



## Quarterly Report for Shareholders Period Ending 31 March 2011

**ASX Code:** BDR

**Directors:**

|                |                        |
|----------------|------------------------|
| Craig Readhead | Non-Exec. Chairman     |
| Mike Donaldson | Non-Exec. Director     |
| Jim Jewell     | Non-Exec. Director     |
| Peter Bowler   | Managing Director      |
| Robert Watkins | Exec. Director Geology |
| Greg Barrett   | CFO / Company Sec.     |

**Corporate Details:**

**Cash at Bank 31 March 2011:** \$34.9 M

**Issued capital:**  
622,147,828 ordinary shares

**ABN**  
50 125 222 291

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**Peter Bowler**  
Managing Director

### HIGHLIGHTS

#### CORPORATE

- **Available Funds** – The Company had cash at bank of ~ \$35 million with no bank debt.
- **Project Finance** - Competitive indicative terms sheets have been received from a group of Australian and International banks for the provision of a project finance facility to fund construction of the CIL gold plant at Tucano.
- **Long Lead Items Ordered** – Numerous long lead time items were ordered during the quarter leveraging the Company's strong cash position to meet the target of achieving the first gold pour in the March 2012 Quarter

#### BRAZIL

- **Tucano Feasibility Study** – The Tucano Definitive Feasibility Study (DFS) will be completed in May.
- **Iron Ore** - A large drilling program is underway to prove up additional iron ore resources within Beadell's tenure and discussions regarding a Joint Mining agreement are progressing
- **Iron Ore** - The scope of works of the DFS was expanded to investigate the viability of a value add initiative which includes producing Iron Ore Pellet feed from future Carbon in Leach (CIL) Tailings.
- **Tucano Reserve** - Maiden JORC reserve of **1.25 Moz** of gold including open pit reserves of **19 Mt @ 1.7 g/t gold for 1.04 Moz.**
- **Tucano Starter Pits** - Preliminary pit shell data indicates starter pits to deliver higher grade oxide ore eg. Tapereba AB, **3.1 Mt @ 2.39 g/t gold for 242 koz at cash costs of US\$417 / oz.**
- **Tucano Drilling Results** - Exceptional drill results continue to be received from Tapereba AB including **14 m @ 19.9 g/t gold, 15 m @ 7.6 g/t gold and 17.6 m @ 11.6 g/t gold.**

#### AUSTRALIA

- **Tropicana East** - RC drilling has recommenced at the Hercules Shear Zone discovery. New results include **2 m @ 24.9 g/t gold from 63 m.**

## BRAZIL

### Tucano Gold Project (100%)

#### Definitive Feasibility Study

As of the end of March the following study disciplines are now complete:

- Metallurgical test work
- Process specification and design
- Process plant capital & operating cost estimate
- Geological Resources models and QAQC
- SRK sign off on the Resources and Reserves in compliance with JORC
- Geotech, Hydrogeology, Hydrology
- Mining optimisations and final pit designs.
- Tailings dam designs and costing.

The outstanding mining related items will be complete by the end of April and the financial model, including the DFS documentation will be complete in May 2011.

#### Approvals

During the quarter, the Federal Mining Regulator (**DNPM**) approved the recommencement of mining at the Tucano project (PAE Certificate). The only remaining approval required before mining and construction can commence, the State Govt environmental Operating Licence (LO), is well advanced and expected to be received over the coming weeks.

#### Reserves

A maiden JORC reserve has been established totalling **1.25 Moz of gold**. The Reserve comprises an open pit reserve of **19.0 Mt @ 1.7 g/t gold for 1.04 Moz**. Significant stock piles located adjacent to the plant site have been re-estimated after the completion of close spaced RC drilling. A new reserve for the stock pile totals **7.4 Mt @ 0.87 g/t gold for 0.21 Moz**. The reserve estimates show that the use of starter pits in the initial years of operation focussing on higher grade oxide material will allow greater cash flows upfront. The Tapereba AB starter pit from preliminary pit shell data shows that **3.1 Mt @ 2.39 g/t**

