23
Non-current				
Loans to subsidiaries	-	-	2,943	2,304
Provision for impairment	-	-	(2,157)	(1,537)
Balance at 30 June	-	-	786	767

The Group's other receivables at balance date comprise; rental receivables from the Group's sub-lessee's (refer note 19), amounts receivable from third parties in respect of tenement costs agreed to be reimbursed and interest receivable.

Loans are provided to wholly owned subsidiaries of the Group to fund exploration and administrative activities. The loans outstanding between the Company and its subsidiaries have no fixed date of repayment and are non-interest bearing. The ultimate recoverability of the carrying value of loans to subsidiaries is dependent on the successful development and commercial exploitation or sale of the respective areas of interest to which the loans relate.

An allowance for impairment has been established in respect of the Company and Group's other receivables. The impairment has been recognised on a long outstanding receivable that the Group believes will need to be renegotiated in order to be collected.

A provision for impairment has also been recognised in respect of the Company's loans to subsidiaries. The ultimate recoverability of loans to subsidiaries is dependent upon the commercial exploitation or sale of the related area of interest. At balance date the carrying amounts of loans to subsidiaries have been impaired to the carrying amount of the net assets of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

14A. CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Bank balances	5,082	6,346	5,081	6,036
Cash and cash equivalents in the statement of cash flows	5,082	6,346	5,081	6,036

14B. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

		Consolidated		Company	
	Note	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Loss for the period		(3,909)	(5,336)	(3,905)	(5,335)
Adjustments for:					
Unrealised foreign exchange movements		-	-	(329)	-
Depreciation	10	98	50	92	47
Equity-settled share-based payment transactions	17	16	73	16	73
Impairment losses recognised		646	-	1,266	1,537
Cash flows related to exploration expenditure classified as investing activities		1,639	3,954	1,725	2,437
Operating loss before changes in working capital and provisions					
		(1,510)	(1,259)	(1,135)	(1,241)
Change in trade and other receivables		(59)	(23)	(59)	(23)
Change in trade and other payables		24	76	24	76
Change in prepayments		10	(15)	10	(15)
Change in provisions and employee benefits	16	-	91	5	83
Net cash used in operating activities		(1,535)	(1,130)	(1,155)	(1,120)

15. LOSS PER SHARE

Basic loss per share

The basic loss per share for the period is \$0.04 (2008: \$0.08). The calculation of basic loss per share at 30 June 2009 was based on the consolidated loss attributable to ordinary shareholders of \$3,909,000 (2008: \$5,336,000) and a weighted average number of ordinary shares outstanding of 93,600,003 (2008: 68,138,211) calculated as follows:

Loss attributable to ordinary shareholders

	2009	2008
	\$	\$
Loss for the period	\$3,909,000	\$5,336,000
Loss attributable to ordinary shareholders	\$3,909,000	\$5,336,000

Weighted average number of ordinary shares

	2009 Shares	2008 Shares
<i>Weighted average effects</i>		
Open balance	93,600,003	-
Effect of shares issued 3 May 2007	-	3
Effect of shares issued 5 June 2007	-	16,921,816
Effect of shares issued 14 September 2007	-	41,037,736
Effect of shares issued 21 September 2007	-	10,178,656
Weighted average number of ordinary shares at 30 June	93,600,003	68,138,211

Diluted loss per share

The Company does not have any potential ordinary shares whose conversion to ordinary shares would have a dilutive effect on basic loss per share and as such diluted loss per share is equal to basic loss per share. Potential ordinary shares of the Company consist of 675,000 dilutive share options issued to employees of the Company (refer note 17) and 3,000,000 dilutive share options issued to shareholders of the Company (refer note 20).

In accordance with AASB 133 'Earnings per Share' these options have been excluded from the calculation of diluted loss per share due to their anti-dilutive effect.

