



Quarterly Report for Shareholders Period Ending 31 December 2010

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 December 2010: \$42 M

Issued capital:
621,937,828 ordinary shares

ABN
50 125 222 291

Head Office:

Level 2, 16 Ord Street West Perth 6005
PO Box 542 West Perth 6872
Tel: +61 8 9429 0800
Fax: +61 8 9481 3176

For further details:

Peter Bowler
Tel: +61 8 9429 0801
Email: peter.bowler@beadellresources.com.au

Greg Barrett
Tel: +61 8 9429 0803
Email: greg.barrett@beadellresources.com.au

www.beadellresources.com.au

Peter Bowler
Managing Director

HIGHLIGHTS

CORPORATE

- **Available Funds** – The Company had cash at bank of \$42,150,000 plus receivables of \$1,250,000 totalling ~\$43,400,000 with no bank debt.
- **New Gold Inc. (New Gold) share transfer** – As a result of the Company waiving a 12 month voluntary escrow, New Gold's 18.5% stake was transferred to various Australian and international institutional investors.
- **Iron Ore Royalty Sale** – Cash proceeds of \$31,250,000 were received from the sale of the Amapá Iron Ore Royalty to Anglo Pacific Group plc.

BRAZIL

- **Tucano Feasibility Study** – The Tucano definitive feasibility study (DFS) continues to meet key milestones and is expected to be completed in the current quarter.
- **SAG Mill Ordered** – The Company signed a contract with Outotec to supply a 7 Megawatt SAG Mill.
- **Tucano Resource** – JORC Gold Resources at the Tucano Gold Project increased by **48% to 4.3 Moz** totalling **90.4 Mt @ 1.5 g/t gold** at a 0.5 g/t cut off.
- **Tucano – Outstanding Urucum Drill Results** – broad zones of high grade gold mineralisation at the northern end of the 2 km long, 2.5 Moz Urucum orebody including **73 m @ 3.9 g/t gold including 14 m @ 12.9 g/t gold** were intersected.
- **Tucano – Outstanding Tapereba AB Drill Results** - The southern extension remains open with new results of **67.3 m @ 2.3 g/t gold and 9 m @ 10.4 g/t gold**. Infill drilling of the central Trough Zone intersected **7.3 m @ 10.6 g/t gold and 8 m @ 9.3 g/t gold**. The northern extension of Tapereba AB also recorded a highly significant result of **18.6 m @ 12.5 g/t gold and 10 m @ 8.7 g/t gold**.

AUSTRALIA

- **Tropicana East Project** – A significant new gold discovery was announced on the 1 December 2010 only 60 km along strike from the 5 Moz Tropicana Gold deposit. Results from the shallow aircore drilling include **15 m @ 24.8 g/t gold** including **5 m @ 70.0 g/t gold** and **19 m @ 12.1 g/t gold** including **5 m @ 39.7 g/t gold**.

BRAZIL

Tucano Gold Project (100%)

Feasibility Study

During the quarter the DFS has progressed well with completion of the following elements:

- All metallurgical test work including cyanide detoxification.
- Final process plant design (3 Mt/annum with a 20% design contingency allowing a possible 3.6 Mt/annum throughput) power loads and tailings disposal.
- Capital and operating cost estimates for the CIL plant.
- Tailings dam designs, construction and closure cost estimates.
- Geochemical analysis (column leach tests continue)
- Geological resource models.
- Hydrology including surface drainage designs.

Work that is outstanding at the end of the quarter comprises the following:

- Hydrogeological model.
- Final Geotechnical model.
- Final open pit optimisations, pit designs, mining schedule and mining costs.

Final open pit optimisations and designs are awaiting the completion of the Geotechnical model. It is envisaged that these pit optimisations will be complete at the end of February 2011 and that a JORC compliant ore reserve will be published at that time. Completion of the DFS document will be early March 2011. DFS expenditure continues to be within budget.

EPCM Management Appointment

To maintain the earliest possible commissioning date for the Tucano CIL processing plant, Beadell has appointed **Gary Krebs** as the company's representative to manage the future EPCM contract. Gary has extensive experience and expertise with the construction of process plants and has more recently been the owner's representative for Galaxy Resources and the independent engineer for Regis Resources.

Approvals

Amendments of existing Environmental and Operational licenses are awaiting final approvals and were delayed because of the recent Federal and State elections in Brazil which were inaugurated on January 1. These approvals are now expected shortly and will have no detrimental impact on the timeframe to complete the DFS and commence construction of the mill.