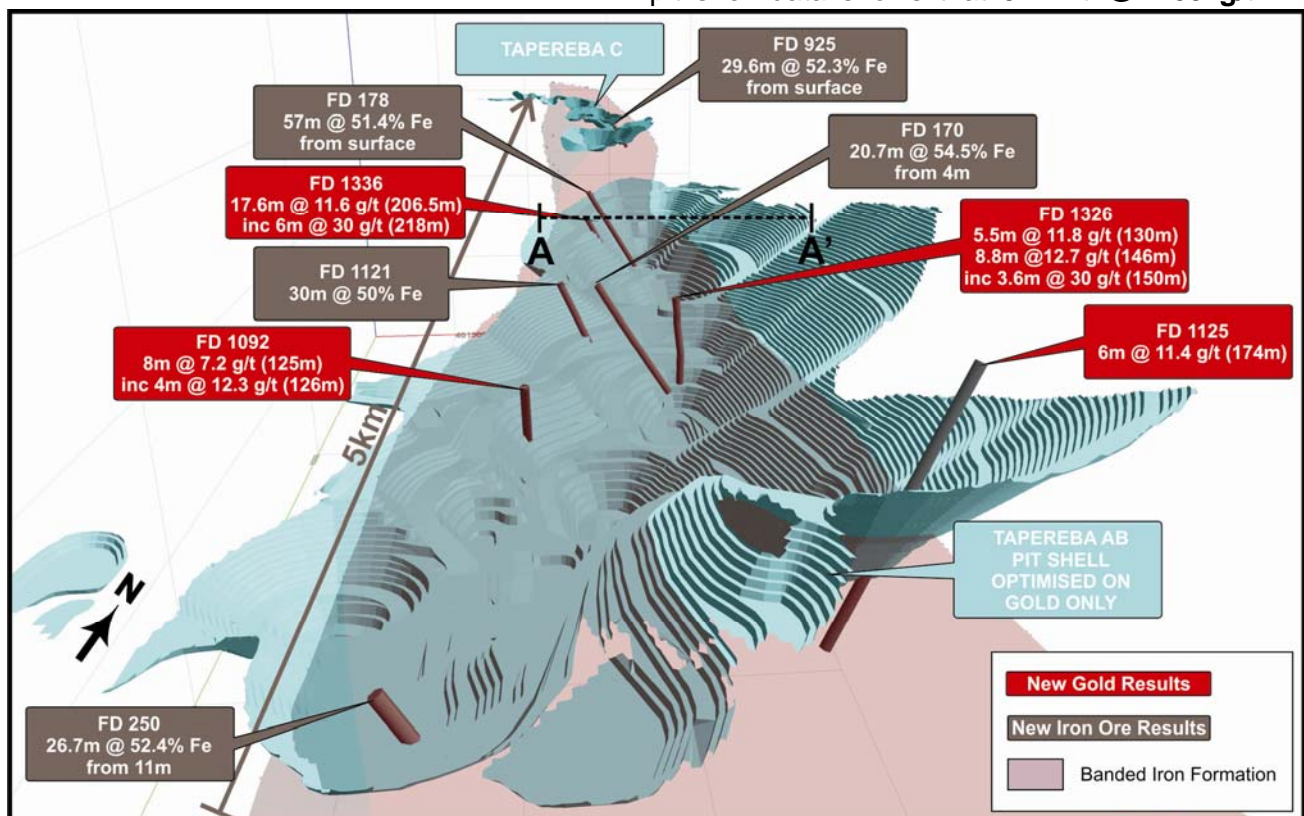


Figure 1. Tapereba AB, 3D view looking north showing gold and iron ore results

gold for 242 koz can be produced at cash costs of US\$417/oz.

The maiden Tucano reserve is considered preliminary with excellent potential for additional increases from numerous drill results yet to be included in the resource models or open pit optimisations including **14 m @ 19.9 g/t gold, 15 m @ 7.6 g/t gold and 17.6 m @ 11.6 g/t gold** from Tapereba AB.