16. EMPLOYEE BENEFITS

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Salaries and wages accrued	53	65	53	63
Liability for annual leave	26	26	25	20
Total employee benefits	79	91	78	83

17. SHARE-BASED PAYMENTS

Employee share option scheme

In 2007 the Group established a share option programme that entitles employees to purchase shares in the entity. All options issued under the scheme are subject to the Company's rules for incentive options. No options were granted to any key management personnel as part of their remuneration during the financial year.

The following table illustrates the number and movements in share based payment options issued during the year:

	2009 \$	2008 \$
Opening Balance	840,000	-
Options granted during the period	570,000	840,000
Options cancelled during the period	(475,000)	-
Options outstanding at 30 June	935,000	840,000
Options exercisable at 30 June	675,000	500,000

The outstanding balance as at 30 June 2009 is represented by:

Number of options	Grant period	Vesting	Expiring	Strike price	Weighted average fair value
465,000	6 June – 25 September 2007	Vested	30 June 2011	\$0.25	\$0.10
140,000	13 August – 26 September 2007	Vested	30 June 2011	\$0.35	\$0.12
70,000	27 September 2007	Vested	30 June 2011	\$0.35	\$0.22
260,000	28 July 2008	30 June 2010	30 June 2012	\$0.30	\$0.07

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

17. SHARE-BASED PAYMENTS (CONTINUED)

Options granted during period ended 30 June 2009

570,000 options were granted to employees on 28 July 2008, vesting on 30 June 2010 and expiring on 30 June 2012 with a strike price of \$0.30 and a weighted average fair value per option at grant date of \$0.07.

Weighted average inputs to the model used to determine the fair value of options granted during the period:

Weighted averages	
Contractual life (years)	3.50
Market value of the underlying shares	\$0.15
Exercise price of options granted during the period	\$0.30
Expected volatility of the underlying shares	78.00%
Risk free rate applied	6.24%

No other features of options granted were incorporated into the measurement of fair value.

Options cancelled during period ended 30 June 2009

A total of 475,000 options were cancelled during the period. 110,000 options were cancelled on 12 November 2008 and a further 365,000 options were cancelled on 26 November 2008 as a result of failure to meet vesting conditions stated in the terms and conditions of the Employee Share Option Scheme.

Recognised as employee costs during the period ended 30 June 2009

	<i>Note</i>	Consolidated		Company	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Opening balance		73	-	73	-
Share options granted – equity settled		26	73	26	73
Share options cancelled – equity settled		(10)	-	(10)	-
Share based payments recognised	20	89	73	89	73

18. TRADE AND OTHER PAYABLES

	Consolidated		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Trade payables	280	799	277	485
Balance at 30 June	280	799	277	485

19. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Less than one year	405	467	397	450
Between one and five years	6	352	6	352
Operating lease rentals payable	411	819	403	802

The Group leases property and equipment in Australia and Brazil under operating leases. Leases of equipment run for periods ranging from one to two years with lease payments being fixed throughout the duration of each equipment lease. The Group's property leases run for periods ranging from one to two years.

Leases as lessor

Non-cancellable operating lease rentals are receivable as follows:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Less than one year	225	-	225	-
Operating lease rentals receivable	225	-	225	-

The Company has entered into a sub-lease agreement to lease a portion of its head office space where the Company is head lessee. The sub-lease agreement expires within 1 year, coincident with the expiration of the head lease agreement.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

20. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves attributable to equity holders