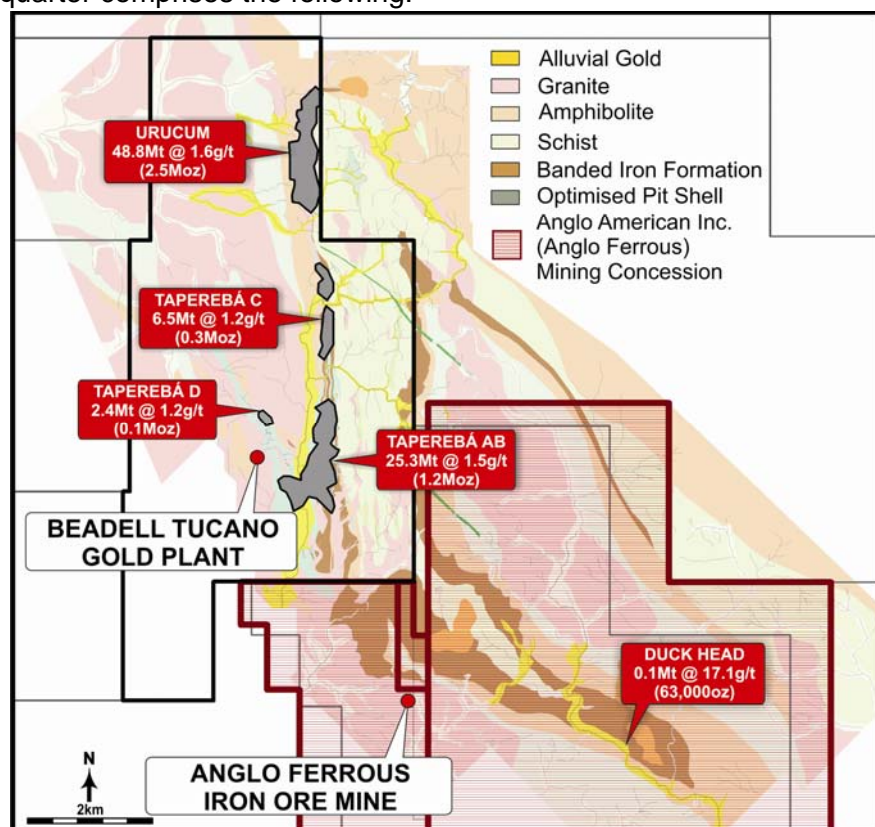


Figure 1. Tucano Location Plan

Resources

JORC Gold Resources at the Tucano Gold Project increased by **48%** to **4.3 Moz** in the December quarter totalling **90.4 Mt @ 1.5 g/t gold** at a 0.5 g/t cut off (see ASX release 12 November 2010). The resource includes **19.5 Mt @ 1.5 g/t gold for 1.0 Moz** of oxide ore which will form the main ore source for the first 3 to 4 years of the operation followed by primary ore which comprises a resource of **63.6 Mt @ 1.5 g/t gold for 3.1 Moz**.

Resource delineation drilling accelerated in the December quarter with a total of 19,700 m of drilling completed to the end of 2010. A total of **8 drill rigs** are currently operating on double shift aiming to increasing the magnitude and the quality of the existing 4.3 Moz resource base.

Highly significant results continued to be received from Urucum and Tapereba AB with results including **FD1299, 73 m @ 3.9 g/t gold** including **14 m @ 12.9 g/t gold** at Urucum and **FD1335, 18.6 m @ 12.5 g/t gold and 10 m @ 8.7 g/t gold** from Tapereba AB. The exceptional drilling results from Tucano

are currently being incorporated into the Definitive Feasibility (DFS) resources model for calculation of a maiden reserve.

Tap AB1 Southern Extension Confirmed

The southern extension of the Tapereba deposit continues to expand with results reported including **FD1301, 67.3 m @ 2.3 g/t gold from 152 m to bottom of hole, FD1114, 9 m @ 10.4 g/t gold** from 130 m. The mineralisation is all oxide with an extremely deep weathering profile down to in excess of 200 m. Reverse circulation drill results from the gently dipping western zone of Tapereba AB1 included true width intersections of **28.4 m @ 5.2 g/t gold** from 44 m and **14 m @ 3.9 g/t gold** from 21 m. Further drilling results from the southern extension of Tapereba are expected shortly.