There is also no consideration for the material amount of iron ore within the current gold pit shells which is currently being modelled.

### Resources

Significant gold results were reported during the quarter mostly from the Tapereba AB deposit including **17.6 m 11.6 g/t gold and 14m @ 19.9 g/t gold.**

The drilling priority has now been refocussed onto extending the resource at the main deposits but also to commence testing of regional targets such as Sucuriju and Duckhead.

### Tapereba AB1

The Tapereba AB deposit remains open to the south. Drilling during the quarter targeting the southeast extension intersected up to **6 m @ 11.4 g/t gold** in FD1125 and **10.8 m @ 2.9 g/t gold** from 149.6 m, **13.3 m @ 3.7 g/t gold** from 168.8 m and **11.6m @ 1.7 g/t gold** from 248 m in FD1086.

The southeast extension is characterised by an extremely deep weathering profile in excess of 200 m deep.

### Tapereba AB2

High grade extensions to the Trough Zone at Tapereba AB2 continue to produce spectacular results including FD1095, **3 m @ 45.9 g/t gold** from 139 m and **14 m @ 19.9 g/t gold** from 214 m (Figure 2). A further intersection of the Trough Zone 40 m to the north at approximately the

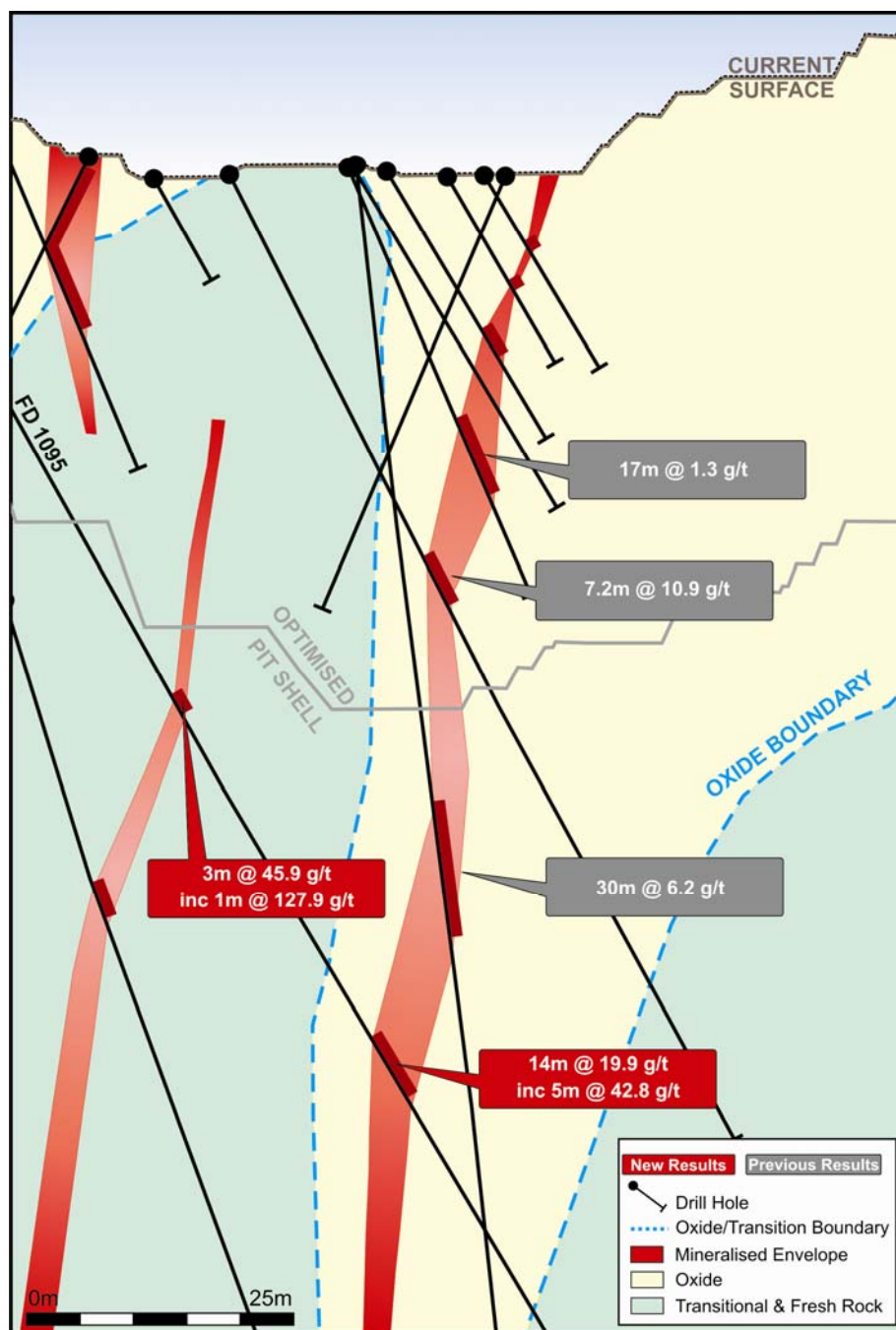


Figure 2. Tapereba AB Trough Zone Drill Section 94315N



same RL intersected **15 m @ 7.6 g/t gold** from 197 m in FD1096. Other results include **5.5 m @ 11.8 g/t gold** from 130 m and **8.8 m @ 12.7 g/t gold** from 146 m in FD1326.

Recent pit optimisations for the Maiden Tucano reserve are bottoming out on high grade Indicated resources from the resource model. Inclusion of new results to convert inferred resource to indicated is anticipated to extend pit depths through the Tapereba AB2 area.

Two diamond rigs are currently extending and infilling the Trough Zone prior to the next updated resource and reserve models.