Consolidated	Share capital \$'000	Translation reserve \$'000	Share based payments reserve \$'000	Option premium reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at incorporation	-	-	-	-	-	-
Total recognised income and expense	-	17	-	-	(5,336)	(5,319)
Share-based payments	-	-	73	-	-	73
Issue of ordinary shares for cash	15,182	-	-	-	-	15,182
Issue of ordinary shares for acquisition of tenements	3,813	-	-	-	-	3,813
Issue of options for cash	-	-	-	3	-	3
Equity transaction costs	(950)	-	-	-	-	(950)
Balance at 30 June 2008	18,045	17	73	3	(5,336)	12,802
Balance at 1 July 2008	18,045	17	73	3	(5,336)	12,802
Total recognised income and expense	-	(12)	-	-	(3,909)	(3,921)
Share-based payments	-	-	16	-	-	16
Balance at 30 June 2009	18,045	5	89	3	(9,245)	8,897
Company						
Balance at incorporation	-	-	-	-	-	-
Total recognised income and expense	-	-	-	-	(5,335)	(5,335)
Share-based payments	-	-	73	-	-	73
Issue of ordinary shares for cash	15,182	-	-	-	-	15,182
Issue of ordinary shares for acquisition of tenements	3,813	-	-	-	-	3,813
Issue of options for cash	-	-	-	3	-	3
Equity transaction costs	(950)	-	-	-	-	(950)
Balance at 30 June 2008	18,045	-	73	3	(5,335)	12,786
Balance at 1 July 2008	18,045	-	73	3	(5,335)	12,786
Total recognised income and expense	-	-	-	-	(3,905)	(3,905)
Share-based payments	-	-	16	-	-	16
Balance at 30 June 2009	18,045	-	89	3	(9,240)	8,897

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Option premium reserve

The option premium reserve comprises consideration paid for 3 million options issued to initial shareholders of the Company on 25 June 2007 at an average fair value of \$0.001. The options expire on 30 June 2012 and carry no voting rights.

Share based payments reserve

The share based payments reserve comprises the cumulative expense recognised in respect of options granted to employees of the Company as part of the Company's share option programme. All options expire on the earlier of;

- 30 June 2011 (675,000 options) and 30 June 2012 (260,000 options);
- The day employee ceases employment with the Company, unless the Board determines otherwise;
- 30 days after the employee ceases employment by reason of retirement.

Employee share options carry no voting rights. Share based payments are discussed further at note 17.

21. CAPITAL AND OTHER COMMITMENTS

Minimum exploration expenditure requirements

In order to maintain current rights of tenure to exploration tenements, the Group is required to meet minimum expenditure requirements specified by various State governments. At balance date, minimum yearly expenditure requirements remaining are \$629,000 in respect of granted tenements. These commitments are subject to renewal of exploration permits, renegotiation upon expiry of the exploration permit or when an application for a mining permit is made. These obligations at balance date have not been provided for and are as set out in the table following.

Other expenditure commitments

On 31 July 2007 the Group entered into an agreement for the assignment of mineral rights and other covenants with Brazmin Ltda ("Brazmin") for the acquisition of mineral rights for the Group's Brazilian Tartaruga project. As part of the assignment agreement the Group has undertaken to make annual payments on 15 of January of each year of US\$100,000 to Keystone Ltda ("Keystone") as were required to be made by Brazmin in the terms of an option agreement entered into between Brazmin and Keystone. On 13 January 2009 the Group renegotiated the terms of the agreement. Under the new agreement the Group's future commitments are:

- US\$50,000 payable in cash plus US\$50,000 (equivalent) payable by way of issue of Beadell Resources Ltd shares on 15 January 2010,
- US\$100,000 payable in cash or up to US\$50,000 (equivalent) payable by way of issue of Beadell Resources Ltd shares with the balance payable in cash on 15 January 2011, and;
- thereon, annual payments reverting back to US\$100,000 payable in cash.

The Group has negotiated land access agreements with for several of its exploration tenements held. The group has annual commitments in respect of the agreements totalling approximately \$60,000 per annum.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

21. CAPITAL AND OTHER COMMITMENTS (CONTINUED)

These obligations at balance date have not been provided for and are as set out in the table below.

	Consolidated		Company	
	2009	2008	2009	2008
Not yet provided for	\$'000	\$'000	\$'000	\$'000
Minimum exploration expenditure commitments				
Within one year	629	822	629	822
Other expenditure commitments				
Within one year	122	104	63	-
Capital and other commitments	751	926	692	822

22. CONTINGENCIES

The Company has indemnified Oxiana Limited and its related body corporate against all claims and liabilities arising out of a fatal accident which occurred in December 2006 at a Reedy Creek, Victoria tenement acquired by the Company in September 2007. The liability of the Company under the indemnity does not exceed \$400,000 and the indemnity does not cover legal costs.