Tap AB2 High Grade Trough Zone Results

Infill drilling of the high grade Trough Zone continued to show excellent continuity with results including **FD1312, 7.3 m @ 10.6 g/t gold** from 84.8 m and **FD1313, 8 m @ 9.3 g/t gold** from 76 m. The Trough Zone remains open at depth, plunging moderately to the north which will be the target of ongoing resource extension drilling.

Tap AB3 High Grade Plunge confirmed

Infill drilling of Tapereba AB3 has intersected the extension of a high grade shoot in the central area of the currently optimised open pit limits. The result in drill hole **FD1335** reported **18.6 m @ 12.5 g/t gold from 86.4 m and 10 m @ 8.7 g/t gold** from 149 m (Figure 2). Results from a further hole drilled beneath FD1335 are expected shortly.

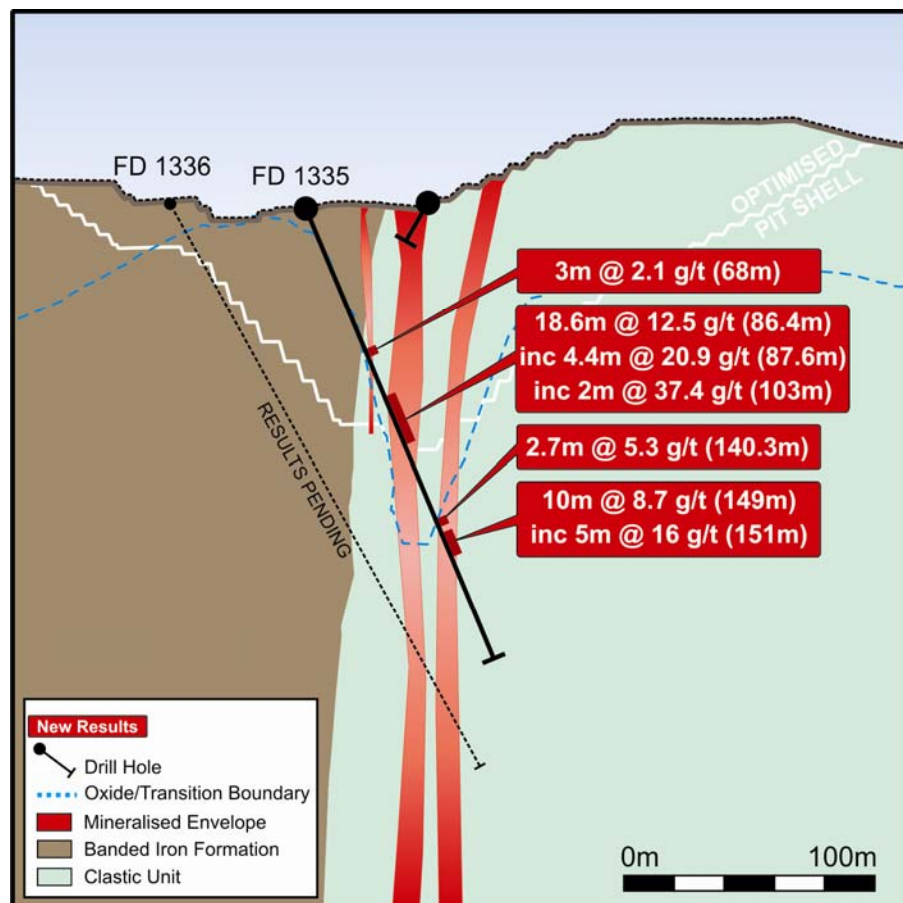


Figure 2. Tapereba AB3 Drill Section 94895N

Urucum Broad Intersections Reported

Resource delineation drilling at Urucum reported highly significant results during the quarter which are currently being updated into a new resource model for the DFS. Results included **FD1299, 73.9 m @ 3.9 g/t gold** from 114.1 m **including 14 m @ 12.9 g/t gold** from 174 m (Figure 3). Drill hole **FD1298** drilled along strike to the south also intersected significant gold mineralisation including **12.2 m @ 4.1 g/t gold** from 102.7 m, **9 m @ 3.3 g/t gold** from 119 m and **4 m @ 13.8 g/t gold** from 164 m.