### Tapereba AB3

High grade extensions to the Tapereba AB3 area were reported during the quarter including FD1136 which intersected **17.6 m @ 11.6 g/t gold** from 206.5 m including **6 m @ 30 g/t gold** from 218 m. The high grade plunge remains open to the northeast.

### Urucum

Drilling at Urucum during the quarter focussed on converting inferred resources to indicated within the pit shell areas. Better results included F922, **12 m @ 2.5 g/t gold** from 23 m and **15 m @ 3.0 g/t gold** from 52 m and F918, **26 m @ 1.8 g/t gold** from 2 m.

Two diamond rigs have now mobilised to Urucum to focus on resource extension drilling at the northern Urucum Deeps target area.

### Tapereba C

Resource delineation drilling continued to target conversion of inferred resources to indicated status within the optimised pit for the DFS. Results included F1023, **6 m @ 6.9 g/t gold** from 59 m and **15 m @ 2.7 g/t gold** from 72 m to bottom of hole.

### Stock piles

Results from close spaced RC drilling of all stockpiles has been completed and modelled

into a new resource model. The stockpiles consist of a spent ore stockpile remaining from previous heap leach operations and low grade stockpiles from previous mining.

The stockpile areas were composited and block modelled using an ID2 methodology on parent cells of 20m by 20m by 5m.

As expected the results have importantly shown an increase of 12% on grade and ounces adding an **extra 22,000 oz of gold to the current reserve.**

The stock pile resource model has also demonstrated that selective reprocessing of higher grade sections of the spent ore will be able to further increase the upfront profitability.

Total Stockpiles now total **7.4 Mt @ 0.87 g/t gold for 206 koz.** The stockpiles are divisible into 3 parcels containing a Low Grade Stockpile of **1.5 Mt @ 0.95 g/t gold for 47 koz**, a High Grade Spent Ore stockpile of **1.7 Mt @ 1.07 g/t gold for 58 koz** and a Low Grade Spent Ore stockpile of **4.1 Mt @ 0.76 g/t gold for 101 koz.**