The directors are of the opinion that provisions are not required in respect of the above mentioned contingency, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

23. RELATED PARTIES

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (refer note 6) is as set out below.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	635,742	512,946	635,742	512,946
Post-employment benefits	57,217	46,165	57,217	46,165
Key management personnel compensation	692,959	559,111	692,959	559,111

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Directors' Report on pages 19 to 20.

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Beadell Resources Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2009	1 July 2008	Purchased	Exercised	30 June 2009
Directors				
Michael Donaldson	-	-	-	-
Peter Bowler	1,000,000	-	-	1,000,000
Robert Watkins	1,000,000	-	-	1,000,000
Executives				
Gregory Barrett	1,000,000	-	-	1,000,000

2008	3 May 2007	Purchased	Exercised	30 June 2008
Directors				
Michael Donaldson	-	-	-	-
Peter Bowler	-	1,000,000	-	1,000,000
Robert Watkins	-	1,000,000	-	1,000,000
Executives				
Gregory Barrett	-	1,000,000	-	1,000,000

All options purchased by key management personnel have vested and are escrowed until 26 September 2009. Mr Bowler, Mr Watkins and Mr Barrett each have been granted 500,000 options exercisable at \$0.35 expiring 30 June 2012 and 500,000 options exercisable at \$0.50 expiring 30 June 2012.

No options were granted to key management personnel during the reporting period as compensation.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Beadell Resources Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows;

2009	1 July 2009	Purchased	Exercise of options	Sold	30 June 2009
Directors					
Michael Donaldson	1,800,000	-	-	-	1,800,000
Peter Bowler	9,110,001	-	-	-	9,110,001
Robert Watkins	5,750,001	-	-	-	5,750,001
Executives					
Gregory Barrett	6,345,001	-	-	-	6,345,001

2008	3 May 2007	Purchased	Exercise of options	Sold	30 June 2008
Directors					
Michael Donaldson	-	1,800,000	-	-	1,800,000
Peter Bowler	-	9,110,001	-	-	9,110,001
Robert Watkins	-	5,750,001	-	-	5,750,001
Executives					
Gregory Barrett	-	6,345,001	-	-	6,345,001

No shares were granted to key management personnel during the reporting period as compensation.

Non-key management personnel disclosures

Subsidiaries

Loans outstanding between the Company and its subsidiaries have no fixed date of repayment and are non-interest bearing. As at 30 June 2009, such loans to subsidiaries totalled \$2,943,000 of which no amount has been repaid. Loans to subsidiaries are further discussed at note 13. No dividends were received from subsidiaries in the period.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

24. GROUP ENTITIES

Ultimate parent and subsidiaries	Country of incorporation	Interest
Parent entity		
Beadell Resources Ltd	Australia	
Subsidiaries		
Beadell Resources (Holdings) Ltd	British Virgin Islands	100%
Beadell Resources Mineracao (Holdings) Ltd	British Virgin Islands	100%
Beadell Resources Mineracao Ltda	Brazil	100%
Beadell (Cracow) Pty Ltd	Australia	100%

25. SUBSEQUENT EVENTS

There have been no other events subsequent to balance date which would have a material effect on the Group's financial statements.

26. AUDITORS' REMUNERATION

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Audit services				
Auditors of the Company – KPMG Australia	23,372	21,500	23,372	21,500
Auditors' remuneration	23,372	21,500	23,372	21,500

All amounts payable to the Auditors of the Company were paid by the Company.

DIRECTORS' DECLARATION



1. In the opinion of the directors of Beadell Resources Ltd ('the Company'):
 - a. the financial statements and notes set out on pages 27 to 54, and the Remuneration report in the Directors' report, set out on pages 19 to 20, are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance, for the period ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - b. the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a);
 - c. the remuneration disclosures that are contained in the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*, the Corporations Act 2001 and the Corporations Regulations 2001; and
 - d. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the period ended 30 June 2009.