Drilling to date at Urucum has focussed predominantly on infill drilling of the resource within the optimised open pits to convert inferred resources to indicated status. This drilling has been completed and numerous drill results are expected over the week to incorporate into the DFS resource model. Ongoing drilling at Urucum will target extensions to the shallowly plunging mineralisation, particularly in the northern part of the deposit which remains sparsely drilled beneath the optimised open pit.

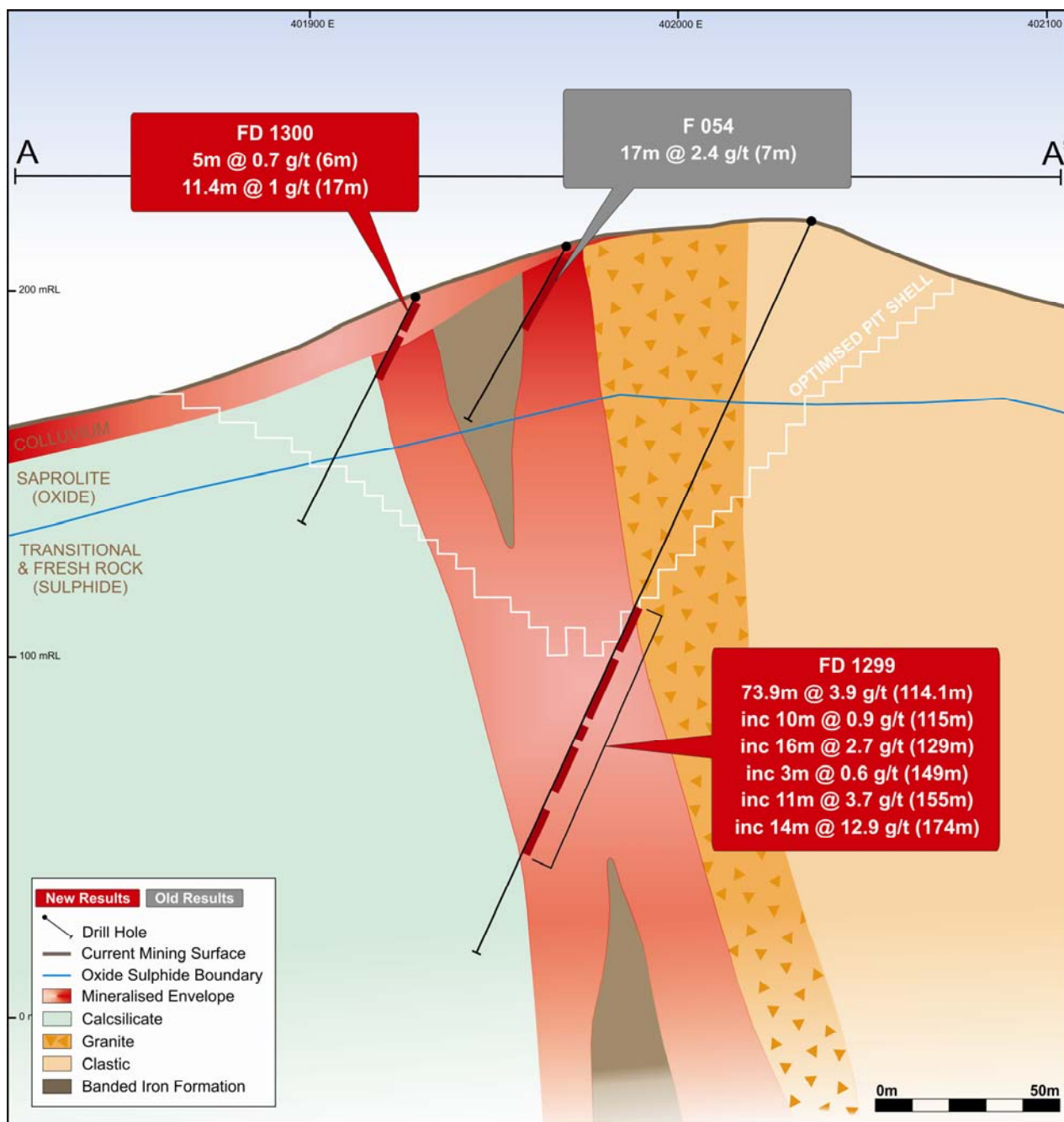


Figure 3. Urucum Drill Section 99880N

Tucano Iron Ore

The sale of the iron ore royalty during the quarter has no bearing on the significant cost savings that will be achieved once a joint mining agreement is reached with Anglo American to share waste and ore removal costs by jointly mining of iron ore and gold at Tucano. The coincidence of the two commodities in economic quantities adjacent to each other, particularly at Taperaba AB and Taperaba C will have a materially positive impact on the economics of the entire project. A joint mining agreement is obligated under the existing exploration agreement covering both Beadell's and Anglo Americans tenure.