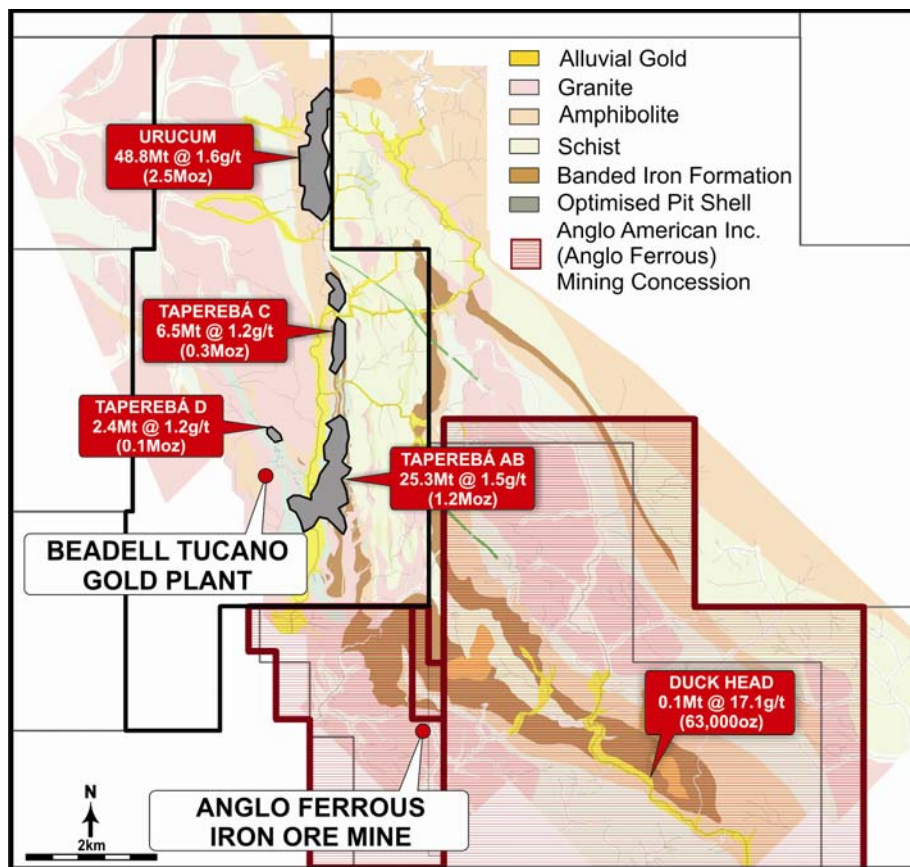


Figure 3. Tucano Near Mine Exploration Targets

## Tucano Iron Ore

During the quarter, the scope of works of the DFS was expanded. Ausenco Ltd, who is presently concluding the DFS at the Company's Tucano Gold Project in Brazil, will now also investigate the viability of a value add initiative which includes producing Iron Ore Pellet feed from future CIL Tailings.

The initial test work program will include but not be limited to:

- determining a full sizing of the tailings solids which is expected from the Company's proposed 3.5 million tonnes per annum CIL Plant;