Signed in accordance with a resolution of the directors:

PETER BOWLER
Managing Director

Dated at Perth, this 23rd day of September 2009.

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the members of Beadell Resources Limited

Report on the financial report

We have audited the accompanying financial report of Beadell Resources Limited (the company), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 26 and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Beadell Resources Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in section 4.2 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Beadell Resources Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.



KPMG



Graham Hogg
Partner

Perth

23 September 2009

AUDITOR'S INDEPENDENCE DECLARATION

(Continued)



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Beadell Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial period ended 30 June 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to read 'Graham Hogg'.

Graham Hogg
Partner

Perth

23 September 2009

ADDITIONAL SHAREHOLDER INFORMATION

AS AT 30 SEPTEMBER 2009

a) Substantial Shareholders lodged with the Company

Name of Ordinary Shareholder	Number of Shares Held	% of Shares Held
Oxiana Investments Pty Ltd	12,800,000	13.7%
Braidwood Investments (WA) Pty Ltd	9,100,001	9.7%
Hookipa Pty Ltd	6,285,001	6.9%
Robert Holmes Watkins	5,750,001	6.1%

b) Listing of 20 Largest Shareholders

Rank	Name of Ordinary Shareholder	Number of Shares Held	% of Shares Held
1	Oxiana Investments Pty Ltd	12,800,000	13.7%
2	Braidwood Investments (WA) Pty Ltd	9,100,001	9.7%
3	ANZ Nominees Limited	7,991,424	8.5%
4	Hookipa Pty Ltd	6,445,001	6.9%
5	Robert Holmes Watkins	5,750,001	6.1%
6	HSBC Custody Nominees (Australia) Limited	4,746,550	5.1%
7	Mr Ross Campbell Williams	4,000,000	4.3%
8	Mr Robert Anthony Healy	3,680,000	3.9%
9	Lujeta Pty Ltd	3,500,000	3.7%
10	M Brott Pty Ltd	3,020,000	3.2%
11	Seatrains Holdings Limited	2,450,000	2.6%
12	Merrill Lynch (Australia) Nominees Pty Limited	2,000,000	2.1%
13	Ms Lynette Donaldson	1,800,000	1.9%
14	Mr David Wayne Austin	1,010,000	1.1%
15	Mr Paul Drzewucki	900,000	1.0%
15	Bedivere Holdings Pty Ltd	701,000	0.7%
17	Mr Simon Cain	689,736	0.7%
18	Mrs Sandra Anne Banks	666,000	0.7%
19	Symington Pty Ltd	600,000	0.6%
20	Mr John Darroch	556,499	0.6%
Total top 20		72,406,212	77.4%

ADDITIONAL SHAREHOLDER INFORMATION

AS AT 30 SEPTEMBER 2008 (Continued)

c) Distribution of Shareholders

Range	Total holders	Units	% Issued Capital
1 – 1,000	17	2,091	0.0%
1,001 – 5,000	87	269,413	0.3%
5,001 – 10,000	97	832,997	0.9%
10,001 – 100,000	263	9,968,794	10.6%
100,001 – over	70	82,526,708	88.2%
Total	534	93,600,003	100.0%

d) Number of Shareholders Holding Less than a Marketable Parcel is 77.

e) Voting Rights

(i) Ordinary Shares

On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

(ii) Options

The Company's options have no voting rights.

f) Stock Exchange Listing

Beadell Resources Limited shares are listed on the Australian Stock Exchange. The Company's ASX code is BDR.

g) Unlisted Employee Share Options

Number of Options	Exercise Price	Expiry Date	Number of Holders
675,000	\$0.25 and \$0.35	30 June 2011	6
260,000	\$0.30	30 June 2012	3
1,500,000	\$0.35	30 June 2012	4
1,500,000	\$0.50	30 June 2012	4
800,000	\$0.12	30 June 2013	3





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