Anglo American is aggressively drilling out the iron ore resource within Beadell's tenure and negotiations to finalise a joint mining agreement are ongoing.

Tartaruga Project (100%)

The Tartaruga project is located 120 km from Tucano. No work was completed during the quarter. Preparations are being made for a large resource delineation program to be completed in the current quarter.

WESTERN AUSTRALIA

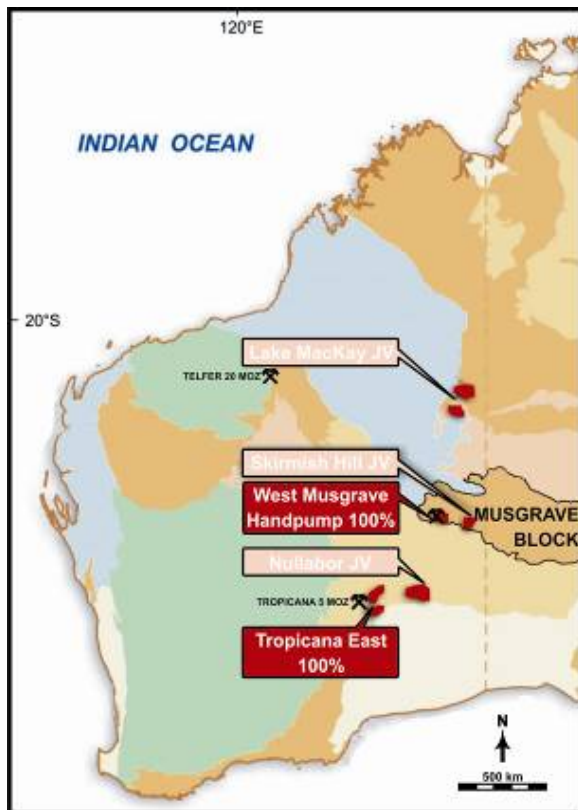


Figure 4. West Australian Project Plan

Tropicana East Project (100%)

Hercules Shear Zone

On 1 December 2010 Beadell announced that a significant gold discovery had been made on the Tropicana East project 60 km north east and along strike from the 5 Moz Tropicana development project owned by AngloGold Ashanti and Independence Group.

The aircore drilling results included the discovery hole **NL2633** which recorded a result of **19 m @ 12.1 g/t gold** from 32 m including **5 m @ 39.7 g/t gold** from 41 m. A separate mineralised zone in this hole reported **4 m @ 1.3 g/t gold** from 59 m to bottom of hole (BOH) including **1 m @ 2.8 g/t gold from 62 m - BOH**. A follow up aircore hole drilled directly beneath the discovery hole intersected **15 m @ 24.8 g/t gold from 50 m - BOH, including 5 m @ 70.0 g/t gold** from 56 m indicating a steep dip to the mineralisation