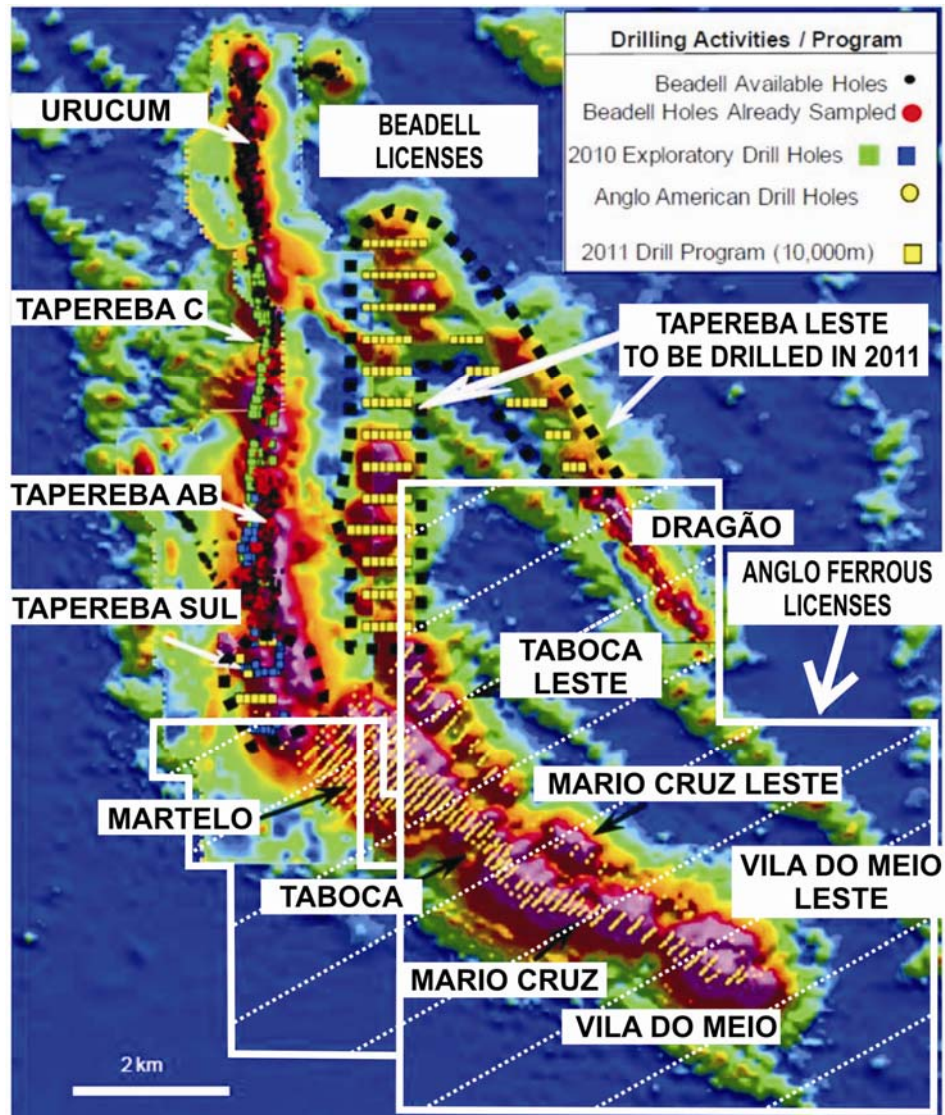


Figure 4. Aeromagnetic Image showing planned Iron Ore drilling & sampling programs.

- undertake a chemical analysis to determine the percentage iron content and other elements in the tailings to confirm and report on the expected quality of the iron ore concentrate;
- undertake flotation test work to assess amenability with the current grade and recovery data and to determine possible flotation feedstock and likely subsequent concentrate quality; and
- consider a Phase 2 program for incorporation into the DFS

Whilst the results of this test work are currently unknown, any value add initiatives associated CIL Gold plant will have a positive effect on cash operating costs.

Further Iron Ore results were received from resampling of gold holes from the Tapereba AB area. Results up to **57 m @ 51.4% Fe from surface and 20.7 m @ 54.5% Fe from 4 m** occur within and adjacent to the Tapereba AB gold optimised pit (Figure 1).

Beadell is currently completing a preliminary Iron Ore resource model in order to assess the quantity and quality of iron ore within and adjacent to the optimised gold pits.

A large drilling program is underway to prove up additional iron ore resources within Beadell's tenure and discussions regarding a Joint Mining agreement are progressing (Figure 4).

## Tartaruga Project (100%)

No work was completed during the quarter.



## WESTERN AUSTRALIA

### Tropicana East Project (100%)

#### Hercules Shear Zone

Reverse Circulation drilling has resumed at Tropicana East after widespread unseasonal rains caused an 8 week delay to the drilling program. To date approximately 4,500 m of RC drilling in 31 drill holes has been completed with results from 14 holes yet to be received.

Previously reported spectacular results from initial aircore drilling of up to **15 m @ 24.8 g/t gold** from 50 m and **19 m @ 12.1 g/t gold** from 32 m gold were recorded from over a

greater than 2 km long northeast trending anomalous zone.

The Hercules Shear Zone discovery occurs beneath 20 to 40 m of overburden with no surface expression. Initial RC drilling targeting the same geometry as the 5 Moz Tropicana deposit 60 km along strike to the south west failed to intersect any high grade gold mineralisation from the first series of drill holes. Subsequent reinterpretation of the geology based on the first series of RC holes suggests that the geology and potentially the gold mineralisation is dipping moderately to the northwest subparallel to the initial drill direction. The drill direction has now been changed targeting a northwest dip to the gold mineralisation which was confirmed from the

first two holes drilled in this direction intersecting significant gold mineralisation in **NLC32, 2 m @ 24.9 g/t gold** from 63 m including **1 m @ 45.3 g/t gold** from 63 m and composite results in NLC33, 5 m @ 1.0 g/t gold from 95 m and 5 m @ 0.5 g/t gold from 135 m (Figure 5).

The geometry and style of the gold mineralisation along the 15 km long Hercules Shear Zone has yet to be confidently delineated due to the covered terrain and lack of deep drilling. However a diamond drill rig has been contracted to complete the first core holes into the Tropicana East project to assist with determining the style and geometry of the gold mineralisation.

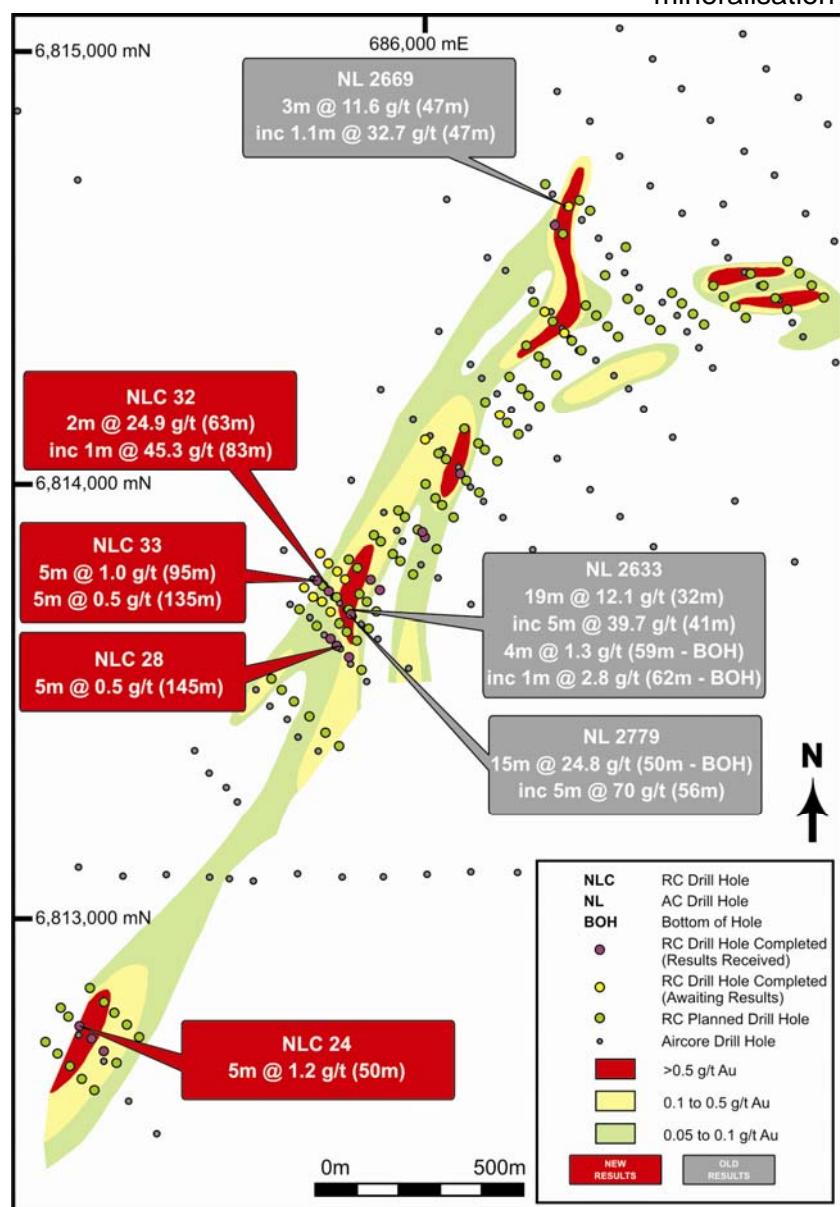


Figure 5. Tropicana East Hercules Shear Zone showing drill results

### West Musgrave Project (100%)

#### Handpump

A 5,000 m RC drilling program has just commenced at Handpump prospect. The drilling program is designed to test extensions and potential repetitions of the

interpreted Rhyolite Dome hosted gold mineralisation.

The Handpump gold mineralisation, discovered by Beadell in December 2009, represents the first known significant gold occurrence in the entire sparsely explored Musgrave Block of central Australia.