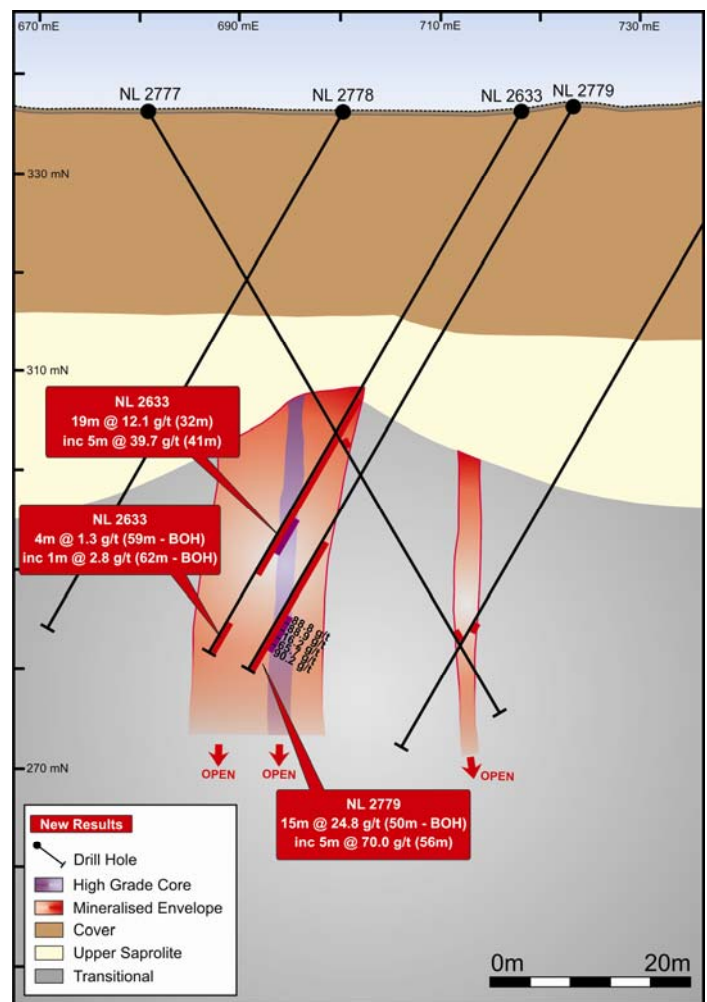


Figure 5. Tropicana East Discovery Drill Section

Other highly significant results have also been received along strike of the discovery section including NL2669 located 1 km to the northeast where an intercept of 3 m @ 11.6 g/t gold from 47 m including 1 m @ 32.7 g/t gold from 47 m was reported (Figure 5).

The Hercules Shear Zone (HSZ) is a sparsely explored 10 km long anomalous gold trend. Gold results from shallow aircore drilling in the area of the discovery drill hole have defined a greater than 2 km long zone along the HSZ with results greater than 0.5 g/t gold with several drill holes ending in gold mineralisation at the base of aircore drilling penetration.

A major Reverse Circulation (RC) drilling program will commence in the first week of February with 2 drill rigs to complete a first stage 5,000 m program. Additional aircore drilling and diamond drilling is planned to fast track evaluation of the highly prospective HSZ.

West Musgrave Project (100%)

Handpump

A 5,000 m RC drilling program will be completed at the Handpump project once the Tropicana East drilling has been completed. The Handpump rhyolite dome hosted gold mineralisation discovered by Beadell in December 2009 represents the first recorded definitive gold mineralisation in the entire underexplored West Musgrave block.

Skirmish Hill Joint Venture

Auger geochemical sampling by joint venture partner Anglo American has highlighted two Ni-Cu-Pt-Pd anomalies over magnetic features that are known gabbro intrusions.

A total of 639 auger samples were collected with maximum results including 772 ppm Cu, 199 ppm Ni, 24 ppb Pt and 28 ppb Pd.

Follow up ground reconnaissance and Squid geophysical ground surveys are planned.

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. Early stage divestment discussions are ongoing.

CORPORATE & FINANCE

The Company had cash at bank of \$42,150,000 plus receivables of \$1,250,000 totalling ~\$43,400,000 with no bank debt.

The Company's very strong cash position enables the continued expedited progression of the DFS on the Tucano Gold Project. The cost of the DFS remains on budget.

During the quarter, the sale of the Amapá Iron Ore Royalty was completed which resulted in the Company collecting cash proceeds of \$31,250,000. The Company's extensive earthmoving fleet of over 35 items of equipment is also being considered for divestment on a cash sale basis to an experienced Mining Services Group who will also be awarded the long term contract for the mining of the open pits at Tucano.

The Company will use funds from the sale of its non-core assets together with sensible levels of debt to fund construction of the CIL gold plant at Tucano. To this end an Information Memorandum has been sent to a select group of Australian, international and Brazilian banks to provide the required funds.

The Company signed a contract with Outotec to supply a 7 Megawatt SAG Mill. The SAG Mill has been designed to treat ~3.5 million tonnes per annum.

The Company waived a 12 month voluntary escrow on New Gold Inc's 18.5% shareholding. The entire holding was transferred to various Australian and international institutional investors, and as a result, removed a substantial overhang in the Company's shares.

The Company has changed its financial year end from 30 June to 31 December to synchronise its year end with the Brazilian operations of the Group. The Company will hold its next AGM on or before 31 May 2011 in respect of its 31 December 2010 financial report. The date of the AGM has not yet been set and will be advised in due course.

Competent Persons Statement

The information in this report relating to Exploration Results and Mineral Resources is based on information compiled by Mr Robert Watkins who is a member of the 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.