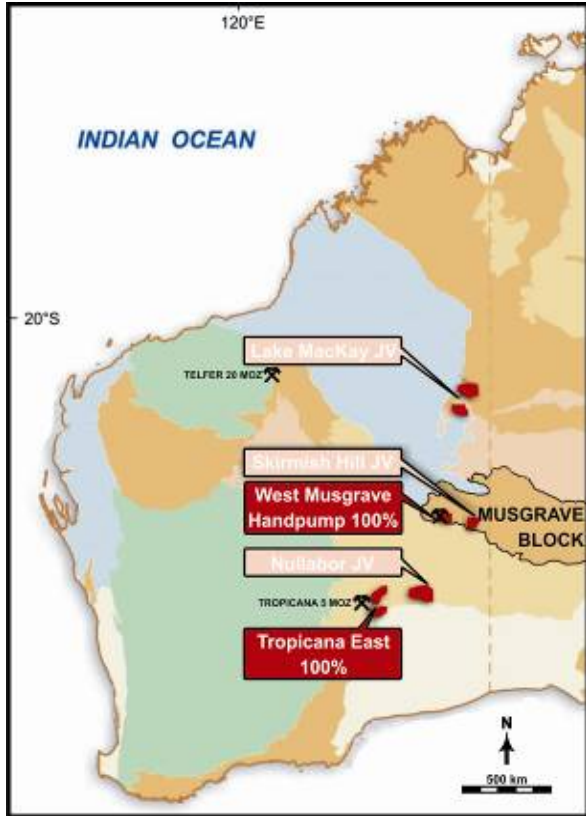


Figure 6. Australian Projects Location Plan

### Skirmish Hill Joint Venture

Due to the unseasonably long and heavy wet season, no field work was completed by Anglo American in the first quarter of calendar 2011.

The currently proposed field work comprises ground geophysical surveys over the coincident geochemical and aeromagnetic anomalies to screen for bedrock conductors. Geological mapping will also be completed.

### Lake Mackay Joint Venture

No work was reported during the quarter.

## VICTORIA

### Reedy Creek Project (100%)

No work was completed on the Reedy Creek project.

## CORPORATE & FINANCE

The Company had cash at bank of **\$34,900,000** with no bank debt.

Numerous long lead time items were ordered during the quarter leveraging the Company's strong cash position to meet the target of achieving the first gold pour in the March 2012 Quarter.

Competitive indicative terms sheets have been received from the selected group of Australian and International banks for the provision of a project finance facility to fund construction of the CIL gold plant at Tucano. In conjunction with sourcing the best project finance facility the Company is also pursuing Brazilian development bank finance. A decision will be made by the Board on mandating the successful bank in the current quarter.

The Company is holding its statutorily required AGM on 10 May 2011 in respect of the Annual Financial Report for the six months ended 31 December 2010. The short time from the previous AGM in November last year is a result of changing the Company's financial year to 31 December from 30 June.

### Competent Persons Statement

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